

July 2023

2023/24 Board Risk Workshop

Data Classification: Official
V.01

Agenda Item No.	9	Paper No.	128.5	Time Required	60 Minutes
Title	Risk Workshop				
Sponsor	Laura Stroppolo. Head of Programme Management & Assurance				

Status	OFFICIAL
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Equality Diversity and Inclusion	
EDI implications	Yes
<p>Slide 4 – SI02 and SI03 relate to attrition and retention which relates to Equality Priority Objective (EPO) of a representative workforce.</p> <p>Slide 5 – SR01 and SR04 relate to performance trajectories and Scheme rule changes which relate to EPO ‘Customer service and accessibility’.</p> <p>Slide 9 – Roles and responsibilities of the Board and Committees from a social mobility reporting aspect.</p>	
Freedom of Information Act 2000 (FoI)	
Paragraph reference	FoI exemption and summary
N/A	N/A



Where we are and ensuring collective ownership of risk

1. 2023/24 Strategic Issues

Risk/ Issue Ref	Date raised	Date risk revised	Short name	Description	Root cause	Consequence	Risk theme	Secondary risk theme	Risk appetite	Previous month Risk/issue rating	Current Risk/issue rating	Target score
SI.01	01/06/2021	30/03/2023	Backlog of Investigation cases	In 23/24 LeO still has a backlog of cases awaiting investigation, after 'early resolution' but waiting full investigation in the pre-assessment pool.	<ul style="list-style-type: none"> Limited skilled resources Budget limitations regarding our ability to progress Lean review initiative Implementation of Scheme Rules changes Corporate attrition 	<ul style="list-style-type: none"> Attrition Lack of trust from stakeholders Reputational risk 	Operations	Reputational	Open	16	20	9
SI.02	01/12/2021	30/03/2023	Staff attrition - Corporate and Operations roles (other than BAU investigators)	Inability to attract, engage and retain the right talent and skills at Corporate and Operational (other than BAU investigators), caused to some extent by a lack of flexibility/autonomy regarding pay remit and employee value proposition.	<ul style="list-style-type: none"> Lack of a competitive value proposition Buoyant job market 	<ul style="list-style-type: none"> LeO being unable to attract and retain staff to do work at Corporate and Operational level Not being able to meet KPIs or business objectives 	People	Operations	Open	20	20	12
SI.03 (New 23/24)	30/03/2023		Staff attrition - BAU investigators	Inability to attract appropriate calibre investigators with the ability to rapidly embed into their role, and to retain the right talent after training / development investment has taken place, to a large extent caused by a lack of flexibility/autonomy regarding pay remit and employee value proposition and concerns around workload and targets.	<ul style="list-style-type: none"> Lack of skilled resources to carry out investigations 	<ul style="list-style-type: none"> LeO is unable to meet performance indicators. Lack of trust from stakeholders Reputational damage 	People	Operations	Open		25	12

