Bord Oideachais & Oiliúna
LUIMNIGH & AN CHLÁIR
LIMERICK & CLARE
Education & Training Board

RISK MANAGEMENT PROCEDURE

Policy Area	Corporate Services
Version	1.1
Date	Created: July 2016 Reviewed May 2021 Reviewed March 2023 (Matrix change) Reviewed July 2023 (Matrix change)
Responsibility	Senior Management
Approval	17th January 2017
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Section 1:

Introduction

This document presents a model of best practice in risk self-assessment for Limerick and Clare Education and Training Board.

Purpose of this guidance

The document has three objectives:

1. To provide an introduction to the concept of managing risk to LCETB personnel

2. To outline the method of establishing and maintaining a practical organisation- wide approach to managing risk and to set down the key steps to be undertaken

3. To describe the tools and techniques that can be employed in developing a structured and systematic approach to identifying, assessing and managing LCETB risks.

What is risk?

Risk can be thought of as a possible loss or other adverse consequence that has the potential to impact on LCETB's ability to achieve its objectives and fulfil its mission.

Risks, like objectives, can exist at a number of different levels. They may be:

- Strategic
- Operational
- Financial
- Reputational

Risks to the achievement of the objectives of Strategy Statements can be due to both internal and external events. Effective management of risk offers LCETB the means of improving its strategic, operational and financial management. Managing risk can also help to minimise financial losses, service disruption, adverse publicity and compensation claims.

The model contained in this document has been developed specifically to support LCETB in implementing the management of risk so that it can achieve better governance and superior management without adding any extra layers of bureaucracy. All the attributes and systems required to effectively embed the management of risk are already in place. The model aims to complement the existing management approaches.

What is meant by managing risk?

Put succinctly, the management of risk increases the probability of success and reduces the possibility of failure.

The management of risk can be used to complement the LCETB strategy planning and resource allocation decisions at a strategic level or at a project, function or operational level. For this reason it is often promoted as an effective management tool to support good governance.

Managing risk does not mean avoidance of risk, what it does mean is effective and successful management. In the public sector context it is as much about maximising the opportunities that arise from the risks, which deliver benefit as minimising the adverse impact of the risk, which deliver downside. When used well, it can encourage LCETB to take on activities that have a higher level of risk, because the risks have been identified and are being well managed, so the exposure to risk is both understood and acceptable.

Managing risk is not simply the management of insurable risks. Insurance is an important way of transferring risk but most risks will be managed by other means. Effective management of risk provides assurance from the schools/centres to the management team and ultimately to the LCETB.

The management of risk is an integrated activity of clearly defined steps, which supports better decision making by contributing a greater insight into risks and their impacts. It is not a stand-alone activity demanding special skills and resources that simply add to the administrative burden. The focus should be on successfully managing risk rather than on creating new systems.

The benefits of managing risk

The management of risk is an activity that provides assurance that:

- Objectives are more likely to be achieved
- Adverse events will not happen or are less likely to happen
- Beneficial outcomes will be or are more likely to be achieved
- Awareness of managing risk becomes embedded in strategic thought and structure.

The benefits of managing risk vary depending on how it is planned and implemented. A minimalist approach is likely to deliver limited benefits and could well turn into a bureaucratic 'tick box' exercise. Conversely, a wholehearted though misguided approach could waste valuable time and resources, for example by an over-emphasis on data collection. LCETB will need to decide what benefits it would like to derive from its risk management programme and, taking into account good practice, plan its approach accordingly.

The model for managing risk outlined here focuses specifically on identifying and assessing risks that could prevent the achievement of the Strategy Statement objectives and ensures that they are effectively managed. The model also focuses on enhancing the outcomes of the planning and decision-making processes so that value is added at all levels. The key output is a prioritised risk register, which identifies and assesses the risk and notes who will be responsible within LCETB for managing each identified risk. This risk register becomes a dynamic management tool.

When the risks that could prevent the achievement of strategy plan objectives are managed, LCETB is assisted in the achievement of its stated aims and objectives and encouraged to develop new projects. Managing risk does not stifle innovation and creativity; instead it allows LCETB to proceed in an effectively managed manner. It protects and adds value to LCETB and its stakeholders by supporting its core objectives as described in its Strategy Statement. It does this principally by:

- Providing a framework that enables future activity to take place in a consistent and controlled manner

- Improving decision-making, planning and prioritisation by comprehensive and structured understanding of business activity, volatility and project opportunity/threat
- Contributing to more efficient use/allocation of capital and resources within LCETB
- Protecting and enhancing assets and LCETB's image and reputation
- Developing and supporting people and LCETB's knowledge base
- Optimising operational efficiency
- Enhancing outputs

In short, successful management of risk in LCETB will ensure that all its resources and energy will go towards the delivery of LCETB's Strategy Statement objectives and that there is no waste through loss or through pursuing ill-considered or high risk endeavours.

