



On the road(map) again

Balancing the emerging regulatory requirements
in the Middle East public sector



Governments in the Middle East seeking to play a more important economic role on the global map have, over the last two decades, been looking to exert a more positive influence and building trust within their own citizens and other governments alike. As such, and in order to fulfil their strategic objectives, these governments have invested significantly in large transformation initiatives within the public sector, more specifically, in the modernization of Government through the development of next generation Information and Communication Technologies (ICTs) for public services (or what is more commonly referred to as e-Government) which has revitalized public administration, overhauled public management, fostered inclusive leadership and moved civil service towards higher efficiency, transparency and accountability.

Vital to the success of the modernization initiatives within the public sector in the Middle East has been the establishment of the relevant regulations that control and govern the conduct of government entities and simultaneously addresses the threat landscape as they navigate through the implementation of these programs.

More recently, the Middle East has seen regulation introduced in domains like cyber security, quality assurance, service resiliency, environmental management and work-related health and safety; when combined with some government entities' desire to align with related internationally recognized best practices, such as the frameworks issued by the International Organization for Standardization (ISO), difficult questions have arisen such as:

- With all these regulations have we created tremendous overhead in the operations of these organizations?
- And with this overhead, are governments seeing the expected results?

The key challenge in adopting these regulatory programs has been the need for each entity to tailor and find the right balance for resource allocation between the regulatory requirements, best practices and its own organizational requirements. Entities that have failed to

do so have been mired with costly and distorted programs, which have led to failures in complying with the requirements in some cases and have escalated to the level of jeopardizing the maturity level of business operation services in others.

Key challenges

Complying and maintaining various regulatory and Best Practice requirements must be driven, managed and monitored in a holistic approach and a coherent strategy. Instead, in the case of many government entities, a reactive rather than a proactive model is being applied, treating the implementation and maintenance of these requirements as a "check box" or "to-do" task and executed in a siloed approach, which has very often been affected by one of the following reasons:

- **Increasing number of regulatory bodies**

The past few years have seen a remarkable increase in the number of new regulatory bodies, each one releasing various regulatory programs to address different domains. These programs, while necessary to achieving the desired outcome for pan-government performance, have resulted in excessive cost to the government entities by failing to leverage the cross-regulatory synergies and duplicating in many cases the implementation and reporting efforts.

- **Governance structure**

Not everyone is responsible for compliance. Surely, adequate implementation of regulatory requirements is on everyone's radar, but "ownership" and "accountability" have to be clearly defined and assigned to specific people. A reform of the public sector entities' structure did not follow the introduction of the new regulatory program requirements. A majority of the entities have struggled to align with the introduction of these programs and assigned the responsibility for implementing the regulatory requirements on an ad-hoc basis in accordance with the existing organizational structure.

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Although efficient to a certain extent, assigning the implementation and monitoring responsibilities to the functional operating units without proper planning, can bring its own headaches, such as prioritizing the daily challenging operational activities over the compliance requirements.

- **Budgetary constraints**

Achieving government modernization initiatives in the post-global financial crisis world is putting public sector entities under immense pressure of doing more with less as the number of regulatory requirements increase and the budgets get smaller. Cutting services or compromising the quality of these services is not a favorable option. The current siloed approach for complying with regulations is resulting in low efficiency and high costs, leading to losing the trust and motivation necessary to implement the regulatory programs.

- **The human factor**

Many entities within Middle Eastern governments believe that technology alone is sufficient to meet regulatory requirements. The reality is that these emerging requirements necessitate the involvement of talented people with the right specialization. Regrettably, there are very few specialized people, globally and regionally, in the fields of cyber security, quality assurance, services resiliency, environmental management and work-related health and safety. Currently, the knowledge and expertise in these domains is limited to self-studies or readings, training and practitioners' experience or lessons learned. Additionally, governments and regulatory bodies have yet to consider prepping the next generation for these domains by embedding and dedicating educational programs as part of their respective educational curricula.

