

WGVBS member SAIs' comments to the paper "Risk Management Process in SAIs"

Section	IRAQ	JAMAICA
General comments	The manual of risk management process in SAIs needs to include concrete practical example from SAIs so that we can make use of their experience and identify obstacles that may hinder the implementation and development of the	
Introduction		It is important to establish that risk identification and management should be embedded in a Supreme Audit Institution's (SAI's) business process and should not be viewed as a distinct activity but rather as a critical governance element to enhance the SAIs achievements of its outcomes and aid in guarding its reputation.
2. Risk Identification		It is important to view risk at the strategic level by determining the risk to achieving the strategic goals/outcomes/objectives.
3. Risk Classification	<p>We suggest amending the classification of risks to be as follows:</p> <ul style="list-style-type: none"> a. Amending the (financial and legal) risks to be (administrative, legal and financial) so that it can cover a wide range of cases and to avoid distraction in assessment processes. b. Technology risks can be merged with operating risks as the latter encompasses all that is related to the SAI work. c. (Reputation and integrity) risks can be named (as profession ethics) risks because integrity and objectivity create image. Thus, we think that they shouldn't be separated. Moreover; they are mentioned in second level standard 30 which must be the basis for this. <p>The suggested risk classification is as follows:</p> <ul style="list-style-type: none"> - Strategic risks: related to achieving the SAI's main objectives. - Administrative, legal and financial risks: related to independence, mandates, tasks, responsibilities and finally financial resources (allocations) that help the SAI fulfill its tasks. - Operating risks: related to the SAI activity mainly audits, related reports, provision of consultation to stakeholders, systems, tools, and principles adopted by the SAI, level of technology it uses or needs to use. - Profession ethics risks: related to integrity, independence, objectivity, efficiency confidentiality that ultimately create credibility that enhances the image of the SAI. 	
4. Risk Evaluation and Prioritization	<p>Nominal scale rate (from 1 to 10) is used to evaluate risks, as well as an ordinal scale to establish the equivalent qualitative criteria (high, medium, low). We think that the probability of the category unlikely (6,5) is moderate so it should be (likely). As for the category (4,3), (unlikely) can be used here as it is low probability.</p> <p>In the (Assessment Scale – Risk Impact in case of Materialization) the value (9,10) (catastrophic), we suggest using (very serious) as the definition of catastrophe in ISSAI 5520 does not apply here.</p> <p>In prioritizing risks, according to its final value, the nominal scale (1-2.4), (2.5-4.9) (5-7.5), (7.6-100) are considered as (low, moderate, high, serious respectively), however they do not conform with the previously set scales so the prioritization is better be as follows: the scales (1,2,3), (4,5,6), (7,8), (9,10) are described as (low, moderate, high and serious respectively).</p>	
5. Evaluation of Existing Controls		Again management of the risks should be linked directly to the strategic outcome so as to ensure the continued applicability and the relevance of risk is maintained.