

NORTHERN IRELAND POLICING BOARD

RISK MANAGEMENT FRAMEWORK

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Glossary

<i>“The Board”</i>	This refers to the 19 Member Board.
<i>“NIPB” or “the Organisation”</i>	This refers to the Organisation as a body corporate, which is a Non-Departmental Public Body of the Department of Justice.

Introduction

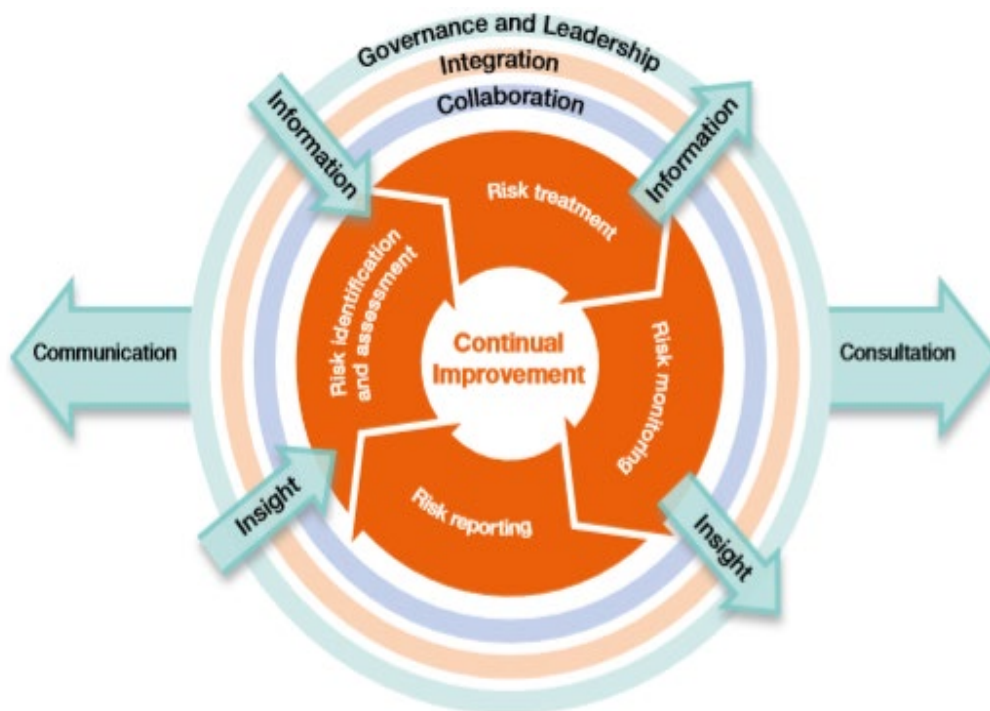
1. Every organisation must take risks in order to achieve its objectives. The effective management of risk is a key element of the corporate governance and assurance framework within the Northern Ireland Policing Board (NIPB). Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to respond to challenges faced. In order to meet objectives successfully, improve service delivery and achieve value for money, risk management must be an essential and integral part of planning and decision making.
2. The key elements of the risk management framework are stated in the next section. It is intended that this framework can be applied at all levels of risk management across the organisation to achieve a uniform approach and to provide a useful management tool to assist with good governance arrangements. This guidance reflects the updates contained within [HMT's The Orange Book - Management of Risk - Principles and Concepts](#).
3. Within the organisation it is the role of the Chief Executive to ensure that risks are effectively managed. It is the role of the Audit and Risk Assurance Committee (ARAC) to oversee the development and implementation of the Board's Risk Management Framework and monitor the Board's Corporate Risk Register. The Corporate Risk Register is a live document which is maintained and reviewed on a quarterly basis by the Board's Senior Management Team (SMT). Risks are assigned to a risk owner at Director level, who is responsible for implementing measures to control the impact and likelihood of the risk occurring. In addition, Directors are responsible for the escalation of risks within their directorate to the Corporate Risk Register for consideration by SMT and the ARAC.

What is Risk?

4. A risk is defined as *“an uncertain event which if it occurs will impact on the achievement of objectives”*. A risk can be either a threat or an opportunity. A threat describes an uncertain event that could have a negative impact on the achievement of objectives whilst an opportunity describes an uncertain event that could have a positive impact on the achievement of objectives.

