

# **Risk management policy**

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# Policy statement and principles

## What

This policy outlines risk management roles and responsibilities within Police. The policy sets out principles that underpin our approach to risk, and defines clear accountabilities.

## Why

Risk is inherent in policing, and everyone at Police has a role to play in managing risks. Because of this, it's important we all have an understanding of Police's approach to risk. The aim isn't to try to somehow eliminate all risk; the intent is to ensure we are all able to identify relevant risks early-on, and make good decisions about how to manage them.

## How

The Executive Leadership Board (ELB) will set the tone for the culture around risk, and give guidance on the type and level of risk Police is willing to consider and accept. Police's governance groups have a collective responsibility to monitor and oversee risk for their parts of the organisation. Risk management will be integrated into decision making. This process should be part of (not separate from) other functions and activity.

Police's risk management approach is based on the joint Australian and New Zealand International Standard, *Risk Management - Principles and Guidelines AS/NZS ISO 31000*.

Identified risks should be reported and escalated appropriately, enabled by Police's online risk management tool, available on TEN-ONE. Risk Coordinators/champions in Districts and Service Centres are available to provide guidance and support, as is the specialist Risk and Assurance Team based in PNHQ's Assurance Group.

# Risk

Risk is defined as the 'effect of uncertainty on objectives'.

An effect is any deviation from the expected, and can be both positive, negative or both; and can address, create or result in opportunities and/or threats.

Police operates at many different levels. Like any organisation, it has strategic objectives and corporate objectives, and therefore has strategic and corporate risks. As an operational agency, Police also has specific operational objectives and hence risks. And, at a more detailed level, Police has programmes and projects which also present risks.

## Risk management

Risk management is the combination of co-ordinated activities that direct and control an organisation with regard to risk.

Effective risk management needs to be:

- Integrated - into the organisation
- Structured and comprehensive - contributing to consistent and comparable results for analysis and reporting
- Customised - to the external and internal context related to our objectives
- Inclusive - to improve engagement and awareness
- Dynamic - to remain relevant and move with the times
- Informative - providing best available information to relevant stakeholders
- Cultural - influencing behaviours
- Continually improved - through learning and experience.

## Our risk management approach

Risk management relies on an understanding of the organisational structures and context. Our vision is that the consideration of risk becomes part of our culture. Risk management is part of all our functions and activities and supports [Our Business](#).

Police's risk management approach ensures accountability for and management of risk by providing assurance to the Commissioner, ELB, senior management and Police's independent Assurance and Risk Committee (ARC) that effective risk management is implemented at all levels of the organisation.

A strong risk culture will ensure Police understands and considers its risks when making decisions. Such considered and informed decision making will support the achievement of Police's objectives and the effective delivery of its services, enable performance and protect value.

# Types of risk and how we manage them

## Strategic risks

Strategic risks may affect the achievement of strategic objectives spelt out in [Our Business](#). These are reported to ELB and the ARC. Management of strategic risks is the responsibility of the Commissioner and ELB. They should be recorded using Police's online risk management tool for thematic strategic risk reporting, and escalated up through to the relevant Deputy who can escalate and lead the discussion at ELB. (The tool is available via TEN-ONE and access can be enabled following requests made via the Assurance Group's Risk and Assurance Team).

## Corporate risks

Corporate risks may affect the achievement of cross-organisational corporate objectives (such as those related to statutory and regulatory compliance, information management, asset management, people capability [recruitment, capacity, capability, pipeline and staffing mix] and the external environment). In contrast to strategic risks, corporate risks are often more tactical and require a more immediate response. Management of corporate risks is often the responsibility of a PNHQ-based workgroup that owns a policy or process that is pushed out to staff who have to apply and/or implement it. Corporate risks should also be recorded in our dedicated online risk tool. These risks will form part of thematic risk reporting to Police's Senior Leadership Team (SLT), Rōpū whakahaere.

## Operational risks

Operational risks may affect the achievement of day-to-day operations. These may related to planned objectives and deliverables at an operational level. These risks relate to the business-as-usual operational activities of employees who deliver services to the public. Management of operational risks is the responsibility of District Commanders and District Leadership Teams (DLTs). Again, operational risks should be recorded in Police's online risk management tool. Such operational risks will be reported to the National Operations Steering Group (NOSG) and the District Commanders' Forum (DCF), with a view to sharing risk and control information to help drive consistency across Districts.

