



Risk Management in the Government of Canada: A Tale of Two Models – *The CRA experience*

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Canada Revenue
Agency

Agence du revenu
du Canada

Canada 

During this session

You will:

- Gain insight into CRA's risk management (RM) journey.
- Be exposed to strategies to embed RM principles and approaches into organizational culture.



Outline

- RM at the CRA
- Alignment with TBS
- CRA RM maturity
- Innovation
- Continued evolution

RISK MANAGEMENT AT THE CRA

Overview of the Canada Revenue Agency

- Last year, the Canada Revenue Agency (CRA) processed over \$451 billion in tax receipts
- The CRA issued almost \$22 billion in benefit and credit payments
- The CRA strives to ensure that Canadians:
 - pay their required share of taxes;
 - receive their rightful share of entitlements; and
 - are provided with an impartial and responsive review of decisions they choose to contest.
- The CRA employs a workforce of over 40,000 and maintains a physical presence in every major centre and region of the country



Risk management at the CRA

THREE REASONS FOR RM:

1. Protect the integrity of the Canadian tax system
2. Identify efficiencies in operational processes
3. Achieve success

Where ERM is situated at the CRA

Risk management

Foresight – what obstacles could get in the way?

Internal audit

Insight – are the controls working as intended?

Program evaluation

Insight – how effective is the performance?





ALIGNMENT WITH THE TREASURY BOARD OF CANADA SECRETARIAT



How the CRA aligns with the Treasury Board of Canada Secretariat

- *The Treasury Board of Canada Secretariat Framework for the Management of Risk*
 1. Integrated risk management
 2. Risk-informed approach
 3. Risk culture
 4. Risk tolerance
- Corporate Risk Profile
- Management Accountability Framework



