

DEPARTMENTAL AUDIT COMMITTEE**TITLE: RISK MANAGEMENT**

Paper presented by: Terry Coyne

KEY ISSUES

- The Departmental Board considered Divisional and Corporate Risks at its meeting on 18 February 2014.
- Three significant Divisional Risks were highlighted.
- Following a proposal by the Insolvency Service, the Departmental Board agreed to the creation of a new Corporate Risk relating to meeting deadlines for directors' disqualification proceedings. This has been included in the Corporate Risk Register at Risk 8.
- The Departmental Board approved amendments have been made to the summary of controls in place and actions planned in relation to risks 2 and 7 in the Corporate Risk Register.
- One significant risk from Invest NI was highlighted.

ACTION REQUIRED

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

TIMESCALE

- The next meeting of the Departmental Board will be held on 18 March 2014.

DEPARTMENTAL AUDIT COMMITTEE

RISK MANAGEMENT

RISK REGISTERS

Introduction

1. The Departmental Board reviewed the Corporate Risk Register and approved a number of amendments at its last meeting on 18 February 2014.
2. Divisional Risk Registers are reviewed quarterly and have been updated to reflect Divisional Risks at 31 December 2013.

SIGNIFICANT DIVISIONAL RISKS AT 31 DECEMBER 2013

3. Three risks have been assessed as having a residual rating of high impact / high likelihood. The risks relate to Tourism, Telecoms & GSNI Policy Division and Business Regulation Division which has one new risk. Details are set out in the following paragraphs and extracts from the Divisional Risk Registers are attached at **Annex A**.

Tourism, Telecoms & GSNI Policy

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 preparation of Transposition Note for discussion with DSO. Senior Management is reviewing resources available to take forward legislative requirements. MAPB is liaising with DSO in respect to specific aspects of Minerals & Petroleum legislation.

Further Actions Planned

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

Links to Corporate Risk Register

This Divisional Risk is referred to at Corporate Risk 7. At its 18 February meeting, the Departmental Board noted that it had assessed the likelihood of the Corporate Risk occurring as “medium” whereas the Divisional risk had been assessed as having a “high” likelihood. The Departmental Board agreed that the Head of Policy Group would discuss the assessment of the likelihood of the risk with the Head of Tourism, Telecoms and GSNi Policy Division in light of the variance in assessment.

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 the NI Economy.

The effect of the risk on the Division

MAPB/TTGP Admin 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 and 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 they continue 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 NI. 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.

Links to Corporate Risk Register

This Divisional Risk is referred to at Corporate Risk 2. The Departmental Board noted, at its 18 February meeting, that it had assessed the likelihood of the Corporate Risk occurring as “medium” whereas the Divisional risk has been assessed as having a “high” likelihood. The Departmental Board agreed that the Head of Policy Group would discuss the assessment of the likelihood of the risk with

the Head of Tourism, Telecoms and GSNI Policy Division in light of the variance in assessment.

Business Regulation Division

Risk Title: Failure to meet 2 year deadline for filing disqualification proceedings in Court against company directors whose conduct in managing their organisations has been identified as potentially unlawful.

Objective: To successfully obtain disqualification orders against selected directors.

Management controls in place

Training and guidance for Directors Disqualification Unit (DDU) Examiners provided by the Senior Examiner. A dedicated Training Officer has been appointed in the Branch to assist training of new staff. Case investigation reviews carried out by the Senior Examiner. Legal advice and guidance provided by the Departmental Solicitor.

Actions Planned

Review of DDU skills and resourcing requirement and development of resource management strategy, in conjunction with DHR. Review of workloads, resource allocation, and impact on risk across Insolvency Service. Business case and funding bid for use of call-off arrangements to provide additional support being developed. Risk escalated to Departmental Board. 3 new SO Examiners have been requested to fill existing vacancies in DDU. Training is to be provided to new Examiners by the Branch Training Officer. A new system is to be introduced to ensure that all investigation cases are regularly reviewed and reviews recorded to keep investigations focussed. A standard target period for case investigations to be completed is to be introduced.

Links to Corporate Risk Register

This risk reflects the new proposed Corporate Risk which was considered by the Departmental Board and is now included in the Corporate Risk Register at **Risk 8**.

