



<b>Title</b>	<b>Procedure for the Management of Risk Registers</b>
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Summary	This procedure outlines the method for identifying and assessing risk, scoring and recording of risks on risk register, development of risk action plans and the process for escalation and aggregation of risks.
Purpose	To provide guidance on the management of risk registers.
Operational date	April 2010
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Version Number	V 4
Supersedes previous	V 3
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Supersedes	Version 3

### Version Control

<b>Date</b>	<b>Version</b>	<b>Author</b>	<b>Comments</b>
May 10	1	Fiona Moore	Available on Intranet
Sept 10	2	Fiona Moore	Revision of risk score matrix & components of risk register.
June 2013	3	Jill Jackson	Update of Appendix 2 – update version of Register and Action Plan
Nov 2015	4	Patricia Maginnis	Update of Appendix 2 – update version of Register and Action Plan

### Policy Record

Author(s)	G&R Officer
Director responsible	DoF / DoCCP

### Approval Process

		<b>Date</b>
Senior Management Team		
Governance & Audit Committee		

## **1 Introduction**

- 1.1 This procedure applies to all BSO staff involved in Risk Identification, Risk Assessment and the management of BSO Risk Registers. It outlines:
- The method for identifying and assessing risk;
  - The risk assessment and scoring;
  - The recording of risks on risk registers;
  - The development of risk action plans; and
  - The process for escalation and aggregation of risks.
- 1.2 This procedure should be read in conjunction with the BSO Risk Management Strategy inc Policy Statement, and the BSO Risk Management Guide for Managers & Staff.

## **2 Responsibilities for risk identification and assessment**

- 2.1 Before the BSO can manage and control the risks it faces, it first needs to identify and assess them. When completing this process it is important to keep in mind that the risk should only relate to the objectives of the BSO, Directorate or Service Area.
- 2.2 Roles and responsibilities in relation to risk management are set out in the BSO Risk Management Strategy inc Policy Statement 2015-17, Section 5 “Duties and Responsibilities for Managing Risk.”



### 3 Identifying and assessing risks

3.1 Treasury Guidance<sup>1</sup> sets out two phases of risk identification:

- Initial Risk Identification – relevant to new activities or new projects
- Continuous Risk identification – which seeks to
  - identify new risks which did not previously arise;
  - changes in existing risks; and
  - existing risks ceasing to be relevant.

This should be completed as part of the routine running of service provision.

3.2 Risks should be linked to the objectives of the Service Area, Directorate, or BSO. If the issue identified does not impact upon an objective then it does not constitute a risk as defined by the BSO Risk Management Strategy inc Policy Statement. Risks can relate to more than one objective and can relate to objectives at a number of different levels within the BSO.

3.3 Operational Activities should be risk assessed on a regular basis (quarterly) and when changes in procedures are introduced.

3.4 The main drivers for identifying risk are described within Section 10 of the BSO Risk Management Strategy inc Policy Statement, “Process for the Assessment and Management of

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<sup>1</sup> The Orange Book Management of Risk – Principles and Concepts, October 2004

Risk”, which outlines the proactive and reactive processes used by BSO to assess and manage risk.

#### **4 Risk Assessment Scoring – Likelihood & Impact**

- 4.1 Having identified a risk, it is important to assess or grade it. This allows for the risk to be categorised and compared to other risks identified throughout the BSO and determines what actions will need to be taken next. Assessment / grading of risk is undertaken by evaluating both the likelihood of the risk being realised and the impact if the risk is realised.
- 4.2 Within the BSO all new and existing risks identified are assessed in terms of root causes and are individually scored against a 5 x 5 assessment matrix. Risk scoring involves an assessment in terms of the total Impact on the BSO against the Likelihood of the risk occurring.
- 4.3 The scales (scoring) for determining impact and likelihood along with the Risk Score Matrix and Risk Classification Tables are shown in *Appendix 1*.
- 4.4 Risks are assessed in accordance with AS/NZS Risk Management Standard 4360:2004 guidance and classified as Extreme, High, Medium and Low.

