Risk Management

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Risk Management (RM) at CSO

• Well established – e.g. RM framework in place since 2005
• Involves – Director General (DG), Management Board, Heads of Divisions, Transformation Unit, Internal Audit (IA)
• Risk registers produced at
  – Divisional level
  – Directorate level
  – Overall Corporate level
Role of IA at CSO

• IA provide internal independent assurance to the Director General
• IA report both to DG and independent CSO Audit Committee
• Independent Audit Committee – chaired by independent external chairperson
• Audit standards applied - Institute of Internal Auditors’, The International Standards for the Professional Practice of Internal Auditing
• “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
IIA audit standards on RM

• 2120 Risk Management
• The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.
  – See, next slide, for interpretation of standard 2120
IIA standard 2120

• “Interpretation:
• Determining whether risk management processes are effective is a judgment resulting from the internal auditor’s assessment that:
  – Organisational objectives support and align with the organisation’s mission;
  – Significant risks are identified and assessed;
  – Appropriate risk responses are selected that align risks with the organisation’s risk appetite; and
  – Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities”. (from IIA standards)
Recent IA work re. RM at CSO

• 2014 IA audit of Governance at CSO
• 2015/16 IA audit review of Risk Management
• Key outcomes/ recommendations
  – IA to act in targeted consultancy role on RM during 2016/2017
  – Ongoing liaison with DG and Audit Committee to strengthen RM
Recent IA review of RM

• Do we have required knowledge and expertise?
  – Adequate training, adequate resourcing
• Does RM permeate to all levels?
• Should an National Statistics Institute (NSI) have a dedicated Risk Manager –statistically qualified? What level? Other NSI practice?
• What about a Risk Management Unit, Risk Committee, Staff Risk champions?
• How are risks objectively rated? Do they need to be? Is subjective rating more appropriate by senior managers who know the business better?
• Need to ensure all risks are properly and fully described in first instance? Risk of X due to Y causing Z
• Risk of producing materially misstated statistics to appear on all registers from statistical areas
Lessons – from review of RM

• Effective RM critical to organisational performance, critical to good governance
• Facilitates and supports effective change (e.g. strengthening of right controls) & change management
• Importance of strong RM appetite, policy etc.
• Importance of applying RM to statistical productions processes and methods – alignment with GSBPM
• Established RM exists at CSO
Lessons

- Clarity around risk appetite and key risks and/or opportunities!
- Ensure, when possible, internal controls are in place around all key risks – the right controls for the risks we face
- Drives the change agenda – stakeholders can understand that changes being made because they are needed to either (a) *mitigate risks*, or as importantly to (b) *take advantage of opportunities* (e.g. use of admin. data, Big data)
In summary

• Need to continually improve, lead, innovate
• Need to continually learn from and benchmark against other organisations especially,
  – Other NSIs and statistical organisations
  – Other organisations leading on RM, and need to
  – Align to international risk management standards/guidelines
• Therefore the new Guidelines on Risk Management Practices in Statistical Organisations are most timely and most welcome by CSO !!!