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Risk Management at Statistics Canada

**Presentation to Workshop on Risk Management
Practices in Statistical Organizations**

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Introduction

- Statistics Canada has had a formal Integrated Risk Management (IRM) process since 2010
 - A continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective
- IRM is an Area of Management that is monitored by the Treasury Board Secretariat for all government departments
- IRM is a central theme of Statistics Canada's Integrated Strategic Planning Process
- IRM is everyone's responsibility, but program managers are best equipped to identify, assess and manage risks



Corporate Management Framework





Integrated Risk Management Model

To manage risks, an integrated model is used where risks are identified, assessed, treated and monitored through various mechanisms:

- Corporate Risk Profile
- Agency-wide register of risk sources
- Agency-wide project management framework, including a mandatory change/issue/risk documentation tool and project dashboards
- A consistent and integrated approach to inform corporate planning decisions (Integrated Strategic Planning Process)
- IT Threat and Risk Assessments
- Quality assurance reviews
- Internal Audit Reports
- Business Continuity Plan
- Departmental Security Plan

Development of the Corporate Risk Profile

- A comprehensive process that includes input from managers at all levels throughout the organization
- Top 5-6 risks to the organization, as well as their likelihood of occurrence and potential impact, are documented by the end of March each year
 - *Risk Likelihood Level*
 - High: the risk is expected to occur
 - Medium: the risk might occur
 - Low: the risk is unlikely to occur
 - *Risk Impact Level*
 - High: significant impact on reputation, operations or funding
 - Medium: moderate impact on reputation, operations or funding
 - Low: minor impact on reputation, operations, or funding
- Mitigation strategies, action plans and responsibility for follow-up assigned to each risk

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Development of the Corporate Risk Profile

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- Other sources of information taken into consideration in the development of the Risk Profile include
 - Information from the program area operational risk registers
 - Project management monitoring tools (monthly status reports, change/issue/risk logs)
 - Quality reviews
 - Evaluation and internal audit reports
 - Report on Plans and Priorities
 - Departmental Investment Plan
 - Departmental Security Plan
 - Business Continuity Plan
 - Internal subject matter and operational management committee input

Approval process

- All key risks, mitigation strategies and action plans at the divisional and branch level are reviewed and approved by the respective Field Planning Board (comprised of the Assistant Chief Statistician, Directors General and Directors)
- All of the information sources are analysed by risk management experts and a draft Corporate Risk Profile is prepared
 - Includes the top risks to the organization, provides mitigation strategies and action plans for these risks
- An internal management committee (Administrative Practices Committee) as well as the Departmental Audit Committee review and provide input to the risk profile, before presentation to the Executive Management Board for approval
- Once the corporate risks are validated, functional leads and management committees are assigned to review existing and potentially new mitigating strategies and prepare action plans and timelines
- After receiving final approval by the Executive Management Board, the Corporate Risk Profile is posted on Statistics Canada's Internal Communications Network



Operational Risk Registers

- An important management tool intended to assist managers in their operations and in their decision-making process
- Exercise conducted by program areas annually (or more frequently if needed), co-ordinated by risk management experts
- Standard format/template used across the organization
- Identifies the top 3 risks to the program/division, mitigation strategies (and effectiveness), action plans, need for investments
- Allows the organization to identify where strategic investment is required to mitigate risks to an acceptable tolerance level
- Process has been in place since 2010, but is reviewed and adapted each year to ensure it reflect the needs of the Agency, to minimize burden on stakeholders and ensure they see the value in updating the information



Project management risks

- Statistics Canada's Departmental Project Management Framework (DPMF) is a standardized, structured and consistent approach to managing projects valued at \$150,000 or more with common tools and reporting
- Co-ordinated by the Corporate Project Management Office
- As part of the Framework, each project must
 - Document changes, issues and risks in the mandated corporate tool
 - Complete monthly executive project dashboards that describe the status of the project in terms of overall health, scope, time, cost, issues and risks
 - The dashboard retrieves information from the change, issue, risk tool and financial systems in order to reduce burden for managers and ensure consistency of information
- Program area project risk information is reviewed monthly by the Field Planning Board



Stakeholder engagement

- Statistics Canada's strategic planning cycle begins in April each year with a review of the organization's strategic direction, priorities and emerging issues, taking into consideration both the internal and external planning environment
- There is also a discussion of the high probability risks that may require further mitigation, based upon the previous year's risk profile
- This allows the organization to identify where strategic investment is required to mitigate risks to an acceptable tolerance level
- As part of the annual process, managers may put forward proposals to receive investment funding to mitigate a risk that has been identified in the division's operational risk register

