

APPENDIX 5

National Council for Special Education Risk Management Policy

Requirement of the Code of Practice for the Governance of State Bodies

The Code of Practice for the Governance of State Bodies (Section 8) requires that each State body should develop a Risk Management Policy; that the Board (NCSE Council in the case of NCSE) should approve the risk management framework and monitor its effectiveness; that the Council should review material risk incidents and note or approve management's actions, as appropriate.

The Code goes on to specify that key elements of the Council's oversight of risk management would include:

- make risk management a standing meeting agenda item;
- consider establishing a Risk Committee or including it in the charter of the Audit Committee;
- include risk management experience/expertise in the competencies of at least one director. Where composition of the Council does not allow for this, expert advice should be sought externally;
- appoint a Chief Risk Officer or empower a suitable management alternative, and provide for a direct reporting line to the Council;
- approve the Risk Management Policy, set the State body's risk appetite, and approve the risk management business plan and risk register at least annually;
- review management reporting on risk management and note/approve actions as appropriate;
- require external review of effectiveness of risk management framework on a periodic basis.

The Code also indicates that Chairman's report to the Minister on the NCSE system of internal financial controls should describe the key procedures put in place by the Council to identify business risks and to evaluate their financial implications.

Existing NCSE Risk Management arrangements

Following its establishment, NCSE engaged in 2006 with Mazars, its internal auditor, in conducting a high level risk assessment for the organisation. The purpose of this exercise was firstly to provide the NCSE with a high level risk report that represents structured feedback on performance and risk to support the management team and secondly to inform the development of an Internal Audit Programme that is tailored to the specific challenges of the National Council for Special Education. The outcome of the exercise was used by the NCSE Audit Committee and the NCSE executive to identify key risks and to structure the NCSE Internal Audit Programme. In the period 2006-2010, ten internal audit reports were made to the NCSE Audit Committee which in turn reported to Council.

Review and development of NCSE Risk management arrangements 2010

Having regard to the requirements of the Code, NCSE commissioned Mazars at end 2009 under an internal audit framework agreement, to support and advise NCSE on the review and further development of an appropriate risk register and to establish appropriate policies and procedures.

NCSE Council Risk Management Policy

The Council of the NCSE supports the further development and implementation of a NCSE risk management policy and procedures to ensure that risks are appropriately identified and assessed, that appropriate responses to risk are adopted and that effectiveness of responses is reviewed. This policy briefly outlines the roles and responsibilities of the Council and the executive in ensuring that risk is appropriately managed with appropriate governance oversight.

The Council's Audit Committee in accordance with its terms of reference, will review the adequacy and effectiveness of the organisation's process for the identification, assessment and control of corporate and divisional level risk and will Report to Council on matters relating to the organisation's process for risk management and management action to mitigate risk.

Risk management will be a standing item at Audit Committee. The Council will approve the risk management plan and risk register on an annual basis. The Council will require an external review of effectiveness of risk management framework on a periodic basis.

The Chief Executive is the Chief Risk Officer for the NCSE. The CEO will report to and be accountable to the Council. The Chief Risk officer will ensure that appropriate policies and procedures are developed and applied by NCSE management as approved by Council.

Heads of Functions in NCSE will be responsible for risk management in their respective areas and will report to the Chief Risk Officer. Other staff within the NCSE are required to report to their immediate managers in regard to risk and to the Head of Function or Chief Risk Officer where appropriate.

The risk management process will be kept as simple and straightforward as possible, and existing structures including work/business/budget plans will be used, as far as possible. NCSE will apply and adopt the Department of Finance Guidelines for Risk management in the Public Service. Risk management will be an integral and ongoing part of the general management process. The Chief Risk Officer and Heads of Function will put in place effective mechanisms for risk management accordingly. The process of risk identification and assessment will be reviewed at least once a year. Management will develop mitigating actions and controls as appropriate.

Risk Register

A draft risk register has been compiled by the executive informed by the work of the Mazars consultants and by the advice of the Audit Committee. This is attached hereto as Appendix 1. The register identifies the key risks, the controls in place to mitigate risk and the actions planned to manage residual risk. The register classifies and rates the raw risk and the residual risk on a scale of likelihood and impact. The register clarifies ownership of the risk and when the action is planned to be effected. The basis for rating of the risks as set out in the register is explained in Appendix 1

Approval of Policy

This policy was approved by Council on 8th December 2010.

Appendix 1: Risk register ratings and guidelines

Raw risk (ie before planned controls implemented)			
	impact	likelihood	ranking
high	5	5	5
	4	4	4
	3	3	3
	2	2	2
low	1	1	1

Residual risk (ie having regard to controls currently in effective operation)			
	impact	likelihood	ranking
high	5	5	5
	4	4	4
	3	3	3
	2	2	2
low	1	1	1

NOTES

Select indicator on scale above relating to the headings of “impact”, “likelihood” and “ranking” which is in your best judgement is appropriate to the identified risk.

High should be selected for “**impact**” where you consider that the occurrence of the risk which you identify would have a most significant impact in scale on the NCSE and its functions.

High **likelihood** should be selected where you consider that the risk which you identify would have high likelihood of occurring.

Ranking indicator should be determined as the multiple of the impact and likelihood ratings. While it is anticipated that effective controls will reduce ranking of “likelihood” it would not be anticipated that controls would reduce ranking of “impact”.

Give one indicator under each heading for each identified risk as above.

The NCSE approach to ranking of identified risk was reviewed by the Audit Committee on 29th March 2011 and the approach as outlined above was approved by Council on 30th March 2011 as recommended by the Audit Committee.