AMENDMENTS TO CORPORATE RISKS APPROVED BY DEPARTMENTAL BOARD

4. The Departmental Board approved Business Regulation Division's proposal for a new Corporate Risk. It relates to the Insolvency Service's ability to meet a two year deadline for issuing disqualification proceedings against company directors in all cases. Details of the risk, which has been assessed with a residual impact of high and a residual likelihood of high, are contained at **Risk 8** in the Corporate Risk Register attached at **Annex B**. The issue arose because of a significant recession-led increase in the number of new insolvency cases during the period from 2007-08 to 2012-13. The level of staff resources within the Director's Disqualification Unit has not allowed all potential cases of disqualification to be pursued. The Insolvency Service has adopted a risk based approach managing the caseload by way of a prioritisation process. The Departmental Board agreed that a paper detailing the proposals for addressing the issue be prepared for consideration by the Minister.

5. Economic Policy Division updated the Action Planned 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 update reflected the current position in relation to the timescales for the development of enterprise related action plans (including a delay in the production of the Business Incubation Action Plan until later this year) and the implementation of recommendations arising from an Internal Audit Service review.
6. Energy Division updated the Action Planned column 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”. The update reflected the most up to date position in relation to work being undertaken on Common Arrangements for Gas.
7. Economic Policy Division also made a presentational amendment to **Risk 7**. The reference to the Infringement Notice issued by the European Commission for a breach of the EU Services Directive in relation to national applicability of licences was moved from the Action Planned column to a background note.
8. The Departmental Board agreed that Divisions should be asked to ensure that indicative deadlines for the completion of further actions to mitigate risks are included in Corporate and Divisional Risk Registers.

SIGNIFICANT NDPB CORPORATE RISKS

9. Prior to the 18 February meeting of the Departmental Board, NDPBs were asked to provide details of significant (high impact and high/medium likelihood) Corporate Risks to Accountability and Casework Branch.
10. With the exception of Invest NI, none of DETI’s NDPBs reported significant corporate risks. The Invest NI risk relates to the failure to account for and report on new subsidiary companies in an accurate and timely manner. The risk has arisen as a result of Invest NI’s recent acquisition of 100% of the equity of companies connected with the ownership of its Bedford Street headquarters. The risk is mitigated by the use of external consultancy resource as appropriate, the updating of systems, policies and procedures and the appointment of additional staff with appropriate skills.
11. More specifically, Invest NI reports that work has commenced on the integration of systems on Oracle. A request for a group VAT structure has been submitted to HMRC. Closure accounts have been agreed. Consultants have been appointed with effect from January 2014 to assist with the year end. Invest NI also reports that the risk of not meeting faster closing remains high due to significant workload and that auditors for subsidiary companies are still to be appointed. Finance Division will review the impact of the faster closing risk on the Department / Division in the context of the timeline for laying the Department’s resource accounts.

Departmental Audit Committee Action

12. 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.

DIVISIONAL RISKS

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								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	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 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

ANNEX A

<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>Background: <i>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</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</p>	<p>On-going</p> <p>On-going</p>	Mike Thompson

			<p><i>petroleum in DETI and enables DETI to grant licences to commercial companies to 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</i></p>			<p>regarding the complexities of strategy and 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</p>	On-going	
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			<i>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>			approving and monitoring the potential deployment of fracking in NI.		
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ANNEX A

<p>Objective: To successfully obtain disqualification orders against selected directors</p> <p>Category – Compliance – Legal / Regulatory</p> <p>Risk Appetite – Averse</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> 1</p>					
	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
RISK	Impact	Likelihood		Impact	Likelihood			
<p>L Failure to meet 2 year deadline for filing disqualification proceedings in Court against company directors whose conduct in managing their organisations has been identified as potentially unlawful.</p>	H	H	<ul style="list-style-type: none"> • Training and guidance for Directors Disqualification Unit (DDU) Examiners provided by the Senior Examiner. • A dedicated Training Officer has been appointed in the branch to assist training of new staff. • Case investigation reviews carried out by the Senior Examiner. • Legal advice and guidance provided by the Departmental Solicitor. 	H	H	<ul style="list-style-type: none"> • Review of DDU skills and resourcing requirement and development of resource management strategy, in conjunction with DHR. • Review of workloads, resource allocation, and impact on risk across Insolvency Service. • Business case and funding bid for use of call-off arrangements to provide additional support being developed. • Risk escalated to Board. • 3 new SO Examiners have been requested to fill existing vacancies in DDU. • Training to be provided to 	N/A	Richard Monds / Joe Hasson

						<p>new Examiners by the branch Training Officer.</p> <ul style="list-style-type: none">• A new system is to be introduced to ensure that all investigation cases are regularly reviewed and reviews recorded to keep investigations focussed.• A standard target period for case investigations to be completed is to be introduced.		
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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	No	21/1/14	18/2/14	18/3/14
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	=>	Dept Board	Yes	21/1/14	18/2/14	18/3/14
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	21/1/14	18/2/14	18/3/14
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	Low	=>	Dept Board	Yes	21/1/14	18/2/14	18/3/14
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	21/1/14	18/2/14	18/3/14

