





XIII ANNUAL SYMPOSIUM

Round table 1:

Risk management in face of new public accounting challenges

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Introduction

I- Concepts and vocabulary

II- The stakes of risk management

III- Risk control within the Public Treasury of Ivory Coast

Conclusion



INTRODUCTION

- ❑ All organisations, regardless of size, structure, nature of business and sector, face risks from both internal and external sources.
- ❑ Risks are real obstacles to achieving the objectives, growth and sustainability of organisations.
- ❑ All ISO standards (9001, 14001, 45001 ...) and reference frameworks such as the COSO (Committee of Sponsoring Organisations of the Treadway Commission) address the issue of risks.
- ❑ Therefore, it becomes imperative for any organisation to reduce its vulnerability to risks.



I

CONCEPTS AND VOCABULARY



I.1

The concept of risk

The concept of risk

- ❑ ISO 31000 defines risk as "the effect of uncertainty on objectives".
- ❑ In the COSO framework, risk is perceived as "the possibility that an event will occur and have an adverse impact on the achievement of objectives".
- ❑ Risk is therefore the combination of the probability and impact of an upcoming event, uncertain and likely to influence the achievement of objectives within an organisation.

Example of an organisation's risk universe

All organisations evolve in a universe of potential risk



The concepts of probability and severity of risk

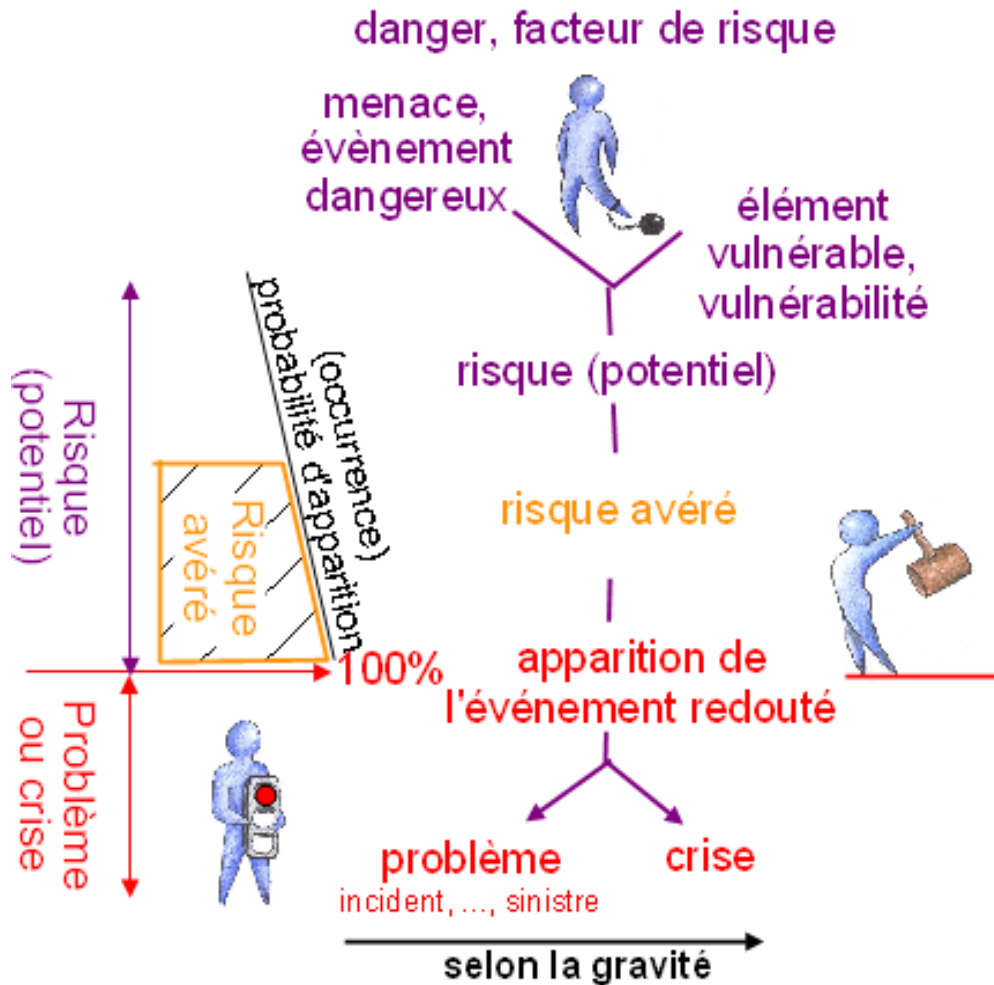
- ❑ The risk is characterised by the factors (causes of the risk) and its consequences in case of occurrence as well as its criticality.
- ❑ Criticality of risk is the product of the probability of occurrence of a feared event, by its impact on the achievement of objectives.