Risk Management Framework

5. The purpose of risk management is to support better decision-making through having a sound understanding of an organisation's risks and their likely impact. Critical to this is planning for how risks should be managed and how they should be taken into account in decision making.
6. The risk management framework supports the consistent and robust identification and management of opportunities and risks within desired levels across the NIPB supporting openness, challenge, innovation and excellence in the achievement of priorities. The overall objective is to ensure that threats and objectives are managed effectively. For the risk management framework to be considered effective, the following principles shall be applied:



- **Governance and Leadership** - Risk management is an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.
- **Integration** - Risk management is an integral part of all NIPB activities to support decision-making in achieving objectives.
- **Collaboration and Best Information** - Risk management is collaborative and informed by the best available information.
- **Risk Management Processes** - Risk management processes are structured to include:
 - Risk Identification and Assessment
 - Risk Treatment
 - Risk Monitoring
 - Risk Reporting(Further details included on Page 7):
- **Continual Improvement** - Risk management is continually improved through learning and experience.

Risk Management Process

Across the NIPB, risk management processes will be structured to include the following:



- **Risk Identification and Assessment** - to determine and prioritise how the risks will be managed;
- **Risk Treatment** - the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;
- **Risk Monitoring** - the design and operation of integrated, insightful and informative risk monitoring; and
- **Risk Reporting** - timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

NIPB Risk Appetite Statement

7. The purpose of the risk appetite statement is to articulate the amount of risk the Board is prepared to accept, tolerate or be exposed to in pursuit of its strategic objectives or from other inherent issues which although not directly linked to the strategic objectives, have an impact on the risk profile of the Organisation . The Board’s risk appetite, noted below, is considered periodically by SMT and the ARAC . The classifications of risk appetite used are as set out in HM Treasury guidance [Orange Book - Risk Appetite Guidance Note](#)

Classification	Description
Averse	Preference for the avoidance of risk and uncertainty or for the selection of safe options that have a low degree of inherent risk and may only have limited potential for reward.
Open	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit, even if those risks carry a very high residual risk.

8. In general, the Board strives to have “open” risk appetite however individual risks will each have their own risk appetite. Where an eager risk appetite is agreed for a particular area of work, the residual risk will be robustly managed.

NIPB Risk Management Procedures

9. The following core principles of risk management will be the minimum standard applied across the organisation:
- Risk registers will be prepared, maintained, reviewed and updated as necessary by each Directorate every quarter. Risk registers will document the nature and extent of risks and record actions already taken and planned to control the risk or mitigate it completely. The register will be a live and active document that is consistently used as a tool by management to ensure that risks are being carefully considered. The template at **Annex A** is the standard format approved by the SMT and the ARAC and will be used across the organisation. Instructions on how to complete the template are shown in the attached **Annex B**.
 - Review of the NIPB Corporate Risk Register (CRR) is a standing agenda item at quarterly SMT meetings. For the purposes of reviewing the CRR a short reporting pack has been prepared for use by the NIPB's SMT and ARAC. This is shown at **Annex C**. Directorates will also adopt this reporting pack for use when reviewing Directorate risk registers. This summary reporting pack accompanies the detailed risk register, referred to above, and these two documents together are the sources of information used by the ARAC during its review of corporate risks.
 - At each quarterly review the SMT should consider the following questions:
 - Are the risks identified still the most significant and do they rightly belong on the risk register;
 - Are control measures that are in place working effectively;
 - Has proper consideration been given to further actions required to reduce either the likelihood or impact of the risk stated, and are target dates reasonable and being met;
 - Have any new risks arisen in the previous quarter and if so, they must be captured and actively managed;
 - Have any risks been consistently 'Low' and if so, have they been reviewed to consider whether they are still relevant for inclusion in the risk register.
 - Examples of risks that should be included within the CRR include;
 - Risk of failure to achieve significant outcomes in a timely fashion,
 - Risk of significant financial loss or lack of control,
 - Risk of fraud or illegality, or

- Significant reputational damage to the NIPB.
- Other (lower and less impactful) risks should be included in Directorate Risk Registers and escalated to the CRR only when the impact of the risk is material at Directorate level. To enable a decision to be made on what should be included at each level of the risk register, two questions that should be posed are “what is the impact of the risk being realised?” and “what will this mean for the NIPB?”
- The NIPB adopts a 4x4 risk matrix as shown below to calculate the risk score based on ‘Impact’ and ‘Likelihood’. The calculation is automated in the risk template. The results will give an overall RAG (red, yellow, amber, green) rating for the risk, which can be compared to other risks on the register.

4- Extreme	4	8	12	16
3-High	3	6	9	12
2-Moderate	2	4	6	8
1-Low	1	2	3	4
Impact / Likelihood	1- Unlikely	2- Possible	3- Likely	4- Almost Certain

- Guidance to help score the impact and likelihood of an identified risk for the completion of the risk matrix is included shown below.