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

Received from DE TI on 9/07/17
Annotated by R. Hinchliffe

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	21/1/14	18/2/14	18/3/14
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	Medium	=>	Dept Board	Yes	21/1/14	18/2/14	18/3/14
Compliance Legal / Regulatory	8	N/A	N/A	Failure to investigate all cases where evidence of misconduct has been identified against directors and, subsequently, failing to meet the 2 year deadline for filing disqualification proceedings in Court against those directors.	High	High	N/A	Dept Board	Yes	N/A	18/2/14	18/3/14

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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								
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 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 publication of 2014-15 Operating Plans in DETI and its NDPBs by April 2014 commenced in December 2013.</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 earlier commissioning times for the</p>	Medium	Low	None		Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

			<p>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 and NITB, 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 NITB 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 – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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. Category – Operational and Policy Delivery Risk Appetite - Open			Number of Quarters at this Level: 		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</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>		Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

			<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>2. Implementation of those commitments contained within the NI Economic Pact, (announced by the NI 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>Public Consultation on Innovation complete. Responses being considered with a view to producing a revised final strategy for Executive consideration by May 2014.</p> <p>Access to</p>
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

						<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 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>Finance plan to be produced by March 2014 and the Exports Action Plan to be produced by summer 2014. The Business Incubation Action Plan which will be delayed until later in 2014.</p> <p>Recs 1 & 2 remain 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</p>	
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

							<p>Directors and DETI policy leads are involved in these meetings as necessary.</p> <p>Rec 3 has been fully implemented.</p> <p>PELU how receives regular updates on all categories of Invest NI Evaluation irrespective 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>	
			<p>Background: The Department has decided to review its current policy and legislation to ensure it continues to provide an appropriate framework</p>			<p>Further action will flow from the work that is currently being undertaken to scope</p>		

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

			<p><i>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>			legislative and policy requirements.		
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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			CONTROLS IN PLACE			Residual Assessment	ACTION PLANNED	TARGET DATE	OWNER	
RISK	Inherent Assessment					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 publication of 2014-15 Operating Plans in DETI and its NDPBs by April 2014 commenced in December 2013.</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-NITB Casework Committee established to consider significant NITB casework.</p>			Medium	Low	The process of monitoring the DETI annual operating plans to be further scrutinised following Ministerial approval of the Plans.		Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

			<p>DETI Casework Committee for Departmental cases involving expenditure 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</p>					
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

			<p>reviewed and updated in July 2012.</p> <p>Participation in biennial National Fraud Initiative data matching exercise.</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>					
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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			CONTROLS IN PLACE			Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER					
RISK	Inherent Assessment					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	Monthly cost centre reports produced.	Expenditure profiled monthly.	Monthly financial reporting to Departmental Board.	Monthly budget monitoring meetings with Invest NI and NITB.	Quarterly monitoring rounds.	Quarterly Oversight & Liaison meetings with NDPBs.	Quarterly risk reporting and six-monthly Assurance reporting.	Monitoring EU expenditure levels against forecasts.	Medium	Low	Ongoing monitoring of expenditure by NDPBs/Divisions and Finance Branch to get early sight of issues and implement remedies if possible.		Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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.			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 – Cautious								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	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, supported by input from legal and insolvency external consultants as 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 currently underway.	As required.	Dept Board

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

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	<p>Policies and procedures are in place for information management.</p> <p>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.</p> <p>Well established network of Information Managers for FOI requests.</p> <p>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.</p>	Medium	Medium	<p>Revised UK-wide Protective Marking Scheme to be introduced across NICS Departments wef 2 April 2014.</p> <p>Agreed actions from Internal Audit report will be implemented.</p>	April 2014	Dept Board

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Objective:			For risks with a residual assessment of High or Medium Impact and High Likelihood:							
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			Number of Quarters at this Level:							
			Inherent Assessment			CONTROLS IN PLACE			Residual Assessment	
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.			High	Medium	The following additional action is being taken by Energy Division: Progress additional work in relation to the electricity and gas licence modification arrangements during 2014 to ensure ongoing compliance with the Electricity and Gas Directives. Single Balancing Zone study completed by the Irish Regulator (CER) and further CBA analysis completed by RAs on CAG.	June 2014	Dept Board
			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							