$$\text{Criticality of Risk} = \text{Probability} \times \text{Impact}$$

- ❑ Criticality is measured by the value scales previously established within the organisation.
- ❑ Criticality helps to prioritize risks. We can therefore have low risks, moderate risks and high risks.

Synthesis

Les différents états du risque



Un exemple

Travail en hauteur
Casse d'une poutre
Marcher au bord du toit

Travailleur
Travailleur fatigué
Risque de chute du toit

Risque de chute accentué par la pente du toit et la pluie

Chute effective

Préjudice : arrêt de travail, invalidité, décès...

Les activités associées

<p>Définition du cadre (contexte, système de management, facteurs internes & externes...)</p>	
<p>Appréciation du risque (identification & analyse, évaluation) Traitement du risque (réduction, transfert, acceptation, ...)</p>	
<p>Gestion du risque (surveillance, revue, capitalisation, amélioration, ...)</p>	
	<p>Gestion de problème et de crise</p>



I.2

The concept of risk management

The notion of risk control

- ❑ ISO 31000 defines risk control or risk management as "coordinated activities for the purpose of directing and controlling an organisation with respect to risk".
- ❑ It is therefore a managerial device developed by an organisation to identify, analyse and evaluate the risks related to its activities in order to define and implement appropriate corrective and preventive measures in order to reduce the degree of occurrence of the risks and / or mitigate their consequences if they happened.