## 5 Risk Register

5.1 The BSO has a tiered risk register process, ensuring that risk is managed at the appropriate organisational level. The Corporate Risk Register is managed by SMT and Board, and Directorate / Service Area Risk Registers are managed by the relevant Director / Assistant Directors. This tiered approach allows for aggregation of risks and ensures that only significant risks are escalated, with the outcome that the Board will only consider risks of strategic consequence.

5.2 The Corporate Risk Register will be managed on behalf of SMT by the Governance and Risk Officer.

5.3 The Directorate / Service Area Risk Registers will be managed by the relevant Assistant Director / Senior Manager on behalf of their Director.

5.4 *Appendix 2* outlines the contents of service risk registers which include:

- Corporate Objective;
- Risk No;
- Risk Description;
- Risk Owner;
- Likelihood & Impact Scores;
- Risk Score;
- Controls in place;
- Current Risk Rating;

- The question of whether that rating is acceptable and if not, requires additional actions to be identified to further mitigate the risk, along with who will do these and by when;
- Level of risk reassessed when treated.

*Appendix 3* also shows a Risk Action Plan with details including:

- Risk No;
- Risk Description;
- Risk actions for the financial year;
- By when these actions will be complete;
- RAG status;
- Comment.

5.7 Treasury Guidance<sup>2</sup> suggests five potential responses to a risk: *Tolerate / Treat / Transfer / Terminate / Take Opportunity*.

Further details are described in the BSO Risk Management Guide for Managers & Staff.

5.8 It is important to ensure that the proposed additional actions are proportionate to the risk identified. It is sufficient to develop plans that give reasonable assurance that the impact on the BSO will be reduced to an acceptable level. Generally the actions will reduce the risk over time but not remove it entirely.

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<sup>2</sup> The Orange Book Management of Risk – Principles and Concepts, October 2004

5.9 Progress on risk actions will be monitored regularly at the appropriate level:

- Board will monitor the Corporate Risk Report on a quarterly basis;
- SMT will monitor the Corporate Risk Report monthly;
- Directors will monitor Directorate / Service Area Risk Action Plans at least quarterly;
- Quarterly reports on Service Risk Register actions will be presented to SMT and Governance and Audit Committee.

## **6 Amendments to the Risk Register**

6.1 Changes to the risk register, new risks, changes to existing risks and deletion of risks must be approved by the relevant person(s):

- Corporate risks must be approved by SMT;
- Directorate / Service Area Risks must be approved by the relevant Assistant Director.

6.2 Once changes have been accepted the relevant risk register should be updated.

6.3 Service risk registers should be reviewed on a quarterly basis and updated accordingly, taking cognisance of the outcome of completed risk actions and any resultant change in risk score or risk classification. Risk actions that have been completed should be removed from the register.

- 6.4 Each service area should ensure that they retain each quarter's risk register as an audit trail so that all changes to the risk register throughout the year can be identified. An e-copy should be forwarded to the Governance and Risk Officer each quarter.
- 6.5 Documentation should be retained at the appropriate level and be available to support the annual Risk Management Controls Assurance Standard assessment.

## **7 Process for Escalating Risks and Aggregation of Risks**

- 7.1 All risks identified as Extreme or High on Directorate / Service Area Registers should be reviewed by the relevant Director for potential inclusion in the Corporate Register. Those that are deemed relevant should be discussed at SMT who will make the decision to escalate the risk to the Corporate Risk Register. If accepted the risk will be given a corporate risk no and its risk action plan revised to reflect new actions planned to mitigate the risk. The risk will also remain on the Directorate / Service Area Risk Register.
- 7.2 Ensuring appropriate aggregation of common risks throughout the BSO will be a challenge. Directorates / Service Areas will face similar risks and identify these as Low or Medium with responsibility assigned to local management.

