

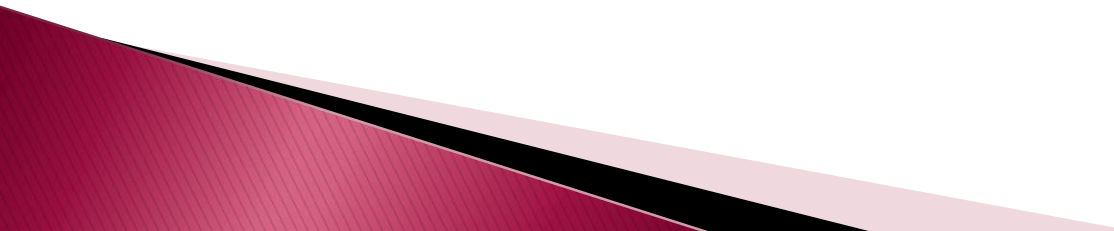


Implementation of a Risk Management System in Polish official statistics as an element for improving effectiveness and quality of completion of assumed goals and strategy

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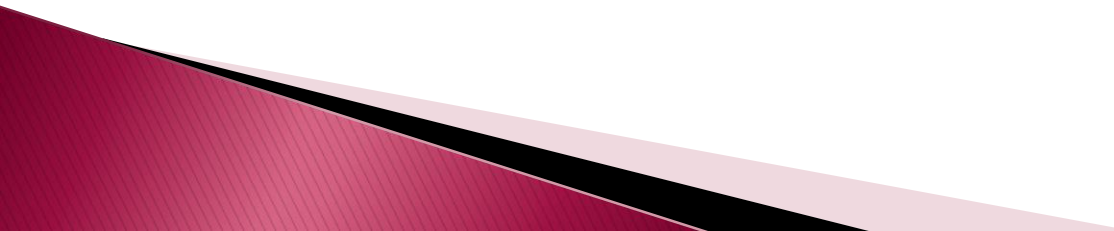
Agenda

1. The approach to risk management in Polish official statistics:
 - 1.1 The practice in the process of implementation of the Risk Management System.
 - 1.2 Activities taken in order to implement organizational culture based on risk responsibility for every workplace.

 2. The impact of a holistic approach to risk in all areas of activity, taking into account the dependence between different types of risks on improving the efficiency and quality of implementation of the assumed tasks/goals of the organization.
 - 2.1 The benefits of the risk management system – examples.
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The practice in the process of implementation of the Risk Management System

The Risk Management Methodology was introduced in the Central Statistical Office (CSO) in 2015 and other units of official statistics:

- ▶ 16 statistical offices,
 - ▶ Central Statistical Library,
 - ▶ Statistical Computing Centre,
 - ▶ Statistical Publishing Establishment,
 - ▶ Research and Statistical Education Centre of CSO.
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The practice in the process of implementation of the Risk Management System

Introduction of some changes in the current Methodology:

- ▶ changing the frequency of meetings of the Risk Team,
- ▶ obligation of risk owners in the CSO to transfer **strategic risks** to the Risk Coordinator in the CSO **and not as before operational and strategic risks**,
- ▶ commitment of risk owners in other units of official statistics to transfer extracts from the risk registers.

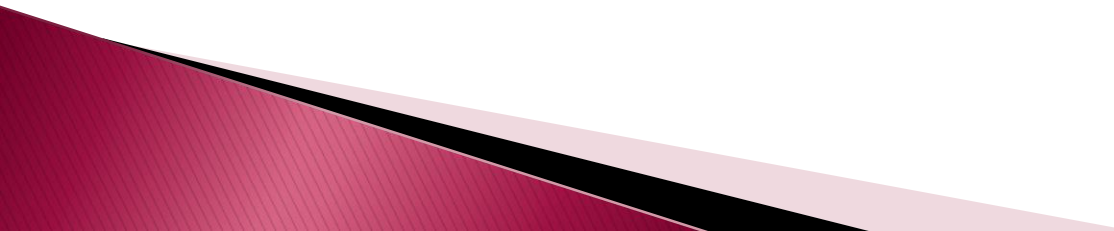
The practice in the process of implementation of the Risk Management System

Risk Management System in the CSO:

- ▶ regulated the process of risk management,
- ▶ determined basic responsibilities, duties and powers resulted from the risk management process, as well as the methodology used to identify, analyse and assess risks in the units of official statistics.

The risk management process it has been carrying out by all employees within their duties and functions.

The practice in the process of implementation of the Risk Management System

- ▶ **The objective** of the risk management system was identifying risks and taking action to **maximize the potential opportunities** and **minimize the threats** associated with the occurrence of risk.
 - ▶ The essence of the systematic approach to risk management was to **ensure that all significant risks in the official statistics units are identified and assessed** on an ongoing basis.
 - ▶ An equally important aspect was to **ensure reproducibility and comparability** of the results of the risk assessment made in all areas of activity and in all units of official statistics.
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The practice in the process of implementation of the Risk Management System

The introduced Risk Management Methodology:

- ▶ **ensured effective communication** in the field of risk assessment methodology standards between different organizational units of the CSO and other units of official statistics,
- ▶ **precisely defines responsibilities** associated with managing individual risk areas.