TENR is the risk management framework Police applies to all policing situations involving risk with a potential to cause harm. Operational procedures and practices are aligned to this methodology. TENR is aligned to good risk management practice. The sorts of risks identified using TENR are not captured in the organisation's online risk tool.

## Police threat assessment methodology: TENR

<b>T</b>	<b>Threat</b> is assessed.
<b>E</b>	<b>Exposure</b> is managed, including the potential harm (physical or otherwise) to people, or the security of places or things.
<b>N</b>	<b>Necessity</b> to intervene is immediately considered.
<b>R</b>	Any <b>Response</b> is proportionate, and based on a considered assessment of Threat, Exposure and Necessity.

(For more information see [TENR-Operational threat assessment](#))

## Programme/Project risks

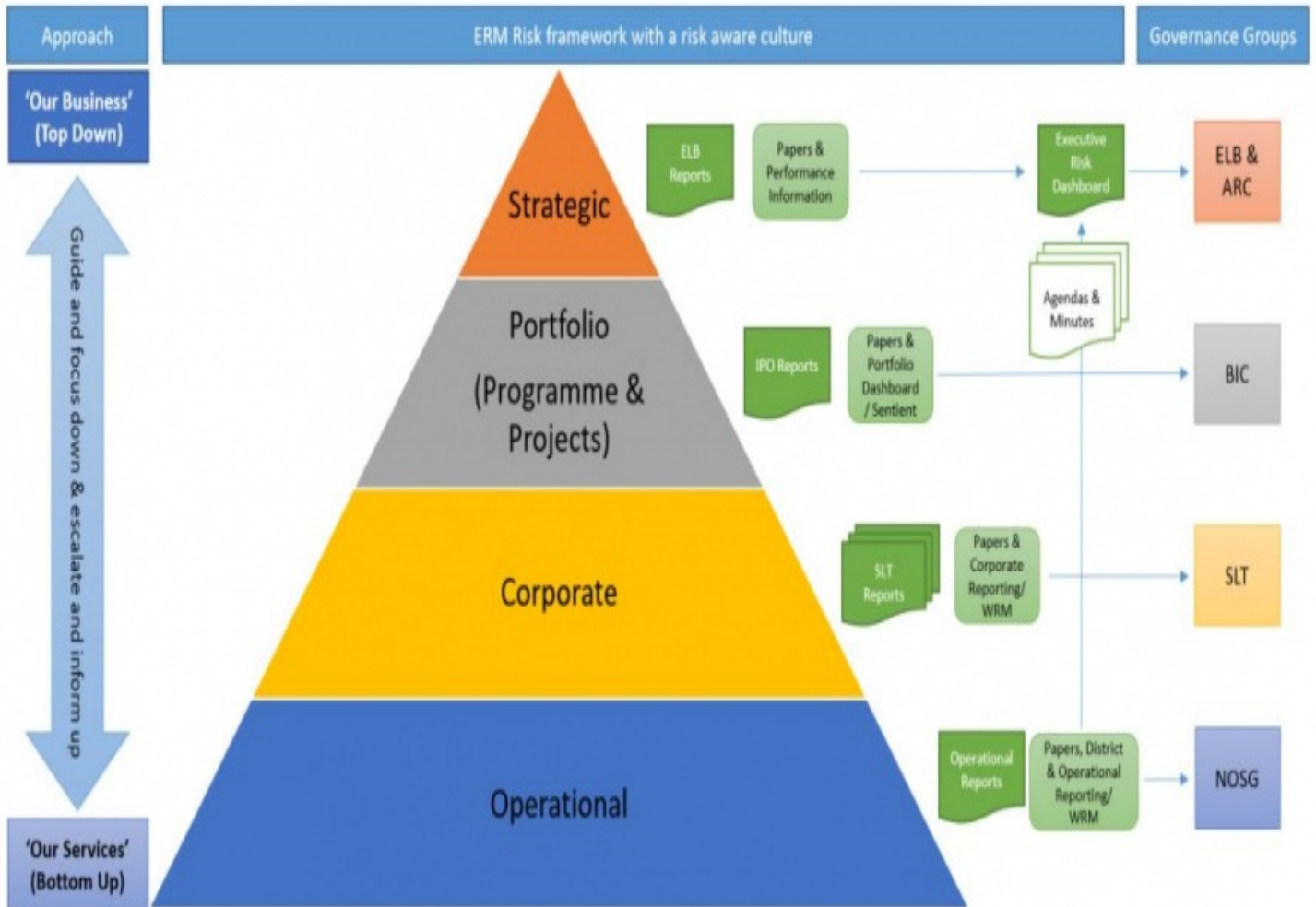
Programme and project risks may affect a programme's or project's ability to meet its objectives and realise hoped-for benefits. Management of programme/project risk is the responsibility of the programme or project manager and should be reported to the sponsor and/or steering group which oversees the specific programme or project.