- **Culture and awareness**

Although several governments have initiated award programs to recognize excellent service performance in order to provide incentives and motivation to public

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sector entities, it is getting even more common to treat regulatory requirements implementation by "ticking the box." Regulatory bodies have not established an appropriate mechanism to demonstrate how to embed regulatory requirements in a business model, providing real value to the services and enabling effective and efficient operation that increases the maturity of the entity. While it is reasonable to assume that the entities, as opposed to the regulatory bodies, are responsible for creating a compliance culture framework that bridges the gap between the importance of adequate implementation and improvement of the public services performance, it is also true that as the number of requirements and entities grows, the need for centralizing and mandating the practices becomes more essential for standardized and focused implementations toward the main objective.

- **Automation**

It is practically impossible for both, the entities and the regulatory bodies, to manually manage and monitor the implementation status of regulatory requirements. A customized solution that enables and facilitates the implementation and maintenance of regulatory programs has yet to be considered, leading to a degradation in the quality of the implementation and therefore preventing the maturity and performance increase of the services.

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As regulations and best practices expand at a fast pace with the fast changing threat landscape, forward-thinking leaders are concerned about the aforementioned challenges, more specifically, about the reactive, rather than proactive, approach in managing regulatory programs that may expose them to legal and reputational risk or afford them more costs than benefits.

Overcoming the problem

Adequate compliance with regulations and best practices requires a cooperative and shared responsibility between the government, regulatory bodies and the public sector entities. Overcoming the current challenges necessitates a coordinated and integrated approach supporting one vision, enabled by processes, people and technology.

Processes integration

It is important for government entities to explore opportunities for cross-regulatory synergies and alleviate the significant operational overhead that has been introduced via regulatory requirements. Establishing a coordinating body with an overarching responsibility to manage the integration between all the regulatory bodies could drive widespread benefits throughout the government and its constituents. The coordinating body

offers significant support by developing and enforcing an Integrated Controls Framework¹ (ICF) that streamlines the overlapping requirements and enables efficiency and effectiveness in designing, implementing and maintaining applicable controls.

Additionally, the enforcement of the ICF necessitates the appropriate governance structure among the regulatory bodies as well as the entities. An executive role such as "Chief Compliance Officer" function should be embedded in the entities' organizational charts, with the right seniority and authority to ensure successful, smooth and value add implementation of the Integrated Controls Framework.

People

Hiring talented employees, training people and creating a compliance culture should be on the top of the executive management's priority list. It is not reasonable to assume that employees have the right expertise in the emerging domains such as those mentioned above (cyber security, quality assurance, services resiliency, environmental management and work-related health and safety.)

Educational programs will positively contribute, not only to the government entities, but also to the society as a whole, which stands to gain from these programs once educational institutions take on the mandate to train the next generation of the workforce. That would also enable an improvement of the private sector, hence attracting stakeholders to increase their investments within a community that supports their growth and expands their operation.

Technology

With the increasing number and diversity of the regulatory requirements, it is challenging to manually manage the implementation and maintenance of these requirements. Evidently, technology complements the

right people and processes in place to consistently implement and monitor the ICF. Using technology will drive greater integration and will allow a holistic real-time visibility of the compliance status, related risks and impact on the affected organizations. This existing technology in the market known as Governance, Risk and Compliance (GRC) solution has powerful features such as defining, implementing, maintaining, monitoring, analyzing, remediating and reporting around the strategic and technical implementation status of the regulatory and best practices programs.

Besides GRC solutions, leveraging data analytics technology is another important tool to connect the dots and analyze the overarching entity's level of impact on the governments' strategic objectives.

Governments in the Middle East are determined and committed to improve the performance of their public sector services to permit a top-notch lifestyle competing with the most developed and growing economies. Great efforts and milestones have been achieved towards this goal; nevertheless, increasing the maturity of these services imposes changes in the current operating model that consider the contemporary challenges faced by the entities and their executive management.

To be most effective, regulatory and Best Practice requirements should be applied within the business context, focusing on where their use would provide the most benefit to the entity. Executive management, middle management, regulatory representatives and compliance officers should work together to make sure that the implementation of these practices lead to improving the performance of the public sector in a cost-effective and well-controlled manner.

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Endnotes

1. Integrated Controls Framework is the unique mapping of controls defined in two or more regulatory or best practices programs.