The model for managing risk

The approach to managing risk outlined here is consistent with current international and national evidence. It draws on the following recognised sources:

- **Legislation:**
  - Vocational Education Acts, 1930 -2001
  - Education Act, 1998
  - Education & Training Boards Act 2013

- **Accountability and governance**
  - ***Code of Practice for the Governance of State Bodies*** (Department of Finance, 2001 updated 2009)
  - ***Report of the Working Group on the Accountability of Secretaries General and Accounting Officers*** (Mullarkey Report) (Department of Finance, 2002)
  - ***Risk Management Guidance for Government Departments and Offices*** (Department of Finance, 2004)
  - ***Information Pack and Handbook for Vocational Education Committee Members*** (Irish Vocational Education Association, 2004) reference Department of Education and Science Circular F11/05 ***Application of Code of Practice for the Governance of State Bodies as Applied to Education***
  - ***Ireland: Towards an Integrated Public Service*** (OECD Public Management Reviews, 2008)

Evidence of best practice in managing risk in education

- ***The Orange Book:*** Management of Risk – Principles and Concepts (HM Treasury, 2004)
- ***Australian/New Zealand Risk Management Standard 4360:2004*** (Standards Australia, 2004)
- ***ISO 31000 Risk Management Standard (2009)***
- ***Risk Management Standard. (AIRMIC, 2002)***
- ***Review of Occupational Health and Safety in the Technologies in Post-primary Schools.*** (Department of Education and Science and State Claims Agency 2004)
- ***School Risk Management and Insurance.*** (Department for Education and Skills, UK, 2006)
- ***Code of Practice for Dealing with Complaints of Bullying and Harassment in VEC Workplaces*** (IVEA, September 2006)
- ***Code of Practice for Dealing with Complaints of Sexual Harassment in VEC Workplaces*** (IVEA, September 2006)

This model provides a signpost to identifying, assessing, managing and reviewing risks. It is inclusive in the sense that it is built around the concept that managing risk is everybody's responsibility, not something that rests with a single section or individual. It is also flexible – it avoids prescription, preferring to give guidance on the best options and approaches to managing risk – in this sense it is consistent with current structures and requirements within LCETB.

A risk register with practical examples of risks that could prevent the achievement of the Strategy Statement is included in section 9 of this model. The examples will assist in assessing, managing and embedding the practice of managing risk in all business activities undertaken by LCETB.

Section 2:

The context for managing risk

The importance of context in the management of risks. The risk context is an important consideration in the overall management of risk. The primary context driver is the Strategy Statement of LCETB and the achievement of its objectives.

There are risks that are specific to the education sector and it is important that these are recognised and dealt with when assessing risk. The following issues should be taken into consideration in this regard:

- The remit and functions of the LCETB
- The needs and requirements of students, adult learners, staff, customers/clients, and other key stakeholders
- The Strategy Statement of the LCETB
- Specific governance and management structures of the LCEB

Key Risks for Limerick and Clare Education & Training Board

Five categories of risks have emerged over time that relate specifically to the education context. These are treated graphically in the following diagram. They are prompters for the LCETB to consider the key risks that may present as obstacles to the achievement of the Strategy Statement objectives. They include risks, which may be external to LCETB, for example social risks, or they may be risks associated with demands made by student/adult learner. Risks arising within the LCETB, which can be managed, are also included in this context: an example would be risks to the safety, health and welfare of staff. It is important that all possible risks to the achievement of the Strategy Statement are assessed and managed so as to contribute to a culture of embedding the management of risk in all LCETB activities.