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Stakeholder engagement (cont'd)

- Divisional managers responsibilities:
 - Prepare the divisional operational risk register, implement and monitor mitigation strategies and action plans
 - If a manager is planning to put forward a business proposal requesting corporate funding to mitigate a risk, then that risk must be clearly identified in the division's operational risk register
 - Managers must ensure that project risks are consistent with the operational risks identified in their risk registers
- Field Planning Board responsibilities:
 - Review program area operational risk registers to ensure consistency within the Field
 - Review Field investment proposals for new projects and initiatives, evaluates whether these proposals should move forward or not, based on the strategic priorities, corporate risks and the DPMF
- Risk management experts responsibilities:
 - Develop tools; provide input, training, and support managers; review risk registers; create the Corporate Risk Profile

Lessons learned

- Senior management buy-in and support is essential
- Education and training needed
 - For risk management experts, stakeholders, managers
 - IRM guidelines need to be part of the policy suite
 - IRM is most successful when it is integrated and linked with other management processes (such as planning, project management, the risk-based audit plan)
- Standard formats across the organization are valuable to ensure consistency and support analysis
- Assigning accountability is important (eg. A lead manager and/or management committee responsible for follow-up on action plans)
- Regular review of risk management process has resulted in the following benefits
 - Aligned and streamlined management processes
 - Reduced burden on managers
 - Evolved Integrated Risk Management practices

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Lessons learned (cont'd)

- IRM is everyone's responsibility, but program managers are best equipped to identify, assess and manage risks
- Executed properly IRM is proactive in nature - the full value of IRM is realized when it is practiced in an integrated fashion and tied to other corporate functions
- IRM assists with
 - Planning strategically, prioritizing, setting objectives, focusing on areas that need be monitored closely and making informed decisions in an uncertain environment
 - Anticipating potential crisis, improving controls, eliminating over-controls and efficiently allocating resources
 - Enhancing risk-based Internal Audit plans, targeting areas for auditing
 - Defining corporate risks with senior managers

The Future of IRM

- Currently undertaking a review of IRM across Statistics Canada
- IRM now the responsibility of the Audit and Evaluation Branch
- Example of the “pulse check” conducted to determine areas for further integration of risk management practices based upon *current level* of maturity (1-5) versus *future level* (1-5)

Attribute	Description	Level 1: Ad Hoc Not understood and seen as unnecessary	Level 2: Localized Knowledge & Use exist but vary	Level 3: Systematic Some organization-wide risk mgmt.	Level 4: Integrated Robust organization-wide risk mgmt.	Level 5: Strategic IRM embedded throughout
Risk Oversight & Governance	The means by which the Departmental Audit Committee (DAC), executive management and management ensure there is a robust IRM process in place.					
Risk Management Culture	Setting an effective tone at the top; establishing a culture that views IRM as an enabler, motivating a risk dialogue at all levels to maximize performance and managing risk within tolerances.					

- Results helped focus efforts in proper areas

The Future of IRM

Areas of focus	Description
Roles and responsibilities of participants and groups	Updated description of activities and functions in order to ensure that expectations are clearly defined and all involved understand the target state.
Risk identification	Methodology and timing of the annual risk identification exercise
Risk assessment	Methodology for assessing the significance of individual risks in terms of impact and likelihood
Risk tolerance	Determination of the minimum thresholds for impact and likelihood that an organization is willing to accept
Risk response	Identification of the potential responses to specific risks
Risk repository	Description of responsibilities for maintaining the corporate record of risk assessment data
Risk analysis	Approach to analysing trends in risk information
Risk monitoring and reporting	Levels of monitoring and frequency of reporting of changes to risk information
Risk training and awareness	Key themes and topics for training sessions for Agency staff
Systems and technology	System requirements for managing risk information
Staffing and resources	Human resource requirements for supporting an IRM program

Conclusion

- Statistics Canada's Integrated Risk Management Framework provides employees, managers and executives with guidance in design, implementation, conduct, and continuous improvement of IRM
- The overall framework provides guidance, common language and practices to meet the overall requirements of an overall IRM approach
- This will result in a risk-informed approach to management throughout the organization, ultimately leading to better performance
- Integrated risk management will continue to evolve and improve during the foreseeable future at Statistics Canada