2. 2023/24 Strategic Risks

Risk/Issue Ref	Date raised	Date risk revised	Short name	Description	Root cause	Consequence	Risk theme	Secondary risk theme	Risk appetite	Previous month Risk/Issue rating	Current Risk/Issue rating	Target score
SR.01	01/06/2021	30/03/2023	Failure to meet Business Plan's performance trajectory	Failure to deliver against performance trajectory as outlined in the Business Plan, leading to unacceptable customer journey time (i.e. the time a customer waits for their case to be resolved)	<ul style="list-style-type: none"> System outages / short terms sickness / other leave / unexpected staff not being available / compassionate leave, etc./ unexpected bank holidays. Staff attrition Proportion of staff (established v non-established) 	<ul style="list-style-type: none"> Loss of credibility from stakeholders and confidence in LeO's improvement trajectory Attrition Lack of trust from stakeholders Reputational risk 	Operations	Reputational	Open	16	16	9
SR.02 (This was SR.05 in 22/23)	01/05/2022	30/03/2023	Leadership resilience	Lack of leadership resilience at Executive Team level as a result of pressures or gaps at Executive and/or Management level, potentially impacting on LeO's ability to effectively deliver on strategic and business plan commitments, or to respond to emerging pressures and demands.	<ul style="list-style-type: none"> Executive and/or Management level attrition Challenges of recruiting in a competitive labour market Lack of effective succession planning for critical roles Lean executive and management structure, historic resource and budget pressures 	<ul style="list-style-type: none"> Potential failure to deliver on LeO's strategic and business plan commitments Prioritisation of delivery on commitments or future planning Less resilience to respond to emerging pressures and demands. Limitations on future strategic or business planning Increased pressure on existing leadership, with potential for further impact on senior resilience Single points of failure or over dependence on critical roles within senior structure 	People	N/A	Cautious	12	12	9
SR.03 (This was SR.06 in 22/23)	01/05/2022	30/03/2023	Risk of OLC budget variance becoming outside of a tolerable position (underspend / overspend).	Risk of OLC budget variance becoming outside of a tolerable position (either forecast overspend or underspend).	<ul style="list-style-type: none"> Underspend: inability to retain/attract staff, delays in recruitment, higher attrition than forecast, impact of inflation. Overspend: impact of inflation, lower attrition than forecast, unexpected regulatory requirements/ costs, unexpected increased non-staff costs 	<ul style="list-style-type: none"> Reputational damage and lack of trust from stakeholders. Significant underspend will impede on our ability to deliver priorities. A significant overspend shows lack of budgetary control / budget management, leading to lack of trust from stakeholders and reputational risk. 	Financial	Reputational	Minimal	12	12	8
SR.04 (New 23/24)	30/03/2023		Scheme Rules changes	The Implementation and application of the new Scheme Rules fails to deliver the anticipated improvements in customer experience, efficiency and proportionality or has an unacceptable detrimental impact on any group(s) of our customers.	<ul style="list-style-type: none"> Key SRs data points and impact assessments not effectively interpreted and assessed. 	<ul style="list-style-type: none"> LeO's reputation affected. Lack of trust from stakeholders Potential to impact – LeO's reputation, operational delivery and organisational strategy. Impacts can be managed / mitigated by: ability to vary application of Ombudsman discretion: review of data 	Reputational	Operations	Cautious		8	4

Risk matrix guidance

IMPACT		LIKELIHOOD						
1	No (or very limited) impact to LeO's business or reputation, or to any individual customer or stakeholder	1	0-5% Very unlikely					
2	Minor impact on LeO's reputation (or that of any customer or stakeholder) or very short-term (hours) inconvenience to LeO's business	2	6-20% Unlikely					
3	Moderate impact to LeO's reputation (or that of any customer or stakeholder) or a moderate inconvenience (days) to LeO's business	3	21-50% Possible					
4	Significant impact to LeO's reputation (or that of any customer or stakeholder) or a significant inconvenience (weeks) to LeO's business	4	51-80% Probable					
5	Severe impact to LeO's reputation (or that of any customer or stakeholder) or a significant inconvenience (months) to LeO's business	5	81%- 99.9% Almost certain					
Impact scale (Potential 12 months cumulative)		5	Catastrophic	5	10	15	20	25
		4	Major	4	8	12	16	20
		3	Moderate	3	6	9	12	15
		2	Minor	2	4	6	8	10
		1	Insignificant	1	2	3	4	5
		LIKELIHOOD SCALE						

Risks and issues – what's the difference?

- A risk is the effect of uncertainty on objectives, ie an event which **may** happen.
- An issue is something that is happening or has already happened and is therefore already causing/has caused an impact

3. Proposed change to the OLC risk appetite statement

FY 2022/23

“The Office for Legal complaints (OLC) has an overarching cautious risk appetite approach, but with a clear aim of moving towards an open approach over the course of 2022/23 and 2023/24 as we move closer to a sustainable position in terms of LeO’s service. This reflects the need to balance the open risk appetite associated with continuing delivery of transformational change (through the implementation of new ways of working, implementation of significant Scheme Rule changes, seeking further innovative approaches and efficiencies) with the more cautious risk appetite in relation to delivering on our recovery plan commitments and trajectories and managing LeO’s reputation with customers, service providers and wider stakeholders. This is managed alongside a minimalist approach to financial risk.”

