



RISK APPETITE WORKSHOP

The setting of an organisation's Risk Appetite is a critical component of a robust risk management framework. This workshop is focused on improving knowledge and skills in relation to setting Risk Appetite and Tolerance for all of your organisation's key risks. The workshop covers all aspects necessary to develop a comprehensive Risk Appetite Statement at the corporate level and cascading and operationalising it through the organisation so it can be used to evaluate and report risk levels as well as assist in making risk / reward based decisions. Case studies and exercises are used throughout the course to reinforce concepts covered.

DATES

www.protecht.com.au/risktraining

PRESENTER

David Tattam

LOCATION

Sydney, Melbourne, Brisbane, Perth or in-house

DURATION

1 Day

David Tattam

David is an Executive Director of The Protecht Group and author of "A Short Guide to Operational Risk". He is recognised internationally as a specialist in all facets of risk management and in particular, enterprise risk management. Prior to founding Protecht in 1999, he held roles as the Head of Operations and Risk Management at two international banks, WestLB and The Industrial Bank of Japan. His career also spanned 7 years with PwC. David is currently active in consulting to and training in a wide range of industries in relation to setting up risk management functions and implementing enterprise risk systems. He has been instrumental in the development of Protecht's fully integrated ERM software solution, Protecht.ERM. David has worked with a large number of organisations to assist on the development of their risk appetite statements. David is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Chartered Accountants in England and Wales and a Senior Fellow of the Financial Services Institute of Australia.

COURSE HIGHLIGHTS

- An in-depth understanding of Risk Appetite and Tolerance as it relates to a range of different risk types
- An appreciation of the external requirements and guidelines in relation to Risk Appetite setting
- An understanding of who is responsible for developing, setting and owning the Risk Appetite
- An understanding of how Risk Appetite can be articulated for a range of risk types
- The ability to determine a Risk Appetite for each key risk category
- The ability to set meaningful likelihood and impact scales for risk assessment which reflect the Risk Appetite set by the board
- How to document the Risk Appetite in the Risk Appetite Statement
- How to integrate Risk Appetite into the overall risk management framework
- How to cascade and operationalise the Risk Appetite
- How to embed and operationalise the Risk Appetite throughout the organisation
- How to use Risk Appetite as a basis for Board risk reporting



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COURSE OUTLINE. INTELLIGENCE GAINED.

1. Risk Appetite—What does it mean?

- The concept of Risk Appetite
- Appetite, Tolerance, Capacity—is there a difference?

2. External Guidance on Risk Appetite

- Regulations and standards requiring Risk Appetite
- ISO 31000 and Risk Appetite
- Market guidance

3. How should Risk Appetite be used?

- As a basis for decision making
- As a basis for setting strategy and objectives
- Risk evaluation
- Ranking of risks
- Determining escalation and follow up action
- Risk reporting—the traffic light report
- Board reporting against appetite

4. Articulating Risk Appetite

- Traditional articulation methods and their weaknesses
- Deciding on the risk categories where separate articulation is required?
 - Total Risk
 - Key Risk Categories i.e Market Liquidity, Credit, Operational, Compliance, Insurance and Strategic
 - Sub risk categories eg. Environmental, Fraud, WHS
- A framework for articulation
 - Identification of objectives
 - Evaluation and escalation zones i.e. High, Medium, Low / Red, Amber, Green.
 - An overall qualitative Risk Appetite statement
 - An overall appetite based on acceptable variation in performance against objectives
 - Likelihood and impact scales for risk evaluation
 - Quantitative Key Risk Indicator measures for each key risk and related risk tolerance thresholds.

5. Setting Evaluation and Escalation Zones

- How many different zones are required?
- What does each zone mean?
- What are the evaluation, escalation and action requirements for each zone?

6. Setting an Overall Qualitative Risk Appetite Statement

- Format to use
- Which qualitative descriptors should we use?

7. Determining an Appetite Around the Maximum Level of Variation from Performance Objectives

- Linking the Risk Appetite to strategy and objectives
- The importance of having measurable objectives
- Process for determining the thresholds between evaluation zones for each objective
- Format of the appetite articulation

8. Setting Likelihood and Impact Scales

- Scales for Likelihood and Impact
- The number of scale levels
- The number of scales across the organization from Board to Business Unit
- Determining the scale thresholds to reflect Risk Appetite and tolerance
- Setting likelihood scales - what measures?
- Setting impact scales - how many types of impacts?

9. Identifying and Using Key Risk Indicators to articulate and set Tolerance Levels for each Major Risk Category

- Determining which key risk indicators to use
- Setting KRI thresholds

10. Setting Risk Tolerances for Strategic Risk

- Identifying relevant KRIs
- Using a “worst case scenario” approach
- Setting key risk indicator thresholds to reflect appetite

11. Setting Risk Tolerances for Operational and Compliance Risk, Market, Liquidity and Funding

- How many categories of operational and compliance risk should appetite be set for?
- What about zero tolerance risks?
- Setting key risk indicator thresholds to reflect appetite

12. A Methodology for Setting Risk Appetite Levels

- Who should set the Risk Appetite?
- The process of setting the appetite
- Roles and responsibilities of the Board and Management

13. The Risk Appetite Statement—Documenting the Risk Appetite

- Content
- Format
- A blueprint RAS
- Review and updating of the RAS

14. Integrating Risk Appetite into the Overall Risk Management Framework and Process

- Use in the risk and control self assessment
- Use in key risk indicators
- Use in escalation and driving follow up action
- Use in reporting

15. Risk Reporting Using the Risk Appetite

- Linking Board reporting back to the RAS
- A proforma Board risk report
- Managing by exception

Who Should Attend:

Chief Risk Officers, Risk Managers, Financial Controllers, Internal and External Auditors, Risk Advisers and Consultants, Regulators.

How to Register:

To register please send an email to info@protecht.com.au or phone +61 2 8005 1265.

Payment can be made by direct bank transfer on the subsequent receipt of an invoice.

Cost:

The cost of the course is \$990 + GST. This fee includes all materials, lunch, morning and afternoon refreshment but excludes your travel, accommodation and incidentals.

Course Times:

Registration commences at 8.30am. The course commences at 9.00am and concludes at 5.00pm.

Terms and Conditions:

Protecht reserves the right to cancel or postpone this program due to circumstances outside of its control. Protecht will endeavour to provide confirmation of the course proceeding or being cancelled or postponed on or before 14 days prior to the course start date. If you do not receive such confirmation, please contact Protecht directly for confirmation. Where Protecht does cancel or postpone the course, delegates will receive a full refund of the course fees paid. Protecht will not be liable for any expenses associated with attending the course, including but not limited to costs associated with airfares and accommodation, should the course be cancelled or postponed at any time. For participant cancellations received less than 4 weeks prior to course commencement no refund will be given. However, a replacement delegate is acceptable.

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