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CULTURAL CHANGE REQUIRED TO BUILD ON IMPROVEMENTS IN RISK MANAGEMENT

Comptroller and Auditor General issues latest report

Comptroller and Auditor General (C&AG) Karen McConnell has today (7 September 2017) published her report on Risk Management.

The States, like other organisations, face risks to the delivery of their objectives. Processes to identify, assess, prioritise and manage risk are fundamental to achieving goals.

The C&AG welcomed the steps the States have taken to develop their approach to risk management. She concluded that the States' approach to risk management had come a long way in a relatively short time. The Chief Executive recognised that corporate arrangements were underdeveloped and in 2014 engaged external support to undertake a baseline review. Subsequently the Chief Executive asked the former Chief of Police to lead on implementing change. From a standing start, the States developed and implemented a corporate framework for risk management with appropriate accountabilities.

However, she found that risk management was not yet adequately embedded across the States. In particular, she found that:

- the Corporate Management Board Risk Management Sub-Group has focussed on the Corporate Risk Register and not given enough priority to wider responsibilities about arrangements for risk management, ensuring compliance and promoting learning;
- there has been insufficient urgency in finalising and developing an effective plan for rolling out the corporate Guidance designed to support their high-level Code on risk management;
- there has been insufficient engagement of non-ministerial departments in corporate arrangements for risk management;
- risk management is not consistently embedded in departmental business planning processes;
- departmental risk management arrangements vary substantially in maturity, with insufficiently formal processes for escalation of risks from departmental to corporate level;
- risk management processes do not adequately capture risks associated with other entities controlled by the States;

- training on risk management has not been comprehensive or reflective of a wider vision for skills and competencies to underpin Public Sector Reform; and
- in some key areas, a common approach for departments is not prescribed, hindering the scope for aggregation and escalation of risks. In any event, there are inadequate mechanisms for comparative review across departments, both to promote consistent, high standards and to capture learning and best practice.

Karen McConnell said:

“Considerable and welcome progress has been made to create a framework for effective risk management. However, it is all too easy for risk management to become a box-ticking exercise rather than a means of supporting the achievement of organisational goals while effectively understanding and managing risk. The major challenge is in making risk management real across the States, including non-ministerial departments and reflecting the risks associated with all organisations for which the States ultimately bear the risk.

In many of the reviews I have undertaken I have identified concerns about risk management arrangements. Improving risk management requires concerted effort across the States. It requires changes not only to systems and processes but also to culture. Good risk management is an integral part of management and gives confidence to managers to take positive and informed risks.

Guidance and training can play an important role in supporting change but change also demands time, effort and constant reinforcement through strong, consistent leadership. Handling this change well could facilitate the cultural change that the States recognise is needed to deliver high quality services in a changing environment.

The report will be available on the Jersey Audit Office’s website from 0930 on 07 September at (www.jerseyauditoffice.je).

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Notes to Editors:

- The Office of Comptroller and Auditor General ('C&AG') was established in 2005 and operates under the Comptroller and Auditor General (Jersey) Law 2014
- The remit of the C&AG includes the audit of financial statements and wider consideration of public funds, often expressed as 'value for money'
- Karen McConnell was appointed in 2013 and the term of office was extended in 2014 to December 2019
- Formerly of the UK Audit Commission ('the Commission'), Karen held a variety of senior positions, including leading the Audit Practice
- The Office of Comptroller & Auditor General is known as the 'Jersey Audit Office'
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