The practice in the process of implementation of the Risk Management System

The Risk Team is composed of:

- ▶ The President of the CSO,
- ▶ The Vice President of the CSO,
- ▶ The Civil Service Director,
- ▶ The Director of the President's Office,
- ▶ Head of Finance and Accounting,
- ▶ Representative of Risk Owners in CSO,
- ▶ The Risk Coordinator in CSO,
- ▶ Representative of Risk Owners in units,
- ▶ The internal audit in the CSO.

The practice in the process of implementation of the Risk Management System

The Risk Team is responsible for:

- ▶ **giving opinions** on the results of risk analysis and assessment,
- ▶ **recommending** the level of acceptability of risk,
- ▶ **acceptance** of strategic unacceptable risks including the opinion,
- ▶ **evaluating** proposed methods for dealing with risks and recommending them to the President of the CSO.

The practice in the process of implementation of the Risk Management System

The role of the Risk Coordinator in CSO is, in particular:

- ▶ maintenance of collective **Risk Register** in the CSO,
- ▶ collecting and analysing information on different types of risk received from the risk owners,
- ▶ monitoring processes of identification, analysis and risk assessment and developing general risk information for the needs of the President of the CSO and the Risk Team.

The practice in the process of implementation of the Risk Management System

- ▶ **Analysis and risk assessment** in the CSO carried out on a regular basis.
- ▶ **Update of Risk Registers is done at least every six months.** All identified **risks within specific areas** and **risk categories** are being introduced into the **Risk registers.**

The practice in the process of implementation of the Risk Management System

The Risk Coordinator in the CSO:

- ▶ analyses the received data in order to identify proposals of strategic unacceptable risks,
- ▶ presents to the Risk Team proposed strategic unacceptable risks and proposed plans for dealing with unacceptable strategic risk in the CSO.

Table 1. Risk areas and categories

Risk areas	Risk categories ¹
1. The activity of the CSO, and units subordinate to the President of the CSO and entities supervised by the President of the CSO	1.1. Statistics works
	1.2. National official registers (REGON and TERYT)
	1.3. Organisation
	1.4. Internal audit and control
	1.5. Communication
	1.6. Management
2. Financial resources	2.1. State budget
	2.2. Expenditure planning
	2.3. Disbursement of funds (national, foreign)
	2.4. Public procurement
3. Human resources	3.1. Staff competencies
	3.2. Fluctuation of staff
	3.3. Organisation of trainings
4. Tangible or intangible assets	4.1. Real estate
	4.2. Information and communications infrastructure
	4.3. Tangible
	4.4. Intangible
5. External risk	5.1. Changes in environment
	5.2. Legal modifications
	5.3. Random events

The practice in the process of implementation of the Risk Management System

- ▶ According to our Methodology **residual risks are being assessed.**
- ▶ In the Risk Management Methodology **three-scale risk assessment** impact and probability of risk occurrence was introduced.

Table 3. The impact of the risk and the probability of risk occurrence

	Scale	Assumptions
Risk impact		
High	3	<p>The event covered by the risk causes damage with a critical or great impact on the implementation of key tasks or to achieve goals, serious harm to the quality of tasks performed, a serious financial loss or a adverse effect on the image of the individual.</p> <p>The occurrence of an event covered by the risk involves a long and difficult process to restore the previous status.</p>
Medium	2	<p>The event covered by the risk causes an average loss of available resources, has a negative impact on the efficiency, quality of performed tasks and the image of the individual.</p> <p>The occurrence of event covered by the risk involves difficult process to restore the previous status.</p> <p>The event covered by the risk cases average financial loss.</p>
Low	1	<p>Slight disruption or delay in the performance of tasks. It does not affect or may partly affect the image of the individual. The effects of the events can be easily removed.</p> <p>The event covered by the causes average financial loss.</p>
The probability of risk occurrence		
High	3	There are reasonable grounds to believe that the event covered by the risk almost certainly occurs.
Medium	2	There are good reasons to believe that the occurrence of an event is probable.
Low	1	There are reasonable grounds to believe that it is unlikely that event covered by the risk occurs.

The practice in the process of implementation of the Risk Management System

The Map of Risks includes:

- ▶ **low risk** - is the lowest risk requiring monitoring,
- ▶ **medium risk** - which should be discussed at regular management meetings and internal meetings and should be monitored. In some cases, the unit may undertake further action,
- ▶ **high risk** - unacceptable - that requires an urgent reaction of the head of the unit, aiming at decreasing the risk to an acceptable level.