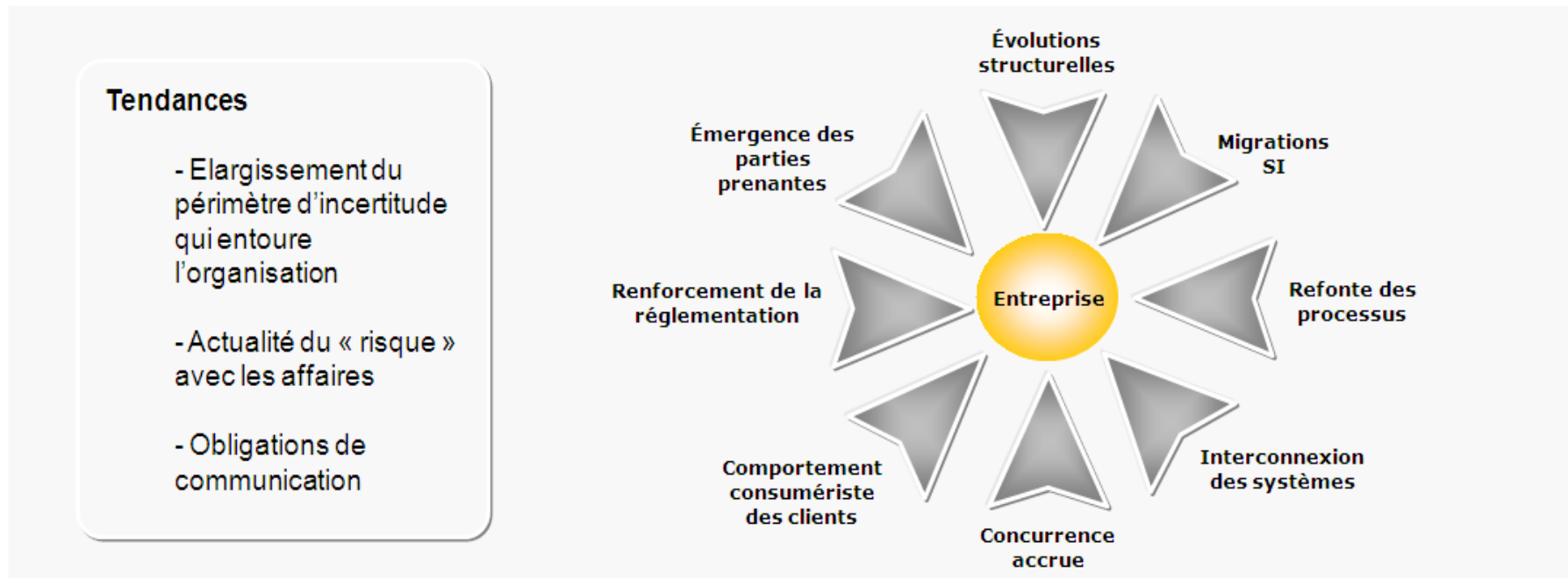


II

THE CHALLENGES OF RISK MANAGEMENT

The stakes of risk management

- ❑ A constraining environment that weighs heavily on the achievement of organisational objectives, in particular on the requirement of value creation and requires an acceleration of the implementation of strategies.
- ❑ Regulatory context more and more important
- ❑ Growing need to meet stakeholder expectations
- ❑ This is why, in recent years, risk management has become a major concern for many organisations.



