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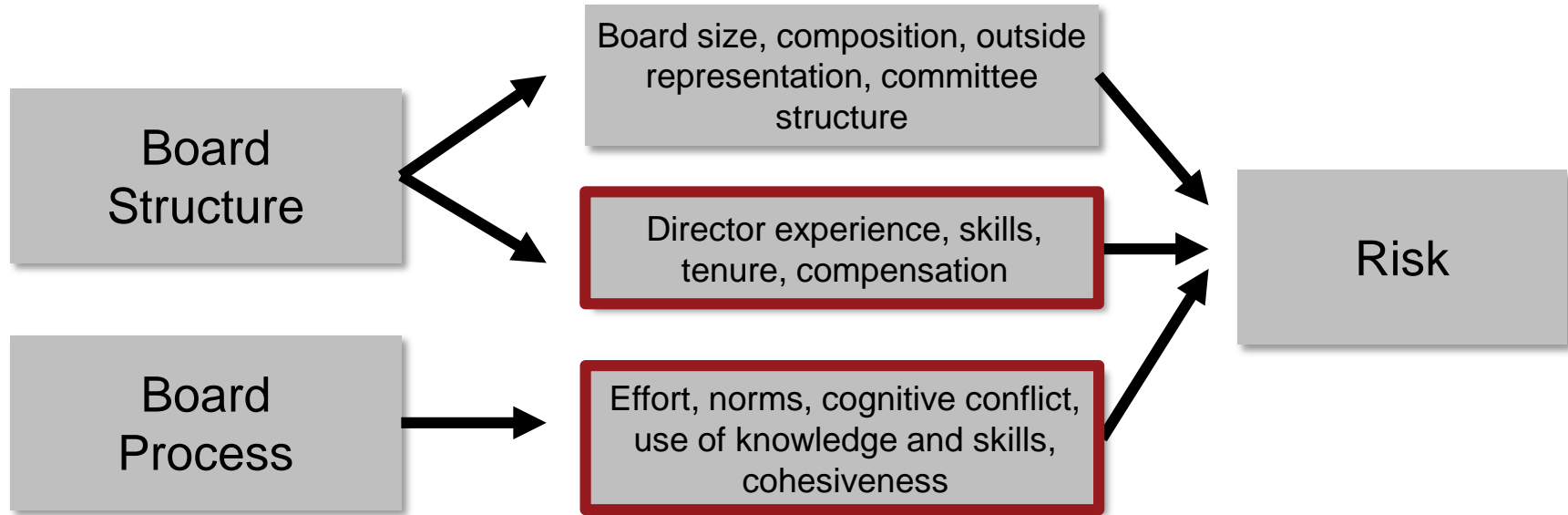
Boards and Risk:
what Directors need to know
to properly discharge their responsibilities,
and what risk practitioners need to do
to support them

Boards and Risk

What Directors need to know to properly discharge their responsibilities, and risk practitioners need to do to support them

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A Model of Risk Governance



Source:

- *Corporate Governance and Risk: A Study of Board Structure and Process. Research Report 129 – ACCA 2012.*
- *Risk management gets personal – lessons from the credit crisis – Advanced Institute of Management Research*

- Formalisation
- Externalisation
- **Personalisation**

Engaged conversations on risk

Directors need to know

Practitioners need to do

Responsibilities

- Under law, regulation
- Good practice

- Know your Board
- Board briefings (impacts)

The Business

- Economics of the Business
- Business Model

- Frame design (PiT and TTC)
- PSE (and dependencies)

Capacity

- Financial
- Non-Financial

- Capacity measures
- Capacity reporting

Culture

- Defining 'Right' ('tone at the top')
- Form a view; identify changes; process to instil

- Attributes and Measures
- Support assessment

Engaged conversations on risk

Directors need to know

Practitioners need to do

Appetite

- Extent of risk willing to take (RA)
- 'Through the cycle' (TTC)
- Behavioural biases

- Support 'implicit' → 'explicit' RA
- Practical RA 'use case' development

Strategy

- Risks of / to Strategy
- Strategy, within appetite, within capacity

- Understand the Strategy
- 'Stress-test' the strategy

Assessment

- Definition of risk (articulation)
- Simple vs. complex
- Professional scepticism / challenge

- Beyond Registers (single best estimates)
- Key heuristics (the new rubric of risk management)

Help

- Organisational knowledge is limited, partial and fallible
- When to ask for help

- Understand what help
- Where to get it

RISK IQ

clarity through intelligence