Proposed statement FY 2023/24

“The Office for Legal Complaints (OLC) will operate with an overarching *open* risk appetite approach, allowing the Legal Ombudsman to continue to deliver transformational change (through new ways of working, embedding significant Scheme Rule changes, identifying further innovative approaches and efficiencies) and seek to move LeO towards an organisation focused on improvement and learning. The OLC has an open risk appetite in relation to operational delivery but continually monitors and puts in place mitigations to manage any significant risk to our improvement trajectory, levels of customer service or LeO’s reputation with customers, service providers and stakeholders. This is managed alongside a *minimal* approach to financial risk.”

The new Strategy and overseeing future risk

4. Risk Management Framework – who is responsible for what?

<p>OLC Board</p>	<p>The role of the Board is to set the strategic direction of the organisation and exercise oversight, support, and challenge of the Executive in their management of the organisation, in order to meet objectives. The Board’s role in respect of risk management is to support the Chief Ombudsman in their role of ensuring that OLC has in place effective arrangements for governance, risk management and internal control. It is also responsible for setting the organisation’s risk appetite and approving the organisation’s risk tolerances. The Board reviews and approves the organisation’s strategic risks / issues analysis each year. The Board also reviews and approves this framework, as well as the OLC Governance Framework.</p>
<p>Audit, Risk and Assurance Committee (ARAC)</p>	<p>The Audit and Risk Committee (ARAC), oversees the OLC’s risk management processes, governance and financial control framework. ARAC provides assurance to the OLC Board on the risk management framework including risk identification, mitigation and management along with an agreed risk appetite structure. As indicated in the ARAC Terms of Reference, they periodically review risk assurance reports from the Executive and provide advice where weaknesses are observed</p>
<p>The Chief Ombudsman</p>	<p>Accountable to the OLC Board for the effectiveness of the system of internal controls at LeO, including the adequacy of governance and risk management arrangements in the organisation. The Chief Ombudsman has ultimate responsibility for ensuring that LeO has in place an effective overall system of internal control. This includes having in place effective governance and risk management arrangements, which reflect wider good practice.</p>
<p>Executive Team (ET)</p>	<p>Executive Team (ET) members are required to support the Chief Ombudsman in discharging governance, risk management and internal control responsibilities in their respective parts of the organisation. Executives are accountable to the Chief Ombudsman for the reporting of all relevant risks in their respective areas, and the adequacy of risk mitigation activities to reduce gross risks to residual risks levels that are within OLC Board risk tolerance parameters. ET provide an essential bridge between the strategic risk decision-making process and the overarching governance of OLC’s risk management strategy. ET consider the strategic risk recommendations made by MT and make their own determination of what proposals to take to Board.</p> <p>The Executive Team are accountable to the OLC Board for the management of the organisation and for the effective delivery of the OLC scheme rules. The ET are supported by a tier-lower Management Team.</p>
<p>Head of Programme Management & Assurance</p>	<p>Facilitate LeO’s risk management and risk reporting activities across the organisation. The Head of Programme Management & Assurance is responsible for ensuring that LeO’s corporate governance system of internal control and Risk Management Framework are robust, kept up to date, adhered to, proportionate and fit for purpose in supporting informed decision making and the delivery of the organisation’s strategic aims.</p>
<p>Risk Manager</p>	<p>The Risk Manager has responsibility for ensuring risks are identified, monitored and reported in the organisation as part of LeO’s corporate performance reporting arrangements, supporting the Head of Governance to ensure the requirements in line with the Risk Management Framework are being correctly applied.</p>

6. Current risk reporting to ARAC

- Risk Assurance is presented as a snap shot of the **ARAC dashboard** which went live in Q4 of 22/23.
- The **Risk Assurance report** details updates on **strategic risks and issues**, which includes detailed narrative on **controls** and their effectiveness.
- The Risk Assurance report details the **mitigations (current and future)** and whether these have been determined as 'effective'. This is included to assure that the Executive have a firm grip on managing risk continuously throughout the year, with regular reviews and updates – see screenshots on slide 11.
- In response to the **ARAC Effectiveness Review Action Plan**, LeO now produce internal **deep dives** which are presented to ARAC twice a year. The first deep dive on Business Continuity was presented in May.
- Clear visibility of progress made on risk management as part of the 'moderate' GIAA audit opinion in Q3 of 23/24 which recognised significant progress on risk.
- Robust tracking of audit actions, providing rationale for closed / overdue actions on a quarterly basis. All Executive Team actions are tested internally by the PM&A function before formal closing and this is shared with ARAC and GIAA.
- Current reporting includes risk tolerances and risk metrics aligned to performance metrics which provides visibility of areas of improvement or concern.