A Risk Profile Assessment (RPA), a Treasury requirement, will be completed at the start of a project, and project risks are captured within Sentient once the project is initiated.

Programmes and projects apply the risk management policy, framework and approach to their work, but to avoid duplication and any overlap, programme and project risks are not put into our online risk tool. Rather, they will be captured in Sentient, our Project Management tool, which is overseen by Police's Investment Portfolio Office (IPO).

The IPO oversees and monitors programmes and projects and provides a view on programme and project risks to the Budget Investment Committee (BIC). The IPO briefs the Assurance Group in order to provide a high level risk summary for awareness, and creates the option for the Assurance Group to include any relevant commentary in the Executive Risk Dashboard.

## Risk Oversight Framework





## Roles and responsibilities

Everyone is responsible for managing risk. To ensure appropriate and timely risk management, all employees, consultants and contractors are responsible for:

- (a) Identifying, assessing, monitoring and treating (action/s to mitigate) risks
- (b) Contributing to risk discussions
- (c) Escalating risks, as needed, to the appropriate person or governance group.

The **ARC** provides the Commissioner with independent advice on a wide range of strategic issues and risks. It reviews Executive risk reporting and provides an independent view on the coverage of key risks facing Police and the adequacy of the risk mitigation actions.

**ELB** is responsible for the strategic direction of Police. ELB monitors the organisation and identifies and manages strategic risk.

The **Commissioner and Deputies** ensure processes are in place to manage the risks impacting on their day-to-day activities and achievement of their objectives. Specifically, they:

- Support the implementation of the risk framework
- Participate in and contribute to risk profiling (strategic, corporate, operational, programme/project) and activities to prepare risk updates
- Maintain and approve plans and budgets to implement and maintain controls in the respective risk profiles
- Provide assurance to ELB and the ARC that Police's risk management framework is operating as intended.

**Deputy Commissioners and Deputy Chief Executives** implement processes to manage risk impacting their day-to-day activities, ensuring:

- Risk management is embedded and integrated into business processes and projects/products they are responsible for delivering
- The Deputies receive relevant reporting to support development and updating of risk profiles (out of the organisation's online risk tool)
- Risks are clearly described and articulated, providing the ability to analyse, manage and mitigate risk as required.

**Rōpū whakahaere** has oversight of Police's corporate risks and reviews those risks bi-monthly. SLT is comprised of senior managers (typically, Assistant Commissioner level) who help 'run the business'. SLT has delegated responsibility to make decisions to give effect to Police's organisational strategies established by ELB. Rōpū whakahaere focuses on corporate performance and the hygiene of the organisation, and receives briefings on strategic risk in line with its delegated responsibilities.

**NOSG** has oversight of Police's operational risks and is expected to periodically review those risks NOSG is also comprised of senior managers (typically, Director level), and oversees business as usual operational

activities that deliver services to the public. NOSG is expected to refer major decisions through to SLT for consideration.

The specialist **Risk and Assurance Team** within PNHQ's Assurance Group develops and maintains the Risk Management Policy, framework and approach and:

- Provides guidance to Districts, Service Centres and workgroups on the risk framework
- Prepares the thematic risk reporting based on data in the online risk tool for:
  - ARC (quarterly) review
  - ELB (quarterly) - will receive a summary of all key risks with a focus on strategic risk
  - SLT (bi-monthly) - will receive a summary of all key risks with a focus on corporate risk with a brief on strategic risk
- NOSG and potentially the District Commanders' Forum
- Uses Police's risk management outputs to prepare an annual Risk, Internal Audit and Assurance Plan, and supporting work programmes.

Police's IPO will serve the BIC, which has delegated responsibility to consider Police's investment capital and operational expenditure, the transformation and change portfolio as well as asset portfolios comprising property, ICT, fleet and operational assets. The BIC is intended to oversee Police's financial risks, and also programme and project risk.

Oversight of risk is not the sole responsibility of the specialist Risk and Assurance Team. Other operational and managerial support functions (with assurance responsibilities) develop, maintain, oversee and monitor other aspects of compliance developed to manage certain Police risks and performance.

