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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*



IA working definition

- “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 !!!**