

## MATURITY ASSESSMENT IN RISK MANAGEMENT IN INDIRECT PUBLIC ADMINISTRATION

Public, private and third sector organizations are exposed to a wide range of risks that may affect their operations and the achievement of their objectives. To raise the chance of achieving the intended results, organizations must manage their risks in a systematic way, which demands processes of identification, assessment and implementation of risks responses. Risk management also demands monitoring of the risks and of the risk management system.

Risks management is an essential element for good corporative governance because it contributes to reducing uncertainties that surround the achievement of results. Knowing the maturity level of risk management in public organizations is important to enable the Federal Court of Accounts to make structuring recommendations for the improvement of governance and to contribute for the effectiveness of policies and public services.

### Objective

The survey performed by the Federal Court of Accounts between November 2012 and February 2013 with the 65 agencies of the Brazilian indirect federal public administration aimed at assessing the maturity of risks management in those organizations. The survey also sought to identify the aspects of risks management that need to be improved by the organizations and gather relevant information for the planning of future oversight activities of the Court.

### Method

Based on models of reference, especially COSO ERM and ISM 31000, the Federal Court of Accounts elaborated a maturity indicator in risk management composed by grouped items in four fundamental dimensions of analysis: 1) risks management environment; 2) risks management processes; 3) risks management in collaborations; and 4) achieved results with risks management. Each model dimension was detailed in sub-dimensions, as presented in the image below:

**Model developed to assess the maturity in risks management**



The items selected to compose the maturity indicator, organized in a questionnaire with 56 closed questions and 8 open questions, represent relevant aspects of a mature risk management. The elaborated questionnaire was sent to the organization's Authorities by e-mail. Those researched were selected by relevance and materiality criteria, being 26 autarchies, 2 foundations, 17 semi-public companies and 20 public companies.

The analysis of the responses allowed estimating the level of existence of risks management practices in each agency. The aggregation of those responses, in turn, presented in percentages, enabled the maturity level estimate, overall and in each dimension, of the organization according to the following criteria:

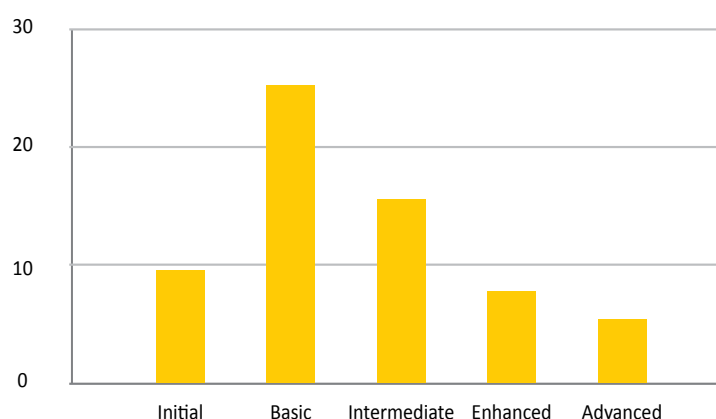
- Initial (0% to 20%): low formalization level; documentation on risks management not available; absence of communication about risks.
- Basic (20.1% to 40%): risks management informally addressed; there is still no training and communication about risks.
- Intermediate (40.1% to 60%): principles and patterns recorded basic training on risks management.

- Enhanced (60.1% to 80%): risks management complies with established principles; it is monitored and regularly improved.
- Advanced (80.1% to 100%): optimized risks management; risks management principles and processes are integrated with the organization's management processes.
- The descriptions of each maturity level are indicative and may not exactly correspond to the situation of some organizations participating in the survey.

### Main results

If the set of responsive agencies was seen as one organization, its maturity level on risks management would be considered intermediate (43% index). Only 9% of those researched reached the advanced stage. It was also concluded that semi-public companies present, in average, greater maturity than public agencies, which stand ahead of the participant autarchies in the survey.

**Number of agencies according to the maturity level in risks management**



### Deliberations of the Federal Court of Accounts

Among the deliberations of the Federal Court of Accounts, those directed to the Department of Applied Methods and Audit Support were highlighted in order to disclose the survey results in a solid way, respecting the confidentiality of the responses given; to disclose the respective individual assessments to the participant agencies; to monitor the activities of the Ministry of Planning, Budget and Management focused on the dissemination of the risks management methodology.

### Expected benefits

It is expected that the researched agencies use the assessment results to boost their risks management strengthening process. Among the benefits that organizations may acquire, the following stand out: greater possibility of achieving their goals; improvement of operational effectiveness and efficacy; governance improvement; greater confidence of the organization's stakeholders; improvement on loss and incident management prevention; better information for planning and decision-making process; complying with the applicable legal and regulatory requirements.

### Deliberations of the Federal Court of Accounts

Ruling/ Judgment 2.467/2013 – TCU – Plenary

Rapporteur: Minister Ana Arraes

TC 011.745/2012-6