IMPACT		LIKELIHOOD	
DESCRIPTOR	SOME FACTORS TO CONSIDER TO AID ASSESSMENT	DESCRIPTOR	SOME FACTORS TO CONSIDER TO AID ASSESSMENT
Low	Little or no impact on achievement of key objective(s); or minor non-compliance issues; or minor delay in timing.	Unlikely	May occur only in exceptional circumstances.
Moderate	Some impact on achievement of key objectives; or £1,000s lost; or localised media attention; or NIAO criticism.	Possible	Has not happened yet but could do so in next 12 months.
High	High impact on achievement of key objectives; or £10,000s lost; or regional/national media attention; or NIAO criticism.	Likely	Has not happened yet but it is probable that it will occur in the next 12 months.
Extreme	Failure to deliver key objective(s); or £100,000s lost; or regional/national media attention; or critical attention from Assembly/PAC.	Almost Certain	Event is expected to occur/ recur in the next 6 months.

10. In accordance with best practice, the ARAC will play an active role in overseeing the application of good risk management processes within the organisation. The respective roles and responsibilities within the risk management framework are set out below, this list is not intended to be exhaustive, but it gives a summary of some essential key roles.

Roles and Responsibilities

Northern Ireland Policing Board:

11. While the Board owns the CRR, it has established an Audit and Risk Assurance Committee to support it in its responsibilities for issues of risk, control, governance, and assurance. It is the role of the Chief Executive to ensure that risks are effectively managed. The Board's ARAC oversees the implementation and application of risk management procedures throughout the NIPB. The CRR is reviewed on a regular basis by SMT and the ARAC on the Board's behalf. It sets out the key strategic risks facing the organisation and addresses how these are being actively managed in order that the impact on NIPB's outcomes can be minimised. Risks within the CRR will be prioritised and ranked, wherever possible.

Directorate:

12. Directorate Risk Registers should be reviewed by Directors on a quarterly basis and any risks which may require escalation to the CRR will be discussed by SMT prior to being escalated to the CRR. Each Director is responsible for ensuring that risk registers are completed at the appropriate level within their area, for example at Branch level if required, and for relevant programmes and projects.

Audit and Risk Assurance Committee (ARAC):

13. The ARAC provides assurance to the Board and Accounting Officer that systems are in place for the effective monitoring of risk management, internal control (including financial control) and governance across the organization. Additionally, the Committee will give advice to the Accounting Officer on the adequacy of coverage of audit arrangements (internal and external) in order to provide the required assurance.
14. The ARAC will advise the Accounting Officer on the risk and governance framework including the adequacy of the internal control environment, through the annual Corporate Governance Statement. To discharge these responsibilities, the Audit and Risk Assurance Committee will:
 - request internal audit to carry out a review of risk management processes within the organisation at least once every three years and to consider the findings of that review to ensure that processes are operating effectively,

- Critically challenge and review the adequacy and effectiveness of control processes in responding to risks to provide assurance to the Accounting Officer, and
- provide assurance to the Accounting Officer on an annual basis, as part of the Corporate Governance Statement, that risk management processes are operating effectively across the NIPB.

Risk Owners

15. Risk owners are responsible for the evaluation, management and control of the specific risk stated. They have responsibility for ensuring that key controls are in place to manage the risk where possible and that additional actions are identified to treat or control the risk. Risk management must be an active process , although the formal evaluation and reporting on risks may be quarterly; risk owners should constantly review the risk status and decide if further work needs to be done to mitigate the risk.
16. Risk owners should consult other parties as required in order to assess the status of the risk and identify active methods to manage the risk.

Internal Audit

17. Internal audit provides independent assurance to the ARAC on the effectiveness of the risk management internal control framework (and within that the risk management framework). Internal Audit uses a risk based approach in developing its Audit Strategy and Annual Audit Plans and will refer to the Corporate and Directorate Risk Registers when identifying areas for review. In addition to individual audit reports the Head of Internal Audit provides an independent opinion on the overall adequacy and effectiveness of governance, risk management and internal control within the organisation. This is used to inform the Accounting Officer's Governance Statement within the Annual Report and Accounts.

Further Risk Considerations

Escalation/ Cross- Departmental/ Directorate Risk

18. As referred to above under the role of risk owners, it is important that risk owners consult other parties as required. This is to ensure that there is a holistic approach to managing risks at the correct level throughout the organisation

Partnership Risk

19. There is specific guidance issued by HM Treasury entitled [Managing risks with delivery partners](#). As the NIPB moves more and more into collaborative working relationships with partners this aspect of risk management will become more important. This guidance defines partners as *“Any organisation with which a department works to deliver their objectives, with a formal agreement of role (contract, funding agreement, Service Level agreement etc.). There may be a long-term relationship”*
20. When considering partnership risk, the NIPB will discuss the risk management procedures that will apply in the particular relationship and if appropriate prepare a joint risk register to monitor the risks within the partnership arrangement.