Drivers for managing risk for Limerick and Clare Education & Training Board

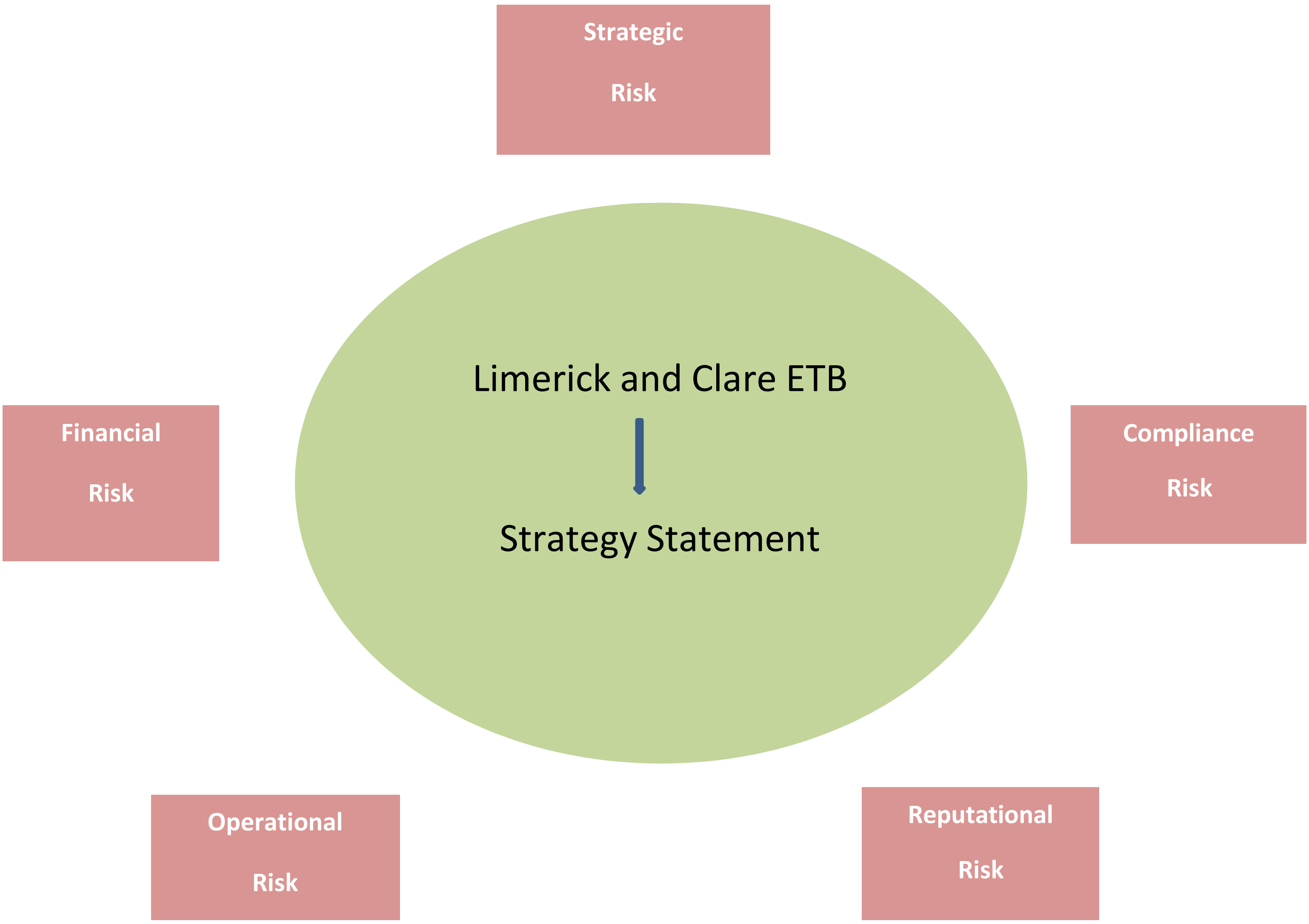
The recent drivers for change in education stem from new legislation, publications on accountability and governance and emerging best practice on managing risk in education. Several publications demonstrate the requirement to manage risk while emphasising the need to demonstrate good governance in all business activities such as:

- **Strengthening governance:** to achieve a constant state of preparedness by putting in place the incentives, channels and working methods to achieve needed change in the public sector including the education sector (Ireland: Towards an Integrated Public Service (OECD 2008) and Department of Education and Science Circular F11/05: Application of Code of Practice for the Governance of State Bodies as Applied to Education.

- **Responsibility and accountability:** the development of a Strategy Statement to ensure factors which inhibit effectiveness and efficiency are identified and appropriate action plans are developed and implemented to ensure success.

- **Quality:** evaluation of the outcomes from the Strategy Statement to ensure objectives are achieved and meet clearly defined quality parameters.

Risk Categories



What impact has each risk category got on the achievement of the Education Plan?

