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To: [Cooper, Trevor](#)
Cc: [Hutchinson, Lee-Anne](#); [Linton, Rachel](#); [McCoy, Laura](#)
Subject: Risk Management Paper for Departmental Board
Date: 08 July 2015 14:48:46
Attachments: [DB51-5 Risk Management Synopsis.DOC](#)
[DB51-5 Risk Management Report.doc](#)
[Corporate Risk Register for consideration by Departmental Board on 21 July 2015.docx](#)
Importance: High

Trevor

I attach the draft risk management paper for the next meeting of the Departmental Board. There are comparatively few changes since the paper considered at the 23 June meeting. The most significant are:

- The Gas to the West Project which is moving through to casework;
- Progress in the transposition of the Carbon Capture and Storage Directive – legislation is now being drafted with a target date of December 2015 for laying before the Assembly; and
- A delay in the sourcing of additional support by the Insolvency Service as a result of a consultation process with the trade union. The target date has been moved back to December 2015.

I have checked with available Finance Division HOBs who have confirmed that they have no amendments.

I attach electronic versions of the papers for your clearance (I have a hard copy available but understand you are at a meeting at present).

I should be grateful if you would confirm that you are content or let me have amendments so that I can send the papers to Eugene and Chris for clearance.

Regards

Terry

DEPARTMENTAL BOARD**TITLE: RISK MANAGEMENT**

Paper presented by: Trevor Cooper

KEY ISSUES

- A number of amendments have been proposed to the controls in place / actions planned / target dates in relation to the following Risks:
 - Risk 2 (Appropriate strategies and policies are not devised with the consequence that a dynamic, innovative, export-led economy for Northern Ireland is not developed). Economic Policy Division reports that the Exports Action Plan was agreed by the Minister in June 2015 and subsequently issued to the ETI Committee;
 - Risk 3 (Ineffective governance leading to poor value for money, fraud, loss to public funds, or irregular expenditure). Energy Division reports that the external DFP Gateway Health Check on the Gas to the West project has been completed and work is currently being undertaken on the Gas to the West business case prior to its consideration by a Casework Committee before the end of July;
 - Risk 6 (Information held by the Department is not handled in accordance with relevant legislation with a consequent possibility of legal proceedings, criticism from regulatory authorities and embarrassment to the Department and its Minister). HRCS Division reports that there has been some improvement in compliance with FOI time limits. However, the Division considers that there is as yet no justification for reducing the likelihood of the risk which currently stands at high;
 - Risk 7 (The imposition of penalties as a result of not implementing EU Directives and/or not complying with EU State Aid rules or other relevant EU ERDF Regulations / Criticism for not replicating GB legislation in NI). The updates reflect:
 - A delay in the production of a final decision paper by the Utility Regulator (NIAUR) on licence modifications in relation to the Energy Efficiency Directive - an extension is being sought to extend the existing licence making power to the autumn;

- Work that Energy Division is undertaking on a response to a query from DG Competition on the use of capacity mechanisms in the Single Energy Market; and
 - Work that Tourism, Telecoms and GSNI Policy Division is undertaking on the transposition of a number of Articles of the Carbon Capture and Storage Directive. Current work is centred on the drafting of legislation with a target date of December 2015 for laying the legislation in the Assembly.
- Risk 8 (Failure to file disqualification proceedings in compliance with the Department's approved prioritisation framework within statutory limits, and against those directors where evidence of misconduct has been identified). The update reflects a slippage in the target date for securing call off arrangements for the provision of additional support to the Insolvency Service as a result of a consultation process involving the trade union.
- As regards NDPBs and Cross Border Bodies, Tourism NI, Tourism Ireland Ltd and InterTradeIreland continue to highlight budgetary issues as a consequence of the current PE environment. The Consumer Council has highlighted a risk relating to the inability of cost reduction plans to deliver the savings required to enable it to operate effectively within its income for 2015-16 and beyond.

ACTION REQUIRED

The Departmental Board is asked to:

- a. Note the amendments to the Corporate Risk Register;
- b. Consider the completeness of the risk register as a whole and the reasonableness of the assessments of residual risk in relation to impact and likelihood;
- c. Note that the updated Corporate Risk Register will be circulated to Heads of Division / Heads of Unit prior to the next Departmental Board meeting on 22 September 2015; and
- d. Note the risks reported by NDPBs and Cross Border Bodies that are considered significant.

TIMESCALE

- The updated Corporate Risk Register will be circulated to Heads of Division / Unit for review prior to the next meeting of the Departmental Board.

