HSC Business Services Organisation

Providing Support to Health and Social Care

Procedure for the Management of Risk Registers

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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Supersedes previous	V 6
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Version Control

Date	Version	Author	Comments
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
May 2017	5	Patricia Maginnis	Removal of Appendix 2 and 3 as risk action plan is included as part of the risk register. Amendments to process for assessment of risk appetite, escalation and role of GAC and Board in relation to corporate risk register.
January / April 2019	6	Jane Keenan	Removal of reference to AS/NZS Risk Management Standard 4360:2004 guidance Inclusion of the Business and Development's role within the Risk Management Process.
March 2020	7	Patricia Maginnis	Minor amendments to clarify role of risk manager

Policy Record

Author(s)	G&R Officer
Director responsible	DoCCP

Approval Process

		Date
Senior Management Team		
Governance & Audit Committee		
SMT		
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.

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.

3 IDENTIFYING AND ASSESSING RISKS

3.1 Treasury Guidance[1] 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.

[1] The Orange Book Management of Risk – Principles and Concepts, October 2004

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. 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 (at least quarterly) and when changes in procedures are introduced.

3.4 The main drivers for identifying risk are described within the BSO Risk Management Strategy, "Process for the Assessment and Management of Risk", which outlines the process for the assessment and management of 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 the ISO 31000:2018 standard[2] guidance and classified as Extreme, High, Medium and Low.

4.5 All risks on the Corporate Risk Register are assessed according to the risk appetite matrix (Appendix 2) by the relevant Director and agreed by SMT.

[2] BSI ISO 31000:2018: Risk Management Guidelines

The agreed risk appetite should support risk owners when making decisions about how to manage the risk or the level of mitigation required. Where a risk is assigned an appetite higher than Cautious, this should be reported to the GAC and Board. Any movements in risk scores will be reported via SMT.

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 (also known as the risk manager) on behalf of their Director.

5.4 Treasury Guidance[3] suggests five potential responses to a risk: *Tolerate / Treat / Transfer / Terminate / Take Opportunity.* Further details are described in the BSO Risk Management Strategy.

5.5 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.

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

- Board will monitor the Corporate Risk Report on a bi-annual basis;
- Governance and Audit Committee will monitor the Corporate Risk and Assurance report on a quarterly basis;

[3] The Orange Book Management of Risk – Principles and Concepts, October 2004

- SMT will monitor the Corporate Risk Report monthly;
- Business and Development Committee will report risks to SMT in the event of risks being identified during its meetings;
- 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 moved to the controls column.

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 Organisational Assurance 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. Risks can be highlighted for consideration using the appropriate column in the service risk register template. 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.

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 (Risk Managers) 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

Document Name (& Link)	**Approval**	**Owner**
Risk Management Strategy	SMT &	Dir of Finance

	G&AC	Dir of CCP

Table 2: Related Documents

Document Name (& Link)	Approval	Owner
Complaints Policy	Board	Dir of HRCS
Adverse incident Policy	Board	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

CODE	DESCRIPTOR	DESCRIPTION
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