Section 3:

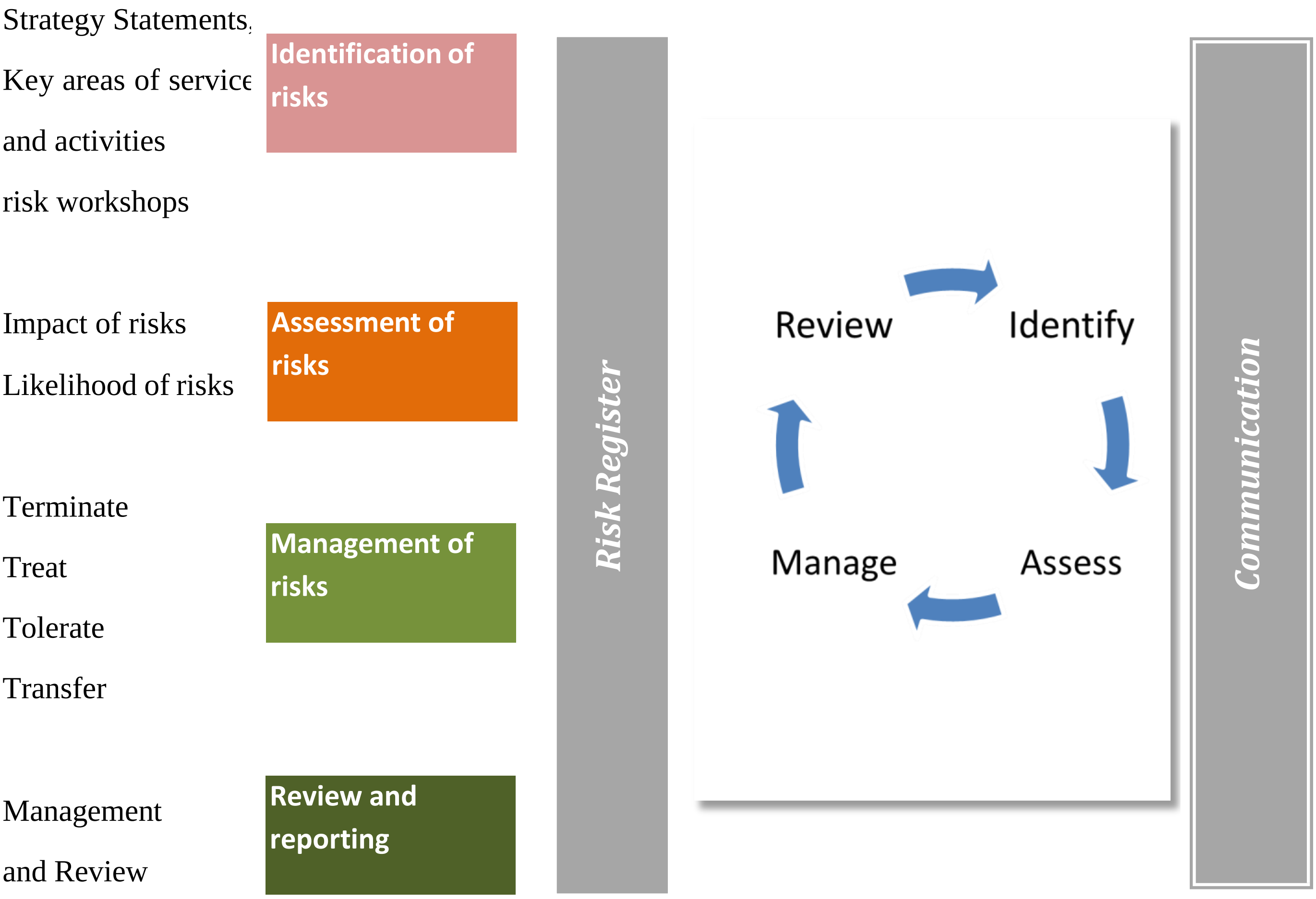
The model for managing risk

The model has been developed to meet the following requirements:

- **That it will enable LCETB to meet the guidelines on managing risk as set down in international evidence of best practice.**
- **That guidance will be given regarding each stage of identifying, assessing and managing risk.**
- **That further support will be given in the form of tools and templates such as the risk register, risk assessment methodology, etc.**
- **That it will address requirements for the ongoing monitoring, review and updating of the risk register.**
- **That it will be sufficiently dynamic to enable LCETB to integrate the management of risk into all business activities.**
- **To support excellence in governance.**

Overview of the model

The model for managing risk is illustrated in the following diagram.



Specifically, in relation to the revised Code of Practice for the Governance of State Bodies (2009), the key objectives in developing this model were:

- That the management of risk can be integrated effectively into existing management activities.
- That the system for managing risk will concentrate on key risks.
- That the management of risk will be kept as simple and straightforward as possible.
- That existing systems and structures will be utilised as far as possible.

