The Status of Enterprise Risk Management
in the Government Ministries of British Columbia

Report A

Enterprise Risk Management in the Government Ministries of British Columbia: Overall Audit Summary

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What is RM and ERM?

- **Risk Management:** process in which risks are identified and their likelihood and impact evaluated to allow for appropriate planning.

- **Enterprise Risk Management:** supports an organization in achieving its objectives by considering the risks at all levels in the organization and then managing the combined impact of those risks.

- Overall, it's a systematic and proactive approach to dealing with risks.

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Importance of RM/ERM

- Risks are different for every ministry and at every level

- Risks can be financial, reputational, operational, legal or technical, among others

- How well risks are anticipated and mitigated is a determining factor in the success of any organization

- Well-managed risk can create opportunity

- Poorly managed risk can lead to unintended consequences

- Government cannot make fully informed decision without being aware of the numerous risks that it faces.

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Notable Dates

- 2002 – Ministry of Finance implemented an ERM program and delivered RM training to ministry decision makers across government.

- 2011 - According to the CPPM Chapter 14, under the direction of the Deputy Minister each B.C. ministry is accountable to Treasury Board for developing, implementing and maintaining an ERM process.

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Role of Risk Management Branch

- Accountable for effective risk management in government

    o acts as a central agency within government

    o acts as an advisor/consultant

    o provides program development and delivery

    o provides claims and litigation management

    o provides additional tools such as implementation guide, sample risk register, risk dictionary, risk maturity model and self-assessment

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Audit Objectives

1. ## Prevalence of ERM in ministries

   the extent to which each ministry has integrated ERM into practice

2. ## Relevance of ERM model in ministries

   whether the ERM model and tools meet the needs of ministries in managing risk at the ministry level

3. ## Completeness of ERM model in ministries

   how well the key risks from three programs have been incorporated into each ministry's overall ERM approach

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KEY FINDINGS

- Insufficient progress in integrating ERM into its practices

- Over half of the ministries are not in compliance with key aspects of government's risk management policy

- Inconsistency in the risk maturity of ministries

- Government-wide risk register has not been developed and would be difficult to create

- Risk Management Branch acts as an advisor/consultant for ministries, but is not in a position to hold them accountable

- The importance of ERM as an essential government-wide management tool needs to be re-emphasized and enforced

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RECOMMENDATIONS

We recommend that government develop an appropriate accountability mechanism to ensure ministries are held accountable for ERM. This should include:

1. regular assessments of ERM maturity for every ministry;

2. ERM targets within Deputy Minister accountability letters;

3. annual reporting of ministry level risk registers; and

4. regular reporting of ministry ERM performance to Deputy Minister's Council.

We recommend that Risk Management Branch:

5. report to Deputy Ministers' Council on ministries' progress towards full implementation of ERM.

6. create and maintain an overall risk register for all ministries in the Province of B.C. based on annual ministry level risk registers.

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