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			<p>focus on ERDF requirements.</p> <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>State Aid pre-notification in December 2013 to EU in respect of revised support levels for solar photovoltaic generating stations under the Northern Ireland Renewables Obligation (NIRO) for introduction in April 2014.</p> <p>Energy Division is progressing work to implement the extensive Energy Efficiency Directive 2012/27/EU. As far as possible DETI is seeking to participate in UK wide compliance measures but there are some aspects where GB is compliant but Northern Ireland is currently not compliant. Further work is required to ensure compliance.</p> <p>Consultation on Articles 9-11 of the Energy Efficiency Directive published in</p>			<p>Issue discussed at the October 2013 Joint Steering Group meeting and Departments and RAs are considering implications for CAG. CAG issues will be discussed again at next JSG expected in March 2014.</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 Article 15 of the Energy Efficiency Directive to be published in January 2014.</p> <p>Regulations will be required to be made by June 2014 to demonstrate compliance.</p>		
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Received from DFE on 19/07/17
Annotated by RHI Inquiry

			October 2013.			<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 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>Work has been carried out to identify and scope the precise legislative requirements to be enacted in order to make NI wholly compliant. Work is ongoing to identify the staff resources required to</p>		
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			<p>Background: On 17 October 2013, the European Commission issued the UK with a Letter of formal notice - Infringement No 2013/2188 for a breach of the EU Services Directive in relation to national applicability of licences.</p>			<p>complete this work.</p> <p>Economic Policy Division has been liaising with BIS to identify which licences and legislation in Northern Ireland potentially fall within scope of this infraction. Within DETI, issues have been raised in relation to Gas and Electricity licences (Energy Division) and Insolvency Practitioners' Authorisation (Insolvency Service). Relevant DETI officials in those areas are liaising directly with BIS in relation to these issues. BIS is considering possible legislative amendment options, including scope for an overriding reason relating to the public interest (ORRPI) where appropriate. BIS</p>		
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						will be responding to the Commission during February 2014.		
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Received from DFE on 19/07/17
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DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

Objective: To ensure disqualification orders are pursued against all directors whose conduct has been highlighted as a concern, within the 2 year statutory deadline.			For risks with a residual assessment of High or Medium Impact and High Likelihood:					
Category – Compliance – Legal / Regulatory			<u>Number of Quarters at this Level:</u>					
Risk Appetite – Averse								
RISK	Inherent Assessment		CONTROLS IN PLACE	Residual Assessment		ACTION PLANNED	TARGET DATE	OWNER
	Impact	Likelihood		Impact	Likelihood			
8. Failure to investigate all cases where evidence of misconduct has been identified against directors and, subsequently, failing to meet the 2 year deadline for filing disqualification proceedings in Court against those directors.	High	High	<p>Training and guidance for Directors Disqualification Unit (DDU) Examiners provided by the Senior Examiner.</p> <p>A dedicated Training Officer has been appointed in the branch to assist training of new staff.</p> <p>Prioritisation of cases to identify those where the most serious examples of misconduct have occurred, or where there has been a previous history of misconduct, to inform the decision on which cases are pursued.</p> <p>Case investigation reviews carried out by the Senior Examiner to ensure all cases that are pursued are progressed on time.</p> <p>Legal advice and guidance provided by the Departmental Solicitor.</p>	High	High	<p>Review of DDU skills and resourcing requirement and development of resource management strategy, in conjunction with DHR.</p> <p>Review of workflows, workloads, resource allocation, and impact on risk across Insolvency Service to ensure all cases are investigated in time to allow disqualification proceedings to be pursued, where appropriate, within the statutory timeframes.</p> <p>Business case and funding bid for use of call-off arrangements to provide additional support being developed.</p> <p>Risk escalated to Board.</p> <p>3 new SO Examiners have been requested to fill existing vacancies in DDU and pre appointment procedures have been initiated with preliminary start dates identified</p>	N/A	Richard Monds / Joe Hasson

DETI CORPORATE RISK REGISTER – APPROVED BY DEPARTMENTAL BOARD ON 18 FEBRUARY 2014

						<p>Training to be provided to new Examiners by the branch Training Officer.</p> <p>A new system is to be introduced to ensure that all investigation cases are regularly reviewed and reviews recorded to keep investigations focussed.</p> <p>A standard target period for case investigations to be completed is to be introduced.</p> <p>Operational plan targets and activities for 2014/15 have been amended to clarify the reporting of IS targets relating to disqualification of directors.</p> <p>Prioritisation policy to be reviewed, for consideration and approval by DETI senior management.</p>		
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