

**Stuart Stevenson**  
**Treasury Officer of Accounts**

Public Spending Directorate  
2<sup>nd</sup> Floor  
Clare House  
303 Airport Road  
BELFAST BT3 9ED  
Tel No: 028 90816795 (x 76795)  
email: [stuart.stevenson@finance-ni.gov.uk](mailto:stuart.stevenson@finance-ni.gov.uk)  
and [joan.braniff@finance-ni.gov.uk](mailto:joan.braniff@finance-ni.gov.uk)

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**DAO (DoF) 04/20**

**07 May 2020**

**Dear Accounting Officer**

**UPDATE TO HM TREASURY'S ORANGE BOOK**

***Purpose***

1. This letter informs departments that the new edition of HM Treasury's Orange Book Management of Risk – Principles and Concepts has been published. This replaces the current version issued under DAO 15/05 dated October 2004.

***Application***

2. The new edition of the Orange Book is available on the Treasury's public website at: <https://www.gov.uk/government/publications/orange-book>.
3. Whilst the key concepts surrounding the risk management framework remain largely unchanged, the update moves away from a theoretical guide to a more practical one. This update provides a non-technical, clear and concise guide to the concept of risk management having benefitted from discussions with stakeholders and practitioners in the private and public sectors sharing best practice.

4. The main changes are as follows:
- The introduction of five main (mandatory requirements) principles of risk management and a number of supporting (advisory) principles. Government organisations are required to **comply or explain** departures from the main principles via their governance statement. The previous version focussed on the risk management processes whereas this update takes a broader, more practical look at risk management incorporating governance and leadership, integration, collaboration and continuous improvement.
  - The introduction of the “three lines of defence” model which provides a simple and effective way to delegate risk management roles and responsibilities.
  - The provision of key questions that may assist in assessing how the principles are applied.
  - The provision of clear roles and responsibilities for those involved in risk management including the board, the accounting officer and the Audit and Risk Assurance Committee.
5. The guidance is of relevance to **everyone** involved in the design, operation and delivery of efficient, trusted public services. It’s primary audience being:
- Executive and non-executive members of the board;
  - Audit and Risk Assurance Committee members;
  - Risk practitioners;
  - Senior leadership;
  - Policy leads; and
  - Programme and project Senior Responsible Officers (SRO’s).

### ***Action and enquiries***

6. Departments should ensure that this DAO is disseminated across all business areas, including Agencies, NDPB’s and sponsored bodies. This DAO is taken as applicable from the date of issue.

7. Enquiries should be addressed to Roisin Kelly (Head of Government Accounts Branch) on 028 90816843 (GTN: 76843) (email: [roisin.kelly@finance-ni.gov.uk](mailto:roisin.kelly@finance-ni.gov.uk)).

**Yours sincerely**

A handwritten signature in black ink, appearing to read "Stuart Stevenson", followed by a period.

**STUART STEVENSON**

**cc: Finance Directors**