

Including a  
Presentation by the  
IRM on UK Standard

# The Fundamentals of Risk Management

Up-to-date Coverage of Risk Management Issues Including Critical Examination and Practical Advice on the **COSO Enterprise Risk Management Framework** and Other Developments

**UPDATED  
for 2006**

Led by: Keith Wade, CATS INTERNATIONAL

*By attending this practical, introductory course you will learn about:*

- **The Evolving Nature of Risk Management**
- **Risk Management Models and Standards**
- **Responsibilities for Risk & Risk Management**
- **Risk & Internal Audit**
- **Establishing a Risk Management Programme**
- **The Stages of the Risk Management Cycle**
- **Making Risk Management Work**

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## What have previous delegates enjoyed at IIR's risk management events?

*"Covers a broad range of  
topics, very helpful ideas,  
tips and tricks"*

Marcel Hunziker, Baloise Insurance  
(previous attendee)

*"I really enjoyed meeting  
people from other  
organisations to see how they  
approach risk management"*

R. Flanagan, Forensic Science Service  
(previous delegate)

## Who should attend?

Risk Managers, Specialists and  
Consultants, Internal Auditors, Line  
Managers and others who are relatively  
new to the area, are returning after a  
period of other work, or wish to up-  
date their knowledge or benchmark  
their arrangements against best  
practice and the very latest  
requirements.

3rd & 4th July 2006, etc. Venues, Mayfair, London  
7th & 8th November 2006, etc. Venues, Mayfair, London

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# The Fundamentals of Risk Management

## Course Background

Effective risk management is vital to ensure a healthy entrepreneurial culture within any organisation that wishes to **develop, expand and improve performance**. Although SOX, Corporate Governance Codes around the world and the well-published business and public service failures and scandals regularly remind us of the need to manage risks carefully, it is now widely accepted that good risk management is not just a compliance issue. It is a vital component in winning business, sustaining the organisation, and maximising the chances of success. Research shows that those organisations that have effective risk management and governance systems in place are more likely to prosper and retain confidence.

Nevertheless, legal and regulatory frameworks are getting tougher, litigation is an ever-increasing concern, and compliance risk is seen by most organisations as a major issue. The range of regulated affairs grows daily, including not just financial and regularity matters but health and safety, employee welfare, environmental management, stakeholder relations and corporate social responsibility. An entity, be it in the private or public sectors, needs to be fully aware not just of the risks to itself, but also those risks to others arising from the nature of its activities and the environment in which it operates.

An effective risk management structure allows an organisation to understand the risks in its activities and initiatives and take informed and defensible decisions about whether and how the risks should be managed.

Where enterprise risk management systems are in place, the task now is to **extend and refine** them, **confirm conformance with expectations and best practice**, and ensure that they meet business needs and can cope with critical and emerging risks. Where they are not in place, organisations face the challenge of catching up and securing the necessary advantages that good risk management can bring.

## Interactive Approach

Through **presentations, exercises, case studies, real life examples** and **guest speakers** this course will provide you with the knowledge, tools and techniques that you need to gain a sound understanding of risk management. The training summarises and gives authoritative guidance on latest developments in governance and risk management (including international and UK risk management standards, frameworks and requirements) and shows how the various parties involved can maximise their contribution to effective risk management within their organisation.

**Day One** explains the principles that underpin risk management and provides an authoritative up-date on current concerns and developments.

**Day Two** follows the stages of the risk management cycle, examining how risk management systems operate in practice, exploring the techniques that can be used, and giving advice on how risk management can be made to work.

## DAY ONE

### Risk and Risk Management: Principles and Developments

0900 Registration & Coffee

0930 **Welcome, Introduction and Course Overview**

0950 **The Nature of Risk and Risk Management**

- The evolving nature of risk management
- Internal and external drivers; a risk-aware society
- The meaning of risk; understanding the jargon; ISO and other glossaries
- Types and categories of risk
- Risk management defined & explained
- Different perspectives; insurance, governance, audit etc
- Avoiding the silo approach: enterprise-wide risk management
- Risk management as an integrated, multidisciplinary activity
- Current issues in relation to risk and risk management

1045 Coffee

### Exercise 1: A Risk-Based Approach to Business

1145 **Business Risk: The Current Environment**

- Overview of business concerns, pressures and opportunities
- Past, present & future risks
- Scandals, failures and reactions; expectations, demands, requirements
- Developments in corporate governance and regulatory intervention; the impact of SOX, and revised Turnbull guidance and the Operating and Financial Review in UK
- Developments in risk management – locally, regionally and internationally
- Balancing enterprise and accountability

1215 **Risk Management Models and Standards**

- The plethora of risk management frameworks and standards
- UK Standards: AIRMIC/IRM/ALARM, BSI

- The COSO Enterprise Risk Management Framework
- Other models and standards, eg Australia/New Zealand, ISO
- Sector-specific guidance and direction
- Turning standards into practices

1245 Lunch

1345 **UK Standard on Risk Management**

- Role of professional bodies such as IRM
- The purpose and contents of the Standard
- Future developments
- Using standards in practice