Key stages in the model for managing risk

The model for managing risk is broken down into a number of discrete stages, which can be put together to build a continuous cycle for managing risk. A brief description of each stage is provided here – see sections 4 to 8 for a more in-depth description of how to manage risk.

a) Identify risk (section 4): this activity involves a combination of review, interview and workshop to support the identification of risks in a complete and comprehensive way. The model provides guidance on how this might be carried out. It identifies possible risk areas that are valid for LCETB and demonstrates how to identify risks to the achievement of the Strategy Statement. Possible risks identified at the corporate level will relate to factors that might prevent achievement of the Strategy Statement; while at the operational level potential risks will relate to factors that might prevent the achievement of operational plans.

b) Assess risk (section 5): this is the activity by which a risk is assessed to determine its overall potential impact on LCETB. The model provides guidance on how risks can be assessed and prioritised in a structured way. A number of tools are introduced to support the identification and assessment of risks. These include the risk register and the risk assessment mechanism, which allow for the effective prioritisation of risks.

c) Manage risk (section 6): the management of risk refers to the way in which risks are treated or controlled once they have been identified. The model provides an overview of options and approaches for the management of risk together with key considerations that LCETB should take into account in determining the best approach to managing risk. The approach may include tolerating the risk, treating the risk, transferring the risk to a third party or terminating it. The exact approach to be taken depends upon LCETB's Strategy Statement objectives, the availability of resources, the relative importance of key risks and the relative risk/benefit of possible options.

d) Review and report (section 7): the model makes provision for an ongoing cycle of monitoring, reviewing and reporting on the management of risk and updating the risk register. This approach is consistent with best practice, particularly in respect of the integration of the management of risk into existing management activities.

Section 4:

The context for identifying risk

The activity of identifying risk provides the first opportunity for staff to contribute and participate in this important initiative, while also promoting communication and multidisciplinary team working.

In order to manage risk, the LCETB first needs to know what risks it faces.

The identification of risk is the first key step in the management of risk and can, in general, be separated into two distinct phases:

- Initial identification of risk. This exercise is undertaken once only, it does not need to be repeated
- The inclusion of identifying risk in new initiatives, for example capital projects, purchase of new equipment or development of new services.

In the diagram in Section 2, five risk categories were identified which could impact on achievement of the objectives of LCETB. These categories /headings are prompters, which enable LCETB to commence the risk identification exercise when using the techniques for identifying risk. Some examples of actual risks identified by LCETB under these categories are described in section 9.

Risk categories

1. Strategic Risk
2. Operational Risk
3. Compliance Risk
4. Financial Risk
5. Reputational Risk

Who should be involved in identifying risk?

As with all new initiatives, leadership is essential for success. The senior management team should be intimately involved by providing leadership and by overseeing the development of this initiative. Identification should include specific impact of and the specific action or actions required to address the risk. All risks, once identified, should be assigned to an owner who will have responsibility for ensuring that the risk is managed and monitored over time. A risk owner in line with his/her accountability for managing the risk should have sufficient authority to ensure that the risk is effectively managed: the risk owner may not necessarily be the person who actually takes the action to address the risk.

The risks associated with a particular activity can be most comprehensively identified by those responsible for that activity. On this basis, employees are most aware of the risks in their own school/centre/department. Deciding who to involve, and whether the staff who identify risks are also best placed to assess them (see section 5) is important at the start of the activity. Broadly speaking the same group of staff should be involved in both identifying and assessing risks.

Techniques for identifying risk

Whatever technique is used to identify risk must flow from the objectives of the LCETB as described in the Strategy Statement. A range of possible techniques can be used to assist staff in identifying risks.

- Structured one-to-one interviews
- Structured group interviews
- Use of questionnaires/checklists
- Facilitated workshops, focus groups, or round table discussions

A combination of these techniques is used in practice in order to comprehensively identify all relevant strategic and operational risks.

How should the identification of risk exercise be undertaken?

The two most commonly used approaches are the following:

1. Risk self-assessment: an exercise by which each school/centre/department of LCETB is requested to review its activities and to identify a comprehensive list of the risks faced. Whilst risk identification can be carried out or facilitated by outside consultants, an in-house approach with well-communicated, consistent and co-ordinated tools and techniques is likely to be the more effective. In-house ownership of the management of risk is essential. This can be achieved through a documentation approach (for example via questionnaires), or through a facilitated workshop approach. Whatever approach is used it should assist in achieving good communication while supporting the embedding of a culture of managing risk.