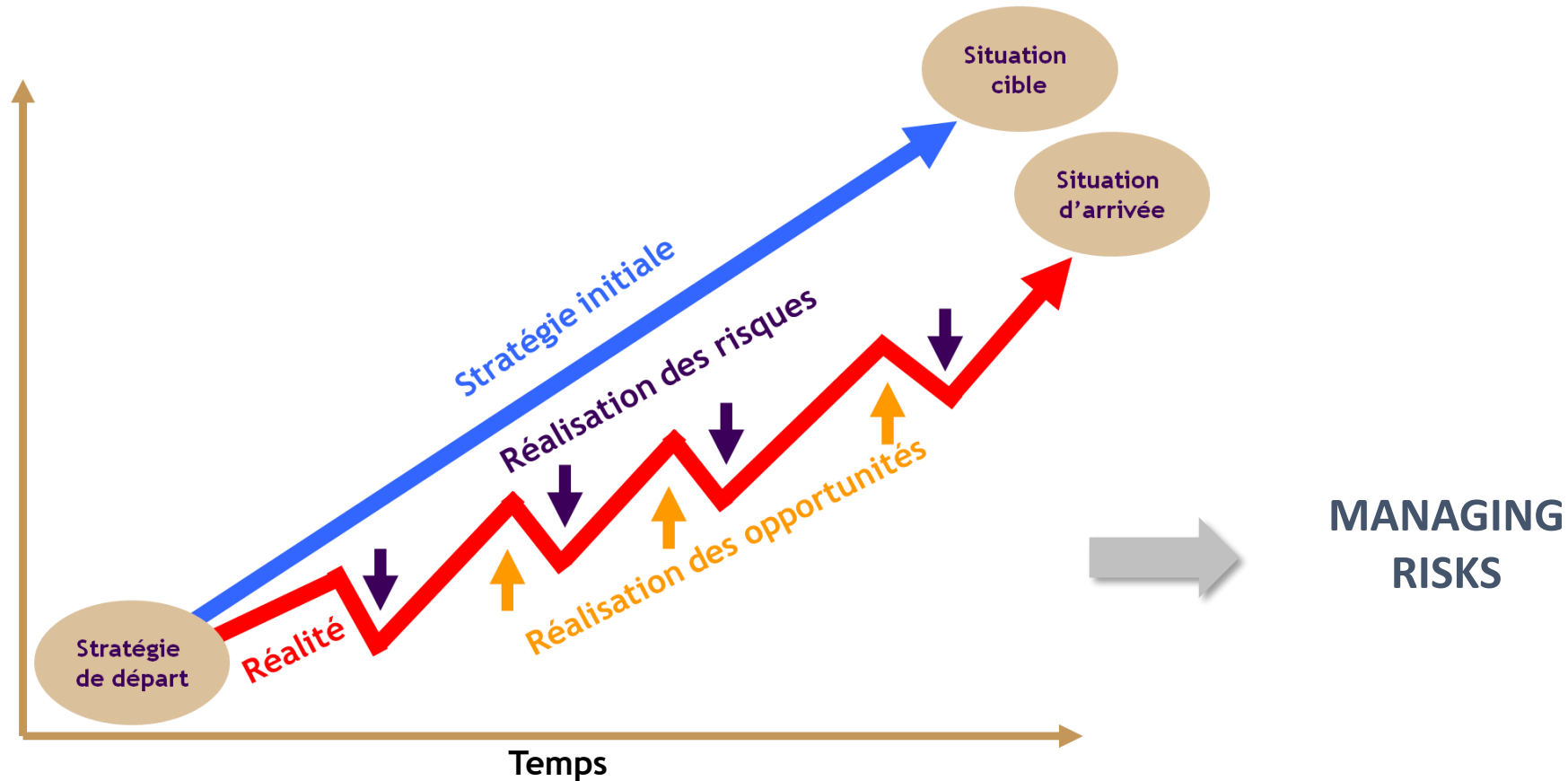
The stakes of risk management

Risk management aims to ensure:

- compliance with the laws and regulations in force;
- the proper functioning of the organisation's processes;
- the reliability of financial and non-financial information;
- the safeguarding of the assets and the reputation of the organisation;
- the achievement of objectives and the overall performance of the organisation;
- the satisfaction of all interested parties;

Challenges of risk management

Stakes for organisations: knowing how to anticipate, apprehend and manage the effects of events





III

RISK MANAGEMENT WITHIN THE PUBLIC TREASURY OF IVORY COAST

Risk management within the public Treasury of Ivory Coast

The Public Treasury of Ivory Coast has implemented a risk management approach by following the following main steps:

- 1- strengthening the organisational framework;
- 2- identification;
- 3- analysis and evaluation;
- 4- treatment;
- 5- monitoring and review.



III.1

Strengthening the organisational framework

1- Strengthening the organisational framework

- The organisational framework or the control environment is the set of legal and regulatory provisions, standards, standards that underpin the design, implementation, monitoring, review and continuous improvement of the control system risks.

1- Strengthening the organisational framework

- ❑ The organisational framework of the Public Treasury is constituted by:
 - legal and regulatory provisions governing the management of public finances and which form the legal basis for the activities of the Treasury;
 - the Treasury Procedures Manual;
 - the Performance Management Manual;
 - the Code of Ethics and Professional Conduct;
 - decisions on the organisation of internal control and risk management
 - the Risk Committee
 - the Audit Committee



III.2

Risk identification

Risk identification

Risk identification involves identifying or identifying internal or external events that may prevent the achievement of strategic and operational objectives.

The identification is thus carried out on two levels:

