



Corporate Risk Register & Board Assurance Framework - paper June 2017

For Board approval	
For Board briefing	
For Board steer	
For Board information	

Prepared by:

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Publish in full	
Subject to minor redaction	
No publication	

Background

1. During Audit & Risk Committee on 4 May 2017, a number of suggestions were made by Commissioners to improve the Corporate Risk Register (CRR) and Business Assurance Framework (BAF):
 - a. Request for the covering paper (Change Highlight Report) to include more narrative on the risks that have changed – currently we refer to just the risk reference number. Committee asked for the title of each risk to be included, as well as the reference number. The Highlight Report should also include a paragraph on the Audit & Risk Committee (ARC) Risk Deep Dive process, and narrative on risks that have been escalated.
 - b. Request for the covering paper (Change Highlight Report) to include more narrative on the risks that have changed – currently we refer to just the risk reference number. Committee asked for the title of each risk to be included, as well as the reference number. The Highlight Report should also include a paragraph on the ARC Risk Deep Dive process, and narrative on risks that have been escalated.
 - c. Risks that have been included within the first draft of the annual report are at an operational level, drawn straight from the CRR. These risks need to be at a more strategic risk level that will be more relevant to the outside world. ARC noted the CEO's assurance that work was more advanced on the process than on iteration of the risks themselves, as Exec saw the imperative to establish a stable template as soon as possible.
 - d. The proposed Risk Register needs to be amended as it is not clear what the control is. The inclusion of the three lines of defence should be included within the Board Assurance Framework, rather than the Corporate Risk Register, as it does not capture the assurance that controls are in place to mitigate the risk. The controls should be described to give an assurance of process.
 - e. Going forward, the summary of the Corporate Risk Register, and a separate Board Assurance Framework should be presented at each Committee meeting. The Board Assurance Framework includes the three lines of defence and identification of the type of control that is in place. ARC recommended that the Board should see the Assurance Framework annually.
 - f. Further to the above suggestions, we also revisited the HM Treasury guidance on risk management and assurance to ensure that the CRR and BAF were in-line with best practice.

Corporate Risk Register (CRR)

2. All risks were reassessed by Exec to ensure they were appropriate for Board level discussion. They were either combined with another risk(s); left unchanged as they were still relevant; or removed as they were viewed as being too operational. This assessment reduced the overall number of strategic risks from 20 down to 10.
3. The CRR (**Annex A**) has been reformatted to include a summary page and also includes one risk per page for ease when viewing via a tablet. The CRR now focuses on the strategic risks and their existing and planned controls and mitigations.

4. The controls and mitigations have been reviewed by Risk Owners to ensure they are relevant, timely and specific to the risk.
5. Each control and mitigation now holds a preventive, detective or corrective rating.
6. A Risk Highlight report has been produced to accompany the CRR. This contains the title of each risk, as well as the reference number, the rationale behind any score movement, a paragraph on the ARC Risk Deep Dive process and narrative on risks that have been escalated/deescalated where appropriate.

Board Assurance Framework (BAF)

7. A Commission Board Assurance Framework (BAF) (**Annex C**) has been created using HM Treasury guidance and populated by identifying Commission specific systems/processes and those consistent to other similar size organisations. Please note that the BAF is work in progress and has been developed to highlight to Board where levels of assurance are adequate or not. Work on finalising the document is nearly complete. The document provided for your information.
8. It should be also noted that once complete the BAF will remain a working document that will be updated as and when there are changes to any controls or assurance mechanisms.
9. The current BAF have been reviewed by Audit & Risk Committee to ensure that the framework is line with expectations where it received positive feedback. There are however some changes that have been recommended, including adding when third line audits were last conducted, a visual representation of alignment to strategic risks, justification of RAG ratings and more detail around physical and personal security to include frequency of testing the controls associated with these processes and by whom.
10. Throughout development of the BAF, those accountable for the specific systems/processes have been consulted with to a) check validity of the controls and assurances in place and b) drive ownership and engagement with the document.

Next steps

11. Following the completion of the CRR and BAF review, there are some remaining pieces of work which need to be completed to fully support the risk and assurance frameworks. These are:
 12. Review the risk management and business assurance guidance notes taking account of the changes noted above and ARC's new terms of reference;
 13. Work with the Governance Team to establish a risk management 'calendar' to align Risk Owner, Exec, Committee and Board reviews;
 14. Revisit the corporate risk appetite with Board and review the process to assess the programme level risks against appetite and ensure risks outside the appetite are escalated to the correct audience.