DEPARTMENTAL BOARD – 21 JULY 2015**RISK MANAGEMENT****CORPORATE RISK REGISTER****Introduction**

1. The Departmental Board reviewed the Corporate Risk Register and approved a number of amendments at its last meeting on 23 June 2015.
2. The Corporate Risk Register is circulated to Heads of Division and Heads of Unit prior to each Board meeting, with Division and Unit Heads being asked to:
 - a. Notify Accountability and Casework Branch of any new Corporate Risks that have not been previously identified at Corporate or Divisional level;
 - b. Notify Accountability and Casework Branch of any Divisional risks that they consider should be escalated for the Board to consider including in the Corporate Risk Register; and
 - c. Notify Accountability and Casework Branch of any additional actions they are currently taking or plan to take in relation to risks currently on the Corporate Risk Register.

The Corporate Risk Register was circulated to Heads of Division / Unit on 25 June 2015.

3. Having taken on Board any amendments from Divisions / Units, the updated Risk Register is circulated to the individual risk owners prior to each Departmental Board meeting.

PROPOSED AMENDMENTS TO CORPORATE RISKS

4. **Economic Policy Division** has updated the Target Date column at **Risk 2** “Appropriate strategies and policies are not devised with the consequence that a dynamic, innovative, export-led economy for Northern Ireland is not developed.” The revision reflects the agreement of the draft Exports Action Plan by the Minister in June 2015 and its subsequent issue to the ETI Committee.
5. **Energy Division** has updated the Controls in Place, Actions Planned and Target Date columns at **Risk 3** “Ineffective governance leading to poor value for money, fraud, loss to public funds, or irregular expenditure”. The Controls in Place column reflects the completion of the external DFP Gateway Health Check on the Gas to the West project. The Actions Planned column has been updated to reflect work being undertaken on the business case prior to a Casework Committee before the end of July.
6. **Human Resources and Central Support Division** has updated the Action Planned column at **Risk 6** “Information held by the Department is not handled in accordance with relevant legislation with a consequent possibility of legal proceedings, criticism

from regulatory authorities and embarrassment to the Department and its Minister.” The update reflects an improvement in timeliness compliance rates for FOI requests (however, the likelihood of the risk occurring is still regarded as “high”).

7. **Energy Division** has updated the Actions Planned columns at **Risk 7** “Non implementation of EU Directives and/or other relevant EU regulations leading to the imposition of penalties on the Department. Criticism of the Department for providing assistance which is not compliant with the EU’s ‘industrial’ State Aid rules and/or for not replicating GB legislation in NI.” The updates reflect a delay in the production by NIAUR of a final decision paper on licence modifications in relation to the Energy Efficiency Directive – an extension is being sought to extend the existing licence making power to the autumn. An additional action has been inserted in relation to responding to a query from DG Competition to member states on the use of capacity mechanisms in the Single Energy Market. The target date for this is 10 July 2015. A target date in relation to working with DCENR to agree changes which will give effect to obligations arising from Capacity Allocation and Congestion Management regulation has been deferred from June 2015 to August 2015.
8. **Tourism, Telecoms and GSNI Policy Division** has updated the Controls in Place and Actions Planned columns at **Risk 7**. The amendments reflect progress made in relation to the transposition of a number of Articles of the Carbon Capture and Storage Directive. Public consultation on two sets of Regulations, covering infrastructure and licencing provisions, is ongoing and is due to close on 17 September 2015. The target date for laying the Regulations is December 2015.
9. **Business Regulation Division** has updated the Actions Planned and Target Dates columns at **Risk 8** “Failure to file disqualification proceedings in compliance with the Department’s approved prioritisation framework within statutory limits, and against those directors where evidence of misconduct has been identified.” The target date for the proposed call off arrangements to provide the Insolvency Service with additional support has been moved back from September 2015 to December 2015 as a result of a consultation process with the trade union.
10. The proposed amendments to the above risks have been tracked for ease of reference in the Corporate Risk Register attached at **Annex A**.

SIGNIFICANT NDPB CORPORATE RISKS

11. **Invest NI** reports that it currently has no significant corporate risks as does the **Health and Safety Executive for Northern Ireland**.
12. **Tourism NI** has highlighted one significant risk around securing sustained long term investment due to what it represents as being insufficient funding. Tourism NI reports that additional budget allocations have been confirmed although they are significantly reduced on prior years, particularly in terms of investment in advertising which has been reduced from £4m to £1m. Tourism NI also notes that a capital shortfall of £1.1m will be the subject of a bid in June monitoring and that full funding has not been secured to support events. Tourism NI states that it is taking a number of actions to mitigate the risk. These include current and future engagement with decision makers to articulate the case for additional funding, optimising the use of existing funding, maximising opportunities to draw down EU funding, strengthening relationships with

key delivery partners and identifying long term priorities. The Departmental Board will wish to note that the Minister agreed Tourism NI's budget allocations.