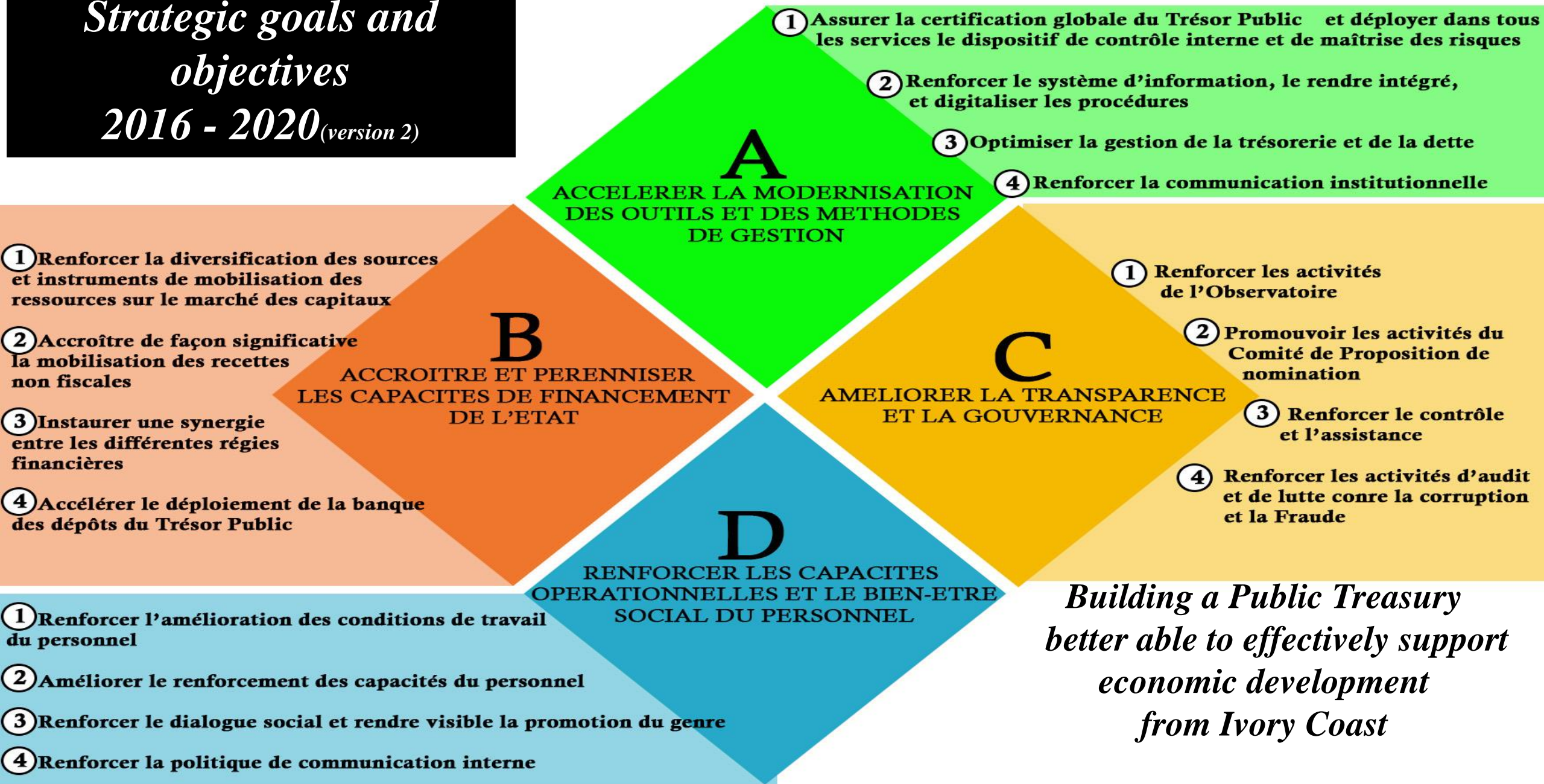
- At the strategic level, based on the strategic objectives of the 2016-2020 Strategic Development Plan;
- At the operational level, based on the operational objectives of the processes (internal control reference systems)



Strategic risk identification

Strategic goals and objectives

2016 - 2020 (version 2)



Building a Public Treasury better able to effectively support economic development from Ivory Coast



Strategic axis	Strategic targets	Risks	P	I	C	Control measures
<div data-bbox="140 259 267 359" style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">A</div> <p>Accelerate the modernisation of management tools and methods</p>	<p>ST1-Ensure global certification and deploy the internal control system in all services</p>	<p>R1: Absence of strategic planning or inefficiency of the existing strategy</p>	1	5	5	<ul style="list-style-type: none"> - PSD -Deploying the PSD -PSD monitoring and evaluation system -Periodic Review
		<p>R2: Resistance to change</p>	3	5	15	<ul style="list-style-type: none"> -Sensitization -Training -Evaluation of actions
		<p>R3: Inadequate institutional management</p>	1	1	5	<ul style="list-style-type: none"> -Participatory management and Proximity -Perception surveys
		<p>R4: Inadequate institutional management...</p>	3	5	15	<ul style="list-style-type: none"> -Budget -Finance research -Technical and Financial Partners Support (TFP)
		<p>R5: Absence or insufficiency of resources for financing activities</p>	1	5	5	<ul style="list-style-type: none"> -Project 6 -Gantt chart - Monthly point to the DG -Reporting projects
		<p>R6: No deployment or partial deployment of the internal control and risk management system</p>	3	5	15	<ul style="list-style-type: none"> -Deployment plan - Periodic evaluation -Assistance