Programme and Project Risk management

21. The structure and size of NIPB will require a branch to have responsibility for a Project, and the risk management of the project will be incorporated into the risks associated with that particular branch and escalated via the Directorate risk register as necessary.

22. Responsible Branch

Strategic Planning & Governance Branch is responsible for the maintenance of the NIPB's Risk Management Framework and Corporate Risk Register. Should you require advice and assistance regarding the contents of this guidance note and its annexes then please contact the head of branch.

23. Timeframe for Review of Framework

This Framework is reviewed every 3 years by the ARAC and Chief Executive.

Annex A : Standardised Risk Register Template for use across NIPB business areas:

NATURE OF CHALLENGE														CURRENT STATUS			Action planned with target dates
RISK Area	Cause	Impact	Risk Appetite	Lead owner	Category: S-Strategic; O-Operational; R-Resourcing; P-Political.	Response Treat / Tolerate	Inherent Scores			Key Controls in place	Residual Scores						
							Likelihood	Impact	Total		Likelihood	Impact	Total				
Risk Number 1:									0				0				
Risk Number 2:									0				0				

Impact	Likelihood			
	Low	Moderate	High	Extreme
Extreme	4	8	12	16
High	3	6	9	12
Moderate	2	4	6	8
Low	1	2	3	4

Risk Classification	
Extreme	12 to 16
Medium	6 to 11
Low	3 to 5
V Low	1 to 2

NIPB - Corporate Risk Register:	
Risk Appetite	What This Means
AVERSE	Avoidance of risk and uncertainty and selection of safe options that have a low degree of inherent risk and may only have limited potential for reward.
OPEN	Willing to consider [within the parameters of legal restraints] all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.
Eager	Eager to be innovative and to choose options based on potentially higher rewards (despite greater inherent risk).



blank-template-risk-register.XLSX

Annex B : STEP BY STEP GUIDE FOR COMPLETING THE RISK REGISTER

Column	Column description	Action required
B	Risk area	State the general area the risk relates to.
C	Cause	Define the cause of the risk and why it is of sufficient significance to need attention.
D	Impact	Summarise the anticipated impact or consequence if the risk materialises.
E	Risk Appetite	In general, the Board strives to have “open” risk appetite however individual risks will each have their own risk appetite. Where an eager risk appetite is agreed for a particular area of work, the residual risk will be robustly managed
F	Lead owner	Identify the lead owner. Lead owners are senior managers who are responsible for the specific risk area. They are responsible for ensuring that as far as possible the risk area is treated and controlled. Active risk management is an essential part of the risk management framework. The lead owner will therefore constantly review the risk rating and monitor progress on the planned actions to treat or manage the risk. There should always be one lead owner for each identified risk.
G	Category of Risk	Categorise the risk as being a political, strategic, operational or resourcing risk.
H	Response	Treat/Tolerate - Determine whether the Risk is capable of being Treated by the Northern Ireland Policing Board, or whether it requires to be Tolerated (and included in the Risk register to be monitored rather than actively managed). It is assumed that almost all risks within registers will be capable of being Treated.
I-K	Inherent Scores	Score the “Inherent risk” using the ratings in the table. Inherent risk is commonly defined as “the risk without considering internal controls” or alternatively “a raw risk that has no mitigation factors or treatments applied to it”.
L	Key controls in place	Record the controls that management have already put in place to manage the risk, in doing so consider and include:

		<p>Preventative controls – To limit the possibility of an undesirable outcome being realised. These are planned actions to deter an undesirable event and mitigate gaps in control / to further reduce the impact or likelihood of the risk should it occur (what you should do now to reduce likelihood or impact);</p> <p>Directive controls – To ensure that a particular outcome is achieved. Designed to encourage the right thing, planned actions / contingency plan to minimise damage when the risk occurs (what you would do during an event);</p> <p>Corrective or Recovery controls – To correct undesirable outcomes that have been realised. These provide the route to recourse to achieve some recovery against slippage, loss or damage. They may be planned actions to recover and move on from the risk once it has occurred (what you would do after an event).</p> <p>Detective controls - To identify occasions of undesirable outcomes having been realised. Their effect is by definition “after the event” so they are only appropriate when it is possible to accept the loss or damage incurred</p>
M-O	Residual Scores	Score the “Residual risk”, this is the level of risk considered to be remaining after controls have been applied.
P	Action planned and target date	<p>Record, after full consideration, what the Northern Ireland Policing Board agrees when it conducts its review. In determining the actions required, the Northern Ireland Policing Board should actively review the risk and ask questions such as:</p> <ul style="list-style-type: none"> • How confident are you in managing the risk? Are your existing controls effective? • How will you know if the risk is becoming an issue or has reached a point that requires action? • What triggers/indicators are in place to help you identify whether this risk is becoming more likely? What early warning indicators are you going to track? What is the result of these indicators/what are they telling you? • What is your progress on completing action plans for risks? Are you on track to complete them? • Which risks have moved since last reporting period? Why? What are you doing about them? • Are there any new or emerging risks?