13. The **Consumer Council** has highlighted a significant risk relating to the inability of cost reduction plans to deliver the savings required to enable it to operate effectively within its income for 2015-16 and beyond. The risk is primarily linked to concerns about the availability of sufficient funding for the Consumer Council's Voluntary Exit Scheme. In addition, the Consumer Council considers that an in year bid will have to be made to cover the costs of dilapidations connected with its previous offices at Elizabeth House which it has recently vacated.
14. Both of DETI's North South bodies have reported significant risks. **InterTradelreland** has recently reviewed its risk management processes to align them more closely with HM Treasury guidance. It continues to highlight a risk relating to challenging economic conditions, which result in a lack of adequate funding to service existing programmes and to undertake new initiatives. Controls in place include roll out of its agreed operating plan, engagement with sponsor bodies and NSMC, and continual review of project portfolio to optimise available resources. InterTradelreland has also reported a new risk around restrictions on its capacity to fill critical vacancies, but considers that the significance of this risk will reduce as it has recently been able to commence advertising for staff to fill vacancies. InterTradelreland has, in addition, reported a risk that it may not be seen as relevant.
15. **Tourism Ireland Limited** continues to highlight a significant risk in relation to the effect of major events on tourism such as health scares (such as Ebola), terrorism, environmental events or an economic downturn. Controls in place include business continuity plans, contingency planning and industry liaison processes in place in the organisation. Tourism Ireland Ltd has also highlighted a risk around an inability to secure funding to enable it to achieve its objectives which will result in long term reductions in visitor revenues and numbers (TIL has also noted the potential pressure that the strengthening of the US dollar against the Euro puts on the cost of its operations and marketing activities in the US).

Departmental Board Action

16. The Departmental Board is asked to:
 - a. Note the amendments to the Corporate Risk Register;
 - b. Consider the completeness of the risk register as a whole and the reasonableness of the assessments of residual risk in relation to impact and likelihood;
 - c. Note that the updated Corporate Risk Register will be circulated to Heads of Division / Heads of Unit prior to the next Departmental Board meeting on 22 September 2015; and
 - d. Note the risks reported by NDPBs and Cross Border Bodies that are considered significant.

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

Date of Last Review: 23 June 2015				Date of Current Review: 21 July 2015					
Risk Category	No	Residual Assessment at Start of Year		Description	Current Residual Assessment		Movement since last review	Board Owner	Actions Planned (Yes/No)
		Impact	L'hood		Impact	L'hood			
Reputation and Credibility	1	Medium	Low	DETI is unable to deliver on its Programme for Government, Corporate Plan and Business Plan commitments resulting in political and public criticism of the DETI Minister and Department.	Medium	Low	=>	CS (All Divs)	Yes
Operational and Policy Delivery	2	Medium	Medium	Appropriate strategies and policies are not devised with the consequence that a dynamic, innovative, export-led economy for Northern Ireland is not developed.	Medium	Medium	=>	CS (EPD)	Yes
Financial / VFM	3	Medium	Low	Ineffective governance leading to poor value for money, fraud, loss to public funds, or irregular expenditure.	Medium	Low	=>	ER (All Divs)	Yes
Financial / VFM	4	Medium	High	Inability to operate within allocated budget, avoiding overspend and managing underspend within a 2% resource target and a 3% capital target and, in addition, meeting EU expenditure targets.	Medium	High	=>	ER (Finance HRCS)	Yes
Financial / VFM	5	Medium	Medium	The loan and financial assistance grant package provided in connection with the Presbyterian Mutual Society are not repaid and as a consequence public expenditure pressures will be created for the Department and the NI Block.	Medium	Medium	=>	ER (BRD)	Yes
Compliance Legal / Regulatory	6	Medium	High	Information held by the Department is not handled in accordance with relevant legislation with a consequent possibility of legal proceedings, criticism from regulatory authorities and embarrassment to the Department and its Minister.	Medium	High	=>	ER (HRCS)	Yes

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

Compliance Legal / Regulatory	7	High	Medium	Non implementation of EU Directives and/or other relevant EU regulations leading to the imposition of penalties on the Department. Criticism of the Department for providing assistance which is not compliant with the EU's 'industrial' State Aid rules and/or for not replicating GB legislation in NI.	High	Medium	=>	CS (Energy Tourism, Telecom GSNI)	Yes
Compliance Legal / Regulatory	8	High	High	Failure to file disqualification proceedings in compliance with the Department's approved prioritisation framework within statutory limits, and against those directors where evidence of misconduct has been identified.	Medium	Medium	=>	ER (BRD)	Yes