Determination of operational risks

Management Process (MP)

MP1: Manage customer listening and communication

DCRP

MP2: Coordinate the institutional strategy

DEMO

MP3: Manage performance and risks

DQN

MP4: Monitor governance

IGT

Process of realization (PR)

PR1: Mobilise tax and non-tax revenue

RGF

PR2: Mobilise borrowing resources and donations

DDPD

PR3: Manage the treasury of the State

DDPD

PR4: Manage funds and deposits

ACCD

PR5: Ensure the payment of public expenditure

PGT

PR6: Hold public and parapublic accounts

ACCT

PR7: Regulate the accounting activity

DCP

PR8: Regulate the financial sector

DRSSF

PR9: Conduct economic and financial studies

DFSPS

Background of the Treasury

Requirements of customers and other interested parties

Satisfaction with requirements

Products and services

Overall performance

Support Process (SP)

SP1: Manage general resources

DMG

SP2: Manage Human Resources

DRH

SP3: Manage training

DF

SP4: Manage the documentary information system

DDA

SP5: Manage the computer system

DMG

SP6: Manage security



III.3

Risk analysis and assessment

3- Risk analysis and assessment

- ❑ Risk analysis refers to the identification of causes, sources or risk factors, as well as their potential consequences.
- ❑ Risk assessment consists of quantifying and prioritising risks according to their criticality, based on previously defined evaluation grids.
- ❑ The valuation grids (or scales of values) defined by the Treasury to assess its risks are as follows:

3- Risk analysis and assessment

□ Risk assessment grid for the probability of a risk

Probability / Frequency	Quote	Explanations
High	5	Almost certain occurrence or possibility of high appearance
Medium	3	Possibility of lower or medium appearance
Low	1	Near-zero occurrence or possibility of weak appearance

3- Risk analysis and assessment

Risk Impact Assessment Grid

Impact	Quote	Explanations
High	5	<ul style="list-style-type: none"> - Adverse effect on users / customers (dissatisfaction of a user / customer); - Brake or attenuation to the achievement of any objective; - Conviction of the State Treasury to pay damages; - Achieve the integrity of the public purse (malfeasance, embezzlement, fraud, loss, etc.); - Accident, fire, theft, loss of life, etc.
Medium	3	Consequences less serious and visible only internally.
Low	1	Consequences negligible and visible only internally.

