

DEPARTMENTAL AUDIT COMMITTEE**TITLE: RISK MANAGEMENT**

Paper presented by: Terry Coyne

KEY ISSUES

- The Corporate Risk Register was circulated to Heads of Division and Heads of Unit prior to the 19 November 2013 meeting of the Departmental Board.
- The Departmental Board approved an amendment to the wording of Risk 5 and the raising of the residual assessment of the likelihood of Risk 6 occurring from “low” to “medium”.
- In addition, the Board approved amendments to the summary of controls in place and actions planned in relation to Risks 1, 5, 6 and 7.
- Two Divisional Risks are also being brought to the attention of the Departmental Audit Committee. Both risks have a high impact and likelihood and relate to the development of policy and legislation in Minerals and Petroleum Branch (Tourism, Telecoms and GSNI Policy Division).

ACTION REQUIRED

- Departmental Audit Committee to note report and Corporate Risk Register and provide any feedback considered necessary.

TIMESCALE

- Any views expressed by Departmental Audit Committee members will be provided to the Departmental Board at its next meeting.

DEPARTMENTAL AUDIT COMMITTEE

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 19 November 2013. The Corporate Risk Register, as approved by the Departmental Board, is provided as a separate document.

Amendments Approved by Departmental Board

2. The Departmental Board approved Human Resources and Central Support Division's proposal to amend to Risk 1: "DETI is unable to deliver on its Programme for Government, Corporate Plan and Operating Plan commitments resulting in political and public criticism of the DETI Minister and Department" and 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."
3. In relation to Risk 1, the amendments related to the Controls in Place and Actions Planned columns and reflected improved processes around monitoring of DETI Operating Plans and recent recommendations by IAS and PAC on validating NDPB performance data. In relation to Risk 6, the residual likelihood of this risk crystallising was increased from "low" to "medium" and the Controls in Place and Actions Planned columns were amended to reflect a recent IAS review of FOI processes which recommended that action be taken to improve compliance with FOI response plan targets.
4. The Departmental Board accepted Finance Division's proposal to amend Risk 5: "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". The risk has been amended so that it starts: "The £175m loan package provided in connection with the Presbyterian Mutual Society is not repaid..." Other amendments were made to the Controls in Place and Actions Planned columns to reflect the current position.
5. The Departmental Board also accepted Energy Division's proposed amendments to the Controls in Place and Actions Planned columns at 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". These amendments reflect the current position in relation to the implementation of EU Directives by Energy Division.

DIVISIONAL RISK REPORT FOR QUARTER ENDED 30 SEPTEMBER 2013

6. Two risks were assessed as having a residual rating of high impact / high likelihood. Both risks relate to Tourism, Telecoms and GSNI Policy Division. Details are set out in the following paragraphs and extracts from the Divisional Risk Register are attached at **Annex A:**

Risk Title: “Failure to implement Directive 2009/31/EC on the geological storage of carbon dioxide. Possibility of infraction proceedings.”

Objective: “To ensure that DETI is fully compliant with the Northern Ireland element of the EU Directive on Carbon Capture and Storage.”

The effect of the Risk on the Division

There could be potential infraction proceedings by the European Commission with associated substantial daily and lump sum fines.

Management Controls in Place

Work is ongoing on the preparation of a Transposition Note for discussion with DSO. Senior Management is reviewing resources available to take forward legislative requirements. Minerals and Petroleum Branch (MAPB) is liaising with DSO in respect to specific aspects of Minerals and Petroleum legislation.

Further Actions Planned

Discussion with Departmental Solicitors Office. MAPB/GSNI working with Department of Energy & Climate Change (DECC) and Office of Unconventional Gas & Oil. MAPB is leading on the DETI/DOE Shale Gas Regulators Forum initiative.

Risk Title: “Strategies/policies and legislative framework fail to remain aligned with developments in this industry and this potentially key economic activity is lost or cannot be maximized for the good of the Northern Ireland economy.”

Objective: “To have in place strategies and policies and the appropriate legislative framework to support the continuing assessment of and investment in oil, gas and minerals exploration and development in Northern Ireland as a key contributor to NI Economy.”

The effect of the Risk on the Division

The Division will be impeded from delivering against the key objectives of Mineral & Petroleum investment in Northern Ireland. Focus of MAPB’s work will increasingly shift to addressing the outworkings of policy & legislative deficiencies as opposed to supporting Mineral & Petroleum investment & development.

