

Workshop on Risk Management Practices in Statistical Organisations
(Geneva, Switzerland, 25-26 April 2016)

REPORT OF THE WORKSHOP

1. The Workshop on Risk Management Practices in Statistical Organisations was held in Geneva, Switzerland, from 25-26 April 2016. It was prepared by representatives of the Modernisation Committee on Organisational Framework and Evaluation and a team of experts from ISTAT led by Fabrizio Rotundi, with the close cooperation of Professor Alessandro Hinna from the University of Rome, Tor Vergata. The workshop was attended by representatives from 27 countries and organisations as well as the University of Rome, Tor Vergata.
2. Ms Jackey Mayda, of Statistics Canada, chaired the workshop.
3. All background documents and presentations for the workshop are available at: <http://www.unece.org/index.php?id=41140#/>

Session 1. Opening session

Chair: Ms Jackey Mayda (Canada)

4. During this session UNECE initiatives aimed at developing and communication modernization among statistical organisations were presented, as well as the link between risk management and statistical production. Draft Guidelines on Risk Management practices in Statistical Organisations were also presented. They were prepared based on the results of the UNECE survey on risk management practices conducted in the autumn of 2015 among UNECE member states.

Session 2: Presentations from the countries

Discussant: Mr Alessandro Hinna (Tor Vergata School of Government, University of Rome)

5. During this session country examples of risk management practices from Romania, Austria and Canada were presented. The presentation from Romania was about *managing risks in the National Institute of Statistics - Romania: the national legal requirements into practices*. It included the description of the national control system, governance of the risk management system, risk management process and lessons for continuous improvement.
6. The presentation about *Risk Management in Statistics Austria* included description of the risk management system (institutional setup and governance), tools and methods used (IT system “Observar”), and current practices on risk identification, risk assessment, risk mitigation, monitoring and reporting.
7. The presentation on *Risk Management at Statistics Canada*, described the Integrated Risk Management process and model, the development of the Corporate Risk Profile,

Operational Risk Registers, project management risks and stakeholder engagement. It also provided lessons learned and future development plans.

8. The discussant raised questions on what are the most successful key-factors, what to avoid and what are the most difficult things to implement? The following answers were provided:

To avoid:

- It is advised to avoid launch of such process without proper preparation of the employees, everybody should be informed in advance about the process.
- Risk management should be integrated in the existing system of the NSI; all work should be done in cooperation with statisticians.
- To provide tools and systems without providing training to employees

Successful key factors:

- Nothing can start if the people don't have the same mind-set. Implementation of risk management should start from top management.
- Top management support is key.

Difficulties:

- Don't put too strong a focus on the financial system.
- Appropriate training could be difficult.
- Stakeholder engagement. If the stakeholders don't see what it is in it for them, it will not work.

9. Other comments raised during the discussion:

- It is important to pay more attention to the interrelation of risks, because we tend to analyse risks as if they are independent from each other.
- We should look at other industries and learn from their experience, but we need to provide quality assurance for statistical risks not only for financial risks.
- The work on the Guidelines is very useful and timely.
- When a risk management information system is created, it is important to take data from the system and make it useful across the organisation.
- Bringing internal controls across the organisation is very useful.
- Risk identification – how to make sure we are managing the right risks.

Session 3: RiskCamp

Coordinator: Mr Emanuele Baldacci (Eurostat)

10. After receiving an introduction, participants were divided into 4 groups to discuss countries experiences in risk management. The groups were presented with the following questions to answer:

1). Risk management culture:

- What are the main barriers to implement risk management within your organisation related to? (culture, technology, skills, resources, commitment, etc.)
- Could the risk management practice promote employees sense of belonging within the organisation?

2). Integration with Statistical Quality Management

- How does risk management affect statistical quality management and efficiency in statistical production process?
 - In your organisation, does the planning and control system include risk management?
- 3). Stakeholder's empowerment
- How does or could risk management affect reputation against internal as well as external stakeholders?
 - Are stakeholders involved in a communication plan or organisational innovations (i.e. Change Management or Risk Management)?
- 4). Risk Management and Change Management
- Is risk management system implementation embedded into a wider change management process?
 - Might the information coming from the risk management process result in changes within your organisation (culture, competencies, production process...)?

11. At the end of the discussion every group identified 3 most relevant issues learned from the discussion that an organisation should take into account when developing its own risk management process.

Group 1:

- 1) Importance of commitment. International regulations, internal policy
- 2) Use of resources, necessity to use qualified personnel -
- 3) Integration – with processes

Group 2:

- 1) Commitment
- 2) Resources – the most important resource is time
- 3) Culture

Group 3:

- 1) Risk management should link to quality management of statistical production at the strategic level, process, project and strategic level.
- 2) Risk management should be seen and managed as an opportunity, to all stakeholders of statistical organisation. Risk management is often seen with negative connotation, and we want to sell the benefits of effective management.
- 3) Strong commitment from top management, training and development at all levels in organisation

Group 4:

- 1) Culture change
- 2) Agile development embedded into change and risk management
- 3) Appetite – the need to identify what is the appetite of your organisation, the organisation should assess what their risk levels are, and what criteria.

12. Additional questions were raised during the discussion:

How to convince managers that risk management is important, good and bad practices?

- Risk management sometimes could be part of the code of practice; in this way it will convince our bosses that risk management is important.

What are good approaches to link risk management with quality?

- Self assessment process – regular quality review, to align top risks and quality.
- In some countries risk management is connected to internal audit.