6. Current risk reporting to ARAC

Example of Strategic risk update:

Narrative

- SR.01** – Maintained a score of 16. We delivered 1055 cases in March against a Business Plan forecast of 871, a 21% over achievement against the Business Plan. This number represents the highest ever monthly resolution total achieved by LeO (previous high was 840). A huge achievement as a result of significant focus and commitment from our Operations Managers, Team leaders and all across our Operations teams. Going into Q4, Operations made significant changes so that teams could deliver this result. These included:
 - Streamlined the Quality and Feedback process, to ensure more time was spent on case progression.
 - Used the resulting Ombudsman time saving to increase decision making capacity.
 - Improved the flow of cases going into Early resolutions teams to build a larger work in progress (WIP) to increase opportunity for closures.
 March's performance total takes the year-end position to a total of 9,469 closures which is 92% of the Business Plan target, as well as a 44% year on year improvement on 21/22, a real sign of the significant step change we have seen in performance this year.
- SR.02** – The only action that remained open end of March was the Q4 year end and Business Plan update. This action was closed at the end of April with the publication of Q4 update. All other actions pertaining to this risk were previously closed. Residual scoring of 4 is lower than target score. This risk will be closed as discussed at SRR review with Executive Team.
- SR.03** – This remains with a score of 10. Only one action open regarding the Procurement Policy (which needs updating). All other actions are closed. The Risk Manager has been in place since April 2022 and, along with the Head of Programme Management & Assurance, a number of actions have been undertaken to provide more rigour to the Framework of Risk Management and Governance: The Strategic and Business Unit Risk Registers are now fully digital on SharePoint, Business Performance Review meetings take place every month in order to monitor risks and to ensure these are effectively managed. We now have risk indicators and risk tolerances, which are also part of monthly risk conversations and presented quarterly to ARAC. The OLC Governance Framework was approved in Q4, following a full review of decision-making processes and routes of escalation. This risk will be closed as discussed at SRR review with Executive Team, but the procurement action will continue to be managed at Business Unit level.
- SR.04** – Score reduced to 8. The new scheme rules went live as planned on 1 April 23 with all the key functionality in place. Staff have been trained, although more will be required in Q1 and beyond. Templates and guidance are up to date, content of the website has been updated. External stakeholders know of changes and have helped us communicate them to their members. The SRs were delivered without any tangible impact on operational delivery. Scoring dropped significantly as this risk covered the period up to go live and that has been achieved with minimal adverse impacts. This risk will be closed as discussed at SRR review with Executive Team but, as the challenge moving forwards will be the ongoing impacts caused by unforeseen impacts of the changes, a new risk and controls will be created for 23/24 financial year.
- SR.05** – Score remains as 12. Although the interim EDI Manager has now been appointed, it will be necessary to put actions in place to recruit for the Head of Finance role. Work will continue in 23/24 to ensure there is sufficient resilience at the Executive level.
- SR.06** – Score remains at 12. We have closed this year within tolerance of 1%.

Example of Effectiveness of controls:

Testing of controls from strategic risks

Issue / Risk	Risk description	Action/control No.	Short name	Effective?
SR.02	Failure to effectively manage and implement transformational change	ACT1	Project Prioritisation Framework	Yes
		ACT4	Change Management Guidance	Yes
SR.03	The framework of governance, risk management and control	ACT4	Governance Framework	Yes
SR.04	Scheme Rules work	ACT1	Project methodology	Yes
SR.06	OLC Budget variance	ACT1	Monthly Finance meeting with budget holders	Yes