Management Controls in Place

DETI has commenced a review of the relevant existing 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 NI.

Liaison with DSO and Office of Unconventional Oil and Gas in DECC regarding strategy and policy required to support the potential deployment of fracking in Northern Ireland. Contributing and co-ordinating the work of the joint DETI/DOE Shale Gas Regulators Forum initiative to bring together all the regulatory authorities with a role in approving and monitoring the potential deployment of fracking in NI.

Further Actions Planned

An Elective Transfer competition will shortly be launched for a Legislation and Policy DP to strengthen MAPB's existing resource.

Departmental Audit Committee Action

7. The Departmental Audit Committee is asked to note the report and Corporate Risk Register and provide any feedback considered necessary. Any views expressed by the Departmental Audit Committee will be provided to the Departmental Board.

Objective: To ensure that DETI is fully compliant with the Northern Ireland element of the EU Directive on Carbon Capture and Storage.			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
Category – Financial/VFM & Reputation; Credibility and Compliance			<u>Number of Quarters at this Level: 4</u>					
Risk Appetite - Open								
Inherent Assessment			CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood		Impact	Likelihood			
Failure to fully implement Directive 2009/31/EC on the geological storage of carbon dioxide with possibility of associated infraction proceedings.	High	High	MAPB has prepared a Transposition Note ("TN") identifying those provisions of the Directive that remain to be transposed and continues to liaise with DSO i regarding the precise legislation required to be enacted in order to make NI wholly compliant. Work is currently on-going to have additional DP resource made available	High	High	Continued scoping of legislative requirements and consideration of associated policy requirements to fully comply with Directive. Identification of resource to take forward necessary legislation.	Ongoing	Mike Thompson

<p>Objective: To have in place strategies and policies and the appropriate legislative framework to support the continuing assessment of and investment in oil, gas and minerals exploration and development in Northern Ireland as a key contributor to the NI economy.</p> <p>Category – Operational and Policy Delivery</p> <p>Risk Appetite - Open</p>			<p>For risks with a residual assessment of High or Medium Impact and High Likelihood:</p> <p><u>Number of Quarters at this Level: 1</u> (added to Corporate Risk Register Qtr 1 2013/14)</p>					
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
<p>Departmental strategies/policies and legislative framework fail to remain aligned with developments in this industry and this potentially key economic activity is lost or cannot be maximized for the good of the Northern Ireland Economy.</p>	High	High	<p><i>Background:.The Mineral Development Act (NI) 1969 vested most minerals in DETI and enables it to grant prospecting licences and mining licences for exploration and development of minerals. This licensing system is based on the provisions of the 1969 Act and on subsequent subordinate legislation.</i></p> <p><i>The Petroleum (Production) Act (NI) vested petroleum in DETI and enables DETI to grant licences to commercial companies to</i></p>	High	High	<p>Minerals and Petroleum Branch (MAPB) is currently liaising with DSO regarding how best to align legislation that are not in keeping with modern industry practices.</p> <p>MAPB & GSNI continue to engage with the Office of Unconventional Oil and Gas in DECC regarding the complexities of strategy and</p>	<p>On-going</p> <p>On-going</p>	Mike Thompson

			<p><i>search for, bore for and get petroleum. The Department's licensing system is based on the 1964 Act and on subsequent subordinate legislation.</i></p> <p><i>Correspondingly the Department's current strategy, policy and operational frameworks have been informed by the legislation governing the permitting and permissions processes.</i></p> <p><i>However, in light of the developments in modern drilling techniques and the potential for shale gas or oil exploration and/or production in NI("through fracking"), DETI has decided to review its current policy and legislation to ensure it continues to provide an appropriate framework for the regulation and</i></p>			<p>policy required to support the potential deployment of "fracking" in NI.MAPB/GSNI are also working with DECC & other relevant NI Departmental colleagues to produce a Shale Gas Customer Journey "Road Map" for NI.</p> <p>MAPB is contributing to and co-ordinating the work of the Shale Gas Regulators Forum, the Group established as a joint initiative by the DETI and DOE Ministers to bring together all the regulatory authorities with a role in approving and monitoring the potential</p>	On-going	
--	--	--	--	--	--	--	----------	--

			<i>support of mineral, oil and gas exploration and development in Northern Ireland.</i>			deployment of fracking in NI.		
--	--	--	---	--	--	-------------------------------	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE
Announced by RHI/IRI/10/17