2. Commissioning a risk review: a designated team is established to consider all the operations and activities of LCETB as contained in its objectives and to identify the associated risks. The team works by

conducting a series of interviews and workshops with key LCETB staff at all levels in order to build a risk profile for the entire range of activities.

The five categories of risk will be usefully used in the initiation of either method.

These two approaches are of course not mutually exclusive, and a combination of approaches to identifying risk may be desirable.

When the risks have been identified, the outputs are compiled and merged to create an unranked comprehensive register of risks for LCETB.

What types of risk should be identified?

The following examples, as detailed in the five risk categories illustrated earlier, are designed to assist in the identification exercise.

	Risk Category	Examples of risk
1.	Strategic Risk	Failure to implement organisation and staff development.
2.	Operational Risk	Failure to meet the growing expectations of students Changes in demographic trends impacting on LCETB's ability to deliver its services and meet its statutory obligations. Failure to provide required services in the event of fire, flood or major utility failure including technological failures e.g. financial management systems or student application/admission systems
3.	Compliance risk	Failure to comply with legislation such as building standards, waste management, employment legislation, education legislation.
4.	Financial Risk	Failure to meet prescribed accounting standards
5.	Reputational Risk	Failure to fulfil the terms of any contract entered into by LCETB such as construction projects

The identification of risk is frequently the first opportunity that management and staff have to actively participate in managing risk. It allows individual contributions and ownership of risk by staff. The activity is dynamic in achieving buy-in and in commencing the embedding of a culture of managing risk in all of the LCETB’s business activities.

Practical questions that may be employed to identify LCETB risks

The following sample questions will assist understanding of how to identify risk.

Questions to staff to assist in identifying risk

1.	Are you aware of LCETB’s objectives/priorities/targets? If so what are they?
2.	What are the key deliverables/key performance indicators (KPIs) of LCETB?
3.	What are the objectives of your school/centre/department?
4.	What are the key deliverables that LCETB expects from your service?
5.	Are there any issues that could prevent you from meeting these objectives?
6.	Over the last two years, what problems prevented you from meeting these objectives?
7.	Do you know of any events or problems that other ETB’s have encountered that are relevant to your service?
8.	How is the ability of your service to meet these objectives measured?
9.	Do you meet the measures (if any)? What help /hinders you in meeting them?
10.	What problems or changes can you foresee in the short and medium term that may prevent you from achieving your objectives?

Section 5:

Assessing risk

The objective of assessing risk is to separate the minor acceptable risks from the major risks and to provide data to assist in the management of key risks.

Assessing risk is the second step in managing risk which involves two key steps

1. Putting in place a structured approach where both the likelihood and impact of each risk are considered.
2. Prioritisation and monitoring

The risk assessment exercise will deliver a comprehensive examination of all risks likely to impact on the achievement of the Strategy Statement objectives and a roadmap to guide LCETB in managing these risks.

Basis of the assessment

The approach taken to risk assessment in this model is a qualitative one and is the most common approach adopted.

Having identified the risk, it is recorded in the appropriate box in the diagram below.

Risks located in the red or high impact/likelihood box will require the attention of senior management: amber will require monitoring by senior management and green can be reviewed as appropriate.

Risk assessment – rating the risk

There are two main parameters for rating the risk:

1. Likelihood: representing the possibility that a given event will occur – how likely is it to happen/what is the frequency?

2. Impact: the impact or effect on LCETB if the risk actually happens – how significant might the consequences be?

LEGEND **Risk assessment – rating the risk**		
(see risk matrix below)	**LIKELIHOOD** **A = Frequent (Likely to occur)** **B = High (will be experienced)** **C = Medium (occasional)** **D = Low (possible but unlikely)** **E = Improbable (unlikely)** **IMPACT** **A = Catastrophic (Death)** **B = Critical (severe)** **C = Moderate (potential)** **D = Minor (potential)** **E = Negligible (no significant risk)**	**RED Very high risk** **LIGHT RED High risk** **AMBER Medium risk** **GREEN Low risk**

LIKELIHOOD (Frequency)

A5	**AE 5**	**AD 10**	**AC 15**	**AB 20**	**AA 25**
B4	**BE 4**	**BD 8**	**BC 12**	**BB 16**	**BA 20**
C3	**CE 3**	**CD 6**	**CC 9**	**CB 12**	**CA 15**
D2	**DE 2**	**DD 4**	**DC 6**	**DB 8**	**DA 10**
E1	**EE 1**	**ED 2**	**EC3**	**EB 4**	**EA 5**
	E1	**D2**	**C3**	**B4**	**A5**

IMPACT (Severity)

Some types of risk lend themselves to a numerical or quantitative assessment – particularly financial risk. For other risks – for example reputational risk – a more subjective view is all that is possible.