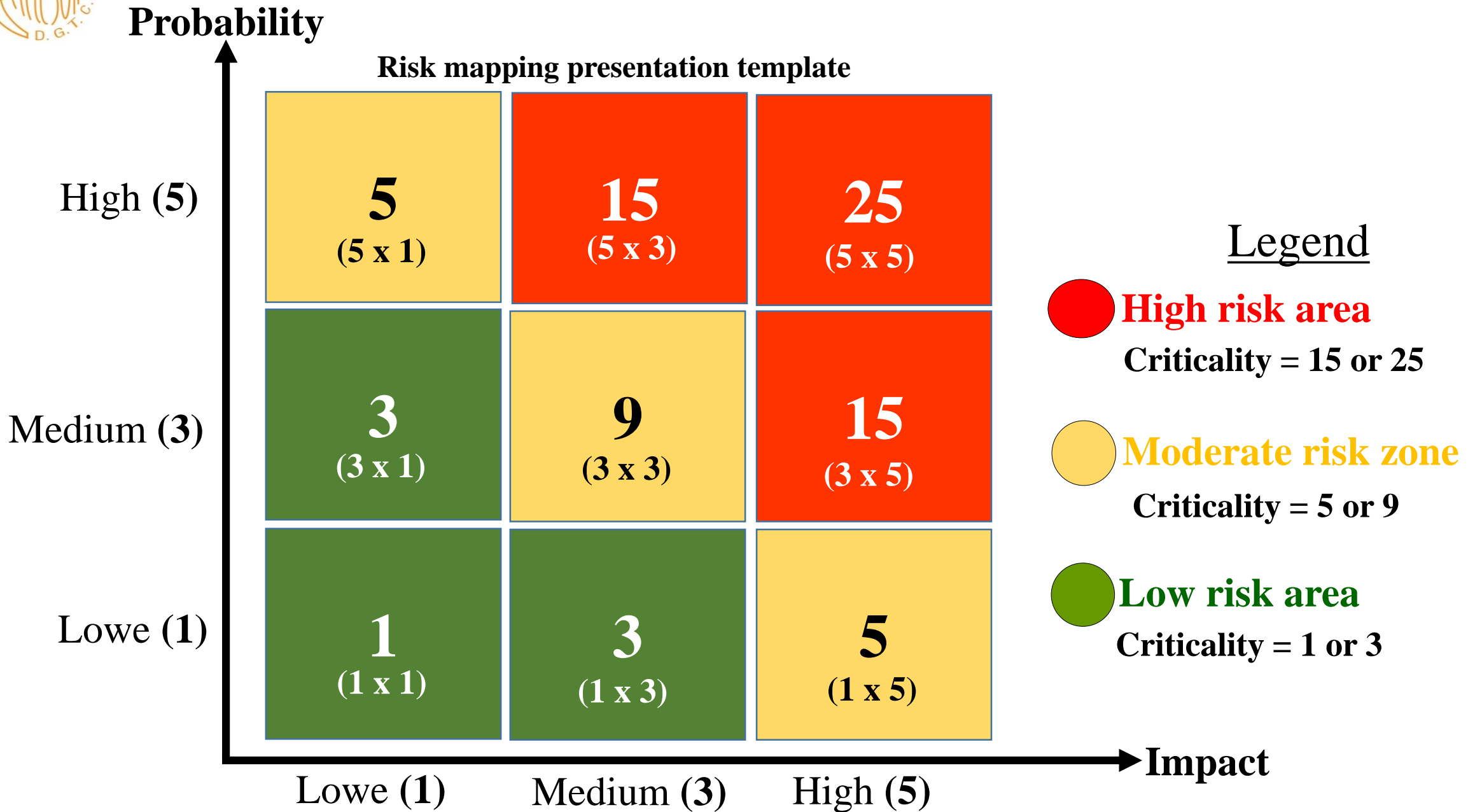
3- Risk analysis and assessment

- Grid for assessing the criticality of a risk

Criticality	Quote	Explanations
high	15 ; 25	High risks (Unacceptable risk zone)
medium	5 ; 9	Moderate risks (Risks within the limit of acceptability)
low	1 ; 3	Low risk (Acceptable risk area)

Reminder: Criticality = Probability x Impact

- The criticality index has made it possible to prioritise risks and to develop risk mapping according to the following presentation model:





III.4

Risk treatment

4- Risk treatment

- ❑ The treatment or the mitigation of the risks consists in determining corrective and / or preventive actions (control measures) to face the risks, primarily the high risks and the moderate risks.
- ❑ For each risk, the control measures determined are proportional to the impact.
- ❑ Each service (process pilot or not) translates its control measures into concrete actions and plans them through a risk control action plan.

III.5

Surveillance and risk review

6- Surveillance and risk review

- The implementation of the risk control action plans is done within the departments;
- Every month, each department sends a report on the level of achievement and on the effectiveness of the actions carried out to the Quality and Standardization Department (DQN), pilot of the management process N ° 3 "Manage the performance and the risks ";
- Risk monitoring is done at different levels through inspection, audit and Risk Committee activities



CONCLUSION

- ❑ Risk control aims not to eliminate all risks, but to adopt a strategy to manage them, by reducing their frequency, reducing their severity in case of occurrence.

- ❑ In this respect, risk management is a proactive approach that enables any organisation to achieve its objectives and significantly improve its overall performance.



**Thank you for your
attention**