



# Business Assurance Risk Management Policy



## 1. Introduction

CCEA is committed to the effective management of risk as an integral part of good management practice. It is embedded as a core business planning process. The Chief Executive, as the Accounting Officer, has developed a system of risk management which is endorsed by the Audit and Risk Assurance Committee (ARAC) and the CCEA Council. This system is aligned with the Department of Education's (DE's) risk management framework and Departmental Risks (applicable to CCEA) and an annual Risk Register alignment and quality assurance exercise is carried out by DE. As the management of risk is a dynamic process the system is subject to regular review and refinement. The management of risk within CCEA is also consistent with guidance issued by the Northern Ireland Audit Office: Good Practice in Risk Management: <https://www.niauditoffice.gov.uk/publications/good-practice-risk-management>, HM Government's Orange Book on Risk Management – Concepts and Principles: <https://www.gov.uk/government/publications/orange-book> (2020) and annual guidance issued by DE.

CCEA's risk management system is defined as: ***The way in which CCEA anticipates and counteracts any occurrences that could threaten the achievement of its corporate objectives.*** It is founded on the principles of simplicity, transparency, accountability and improvement and is designed to target key risks and activities.

CCEA's Chief Executive and the Council rely on the risk management system to identify risks and to reduce the likelihood of a risk occurring or to minimise its impact if it should occur. In reviewing the effectiveness of risk mitigation measures, full account is taken of the cost-effectiveness and appropriateness of existing or proposed measures.

## 2. Roles and Responsibilities

The following roles and responsibilities operate within the CCEA Risk Management System.

### Chief Executive/Accounting Officer

The Chief Executive/Accounting Officer will ensure that CCEA's Risk Management System operates effectively by;

- ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensuring commitment to the risk management process internally;
- regularly reviewing the Corporate Risk Register;
- ensuring an effective system of monitoring and reporting of the Risk Management System is in operation; and
- ensuring that there is appropriate ownership of risks throughout the Risk Management System.

The Chief Executive/Accounting Officer (together with CCEA Directors/Business Managers) have primary responsibility for operating an effective risk management system described as the first line of defence in Annex 2 of the HM Government's Orange Book on Risk Management – Concepts and Principles.

### **Audit and Risk Assurance Committee (ARAC)**

ARAC will;

- provide an assurance and challenge function in respect of the CCEA Risk Management System; and
- regularly review the effectiveness of CCEA's Risk Management System, the Corporate Risk Register, CCEA's key risks and any independent sources of scrutiny (such as Internal or External Audit reports regarding risk management in CCEA).

ARAC (together with CCEA Senior Management) have responsibility for monitoring and facilitating the implementation of an effective risk management system described as the second line of defence in Annex 2 of the HM Government's Orange Book on Risk Management – Concepts and Principles.

### **Directors/ Business Managers**

Directors & Business Managers are responsible for;

- developing and maintaining Operational Risk Registers within their business areas;
- ensuring that risks identified in Operational Risk Registers are effectively managed; and
- reporting (quarterly through Business Assurance) any significant changes and/or residual red risks contained within their Operational Risk Register.

### **Business Assurance**

Business Assurance will;

- manage all aspects of the Risk Management System as directed by the Chief Executive/Accounting Officer including assisting in the development and review of Risk Registers, reporting risks as appropriate and providing advice and guidance as required;
- assist in the preparation of governance statements; and
- ensure that Risk Management policies and procedures are fit for purpose.

### **Internal Audit**

Internal Audit will;

- review the CCEA Risk Management System as part of the Internal Audit Plan; and

- regularly review CCEA's key risks and the management of key risks as agreed with management and ARAC when developing and reviewing the Internal Audit Plan.

Internal Audit, through a risk based approach to its work, will provide an objective and independent evaluation of how effective the CCEA risk management system described as the third line of defence in Annex 2 of the HM Government's Orange Book on Risk Management – Concepts and Principles.