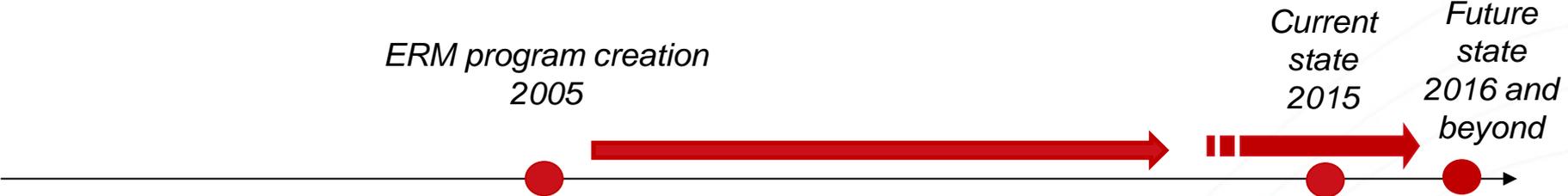
RM MATURITY AT CRA

RM maturity at the CRA

*ERM program creation
2005*

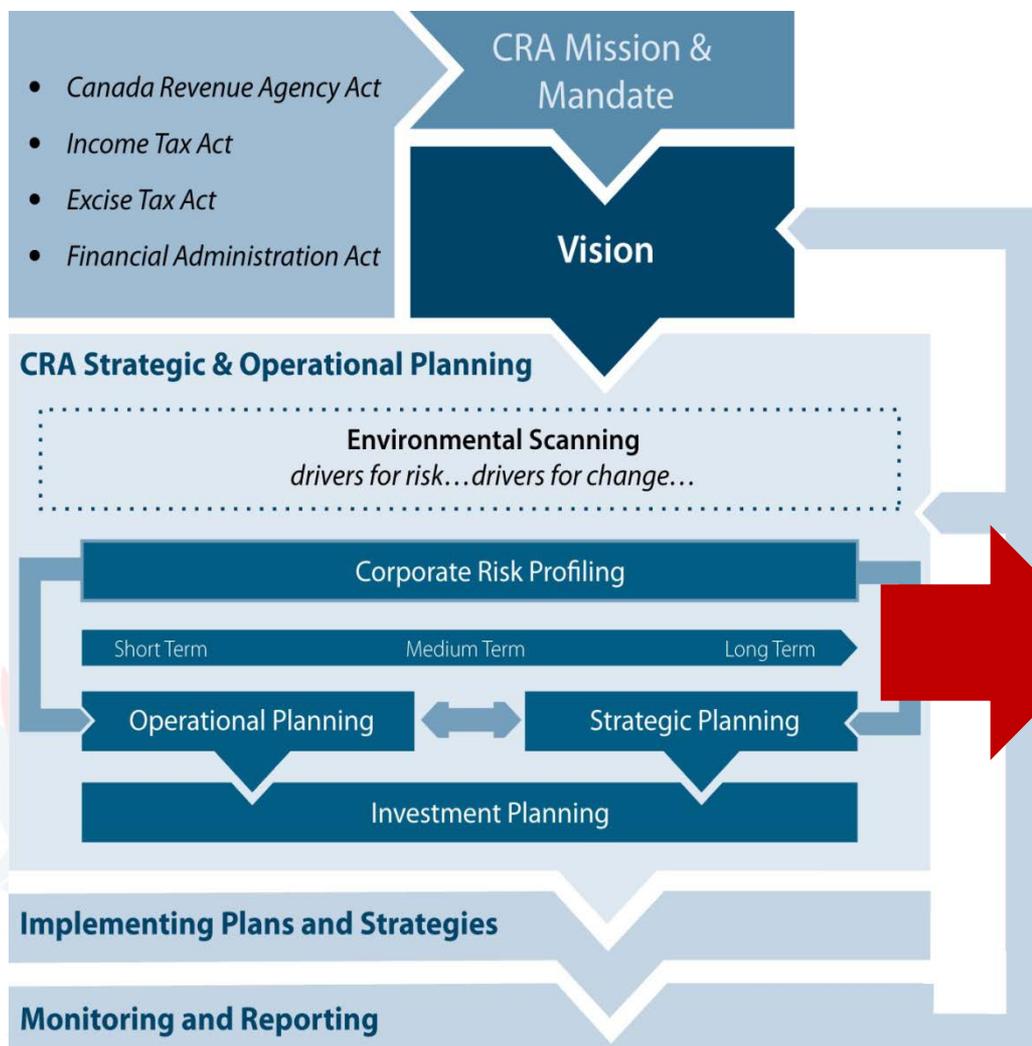
*Current
state
2015*

*Future
state
2016 and
beyond*



LEVEL	BASIC	MATURE	ADVANCED
APPROACH TO ERM	Basic risk management requirements are in place	Deploy as a management process	Embed as a strategic tool
GOAL	The organization has identified its top risks and has prioritized and addressed them.	The organization has a process for managing risk and a governance framework that supports the process. It manages risk against strategic goals.	The organization has embedded an RM process; senior leaders use risk information as the basis for decision making; RM is linked to planning, reporting, and strategic decisions.

RM maturity at the CRA



Director General Planning and Reporting Committee

“The Director General Planning and Reporting Committee and members will play a leadership role in the guidance and support of all major activities that pertain to the horizontal management of strategic goals and objectives, strategic outcomes, priorities, **enterprise risk management** and, performance measurement and reporting for the Canada Revenue Agency.”

Current state

Enterprise Risk Management Division

Centre of Expertise

Risk management advisory services

Environmental scanning

Risk management online tools and guides

Internal fraud risk assessments

Corporate RM

Corporate Risk Profile

Enterprise risk action plans

Integrated with planning and decision making

The CRA's risk management team



Corporate Risk Profile

Evolution of the Corporate Risk Profile:

- Enterprise risks aligned with Agency strategic directions
- Compliance risks
- Focused risk assessment and discussion