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

Objective: Generic risk supporting delivery of all objectives in the corporate plan. Category – Reputation and Credibility Risk Appetite – Cautious			For risks with a residual assessment of High or Medium Impact and High Likelihood: Number of Board Meetings at this Level: N/A					
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
1. DETI is unable to deliver on its Programme for Government, Corporate Plan and Business Plan commitments resulting in political and public criticism of the DETI Minister and Department.	High	Medium	<p>Approved Business/Operating Plans for the Department and its NDPBs are in place each financial year. NDPB Plans comply with the provisions of Managing Public Money for Northern Ireland (MPMNI) and respective Management Statements and Financial Memoranda (MSFM).</p> <p>The Departmental Board receives and monitors quarterly update reports on DETI Business Plan achievements and slippages and directs corrective actions where necessary.</p> <p>Performance monitoring of Programme for Government, Corporate Plan and Operating Plan performance is a standing agenda item at NDPB Oversight & Liaison meetings.</p> <p>DETI CLU tightened up the controls around performance monitoring e.g. earlier commissioning of the monitoring exercises; reminder of IAU comments on timeliness of returns; emphasis on slippage reports; improved spreadsheets for recording and retrieval of information; improved reporting to Departmental Board, Minister and ETI Committee.</p>	Medium	Low	Reviewing DETI Corporate Plan and related Business Plans is a continuing action eg via quarterly monitoring process.	Ongoing	CS (All Divs)

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

			<p>In relation to Invest NI and Tourism NI, further performance monitoring is undertaken as part of quarterly Finance meetings, Oversight and Liaison meetings and via monthly Board debriefs delivered by the Invest NI and Tourism NI Chairmen.</p> <p>Ongoing and regular interaction between DETI Branches responsible for Financial Governance/Policy and NDPBs.</p> <p>Resource allocation regularly reviewed by Top Management team.</p> <p>Capability and capacity issues are considered at fortnightly DETI Senior Management Team meetings.</p> <p>Matters are regularly raised and discussed at weekly Issues meetings with the Minister and Special Advisor.</p>					
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DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

Objective			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
A1 – To devise strategies and policies for the development of a dynamic, innovative, export-led economy in Northern Ireland.			<u>Number of Board Meetings at this Level:</u> N/A					
Category – Operational and Policy Delivery								
Risk Appetite - Open								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
2. Appropriate strategies and policies are not devised with the consequence that a dynamic, innovative, export-led economy for Northern Ireland is not developed.	High	Medium	<p>Background: EPD led on the development of the NI Economic Strategy and has worked closely with other Executive Departments & Invest NI to ensure their policies and targets are consistent with the Strategy.</p> <p>There is a monthly Board de-brief between the Invest NI Chairman and DETI Top Management to discuss board discussion and other key issues including policy development and implementation.</p> <p>Policy development is a standing item of the quarterly NDPB Oversight & Liaison meetings.</p> <p>The Head of EPD meets with the Invest NI Director of Strategic Management and Planning on a monthly basis to discuss policy issues.</p> <p>Regular Invest NI Executive</p>	Medium	Medium	<p>1. Supporting the NI Economic Strategy are a range of action plans:</p> <ul style="list-style-type: none"> • There is a Comprehensive Action Plan in place covering the actions contained in the Economic Strategy. • This has been supplemented by further actions agreed as part of the Executive's Economy & Jobs Initiative. • A refresh of the Economic Strategy to cover the 2015-16 period in line with the extended 	<p>Draft developed April 2015</p> <p>To be agreed by Executive Sub-</p>	CS (EPD)