The agile approach – how to find the correct balance of flexibility and robustness?

- In many organisations risk management and change management are based on traditional methods. It is important to explore how to link risk management and change management practices with the agile development of the organisation.
- Risk management needs to be more flexible and agile.

13. The main points of discussion from this session were:

- It is important to have tools for communicating risk management. It is important to communicate both to internal and external stakeholders.
- Labelling of statistical products, to signal their quality.
- Holistic approach in many different areas. To identify sequences in which risks can impact the organisation.
- How to adapt to changes in the way we produce statistics, multiple sources, new algorithms and sources.
- Creating champions in the organisation and highlighting success stories are good ways to communicate

Session 4: Presentations from the countries

Discussant: Ms Anna Borowska (Central Statistical Office of Poland)

14. Examples of risk management practices from Australia, Eurostat and Mexico were presented. The presentation from Australia on *managing risks to statistics – a journey towards high performance* described the ABS Risk management system in the national context. Key points included: risk management should be fit for purpose – it is important to understand risk appetite, stakeholder engagement, managing expectations, effective communication, understanding statistical objectives and user defined quality, accountabilities and responsibilities for managing risks.

15. The presentation from Eurostat covered *Risk Management in the ESS Vision 2020*. The ESS Vision 2020 is based on a portfolio management approach. Risks are identified and assessed and divided into three levels, high, medium and low. There is a mitigation strategy to manage high level risks.

16. The presentation of *Risk Management practices in INEGI*, provided an overview of the INEGI internal structure, and the evolution of risk management over the years. The risk management process takes into account both internal and external environments in which INEGI operates. It describes risk identification and current practices of risk analysis, as well as types of risk evaluation. It also describes stakeholder engagement and governance processes.

17. The following points were raised during the discussion:

- To add information about risk appetite to the guidelines
- Risk matrix, what is better, a 3x3 matrix, a 5x5 matrix or something else?
- How to manage risk in an agile environment. Agile could mean that you are more prepared to fail responsibly on some projects, and have a higher risk appetite. The first

step is trying to build capabilities for agile project management and changing the culture of project management to incorporate a more agile mind-set.

- It would be useful to have more details on the common generic risks faced by all statistical organisations, linked to GSBPM.
- The placement of quality gates can be based on assessment of risks.
- ISO 19001 provides a link between quality and risk management.

Session 5: RiskLab

Coordinator: Ms Thana Chrissanthaki (Eurostat)

18. Participants were divided into groups to report on the three top risks – relating to either organizational (human resources, training, finance, etc.) or statistical processes in accordance with the GSBPM (collect phase, design phase, disseminate phase, etc.) – affecting statistical quality and considered as shared by the statistical organizations. The groups also evaluated these risks according to their respective likelihood and impact, and described the mitigation actions for the risks identified.

19. Top three risks identified by the groups:

Group 1:

1. Reputation
2. IT Infrastructure
3. Human Resources

Group 2:

1. User needs
2. Data collection
3. Data security

Group 3:

1. Independence and trust
2. Capability
3. Competition

Group 4:

1. Strategic (lack of skills)
2. Strategic (quality and supply issue with administrative data)
3. Reputational

Session 6: Presentations from the countries

Discussant: Mr Michael Quinlan (Central Statistical Office, Ireland)

20. Examples of risk management practices from Lithuania and Italy were presented during this session. The presentation from *Lithuania on their Risk Management practice*, focused on the link to the quality management system, identification and management of risky activities: risk management responsibilities, management of non-conformities, management of IT incidents, monitoring of performance assessment criteria, and staff involvement in the risk management activities.

21. The presentation on *Risk Management in ISTAT* described the risk management approach, risk management system architecture, risk definitions and standards used, risk profile and risk complexity, as well as Istat's risk register. It also described risk assessment, types of risk treatments and internal reporting and communication on risk management.

Session 7. The way forward

Chair: Ms Jackey Mayda (Canada)

22. Future activities in the area of Risk Management, comments on the Guidelines for Managers and proposals on possible new cooperation projects were discussed.

23. Organisational aspect of the next steps:

- The Guidelines on Risk Management Practices will be revised based on the comments received during the workshop but they can also benefit from more input. We will have an open period for comments until the end of May 2016. All comments should be sent to the UNECE secretariat.
- The guidelines will be presented at the HRMT workshop in September in Krakow.
- The guidelines will be finalised and published by the end of the year.

24. Comments on the guidelines included the following:

- Add the 'softer' aspects to the guidelines – for example
 - What not to do when implementing risk management
 - What was most successful
 - What was most difficult
- Risk matrix: 3 point vs 5 point or 8 point scale
 - Advantages and disadvantages, why would an organization choose one or the other
- More details are required on risk appetite
 - Definition, benefits, specific examples from countries
- Create / add a maturity map between risk management, project management and quality management
- Add examples of common risks facing all of our organizations, link to GSBPM, classified by outputs, ex Census, LFS, GFS, etc. (This might not be possible to add before the end of the year).
- What not to do when implementing risk management – lessons learned from the countries
- To describe link between risk management and change management
- It was also suggested, that possibly to complete the guidelines another small survey will be sent to the countries soon.

25. The following proposals for the future work were supported by participants:

- How to evolve risk management in the context of Agile software development and project management methodologies
- How to assess, monitor and report on the overall health of a portfolio
 - Analysis of project risks, interdependencies, quality, changes, issues, etc.
- Training on risk management (in class/on-line).