



IPPF Board Development Session

Managing Risk – no glove no love

Are you taking this seriously?

The board should establish the risk and internal control framework and determine the nature and extent of the principal risks it is willing to take in order to achieve its strategic objectives.

The board should satisfy itself that the company's internal controls are robust, and allow for prudent and effective risk assessment and management.

The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report.

The monitoring and review should cover all material controls, including financial, operational and compliance controls.

Feel the pain

“There is a significant failure of some kind that was within our control or we could have prevented, but didn’t.

As a result of the failure there could be any or all of the following - harm, injury or death to an individual, a significant financial loss or waste of resources.”

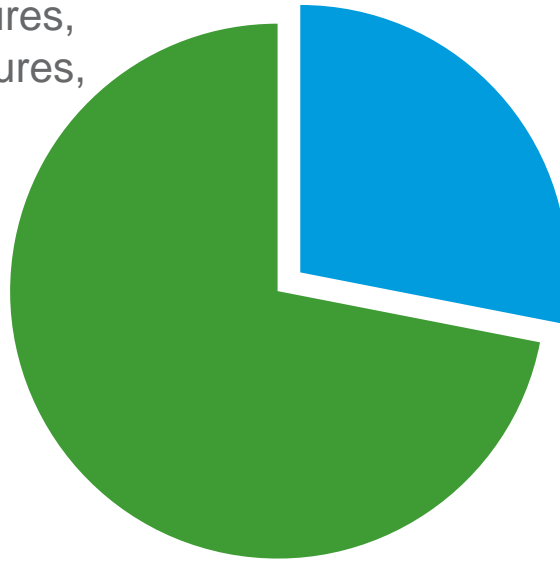
“Then there will be the investigation, blame, reputation damage and embarrassment, rectification time and costs....some of this could result in irrecoverable damage at a corporate and personal level.”

“All this, as a minimum, distracts us and at worse de-rails us from our main mission.”

What risks?

Business as usual risk

- A risk that is managed through the existing control framework e.g. communication, leadership, plans, policy & procedures, quality checks, performance measures, roles, competence, oversight.
- Is corrected through the rectification of an existing control.
- Monitoring focuses on assurance that the risk control framework is effective in design, application and outcome.



Exceptional risk

- The risk has a finite life.
- Require the establishment of a new or enhanced risk control. Upon mitigation becomes business as usual.
- Monitoring focuses on assurances that action required is progressing as expected and will achieve the desired outcome.

The holy trinity



Emerging risks will need to be monitored and kept in check.

Strategic risks enable the key controls to be identified and assurances mapped, creating a Board Assurance Framework.

Risk appetite themes will drive operational risk reporting – type of risk, volume, what is “in” and “outside” risk appetite.

Example – strategic risk: a significant compliance failure

Generate Report: Heatmap

Heatmap Type:



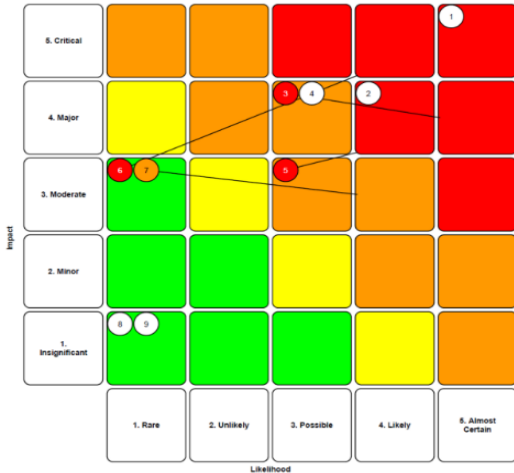
Compliance Risk

There are 8 risks plotted by current risk score (after application of controls). Your appetite is Averse – always seeking to remove or reduce risk.

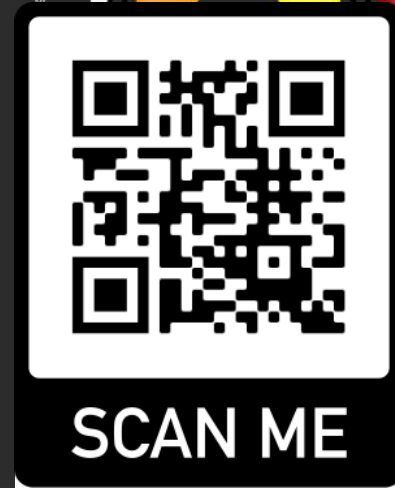
Challenge:

- Given your risk appetite what are your comments, observations or questions?
- What action is required?

Risk Movement Report



Grid #	Risk Ref	Risk Title	Inherent Risk Score	Residual Risk Score	Target Risk Score
1	DEPT 1.1	Test on permission 1	1 = 5 L = 3 = 25	2	4
2	DEPT 2.1	Test on permission 2	1 = 5 L = 4 = 16	10	
3	SRM 2	Failure to achieve growth, increase turnover and the diversity of the organizations services in order to keep working towards the mission statement.	1 = 4 L = 5 = 20	1 = 4 L = 3 = 12	
4	DIRQ 3	3	1 = 4 L = 3 = 12	12	
5	DIRQ 1	1 Permission - should see linked	1 = 4 L = 4 = 16	1 = 3 L = 3 = 9	1 = 3 L = 2 = 6
6	SRR 1	Poor Governance: To have an ineffective and weak boards	1 = 5 L = 4 = 20	1 = 3 L = 1 = 3	1 = 2 L = 1 = 2
7	HR 1	Failure to recruit and retain good quality skilled staff	1 = 3 L = 4 = 12	1 = 3 L = 1 = 3	1 = 2 L = 1 = 2
8	10	Test s1	1 = 3 L = 1 = 3	1	2
9	11	Test s2	1 = 3 L = 1 = 3	1	2



Do you have a complete picture of your risk, control and compliance environment in real-time?

Your thoughts, comments, questions

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How has Covid 19 impacted on your risk appetite:

<https://youtu.be/Pa1sp1xcxLw>