APPENDIX 1 **BSO RISK SCORE MATRIX: IMPACT DESCRIPTORS**

	1	2	3	4	5
Descriptors	**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
Operational - Service Provision (Internal and External)	Failure to meet target, objectives, service provision – no sanctions applied	Failure to meet target/standard – no significant resulting consequence Loss of a service in a number of non-critical area/s	Failure of meet major targets. Significant Stakeholder attention in respect of non-compliance with target/standard Loss of a service in any critical area Loss of a service in any critical area	Failure to meet major target/s resulting in Departmental sanctions Extended loss of an essential service/s in more than one critical area	Significant failure/s to meet a major target/s over a prolonged period of time Possible termination of senior executives contracts Loss of multiple services/s in critical areas
Financial - Corporate level Financial – Service level	Insignificant impact on ability to meet financial breakeven Target Insignificant cost	Minor impact on ability to meet Breakeven Target Less than 5% over budget	Moderate impact on ability to meet Breakeven Target 5-10% over budget	Major impact on ability to meet Breakeven Target 10-20% over budget	Breakeven Target cannot be met More than 25% over Budget
Reputation	Rumours Little impact on confidence levels	Elements of stakeholders expectation not being met – minor issues can be addressed at Service level Minor impact on confidence levels	Service below reasonable stakeholders expectation – moderate issues can be addressed at Directorate level Confidence in the BSO could be undermined	Service well below reasonable stakeholders expectation leading to formal complaint raised to CX Confidence in the BSO undermined	Service drastically below reasonable stakeholders expectation which leads to departmental intervention Questions in Assembly PAC Enquiry
Compliance - Legal/Statutory Professional/ Standards	Unlikely to cause complaint Litigation risk is remote Rare failure to meet statutory duties*/investigation by regulatory or other external body	Complaint possible Litigation unlikely Unlikely failure to meet statutory duties*/ investigation by regulatory or other external body	Litigation possible but not certain High potential for complaint High potential for failure to meet statutory duties*/investigation by regulatory or other external body	Litigation expected/ certain Complaint certain Expected failure to meet statutory duties*/Investigation by regulatory or other external body	Litigation certain Failure to meet statutory duties*/ investigation by regulatory or other external body

* Statutory Duties includes Equality / Human Rights / Health & Safety / Freedom of Information / Data Protection and Organisational Assurances

APPENDIX 1 **BSO RISK SCORE MATRIX- RISK CLASSIFICATION**

	Catastrophic	**5**	5	10	15	20	25
	Major	**4**	4	8	12	16	20
Impact	Moderate	**3**	3	6	9	12	15
	Minor	**2**	2	4	6	8	10
	Insignficant	**1**	1	2	3	4	5
			1	**2**	**3**	**4**	**5**
			Rare	Unlikely	Possible	Likely	Almost certain
					Likelihood		

Key:

Low
Medium
High
Extreme

APPENDIX 2 **RISK APPETITE MATRIX**

This matrix[4] should be used as guidance for assessing risk appetite in conjunction with the Risk Appetite Statement

	Averse	**Minimalist**	**Cautious**	**Open**	**Hungry**
	Avoidance of risk and uncertainty is a key Organisational objective	**Preference for ultra-safe business delivery options that have a low degree of inherent risk and only have a potential for limited reward.**	**Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.**	**Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).**	**Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).**
Reputation	Minimal tolerance for any decisions that could lead to scrutiny of the Organisation, HSC, Government or the Department.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the Organisation, HSC, Government or the Department.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion the Organisation, HSC Government or the Department should there be a failure.	Appetite to take decisions with potential to expose the Organisation, HSC, Government or the Department to additional scrutiny but only where appropriate steps have been taken to minimise any exposure.	Appetite to take decisions that are likely to bring scrutiny of the Organisation, HSC, Government or the Department but where potential benefits outweigh the risks.
Operational	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision making authority. General avoidance of systems / technology developments.	Innovations always avoided unless essential. Decision making authority held by senior management. Only essential systems / technology developments to protect	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments considered to enable operational delivery. Responsibility for non-critical decisions may be devolved	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.
Financial	Avoidance of financial loss is a key objective. Only willing to accept the low cost option. Resources withdrawn from nonessential activities.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept the possibility of some limited financial loss. VfM still the primary concern but willing to also consider the benefits. Resources generally restricted to core operational targets.	Prepared to invest for reward and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on potential opportunities.	Prepared to invest for the best possible reward and accept the possibility of financial loss (although controls may be in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.

[4] *Adapted from Managing your risk appetite: A practioner's guide, HM Treasury, Nov 2006.*

Compliance	Avoid anything which could be challenged, even unsuccessfully Play safe.	Want to be very sure we would win any challenge.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge will be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances or losing are high and consequences serious. But a win would be seen as a great coup.