ERM toolkit

- **Risk alerts**

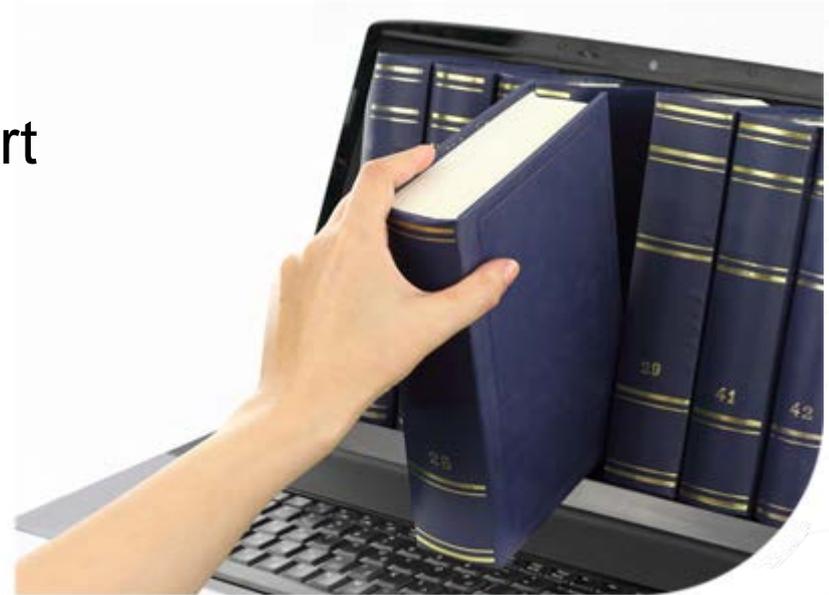
- Agile and timely monthly report

- **Environmental scan**

- Extensive semi-annual report

- **Self-service tools**

- Easy-to-use
- Aligned with the CRA RM process
- Help integrate RM practices at all levels where appropriate (“make everyone risk smart”)



FOCUS ON INNOVATION

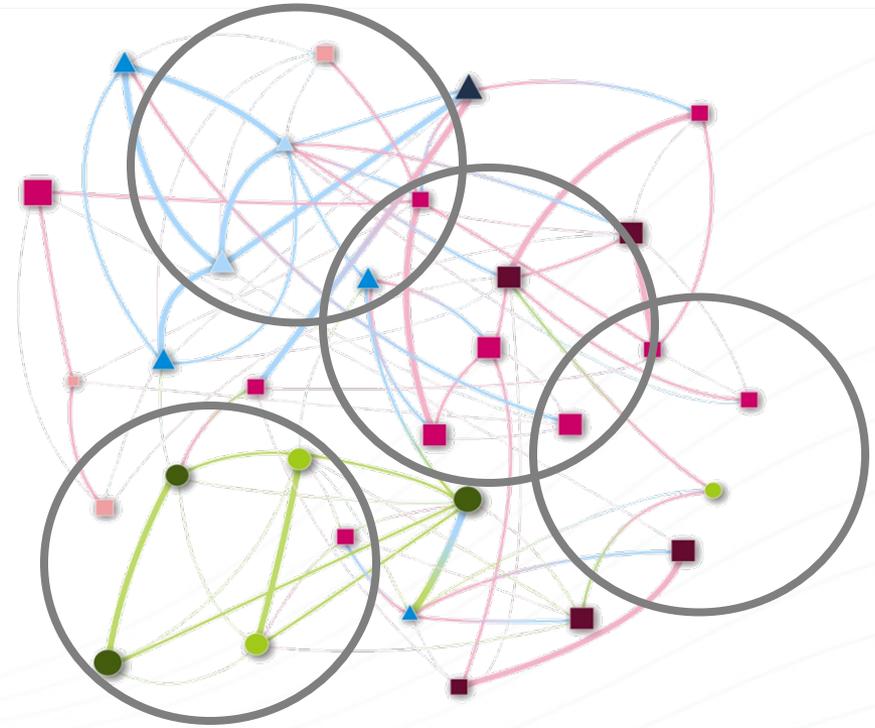
Combining science with art



Risk interconnectivity

Purpose:

- To identify relationships between risks.
- To ensure that risks are analyzed and addressed horizontally.
- To understand the ripple effects of decisions.
- To encourage proactive communication and engagement.
- Clusters represent major themes and highlight significant risk interrelations to consider in the management of risks.



Operational Risks



Business Risks



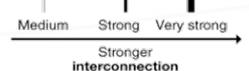
Strategic Risks



Higher likelihood

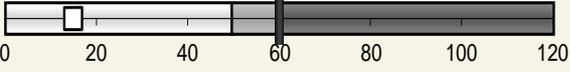
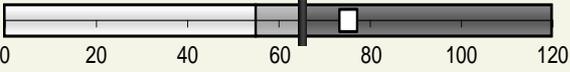
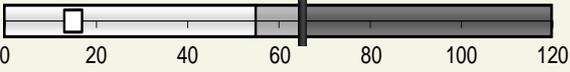
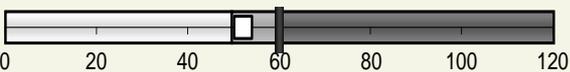
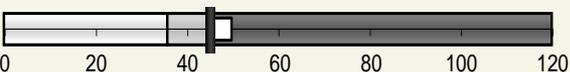


Higher impact



Medium Strong Very strong
Stronger interconnection

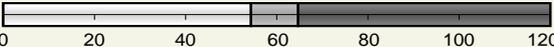
Tolerance Model

Risk name	Risk tolerance and residual risk exposure	Risk response recommendation
Risk #1		Accept and Monitor
Risk #2		Mitigate
Risk #3		Accept and Monitor
Risk #4		Caution Zone
Risk #5		Mitigate