Table 4. Map of Risks– dot matrix of assessment of risk importance

Impact	High 3	3	6	9
	Medium 2	2	4	6
	Low 1	1	2	3
		Low 1	Medium 2	High 3
		Probability		

The practice in the process of implementation of the Risk Management System

The risk owners of other official statistics were obliged to send to Risk Coordinator in CSO:

- ▶ extracts from their Risk Registers,
- ▶ declarations ensuring the **efficiency**, **adequacy** and **effectiveness** of functioning risk management system.

Activities taken in order to implement organizational culture based on risk responsibility for every workplace

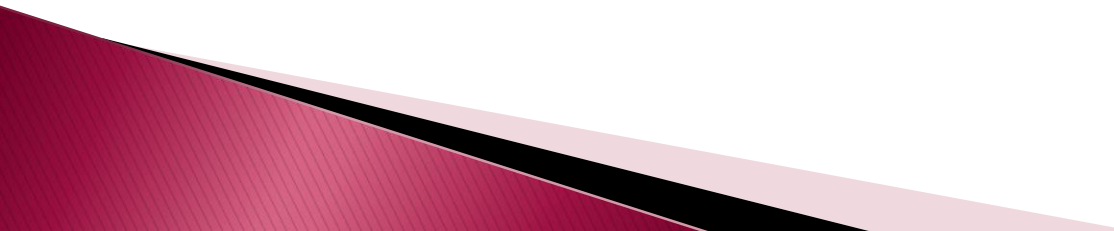
- ▶ The **Risk Team** has decided to organize **workshops on risk management**.
- ▶ The workshop was organized in 2016 in two rounds:
 - for the Risk owners in the CSO,
 - for the Risk owners in other units of official statistics.

Activities taken in order to implement organizational culture based on risk responsibility for every workplace

During these workshops the system of risk management was not only presented, but also **terms used in the document Risk Management Methodology were explained:**

- operational and strategic purpose,
- risk,
- cause of risk, the impact of the risk,
- the probability of occurrence of the risk,
- the significance of the risk,
- acceptable and unacceptable risk.

The benefits of the risk management system - examples:

- ▶ Effective use of the risk management system can help organizations to improve the quality of services and use of available opportunities.
 - ▶ Risk management also plays an active role in the management of operational and service activity (production), as well as in the implementation of changes the organizations face.
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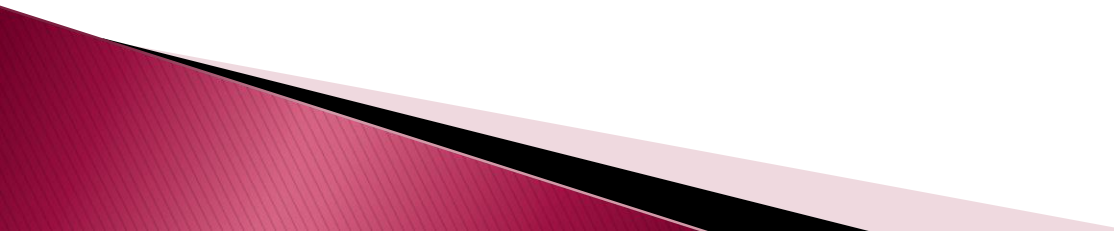
The benefits of the risk management system - examples:

The benefits from the implemented risk management system reported by risk owners:

- ▶ **Retail prices survey** - the introduction of regular use of price data through direct collecting them from the retail chains. In this case, the assessment of risk associated with the withdrawal from the market network, or delayed data transmission or failure, resulted in the creation of diversified data collection system.
- ▶ **External trade Survey** - the need to implement mandatory microdata exchange between EU countries may allow for significant reduction of response burden. However, due to the high risk associated with the need to control data received from other European statistical offices and the limited possibilities of contacts with entities, a system of data collection was created from respondents, which reduces the burden and at the same time allows monitoring the turnover.

The benefits of the risk management system - examples:

Others benefits:

- ▶ Comprehensive identification of factors affecting the reliable and precise estimate of the costs of statistical surveys and other works in statistics.
 - ▶ An improvement in the process of preparation of costs to the draft of the Council of Ministers Regulation on the program of statistical surveys of official statistics for the given year.
 - ▶ Timely and better use of the planned funds.
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The benefits of the risk management system - examples:

- ▶ Clarification of the rules and monitoring the proper functioning of public procurement procedures.
- ▶ The regular monitoring of changes in legislation concerning *Operational Programme of Technical Assistance 2014-2020* (OP TA), so as the change of the rules governing the implementation of projects funded by the EU does not have a negative impact on the achievement of strategic objectives.

The benefits of the risk management system - examples:

- ▶ Implementation of the system increased security level of information.
- ▶ The system effectively protects the security of processing databases.

The objective of risk management is to reduce uncertainty in decision making, improvement in the pursuit of objectives which can cover various aspects and can be used at different levels, e.g. a strategic, concerning the whole organization, project, product or process.

Thank you for your attention.