**Simone Wray**

*Fellow and Director*

**INSTITUTE OF RISK MANAGEMENT**

1430 **Responsibilities for Risk & Risk Management**

- Roles and responsibilities; the parties involved
- Risk management arrangements: examples
- Role of the board; audit & risk committees; & senior management
- Role of line managers and business units
- Role of risk managers and advisers
- Putting risk management at the heart of an enterprise

### Discussion: Options, Opportunities and Relationships

1530 Coffee

1545 **Risk, Assurance and Internal Audit**

- The need and demand for independent assurance
- Changing internal audit paradigms; the modern role and contribution
- Latest IIA and other international Standards
- Integrating the risk-based approach into audit methods; the three dimensions of risk-based auditing
- Audit participation in risk management projects & processes; maximising audit's value
- Working with others: board, line managers and risk specialists

- 1615 **Establishing and Sustaining a Formal Risk Management Process**
- The four levels of risk management
  - The risk management cycle – overview
  - Steps involved in introducing and maintaining a comprehensive risk management system
  - Why risk management does not always work: case histories

#### Practical Risk Management Programmes & Examples

1715 End of Day One

### DAY TWO

#### Risk Management in Practice: Developing, Evaluating and Improving Risk Management Systems

0830 Coffee

0900 **Taking The First Steps**

- Being clear about the objectives and benefits of risk management; recognising the limitations and conflicts
- Understanding the internal and external environment: establishing the context
- Using COSO, UK standard or other framework as a model/benchmark
- Convincing others; selling the benefits, demonstrating the relevance and value
- Determining risk management policies, strategies and arrangements

0945 **Implementing Risk Management in Practice**

- The joys and perils of establishing an enterprise risk management system
- Making risk management work
- Guidance on avoiding pitfalls and securing success
- Practical examples

**Stephen Kelly**  
Consultant  
idRisk

1045 Coffee

1100 **Objective Setting**

- The process for setting corporate and operational objectives
- Categories: strategic, operations, reporting, compliance

1120 **Event Identification (Identifying Risks)**

- Relating risks to business objectives
- Making people risk-aware
- Methods of identifying risk

1140 **Risk Assessment**

- Determining likelihood and frequencies of occurrence
- Assessing consequences and impact
- Evaluating risk levels: inherent and residual risk
- Assessing the adequacy, application and effectiveness of current arrangements and controls
- Control evaluation techniques
- Nature, advantages and disadvantages of Control Self-Assessment
- Applications: examples of specific risk management and assessment programmes

#### Exercise 2: Using Risk Assessment Techniques in Practice

1245 **Risk Responses**

- Making risk-based decisions
- The broad option: accept or not?
- Tolerate, terminate, transfer, or treat?
- Criteria for selection
- Control activities

1315 Lunch

1415 **Information and Communication**

- The remaining elements of a comprehensive risk management process
- Reliable information & communication systems
- Recording risks: risk profiles and databases
- Internal and external reporting
- Addressing problems in information and communication

1445 Afternoon Refreshments

1500 **Monitoring, Review and Audit**

- Purpose of monitoring: report, maintain, improve & adapt
- Accountability for effective risk management; providing assurance
- Monitoring mechanisms
- Ensuring that risk management systems are sufficiently resilient to cope with current & future demands & threats

1545 **Practicalities & Implementation**

- Any remaining practical concerns
- Ensuring success in implementing, sustaining and improving risk management systems
- The future for risk management
- The next steps

#### Open discussion

1630 Course end

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### ABOUT YOUR COURSE LEADER

**Keith Wade** is recognised as both a leading authority on audit, control and risk management matters and a skilled and enthusiastic trainer, working to the highest standards of quality and professionalism. Over the years he has guided hundreds of auditors, accountants and managers, counselled scores of students, organised countless courses, seminars and conferences ranging from local to international events, pioneered audit thinking, worked closely with various professional organisations in developing audit, control and risk management functions, and helped introduce best practice in numerous organisations. Author of several publications, he has presented many papers and conducted extensive research. Keith has worked with many professional, academic, government, industry and other bodies in drafting standards, preparing guidance and seeking to enhance the discipline and practice of internal audit and related activities around the world.

Keith has strong links with professional bodies: before founding CATS he was secretary of CIPFA's Audit Panel. He has been closely involved in many capacities with the Institute of Internal Auditors in both UK and

Ireland, and also overseas: he played a significant role in the development and provision of tuition for the UK MIIA and QiCA qualifications and in 1996 was elected a Fellow of the Institute in recognition of his contribution to the internal audit profession.

#### CATS International

This is one in a series of seminars designed and presented for IIR by CATS International. CATS International is an independent consultancy specialising in training and development in the fields of internal audit, business control, risk management and corporate governance. It has a world-wide reputation for providing top quality, cost-effective training for all categories of managers and staff, leading-edge guidance on developments in internal audit and related fields, and practical advice on putting ideas into operation.

**Keith Wade** is founder and Director of CATS International, Chief Executive Officer of Internal Audit World-wide, and International Director of the Global Audit Alliance. He established CATS as Consultancy & Audit Training Services in 1986.

# The Fundamentals of Risk Management

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