
APPENDIX B – RISK MANAGEMENT AND AUDIT

RISK MANAGEMENT AND AUDIT

Without limiting the actions of the Commission, the following are considered to be sound practices in ensuring effective risk management:

1. **Periodic Risk Identification and Assessment** – In conjunction with the Commission strategic planning process, a systematic effort that identifies and weighs the types of risks that the Service may face in achieving its objectives is required. This can be financial, performance-based, demographic or technological, to name some examples. In identifying such risks, each would be assigned a weight in terms of the severity of the risk, the likelihood of its occurrence and the potential impact on the organizational capacity of the Service to meet its objectives.
2. **Incorporation of Risk into Strategic Planning** – In a section of the Service’s strategic plan, the risk identification and assessment, weighting and mitigation strategies need to be outlined as a risk management plan. Such information would be public and available to all users. It is important to matters such as financial planning, infrastructure planning, personnel and succession planning, and the audit program of the Service.
3. **Incorporation of Risk Priorities into the Evaluation of the Chief** – The high-risk issues involving the operational leadership of the Chief need to be incorporated into his or her performance contract. There should be an agreement between the Commission and the Chief on this risk profile and the mitigation strategy needed to deal with it. There would also have to be a mutual understanding of the relative weighting of the risk and how to measure success.
4. **Incorporation in the Audit Plan for the Service** – The Commission will want to ensure that the audit plan for the Service be risk-based. To that end, an audit plan should be prepared by the Chief and the auditing entity based on overall risk assessment in addition to the need to periodically ensure compliance in such areas as finance, personnel and relevant performance standards in policing (e.g. provincial standards) and municipal operations.

Approaches to measurement of the Commission’s performance in regard to risk management include:

1. annual environmental risk assessment as part of strategic planning;
2. quarterly reviews of outstanding high priority risk areas;
3. inclusion of risk assessments, prioritization and mitigation strategies as part of the Service Strategic Plan; and,
4. inclusion of priority risk areas in the Chief’s performance objectives and evaluation process.