## Active risk management and assurance

Risks and the controls to manage them should be monitored and reviewed to provide assurance that controls are operating as intended. Their context (e.g. complexity, change in the environment etc.) will determine how often they should be reviewed.

The Risk and Assurance Team within the Assurance Group will monitor implementation and compliance with the risk management policy, framework and approach. In turn, Rōpū whakahaere will oversee and monitor the risk management framework to satisfy itself that appropriate risk management and control assurance is in place, and operating as intended, ensuring a robust control environment exists.

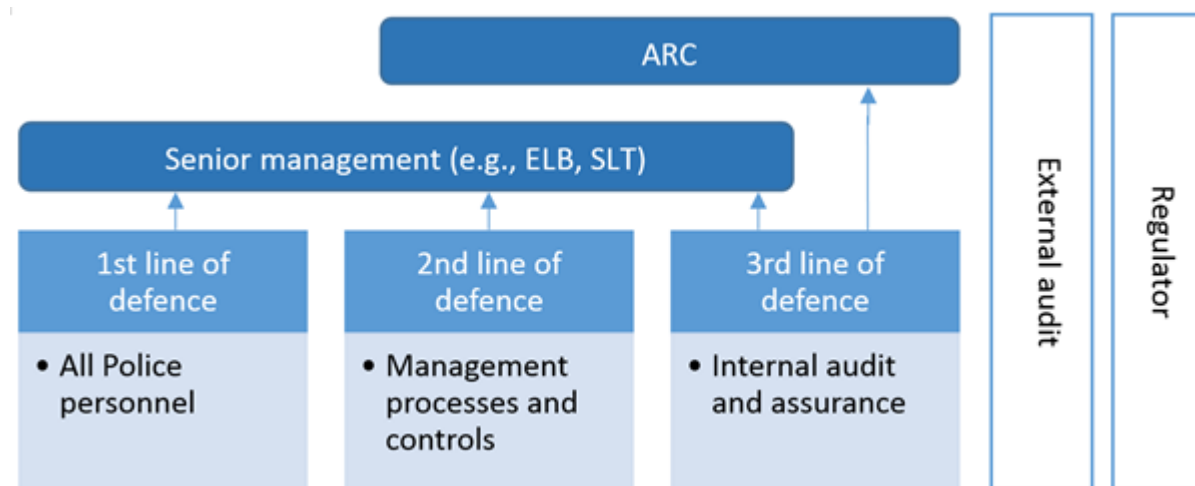
### Three lines of defence

Police operates a 'three lines of defence' assurance model, with each 'line' playing a distinct role in risk management and governance. ELB and the ARC are the primary stakeholders served by the three lines of defence.

### Three lines of defence

Police operates a three lines of defence model, with each 'line' playing a distinct role in the risk management process and wider risk governance.

Everyone acts as the first line of defence - identifying and discussing any potential risks. In the second line, Districts, Service Centres and PNHQ work groups, provide a robust management environment for discussing, acting upon and escalating risks.



Everyone acts as the first line of defence - identifying and discussing any potential risks. The first line applies controls such as policy, process, procedures and standards to their activities.

In the second line, Districts, Service Centres and PNHQ work groups provide a robust management environment that monitors and oversees risk and the application of controls. The second line of defence should be discussing, acting upon and escalating risks and control failures/weaknesses/deficiencies as required.

The third line of defence is provided by the Assurance Group and other independent functions which

maintain a view of Police's control environment. The third line provides assurance and assesses, verifies or certifies that controls are operating as intended.

## Our risk management resources

All risk management resources are located on the [Risk Management](#) page on TEN-ONE. Key contacts are listed on the [Assurance Group](#) page.

The risk management process, procedures and [guidelines](#) support this policy. They provide more detailed information on how to identify, describe/articulate, assess, evaluate and respond to risks. The [Risk Management Summary Booklet \(A3\)](#) is available in hard copy from the specialist Risk and Assurance Team, based on Level 7 of PNHQ.

Access to Police's online risk management tool is available via TEN-ONE (access can be enabled following requests made via the Assurance Group's Risk and Assurance Team).

Access to Sentient - the Police online Project Management system - is also available through TEN-ONE (access is facilitated by the IPO).

## **Monitoring and review**

Police's risk management policy and corresponding guidelines are periodically reviewed and updated as required.

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