The assessment of risk should draw as much as possible on unbiased independent evidence, consider the perspectives of the whole range of stakeholders affected by the risk, and avoid confusing objective assessment of the risk with judgment about the acceptability of the risk.

The risk register

LCETB will need to maintain a record of all its risks. A database called a risk register can be used. The risk register will be an evolving document, clearly demonstrating the key risks to the achievement of objectives while acting as the primary tool for tracking risks and their management. The register can be updated and refreshed as appropriate.

Once risks have been assessed, the risk priorities for LCETB will start to emerge. The highest priority risks should be given attention at the highest level of the LCETB as these present the greatest risk to the achievement of the Strategy Statement.

Risk registers can be tailored to the specific needs of LCETB and include a range of columns. The diagram on the next page givens an example of the possible content of a risk register.

Section 9 provides examples of actual risks identified in LCETB. The risks are presented in a sample risk register. It is not intended that the sample risk register contents represent a complete risk register for LCETB; rather it is intended to act as a useful resource when commencing the management of risk. It should also be useful as a reference resource on an ongoing basis.

Risk register							
Risk No	**Risk Category**	**Risk Name**	**Current management controls**	**Risk Rating L I**	**Required Management actions**	**Owner**	**Review dates**
C.001	Compliance	Failure to comply with legislative requirements in respect of Equal Status legislation 2000 -2004	1. Guidance drafted in 2001 on compliance with the legislation 2. Training for interview boards and management in 2001	A A 25	1.Update LCETB policy on new legislation 2.Update and provide training for interview boards and management	Arthur Rich, Head of HRM/ Personnel	01/02/10 01/05/10 01/08/10 01/11/10
C.002	Compliance	Failure to comply with Safety, Health and Welfare at Work (Construction Regulations 2006-2008)	1.Safety statement last updated in early 2006	B C 12	1.Develop procedure for client responsibilities under the Construction Regulations 2.Update safety statement	Mary Citizen, Facilities Manager	01/02/10 01/08/10
F/003	Financial	Failure to comply with prescribed accounting standards	1.Insufficient monitoring of compliance	D B 8	1 Provide in-service training on accounting standards 2.Evaluate effectiveness of training	Joan White, Head of Finance	01/09/10

Section 6

Managing risk

Having identified and assessed the relevant risks, the next step is to determine an appropriate response.

Principal options for managing risk

The third key step is to manage the risks. The purpose of managing risk is to turn uncertainty to LCETB's benefit by constraining threats and taking advantage of opportunities. There are four key aspects to managing risk:

1. **Terminate:** some risks may only be treatable or containable by terminating the underlying activity. The option of terminating activities may be severely limited in LCETB environment as compared to the private sector. LCETB provide certain educational activities or provide for specific groups of students because the associated risks are so great that there is no other way in which the outcome, which is required for the public benefit can be delivered.

2. **Treat:** the purpose here is to contain the risk to an acceptable level. By far the greater number of risks will be treated in this way.

3. **Tolerate:** LCETB's exposure may be tolerable and may not therefore require taking any further action. Even if not tolerable, it may not be possible to take any significant action against certain risks, or the cost of taking such action may be disproportionate to the potential benefits gained. In these circumstances the option may be to tolerate the existing level of risk. This option, of course, must be supplemented by contingency planning to handle the impacts that may arise if the risk is realised.

4. **Transfer:** this entails measures to transfer a risk, or responsibility for a risk, to a third party. Risks may be transferred either to reduce the exposure of LCETB or because another organisation is more capable of managing it. It is important to note that some risks are not fully transferable – in particular it generally not possible to transfer reputational risk even if the delivery of the service is contracted out.

Section 7

Reviewing and reporting risks

Ongoing review and reporting of risks is essential for a number of reasons:

- As the activities of the LCETB evolve, new risks may emerge or the potential impact of existing risks may change.

- The significance attached to a risk can change over time when new or improved controls are implemented and other risks may emerge as new priorities.

- As specific projects or initiatives are undertaken, new risks and new risk priorities may emerge.

Although the initial exercise of identifying, assessing and managing risk is an intensive one-off exercise, which takes time, it may not need to be repeated with the same intensity again. It is important to ensure however that the management of risk is not seen to end there.

Because risk is dynamic in nature, it is important that the system adopted for managing risk should be capable of monitoring changing circumstances and responding to them. Maintaining a risk register and a dynamic management approach that accurately reflects current needs will assist in this regard.