Narrative

- Closed** - A number of actions and controls to treat SI.01 and SR.01 were closed at the end of March. Going into Q4, Operations made significant changes. These included:
 - Streamlined the Quality and Feedback process, to ensure more time was spent on case progression.
 - Used the resulting Ombudsman time saving to increase decision making capacity.
 - Improved the flow of cases going into Early resolutions teams to build a larger work in progress (WIP) to increase opportunity for closures.
 Regarding SR.02, the only remaining action was closed at the end of April 23, as explained in the previous slide.
- Overdue** - The only overdue action in terms of risk is SR.03_ACT9. This is regarding the Procurement Policy (this needs updating), which has been delayed by critical procurement tasks. This action will continue to be managed at Business Unit level. The other 2 overdue actions are from SI.02 (People) regarding the attraction strategy and the capability building strategy.
- On track** - There are 11 actions on track from the following: SI.01, SI.02, SR.01, SR.04, SR.05 and SR.06. These actions are now ongoing. As we move to the new FY a full review of the controls/actions for the 22/23 SRR will take place.

5. Current risk reporting to OLC Board

- Risk and audit narrative as part of the Chief Ombudsman Executive Report – this highlights key movements in strategic risks and/or issues, audit plan progress and escalations from business unit risks.
- ARAC update from the Chair of ARAC. ARAC reviews LeO's risk management and assurance on a regular basis, including scrutiny of risk identification, mitigation and management, and provides assurance to the OLC Board on the risk management framework
- Shift to quarterly performance reporting, which aligns to risk tolerances and appetites following agreement at last year's OLC Board Strategic Risk Workshop.
- Narrative provided on a monthly basis via the 'Agreed Data Set' on movement of strategic risks, issues and audit actions.
- Annual OLC Board workshop – discussing and agreeing risk appetite and strategic risks and issues for the financial year.

Questions for the Board

- Do you feel you have sufficient **strategic oversight** of risk?
- Do you as Board members feel you receive the appropriate **level of risk assurance**? This would include information on key controls, assurance, and future actions for strategic risks
- Are there any **gaps**?
- What would Board like to **see more of** or **done differently** in terms of **risk reporting** to ARAC and/or Board?
- How do Board members think they should oversee risk as we enter a **new strategy period**?

Appendix 1

Risk appetite guidance (1/3)

Risk appetite level definition					
	Averse	Minimal	Cautious	Open	Eager
Strategy	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 5+ year intervals	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 4-5 year intervals	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 1-2 year intervals
Governance	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of fraud, with significant levels of resource focused on detection and prevention.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise fraud prevention, detection and deterrence through robust controls and sanctions.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Controls enable fraud prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Levels of fraud controls are varied to reflect scale of risks with costs.	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Levels of fraud controls are varied to reflect scale of risk with costs.
Operations	Defensive approach to operational delivery - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
Legal	Play safe and avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge.	Want to be reasonably sure we would win any challenge.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Chances of losing are high but exceptional benefits could be realised.

Note: Risk appetite positions as defined by the orange book:

Risk appetite guidance (2/3)

Risk appetite level definition					
	Averse	Minimal	Cautious	Open	Eager
Property	Obligation to comply with strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Recommendation to follow strict policies for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Requirement to adopt arrange of agreed solutions for purchase, rental, disposal, construction, and refurbishment that ensures producing good value for money.	Consider benefits of agreed solutions for purchase, rental, disposal, construction, and refurbishment that meeting organisational requirements.	Application of dynamic solutions for purchase, rental, disposal, construction, and refurbishment that ensures meeting organisational requirements.
Financial	Avoidance of any financial impact or loss, is a key objective.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Prepared to invest for best possible benefit and accept possibility of financial loss (controls must be in place).
Commercial	Zero appetite for untested commercial agreements. Priority for close management controls and oversight with limited devolved authority.	Appetite for risk taking limited to low scale procurement activity. Decision making authority held by senior management.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust / lagging indicators rather than close control.
People	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only	Decision making authority held by senior management. Development investment generally in standard practices.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for noncritical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. High levels of devolved authority – management by trust rather than close control.