Risk Category	No	Residual Assessment at Start of Year		Description	Current Residual Assessment		Movement since last review	Owner	Actions Planned (Yes/No)	Date of Last Review	Date of Current Review	Date of Next Review
		Impact	L'hood		Impact	Likelihood						
Reputation and Credibility	1	High	Medium	DETI is unable to deliver on its Programme for Government, Corporate Plan and Operating Plan commitments resulting in political and public criticism of the DETI Minister and Department.	Medium	Low	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Operational and Policy Delivery	2	High	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	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Financial / VFM	3	High	Medium	Ineffective governance leading to poor value for money, fraud, loss to public funds, or irregular expenditure	Medium	Low	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Financial / VFM	4	High	Medium	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 the EU N+2 expenditure target.	Medium	Medium	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Financial / VFM	5	High	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	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Compliance Legal / Regulatory	6	High	Low	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	Medium	↑ 	Dept Board	Yes	15/10/13	19/11/13	21/1/14
Compliance Legal / Regulatory	7	High	High	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.	High	High	=>	Dept Board	Yes	15/10/13	19/11/13	21/1/14

DFE-393615

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective:			For risks with a residual assessment of High or Medium Impact and High Likelihood:							
Generic risk supporting delivery of all objectives in the corporate plan.			<u>Number of Quarters at this Level:</u>							
Category – Reputation and Credibility										
Risk Appetite – Cautious										
	Inherent Assessment		CONTROLS IN PLACE			Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood				Impact	Likelihood			
1. DETI is unable to deliver on its Programme for Government, Corporate Plan and Operating Plan commitments resulting in political and public criticism of the DETI Minister and Department.	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 Managing Public Money for Northern Ireland (MPMNI) and respective Management Statements and Financial Memoranda (MSFM).</p> <p>The process leading to the production of 2013-14 Operating Plans in DETI and its NDPBs by 31 March 2013 commenced in January 2013. This was initiated through instruction by the Permanent Secretary (PS), who wrote to DETI Heads of Group and NDPB CEOs outlining base requirements / content and timescales.</p> <p>The Departmental Board receives and monitors quarterly update reports on Operating 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 has scrutinized the process of monitoring the DETI Operating Plans. It has tightened up the controls such as</p>			Medium	Low	With regard to the recent IAS report on performance monitoring, DETI CLU will liaise with colleagues in NDPB Sponsor Branches and Accountability and Casework Branch regarding DETI's recent commitment in the Memorandum of Reply to the PAC Report on Invest NI Performance to undertake a validation of Invest NI's performance data.		Dept Board

DFE-393616

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

			<p>earlier commissioning times for the monitoring exercises; highlighted emphasis on slippage reports; improved spreadsheets for recording and retrieval of information; and improved reporting to Departmental Board, Minister and ETI Committee.</p> <p>Following a recent IAS report, CLU also issued a memo to DETI HODs and CEOs re timely and complete / accurate monitoring returns.</p> <p>In relation to Invest NI, further performance monitoring is undertaken as part of quarterly Finance meetings and via monthly Board debriefs delivered by the Invest NI Chairman.</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>					
--	--	--	--	--	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective			For risks with a residual assessment of High or Medium Impact and High Likelihood:						
<p>A1 – To devise strategies and policies for the development of a dynamic, innovative, export-led economy in Northern Ireland.</p> <p>Category – Operational and Policy Delivery</p> <p>Risk Appetite - Open</p>			<p>Number of Quarters at this Level:</p>		Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
					Impact	Likelihood			
RISK	Impact	Likelihood	CONTROLS IN PLACE		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 Leadership Team and DETI Senior Management Team engagements</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. <p>DETI EPD are responsible for monitoring implementation of these actions.</p> <p>2. Implementation of those commitments contained within the NI Economic Pact, (announced by the NI</p>		Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

		<p>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>Executive and UK Government on 14 June) will be taken forward by Departments over the coming year.</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>3. Action Plans for innovation/R&D, Access to Finance, Exports and Business Incubation being developed.</p> <p>4. DETI Internal Audit Service undertook a review of aspects of the work of Economic Policy Division. The final report issued on 17 July 2013. Three recommendations</p>	<p>Innovation Strategy to issue for public consultation July 2013. Enterprise related action plans to be produced by 31 March 2014</p> <p>Implementation of recs by Dec 2013</p>	
--	--	--	--	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