Issues such as in-year cost pressures or recruitment problems may not have a significant impact on the BSO when considered

individually. However, when considered collectively this could result in a risk that should be escalated to the Corporate Risk Register.

7.3 To ensure that appropriate aggregation occurs, Directors should review Risk Registers to identify potential issues which may require escalation to the Corporate Risk Register. The Governance and Risk Officer will also review Directorate / Service Area Register to identify issues which may require escalation to the Corporate Risk Register.

## **8 Training and Support**

8.1 Directors are required to identify names of staff who will be involved with the maintenance of Directorate / Service Area Risk Registers. The Governance & Risk Officer will ensure that staff are trained in this procedure.

8.2 Directors are required to promote the following supporting Risk Management Documentation within their Directorate.

Table 1: Supporting Documents

<b>Document Name (&amp; Link)</b>	<b>Approval</b>	<b>Owner</b>
Risk Management Strategy inc Policy Statement	SMT & G&AC	Dir of Finance Dir of CCP
Risk Management – A Guide for Managers & Staff	SMT & G&AC	Dir of Finance Dir of CCP

Table 2: Related Documents

<b>Document Name (&amp; Link)</b>	<b>Approval</b>	<b>Owner</b>
Complaints Policy	Board	Dir of HRCS
Adverse incident Policy	SMT	Dir of HRCS
Claims Management Policy	Board	Chief Legal Advisor
Zero Tolerance Policy	Board	Dir of HRCS
Health & Safety Policy	Board	Dir of HRCS
Fraud Policy and Response Plan	Board	Dir of Finance
Information Governance Policy	Board	Dir of HRCS
Information Governance Assurance Framework	Board	Dir of HRCS
Information Risk Management Policy	Board	Dir of HRCS

## **9 Procedure Review**

This procedure is subject to regular revision.

## Appendix 1

### BSO Risk Score Matrix: Likelihood Descriptors

<b>CODE</b>	<b>DESCRIPTOR</b>	<b>DESCRIPTION</b>
1	Rare	The event may only occur in exceptional circumstances
2	Unlikely	The event could occur at some time
3	Possible	The event might occur at some time
4	Likely	The event will probably occur in most circumstances
5	Almost certain	The event is expected to occur in most circumstances

