

Review of Risk Management

Project Specification

Background

Processes to identify, assess, prioritise and manage risk are fundamentally important in achieving organisational goals. Corporate risk management processes focus on reducing, mitigating or otherwise managing the uncertainties faced in delivering strategic and key operational objectives. Effective risk management embraces processes at both corporate and departmental levels.

Effective risk management is of increased importance in a period of change. The States are reforming the way in which services are delivered, for example through the adoption of e-government. Individual departments are planning significant change in the way they provide services. For example, Health and Social Services is implementing the White Paper 'Caring for each other, caring for ourselves' and the Department of Infrastructure is changing its service delivery model.

The States have recently used the services of Marsh, a global insurance broker and risk management firm, to support it in developing its risk management framework.

The Functions of the Comptroller & Auditor General (C&AG)

Article 11 of the Comptroller and Auditor General (Jersey) Law 2014 requires the C&AG to:

- provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Public Finances (Jersey) Law 2005;
- consider and report to the States on:
 - the effectiveness of internal controls of the States, States funded bodies and funds;
 - the economy, efficiency and effectiveness in the way the States, States funded bodies and funds use their resources; and
 - the general corporate governance arrangements of the States, States funded bodies and funds; and
- make recommendations to bring about improvement where improvement is needed.

Objectives

The review will evaluate:

- the effectiveness and embeddedness of arrangements for risk management within departments;
- the effectiveness of corporate arrangements for managing risk. This includes arrangements for escalation of risks from departments and other bodies where their accounts are consolidated in the financial statements of the States; and
- areas where improvements can be made including the scope for achieving efficiencies.

Scope

The review will not include risk management relating to:

- Strategic investments the results of which are excluded from the States' accounts (Jersey Telecom, Jersey Post, Jersey Water and Jersey Electricity); and
- the States' pension funds (PECRS and JTSF).

The review will not extend to the management and mitigation of investment risk (for example those relating to the Strategic Reserve and the Social Security (Reserve) Fund).

The objectives and/or scope of the review may be amended in the course of the review in the light of emerging findings or other matters arising.

Approach

An Affiliate working for the C&AG will:

- undertake an initial document review and interviews as appropriate to identify relevant areas to review and to evaluate the extent of work required to meet the objectives;
- undertake further document review and interviews as appropriate focussing on arrangements for operational risk management within a sample of departments and other bodies;
- undertake further document review and interviews as appropriate focussing on corporate arrangements for risk management; and
- identify areas for improvement.

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