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

			<p>Leadership Team and DETI Senior Management Team engagements take place during the year. Through this forum, DETI and Invest NI senior management discuss a range of strategic policy issues and ensure appropriate action is taken to ensure DETI's suite of policies and strategies remain relevant to delivery of the Department's high level priorities.</p> <p>The implementation of Economic Pact commitments will be overseen by a Sub-Group of the Permanent Secretaries Group, chaired by DETI Permanent Secretary.</p> <p>The Executive agreed the Innovation Strategy on 8 September 2014. The Strategy and Action Plan were published on 18 September 2014.</p>			<p>mandate of the Programme for Government is being developed by DETI EPD in conjunction with the Executive Sub-Committee on the Economy Officials Group.</p> <p>DETI EPD is responsible for monitoring implementation of these actions.</p> <p>2. Implementation of those commitments contained within the NI Economic Pact, (announced by the NI Executive and UK Government on 14 June 2013) continues to be taken forward by Departments.</p> <p>An implementation plan has been agreed by HOCs and the DETI Permanent Secretary, through EPD, will be responsible for monitoring delivery of the various commitments and for reporting progress to the NI Executive.</p>	<p>Committee on Economy following Executive agreement of the extended Programme for Government</p> <p>Making Life Simpler: Improving Business Regulation in NI was published on 24 November 2014. EPD is currently working towards obtaining Executive agreement in order to begin the implementation of the report's recommendations.</p>	
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DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

						<p>3. Action Plans for Innovation/R&D, Access to Finance, Exports and Business Incubation being developed.</p> <p>Access to Finance plan was produced by March 2014 in conjunction with DFP and Invest NI and is being monitored on a quarterly basis.</p> <p>A draft Exports Action Plan issued to <u>was agreed by the DETI Minister in May-June 2015 for his agreement to formally launch and subsequently issued to the ETI Committee.</u></p> <p>The Business Incubation Action Plan will be delayed until later in 2015.</p>	
						<p>4. DETI Internal Audit Service</p> <p>Recs 1 & 2 remain</p>	

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

						<p>undertook a review of aspects of the work of Economic Policy Division. The final report issued on 17 July 2013. Three recommendations relating to the work of the Division were made which have been accepted. One has been implemented and the other two are being implemented.</p>	<p>outstanding. Although, in relation to Rec 2, regular (at least fortnightly) meetings between the Head of EPD and Invest NI Strategy provide the opportunities to discuss significant and emerging cross cutting issues. Relevant Invest NI Directors and DETI policy leads are involved in these meetings as necessary.</p> <p>Rec 3 has been fully implemented.</p> <p>PELU now receives regular updates on all categories of Invest NI Evaluation irrespective</p>	
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DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

							of scale and have agreed with INI that evaluations are made available to EPD on completion and subsequently disseminated to the wider EPD audience through TRIM.		
						<p>Background: <i>The Department has decided to review its current policy and legislation to ensure it continues to provide an appropriate framework for the regulation and support of mineral, oil and gas exploration and development in Northern Ireland.</i></p>	<p>Further action will flow from the work that is currently being undertaken to scope legislative and policy requirements.</p> <p>MAPB/GSNI are continuing to assess the implications of recommendations for the regulation of the exploration and production of shale gas as published by the European Commission on 22 January 2014.</p> <p>The Minister has advised the Assembly that fracking is regarded</p>	<p>Date remains to be determined within the wider context of addressing issues pertaining to the potential future deployment in NI of high volume hydraulic fracturing (fracking).</p>	

DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

						as a novel and controversial issue and one on which the Executive will ultimately have to decide.		
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DETI CORPORATE RISK REGISTER – FOR CONSIDERATION BY THE DEPARTMENTAL BOARD ON 21 JULY 2015

Objective: Generic Risk			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
Category – Financial / VFM			<u>Number of Board Meetings at this Level:</u> N/A					
Risk Appetite – Minimal								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
3. Ineffective governance leading to poor value for money, fraud, loss to public funds, or irregular expenditure.	High	Medium	<p>Approved Operating Plans for the Department and its NDPBs are in place each financial year. NDPB Operating Plans comply with the provisions of MPMNI and respective MSFMs.</p> <p>The process of monitoring the DETI 2014/15 annual operating plans commenced in June 2014.</p> <p>Early consideration of the DETI Operating Plan for 2015/16 and Corporate Planning for 2016/17 to 2019/20 commenced in August 2014.</p> <p>Provision of six-monthly Assurance Statements by Heads of Group and CEOs of NDPBs</p> <p>Risk and Corporate Governance issues are standing agenda items at NDPB quarterly O&L meetings and are also discussed at Departmental Board.</p> <p>Evaluation of programmes and projects.</p> <p>DETI-Invest NI Casework Committee established to consider significant Invest NI casework.</p>	Medium	Low	<p>The process of monitoring the DETI annual operating plans commenced following Ministerial approval of the Plans.</p> <p>External DFP Gateway Health Check on Gas to West Grant Project completed 26 February 2015, and final report received.</p> <p>DSO and SIB Legal have considered the Gas to the West grant Letter of Offer. <u>A draft was</u></p>	<p>Quarterly commencing June 2014</p> <p>March 2015</p> <p><u>June-July 2015</u></p>	ER (All Divs)