

“Relevance of Risk Management to Compliance and Governance”

IIA FIJI – 2014 CONFERENCE DECEMBER 2014

Keynote 7:

“Relevance of Risk Management to Compliance and Governance”

**‘NEVER FEAR SHADOWS. THEY
SIMPLY MEAN THERE IS A LIGHT
SHINING SOMEWHERE’.**

Ruth E. Renkel

Governance



“Relevance of Risk Management to Compliance and Governance”

▫ Failures

- Barings Bank, Enron, Worldcom, Lehman Brothers, Bear Stearns, Royal bank of Scotland

▫ Inquiries

- Cadbury, Sarbanes, Turnbull

Definition

- Generally defined as the system or processes by which a company is directed and controlled in order to protect shareholder interests.
- Corporate governance is concerned with improving the growth, focusing on the conduct of and relationships between the Board of Directors, managers and the company shareholders*

□ *AS Standards

Function

- ❑ Board function to progress and improve the productivity and financial stability of an organisation
- ❑ Boards can only be effective if they know of, and can properly assess, the nature and magnitude of risk faced by the entity. Effective Risk Management can enable an entity to take the risks appropriate to its business*

* Corporate Governance in NZ. Handbook for Directors, Executives and Advisors

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Criteria

- ▣ Identify Strategic Risk
- ▣ Link to Strategic Objectives
- ▣ Evaluate, categorise, rate
- ▣ Risk profile
- ▣ Mitigations
- ▣ Residual risk
- ▣ Enterprise Wide reporting
- ▣ Opportunities
- ▣ Disclosures/Conflicts of Interest

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Benefits & Opportunities

- ▣ Protection Board Reputation
- ▣ Assess organisations risks, operational / Strategic
- ▣ Minimise exposure to compliance failures
- ▣ Reduce likelihood and impact of poor decision-making
- ▣ Allows calculated risk to be undertaken within established risk appetite
- ▣ Reinforces quality of reporting
- ▣ No surprises

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Compliance in Governance

Definition:

- ▣ Adhering to the requirements of laws, industry and organisational standards, codes and principles of good governance and accepted community and ethical standards*

▣ *Standards Australia

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Identification of Compliance responsibilities

- Legislation
- Regulation
- Codes of Practice
- Industry specific codes
- Licensing
- Judgements
- Directives

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Business Continuity Planning



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Business Continuity Planning

- Component of Governance?
- Business Continuity
- Operational / Strategic

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Conclusions

- ▣ IIA Netherlands
- ▣ Accuracy
- ▣ Conflict
- ▣ Challenge and strengthen
- ▣ Value