			<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>A Grade 7 has been appointed to oversee this strand of strategy / policy work.</p> <p>The Minister and Senior Officials participated in a Minerals and Petroleum Branch and Geological Survey of Northern Ireland briefing on 1 October.</p> <p>Initial work to scope legislative and policy requirements is underway.</p>			<p>relating to the work of the Division were made which have been accepted and are being implemented.</p> <p>Further action will flow from the work that is currently being undertaken to scope legislative and policy requirements.</p>		
--	--	--	---	--	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective: Generic Risk			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
Category – Financial / VFM			<u>Number of Quarters at this Level:</u>					
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 leading to the production of 2013-14 Operating Plans in DETI and its NDPBs by 31 March 2013 commenced in January 2013. This was initiated through instruction by the Permanent Secretary (PS), who wrote to DETI Heads of Group and NDPB CEOs outlining base requirements / content and timescales.</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> <p>DETI Casework Committee for Departmental cases involving expenditure</p>	Medium	Low	The process of monitoring the DETI annual operating plans to be further scrutinised following Ministerial approval of the Plans.		Dept Board

DFE-393621

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

		<p>greater than £500,000.</p> <p>Internal and DFP delegations for expenditure.</p> <p>Business cases prepared in accordance with DFP and DETI guidance.</p> <p>Annual test drilling of economic appraisals and PPEs with recommendations implemented.</p> <p>Financial Governance Unit established for NDPBs and Cross Border bodies.</p> <p>Quarterly O&L meetings.</p> <p>Departmental representation on NDPB Audit Committees. NDPBs provide written reports to the Departmental Audit Committee and attend if required.</p> <p>NDPB Management Statements and Financial Memorandums in place.</p> <p>Each NDPB has a fully functional Internal Audit function.</p> <p>There is a fully functional EU Audit Authority.</p> <p>Authorisation limits for expenditure.</p> <p>Fraud awareness training provided by CAL.</p> <p>Documented whistleblowing procedures reviewed and updated in July 2012.</p> <p>Fraud Policy and Fraud Response Plan reviewed and updated in July 2012.</p> <p>Participation in biennial National Fraud Initiative data matching exercise.</p>					
--	--	--	--	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

			<p>Appointment of a Grade 7 secondee to NITB to oversee the implementation of the Governance Action Plan to address IAS recommendations.</p> <p>Implementation of NITB's Governance Action Plan monitored and reported on as a standing agenda item at NITB SMT meetings, NITB Board meetings, NITB Audit Committee meetings and DETI/NITB O&L meetings.</p>					
--	--	--	--	--	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective – Generic Risk			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
Category – Financial / VFM			<u>Number of Quarters at this Level:</u>					
Risk Appetite - Minimal								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
4. 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 the EU N+2 expenditure target.	High	Medium	<p>Monthly cost centre reports produced.</p> <p>Expenditure profiled monthly.</p> <p>Monthly financial reporting to Departmental Board.</p> <p>Monthly budget monitoring meetings with Invest NI and NITB.</p> <p>Quarterly monitoring rounds.</p> <p>Quarterly Oversight & Liaison meetings.</p> <p>Quarterly risk reporting and six-monthly Assurance reporting.</p> <p>Monitoring EU expenditure levels against existing activity and reporting to SMT and DFP. Planned activity from across other departments has been approved for inclusion in the Programme. This now needs to be closely monitored.</p>	Medium	Medium	Further contingency actions to be developed and implemented. In relation to EU expenditure. These include the exploration of options for accelerating ERDF drawdown and for drawing down ERDF funds for expenditure incurred near to the year end.	Dec 2013	Dept Board