There are several important elements to keep in mind:

1. All activities involved in managing risk should be reviewed once a year.

2. Review and reporting arrangements should fit within (or be consistent with) existing governance, management and reporting structures.

3. All key areas of activity and major risk should be captured in the annual review.

Section 8

Communicating and embedding the management of risk

The management of risk is not a new concept. ETB's have been managing risk for some time and evidence demonstrates that the effective management of risk contributes to organisational success.

Failures in the general management or governance of an organisation, or failures in a particular project, frequently occur because key risks were not identified and managed effectively. This model provides a systematic and dynamic approach for the management of LCETB risks so that success is more likely to be achieved and failures reduced.

Communication is not a distinct step when managing risk; rather it is something that occurs on a continuous basis. The identification and assessment of risk is in itself dependent on communication as is the management and monitoring of risk.

Communication within LCETB about risk issues is important to ensure that each member of staff understands, in a way appropriate to his or her role, what the risk priorities are and how the individual responsibilities fit into that framework. It is through communication that the consistent embedding of risk will be achieved.

Lessons can be transferred by communication to ensure maximum benefit. For example if one school/centre/department in LCETB encounters a new risk and devises an appropriate management control mechanism to reduce the risk, it is important that all other schools/centres/departments benefit from this learning.

What is involved in embedding the management risk?

Embedding simply refers to how members and staff of LCETB are supported in developing an automatic awareness of risk and applying that awareness as they execute their duties and responsibilities. It is necessary because the risk environment is continually changing and as a result managing risk is a continuous, ongoing requirement.

Section 9

Risk register

The risk register is intended to be used as a resource to stimulate discussion and prompt identification of relevant risks, which could prevent the achievement of the Strategy Statement.

The content of the sample risk register is presented in this model for illustrative purposes only. The activities described in sections 4-8 of this model when followed by LCETB will produce an output which can then be used to develop a risk register relevant to LCETB environment and Strategy Statement.

The risk register is a database of all risks identified in LCETB. The key risks (colour coded red) that could prevent the achievement of the Strategy Statement should receive the most attention by senior management.

Benefits of the risk register

The risk register is a database and acts as a repository of LCETB's risks. It can be used as a communication tool to inform employees of how risks are being managed. It is also a relevant resource to the internal auditor when identifying priority areas for audits. The Comptroller and Auditor General's Office will seek access to it when undertaking the annual audit.

A risk register which has all key risks recorded can be used to assist management in monitoring and reviewing the effectiveness of controls implemented to eliminate or reduce risk. An electronic database can be useful to produce reports in a timely manner for management planning and decision-making. Prioritisation of management action and resource allocation can be assisted by reports from the risk register.

A robust risk register is one of the many management resources that LCETB can use to assist in demonstrating good governance, as risk management is the engine of good governance.

Risk register content

Each column in the sample risk register records relevant information about the risks identified by LCETB that could prevent the achievement of the Strategy Statement.

Column 1 Risk number: a unique identification number is given to each risk in the risk register. The first letter of the risk category is used e.g. F = financial risk followed by a number e.g. F 001.

Column 2 Risk category: five categories of risk (see section 4) relevant to LCETB and described in this model.

Column 3 Risk name: a short narrative should be adequate to describe the risk.

Column 4 Current management controls: refers to the controls (if any) already implemented to manage the risk.

Column 5 Risk rating – Likelihood: refers to the frequency of the risk occurring e.g. 1:10; 1:100, 1:1000; 1:1,000,000

Column 6 Risk rating – Impact: refers to the impact of the risk and the ongoing consequence of the risk on the achievement of plans

Column 7 Required management action: lists the new or required management actions that have been agreed to eliminate or manage the key risks.

Column 8 Owner: the owner should be a senior person who will be responsible for the implementation of the agreed management actions and who will report on a regular basis on the effectiveness of the implemented actions to the management team.

Column 9 Review dates: the frequency for reviewing the effectiveness of management actions should be detailed and integrated to the review of LCETB Strategy Statement and the reporting of key performance indicators.

As the key risks are reviewed and reported on, their rating will usually change from high to medium or low. It may also be possible to eliminate a risk; therefore it does not need to continue to receive management attention.

As new events take place or a new project is being developed new risks will be identified. These new risks should be added to the risk register.

The publication of reports/circulars may also result in the identification of new risks; these should also be added to the register.

Co-ordinating the management of risk

The Chief Executive of LCETB is accountable for the management of risk.

Individual managers should be delegated responsibility for the management or risk.

One member of the management team should be responsible for co-ordinating the management of risk with LCETB.