### **Department of Education**

The Department of Education will;

- observe CCEA's Risk Management System at ARAC, Governance and Accountability Review meetings and through annual Risk Register alignment and quality assurance exercises.

### **All Staff**

All staff are responsible for ensuring that they are aware of the CCEA Risk Management arrangements, their Operational Risk Register and how they contribute to the management of risks within their team/function, as appropriate.

## **3. The CCEA Risk Management Framework**

CCEA's Risk Management Framework operates on the following levels.

### **Corporate Risk Register**

The Corporate Risk Register is reviewed regularly by Executive Team (at least quarterly) and is reported to ARAC as a Standing Agenda Item at each ARAC meeting. It is also shared and discussed with the Department of Education regularly. The Corporate Risk Register will normally have between 6 and 10 overarching corporate risks and contains information on the Root Causes of Risk, the Consequences of Risks and Actions to Mitigate Risks which are time bound and reviewed regularly to ensure they are being effectively managed/implemented. The Corporate Risk Register also contains the defined CCEA Risk Appetite which is reviewed and agreed at each ARAC meeting.

### **Sub-Corporate/Operational Risks**

Business Managers are responsible for developing and maintaining Operational Risk Registers which address risks at an operational level within each functional area. Operational Risk Registers are reviewed regularly (at least quarterly) to ensure that all sub-corporate risks are managed effectively.

## **Process to Ensure a Joined-Up Risk Management System**

On a quarterly basis, Business Assurance facilitate a review the Operational Risk Registers with Business Managers and report residual Red Risks and/or emerging risks identified to Directors. This informs the Directors and the Chief Executive through Executive Team meetings of high/emerging risks to be considered in the context of the Corporate Risk register.

## **Monitoring/Reporting and Review of Risk Arrangements**

The Chief Executive and Directors (Executive Team) are responsible for regularly reviewing the Corporate Risk Register. The Corporate Risk Register is a Standing Agenda Item at all ARAC meetings. CCEA's management of risk is subject to formal reporting in the mid and end year Governance Statements as required by the Department of Education and in the case of the End Year Governance Statement, published in the CCEA Annual Report and Accounts.

## **Risk Appetite**

Risk Appetite or CCEA's appetite for risk is the level of risk which can be tolerated whilst allowing CCEA's planning and decision making processes to operate effectively. There are 3 defined levels of Risk Appetite – Risk Averse, Modest/Cautious and Open/Hungry. CCEA's overall Risk Appetite is set and agreed by ARAC in discussion with CCEA Officers and is stated in the Corporate Risk Register together with definitions of the 3 Risk Appetite categories to ensure that a common and consistent understanding exists. The Risk Appetite is reviewed at each meeting of ARAC. A Risk Appetite is also set and agreed for each individual Corporate Risk as it is accepted that the Risk Appetite may vary depending on the nature of each risk area. CCEA's approach to Risk Appetite is consistent with published guidance: [Thinking About Your Risk - Setting and Communicating Your Risk Appetite](#) (HM Treasury: November 2006).

## **4. Relevant documentation**

This policy should be read in conjunction with the following documents;

- CCEA Risk Management Overview Procedure (OP/0029/19).
- Northern Ireland Audit Office: Good Practice in Risk Management (2011).
- Department of Education: Risk Management Framework (last issued April 2022).
- HM Government Orange Book: Risk Management – Concepts and Principles (2020).
- HM Treasury: Thinking About Your Risk - Setting and Communicating Your Risk Appetite (2006).

## Version Control

<b>Version</b>	<b>Responsible</b>	<b>Date</b>	<b>Notes</b>
1.0	2014 Policy	1/2/2019	Existing Policy Review
1.1	D Wilson	30/7/2019	Updating consistent with Risk Management Overview Procedure
1.2	D Wilson	11/9/2019	Updating consistent with the NIAO Good Practice Guide.
1.3	D Wilson	September 2022	3 year review/ addressing Internal Audit Recommendations.