Criteria

- Base factor
- Interconnectivity
- Span of control
- Gov. priorities
- Sensitivity

Legend

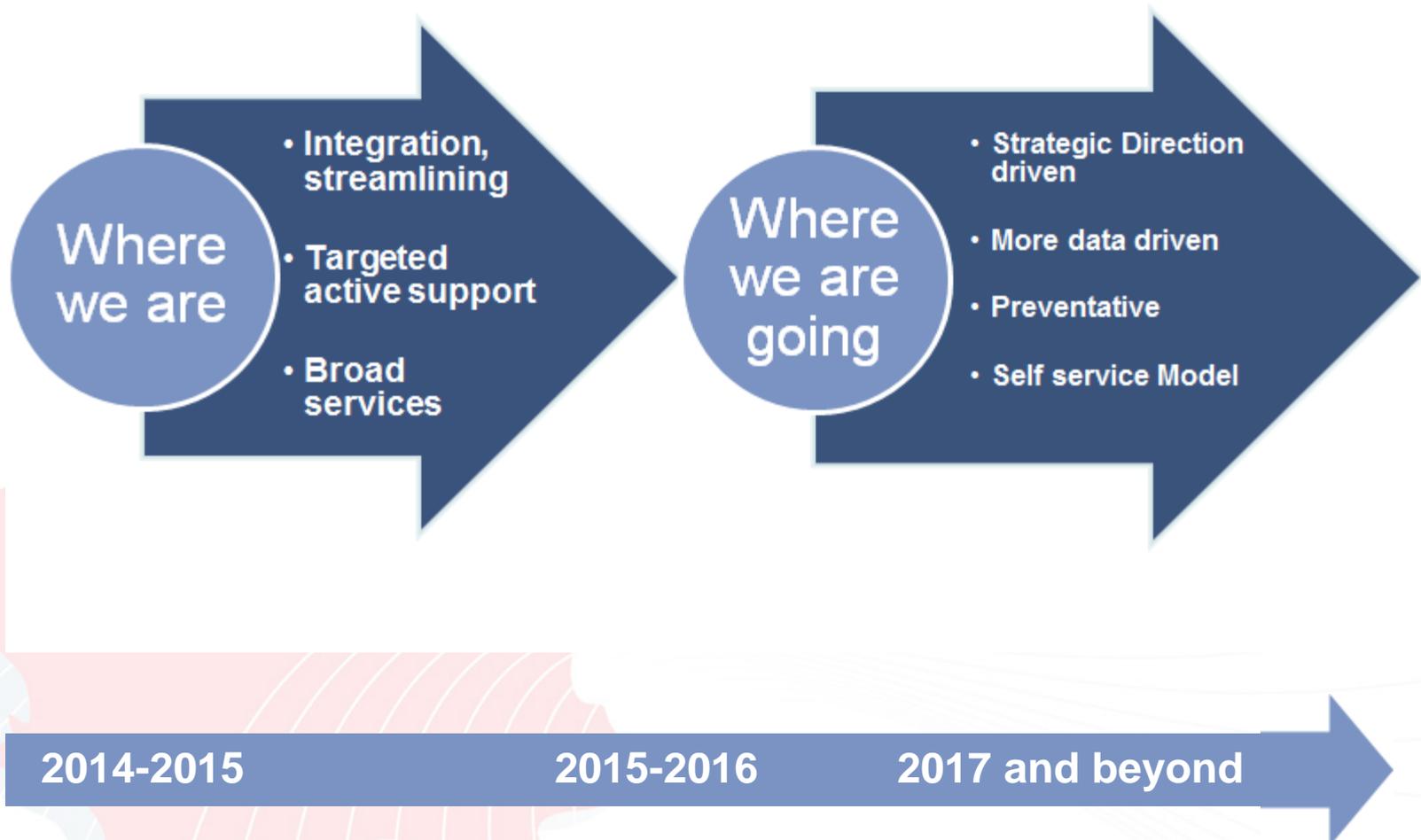
█	Risk tolerance	<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px 10px;">Below</div> <div style="border: 1px solid black; padding: 2px 10px;">Caution</div> <div style="border: 1px solid black; padding: 2px 10px;">Above</div> </div> 
□	Residual risk exposure	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Exposure points</div>



CONTINUED EVOLUTION

CRA RM Journey Continues – Future State

Continued evolution and innovation



THANK YOU

