

# Risk Management – Follow Up

## 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 corporate, departmental and service levels.

In 2017, the Comptroller and Auditor General (C&AG) undertook a review of the States of Jersey's approach to risk management. The C&AG found that, whilst work had been undertaken to create a risk management framework, the effective management of risk was not adequately embedded across the States. The 2017 report *Risk Management* made 18 recommendations, all of which were accepted for implementation by the States.

The Government of Jersey launched a new Risk Management Strategy during 2019. This Strategy was further updated in October 2020.

### The Functions of the 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 of this follow-up review

The review will evaluate:

- the arrangements established to manage and monitor the implementation of the recommendations contained in the 2017 report
- the progress the States of Jersey have made in implementing the agreed recommendations
- the effectiveness of corporate arrangements for managing risk. These include arrangements for escalation of risks from departments and from other bodies whose accounts are consolidated in the financial statements of the States; and
- the effectiveness of arrangements for risk management within departments.

## 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.

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

The review will commence with a review of progress in implementing the 2017 recommendations as documented on the States' C&AG Recommendation Tracker.

The fieldwork for the review will include:

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

The detailed fieldwork will be undertaken by affiliates engaged by the C&AG.

The work will commence in May 2022.



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