		<ul style="list-style-type: none"> • Have there been any significant incidents or near misses, which may exacerbate your risk profile? • Do you have any risks requiring immediate treatment / escalation?
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In terms of the immediacy and scale of the response and the actions planned, the following table is a useful guide in terms of recommended responses for Residual Risk rating levels:

Residual Score	Response
12-16: Extreme / (Red)	<ul style="list-style-type: none"> • Take immediate action to reduce the impact/likelihood. • Review each month at SMT meeting. • Consider if escalation to a higher tier RR is required (ie. to Audit & Risk Assurance Committee).
6-9: High/ (Orange)	<ul style="list-style-type: none"> • Take immediate action to reduce the impact/likelihood. • Review each month at SMT meeting. • Consider if escalation to a higher tier RR is required (ie. to Audit & Risk Assurance Committee).
3-4: Moderate (Yellow)	<ul style="list-style-type: none"> • Take active measures to reduce risk within the business area. • Review risk quarterly and monitor progress against planned actions to reduce risk • If risk is rising, consider further and more aggressive actions required to reduce impact or likelihood.
1 – 2: Low (Green)	<ul style="list-style-type: none"> • Monitor and review progress against planned actions over a period of 6 months. • Consider if risk can be fully treated and expunged.

**Corporate Risk Register
Northern Ireland Policing Board
Reporting Pack**

Summary of Corporate Risks and Tracker

RISK AREA	RISK Summary	Current Inherent Score	Current Residual Score	Residual Score Tracking		
				Feb 23	Nov 23	Jul 24
1. <i>State the general area the risk relates to.</i> eg. Resources	Cause: <i>Define the cause of the risk and why it is of sufficient significance to need attention.</i> Impact: <i>Summarise the anticipated impact or consequence if the risk materialises.</i>	16	12	12	12	8
2.	Cause: Impact:	16	12	12	8	8
3.	Cause: Impact:	16	12	12	12	12
4.	Cause: Impact:	12	8	12	8	8
5.	Cause: Impact:	12	8	8	8	8
6.	Cause: Impact:	8	4	4	4	4
7.	Cause: Impact:	12	9	9	9	9
8.	Cause: Impact:	9	6	9	9	9

1. RISK/IMPACT EVALUATION – IMPACT

DESCRIPTOR	SOME FACTORS TO CONSIDER TO AID ASSESSMENT
Low	Little or no impact on achievement of key objective(s); or minor non-compliance issues; or minor delay in timing.
Moderate	Some impact on achievement of key objectives; or £1,000s lost; or localised media attention; or NIAO criticism.
High	High impact on achievement of key objectives; or £10,000s lost; or regional/national media attention; or NIAO criticism.
Extreme	Failure to deliver key objective(s); or £100,000s lost; or regional/national media attention; or critical attention from Assembly/PAC.

2. RISK/IMPACT EVALUATION – LIKELIHOOD

DESCRIPTOR	SOME FACTORS TO CONSIDER TO AID ASSESSMENT
Unlikely	May occur only in exceptional circumstances.
Possible	Has not happened yet but could do so in next 12 months.
Likely	Has not happened yet but it is probable that it will occur in the next 12 months.
Almost Certain	Event is expected to occur/ recur in the next 6 months.

3. OVERALL ASSESSMENT: PLOTTING OF CORPORATE RISKS

4- Extreme	4	8	12	16
3- High	3	6	9	12
2- Moderate	2	4	6	8
1- Low	1	2	3	4
Impact / Likelihood	1- Unlikely	2- Possible	3- Likely	4- Almost Certain

Annex D –Useful Resources

[Orange Book - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

[Good Practice in Risk Management | Northern Ireland Audit Office \(niauditoffice.gov.uk\)](http://niauditoffice.gov.uk)

[Governance and risk guidance | Department of Finance \(finance-ni.gov.uk\)](http://finance-ni.gov.uk)

[Managing your risk appetite a practitioners guide](#)

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DOCUMENT TITLE

**Northern Ireland Policing Board
Risk Management Framework**

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