DFE-393624

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

<p>Objective – To manage the £175 million commercial loan and a £50 million Financial Assistance grant package in support of a Mutual Access Fund provided in connection with the Presbyterian Mutual Society in line with the agreed financial schedule.</p> <p>Category – Financial / VFM</p> <p>Risk Appetite – Cautious</p>			<p>For risks with a residual assessment of High or Medium Impact and High Likelihood:</p> <p><u>Number of Quarters at this Level:</u></p>					
	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood		Impact	Likelihood			
5. The £175m loan and package provided in connection with the Presbyterian Mutual Society is not repaid and as a consequence public expenditure pressures will be created for the Department and the NI Block.	High	Medium	<p>Formal loan agreements.</p> <p>Due diligence reports on asset values.</p> <p>Departmental oversight and monitoring of supervisors, including input from legal and insolvency experts if required.</p> <p>Formal legal agreement with supervisors.</p> <p>A formal quarterly reporting mechanism from the supervisors to the Department is in place.</p> <p>An annual updated Business Plan is prepared by the Joint Supervisors and discussed and agreed with DETI prior to the commencement of each financial year.</p>	Medium	Medium	High level review of Plan to 2020.	As required.	Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective: C3 - To maintain and review the effectiveness of the Department’s processes for: financial management; corporate governance and risk management; information security; business continuity; emergency planning; and Assembly / Executive business. Category – Compliance – legal / regulatory Risk Appetite - Cautious			For risks with a residual assessment of High or Medium Impact and High Likelihood: <u>Number of Quarters at this Level:</u>					
	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood		Impact	Likelihood			
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.	High	Medium	Policies and procedures are in place for information management. Security measures in place include restriction of access to buildings; backups of IT data; ERDMS document storage; accreditation of IT systems and an annual departmental security review. Well established network of Information Managers for FOI requests. Internal Audit review of the DETI FOI process was completed in October 2013 and has recommended that action is required to improve compliance with FOI response time targets.	Medium	Medium	Pending approval from PSG, a revised UK-wide Protective Marking Scheme will be introduced in NI circa April 2014. Agreed actions from Internal Audit report will be implemented.	April 2014	Dept Board

DFE-393626

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

Received from DFE on 19/07/17
Annotated by RHI Inquiry

Objective: B1 – To provide clear policy direction and targets, and the necessary resources to deliver those targets. B5 – To engage effectively with the European Union to secure the maximum financial and non-financial support available for growing the NI economy. Category – Compliance – legal / regulatory Risk Appetite - Open			For risks with a residual assessment of High or Medium Impact and High Likelihood: <u>Number of Quarters at this Level:</u>					
	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood		Impact	Likelihood			
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.	High	High	LMU circulate details of EC Directives that require implementation. Stand alone website for the Competitiveness Programme with comprehensive guidance. Internal Audit system reviews. Memorandum of Understanding setting out requirements. Audit Authority checks. Managing Authority checks on compliance with MOU and spot checks on expenditure. Regular and ongoing training of those involved in the management of EU funds. Bi-lateral meetings with Intermediary Bodies focused on compliance issues. Management verification checks on Intermediary Bodies to include specific focus on ERDF requirements.	High	High	The following additional action is being taken by Energy Division: Progress additional work in relation to the electricity and gas modification arrangements during 2013-14 to dovetail with the completion of the certification process by the Utility Regulator by April 2014. Single Balancing Zone study completed by the Irish Regulator (CER) and further CBA analysis completed by RAs on CAG. Issue discussed	April 2014	Dept Board

DFE-393627

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

		<p>Technical Assistance review undertaken of Intermediary Bodies to examine resource requirements. Bids have been made to the Managing Authority and approval obtained for additional staff.</p> <p>Energy Division made three pieces of legislation to complete transposition of the Electricity and Gas Directives and additional licence modifications were notified to the Commission in April 2013. On 20 September 2013, DETI received formal confirmation via DECC that the infraction cases relating to these Directives had been closed</p> <p>State Aid pre-notification in March 2013 to EU in respect of proposed NI Executive £32.5 million grant support for gas extension to the West and North-West.</p> <p>Energy Division is progressing work to implement the extensive Energy Efficiency Directive 2012/27/EU. Some key areas where GB is compliant but Northern Ireland risks infraction without significant further work.</p>			<p>at the October 2013 Joint Steering Group meeting and Departments and RAs are considering implications for CAG.</p> <p>Continuing to await EC confirmation on State Aid approval re: NI Executive funding towards gas extension to West and North-West of NI.</p> <p>Consultation on some provisions of the Energy Efficiency Directive published in October 2013.</p> <p>The following additional action is being taken by Minerals & Petroleum Branch (MAPB) in relation to the incomplete transposition / implementation into Northern Ireland of EU Directive CCS/CDD 2009/31/EC – the</p>	
--	--	---	--	--	--	--

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 19 NOVEMBER 2013

						<p>Carbon Capture & Storage Directive– (this is due to the absence of specific NI legislation to regulate provisions pertaining to storage, transport and 3rd party access.):</p> <p>MAPB continues to work with DSO in identifying the precise legislative requirements to be enacted in order to make NI wholly compliant. Discussions have been initiated with DETI's BIT team in relation to identifying the staff resources required to expedite this work.</p>		
--	--	--	--	--	--	---	--	--