## BSO Risk Score Matrix: Impact Descriptors

## Appendix 1

	1	2	3	4	5
Descriptors	Insignificant/	Minor	Moderate	Major	Catastrophic
Service Provision (Internal & External)	<ul style="list-style-type: none"> <li>Failure to meet target, objectives, service provision – no sanctions applied</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet target/standard – no significant resulting consequence</li> <li>Loss of a service in a number of non critical area/s</li> </ul>	<ul style="list-style-type: none"> <li>Failure of meet major targets. Significant Stakeholder attention in respect of non compliance with target/ Standard</li> <li>Loss of a service in any critical area</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet major target/s resulting in Departmental sanctions</li> <li>Extended loss of an essential service/s in more than one critical area</li> </ul>	<ul style="list-style-type: none"> <li>Significant failure/s to meet a major target/s over a prolonged period of time</li> <li>Possible termination of senior executives contracts</li> <li>Loss of multiple services/s in critical areas</li> </ul>
Financial - Corporate level	<ul style="list-style-type: none"> <li>Insignificant impact on ability to meet financial breakeven Target</li> </ul>	<ul style="list-style-type: none"> <li>Minor impact on ability to meet Breakeven Target</li> </ul>	<ul style="list-style-type: none"> <li>Moderate impact on ability to meet Breakeven Target</li> </ul>	<ul style="list-style-type: none"> <li>Major impact on ability to meet Breakeven Target</li> </ul>	<ul style="list-style-type: none"> <li>Breakeven Target cannot be met</li> </ul>
Financial – Service level	<ul style="list-style-type: none"> <li>Insignificant cost</li> </ul>	<ul style="list-style-type: none"> <li>Less than 5% over budget</li> </ul>	<ul style="list-style-type: none"> <li>5-10% over budget</li> </ul>	<ul style="list-style-type: none"> <li>10-20% over budget</li> </ul>	<ul style="list-style-type: none"> <li>More than 25% over Budget</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Rumours</li> <li>Little impact on confidence levels</li> </ul>	<ul style="list-style-type: none"> <li>Elements of stakeholders expectation not being met – minor issues can be addressed at Service level</li> <li>Minor impact on confidence levels</li> </ul>	<ul style="list-style-type: none"> <li>Service below reasonable stakeholders expectation – moderate issues can be addressed at Directorate level</li> <li>Confidence in the BSO could be undermined</li> </ul>	<ul style="list-style-type: none"> <li>Service well below reasonable stakeholders expectation leading to formal complaint raised to CX</li> <li>Confidence in the BSO undermined</li> </ul>	<ul style="list-style-type: none"> <li>Service drastically below reasonable stakeholders expectation which leads to departmental intervention</li> <li>Questions in Assembly</li> <li>PAC Enquiry</li> </ul>
Legal/Statutory Professional/ Standards	<ul style="list-style-type: none"> <li>Unlikely to cause complaint</li> <li>Litigation risk is remote</li> <li>Rare failure to meet statutory duties*/investigation by regulatory or other external body</li> </ul>	<ul style="list-style-type: none"> <li>Complaint possible</li> <li>Litigation unlikely</li> <li>Unlikely failure to meet statutory duties*/ investigation by regulatory or other external body</li> </ul>	<ul style="list-style-type: none"> <li>Litigation possible but not certain</li> <li>High potential for complaint</li> <li>High potential for failure to meet statutory duties*/ investigation by regulatory or other external body</li> </ul>	<ul style="list-style-type: none"> <li>Litigation expected/ certain</li> <li>Complaint certain</li> <li>Expected failure to meet statutory duties*/ investigation by regulatory or other external body</li> </ul>	<ul style="list-style-type: none"> <li>Litigation certain</li> <li>Failure to meet statutory duties*/ investigation by regulatory or other external body</li> </ul>

\* Statutory Duties includes Equality and Human Rights / Health & Safety / Freedom of Information / Data Protection and Controls Assurance Standards

# Appendix 1

## BSO Risk Score Matrix- Risk Classification

### \* RISK CLASSIFICATION

#### Impact

Catastrophic  
Major  
Moderate  
Minor  
Insignificant

5  
4  
3  
2  
1

High	High	Extreme	Extreme	Extreme
High	High	High	High	Extreme
Medium	Medium	Medium	Medium	High
Low	Low	Low	Medium	Medium
Low	Low	Low	Low	Medium
1	2	3	4	5

Rare      Unlikely      Possible      Likely      Almost Certain

#### Likelihood

Low
Medium
High
Extreme

**SCORE =**  
**LIKELIHOOD x IMPACT**

#### Impact

Catastrophic  
Major  
Moderate  
Minor  
Insignificant

5  
4  
3  
2  
1

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5
1	2	3	4	5

Rare      Unlikely      Possible      Likely      Almost Certain

#### Likelihood

*\* in accordance with AS/NZS 4360:2004 guidance*

## Appendix 2

Corporate Objectives	Risk No.	Risk Description	Risk Owner	Likelihood	Impact	Score	Controls in Place	Current Risk Rating	Acceptable Risk Y/N	Risk Action Plan			Expected Outcome after treatment			
										New Risk Actions being developed	By Whom	By When	Likelihood	Impact	Score	Expected Risk Rating
1. To Deliver Value for Money Services to our Customers																
2. To Grow our Services and Customer Base																
3. To Pursue and Deliver Excellence through Continuous Improvement																
4. To Enhance the Contribution and Development of our People																

## Risk Action Plan 2015-16

		Risk Action Plan				
Risk No	Risk Description	New Risk Actions being developed in 2015-16	By When	Period	RAG Status	Comment