Risk appetite guidance (3/3)

Risk appetite level definitions					
	Averse	Minimal	Cautious	Open	Eager
Technology	General avoidance of systems / technology developments.	Only essential systems / technology developments to protect current operations.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.
Data & Info Management	Lock down data & information. Access tightly controlled, high levels of monitoring.	Minimise level of risk due to potential damage from disclosure.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Accept need for operational effectiveness in distribution and information sharing.	Level of controls minimised with data and information openly shared.
Security	No tolerance for security risks causing loss or damage to HMG property, assets, information or people. Stringent measures in place, including: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • Staff vetting maintained at highest appropriate level. • Controls limiting staff and visitor access to information, assets and estate. • Access to staff personal devices restricted in official sites 	Risk of loss or damage to HMG property, assets, information or people minimised through stringent security measures, including: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • All staff vetted levels defined by role requirements. • Controls limiting staff and visitor access to information, assets and estate. • Staff personal devices permitted, but may not be used for official tasks. 	Limited security risks accepted to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • Adherence to FCDO travel restrictions • Vetting levels may flex within teams, as required • Controls managing staff and limiting visitor access to information, assets and estate. • Staff personal devices may be used for limited official tasks with appropriate permissions. 	Considered security risk accepted to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • New starters may commence employment at risk, following partial completion of vetting processes • Permission may be sought for travel within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices may be used for official tasks with appropriate permissions. 	Organisational willing to accept security risk to support business need, with appropriate checks and balances in place: <ul style="list-style-type: none"> • New starters may commence employment at risk, following partial completion of vetting processes • Travel permitted within FCDO restricted areas. • Controls limiting visitor access to information, assets and estate. • Staff personal devices permitted for official tasks
Project/Programme	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for noncritical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. High levels of devolved authority – management by trust rather than close control. Plans aligned with organisational governance.
Reputational	Zero appetite for any decisions with high chance of repercussion for organisations’ reputation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussion for the organisation.	Appetite for risk taking limited to those events where there is little chance of any significant repercussion for the organisation.	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetite to take decisions which are likely to bring additional Governmental / organisational scrutiny only where potential benefits outweigh risks.

Appendix 2

4. Roles / Responsibilities Framework (Management of Risk in Government)

Post	Role (with regard to risk)
Ministers	Set the direction against political imperatives and articulate a high-level appetite for the risks to those imperatives.
Accounting Officers	Should set an appropriate tone from the top, for example by articulating risk appetite, championing and driving the effective management of risk and ensuring the risk function is supported in carrying out its role.
The Board / Senior Executive Team	Should support the Accounting Officer in articulating risk appetite and by leading the assessment and management of risk.
The Audit & Risk Assurance Committee	Should support the board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on risk management.
Managers (part of the 1st line of defence)	Should actively identify and manage risks as part of their everyday business, escalating them promptly as and when necessary.
The Risk Management function (part of the 2nd line of defence)	Should support and facilitate the organisation's management and oversight of risk. For example by building the organisation's risk capability and defining the organisation's risk management practices and framework.
Internal Audit (part of the 3rd line of defence)	Should provide independent and objective assurance on the effectiveness of the organisation's risk management arrangements, and share good practice through comparative assessment.

4. Roles / Responsibilities Governance Framework (PHSO)

4.6 Roles and Responsibilities

- 4.6.1 **The Ombudsman/Chair as Accounting Officer** - Supported by the Board, is responsible for ensuring robust governance, risk management and internal control arrangements are in place across the whole organisation.
- 4.6.2 **The Board** routinely monitor the mitigation of strategic risks. This supports the Accounting Officer in ensuring that there is regular and timely assurance.
- 4.6.3 **The Audit and Risk Assurance Committee** examines the arrangements in place to provide comprehensive and reliable assurance. This involves:
- Identifying the assurance need;
 - How it will be met;
 - Whether there are any assurance gaps or overlaps and how these can best be filled; and
 - Whether this will provide sufficient, relevant reliable assurance.
- 4.6.4 **Chief Executive Officer - As Accountable Officer** provides the Accounting Officer and Board with assurance on the effective delivery of PHSO's planned aims and objectives, financial stewardship and probity.
- 4.6.5 **Executive Team (ET)** - Responsible for decisions regarding the effective operational leadership and direction for the work of PHSO.
- 4.6.6 **Senior Leadership Team (SLT)** - Responsible for ensuring the business operations within their responsibilities are subject to effective and documented control frameworks as part of their core operating processes, that these are routinely tested and outcomes reported, with issues identified and managed.