

The image shows two men in business suits standing on a rooftop terrace. The man on the left is wearing a dark suit and a light blue tie, looking down at a smartphone. The man on the right is wearing a blue pinstriped suit and a grey messenger bag, looking up at a white smartphone held in his hand. In the background, a city skyline is visible, including the Oriental Pearl Tower. Two ornate stone pillars with spherical light fixtures are in the foreground. The overall tone is professional and modern.

No more Vanilla, thank you

Beyond Generic Risk Management - Adding meaning back
into Organisational or Enterprise Risk Management

think+create



This presentation



- + Setting the context:
 - Corporate governance
 - Risk Management
 - Assurance
 - Developments across the sectors
- + Looking at the current state of play.
- + Themes – new and emerging
- + The Role of Auditors and IT Professionals

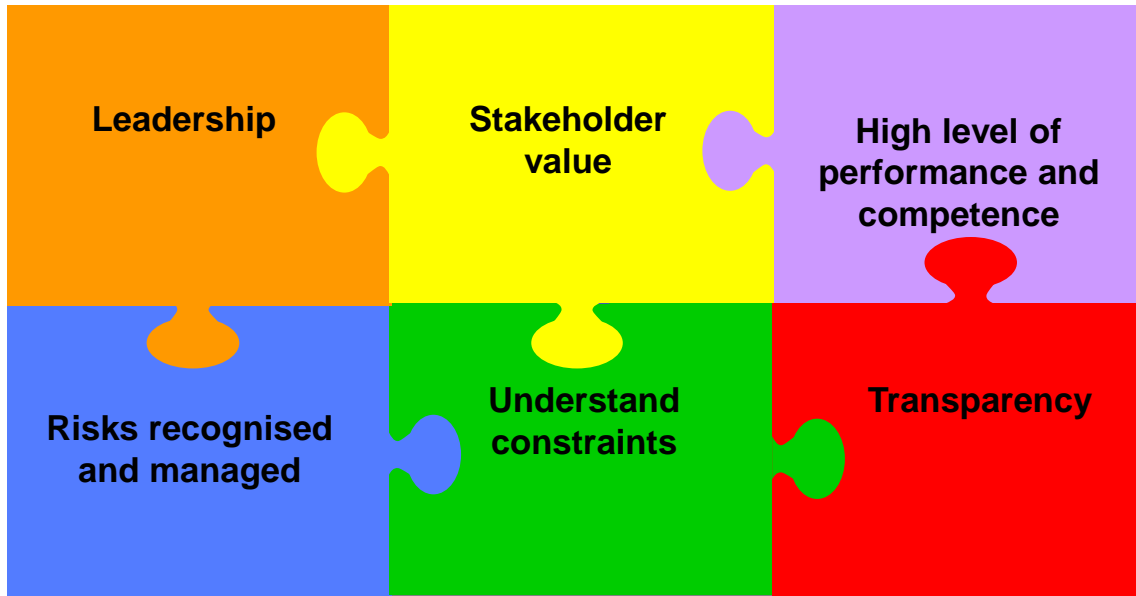
The topic of the moment



- + Already two phases of rapid development
- + Private Sector
- + The Third Sector
- + Governments & “governance”
- + Leap frog
- + Midst of third wave



Key Themes - Unchanged



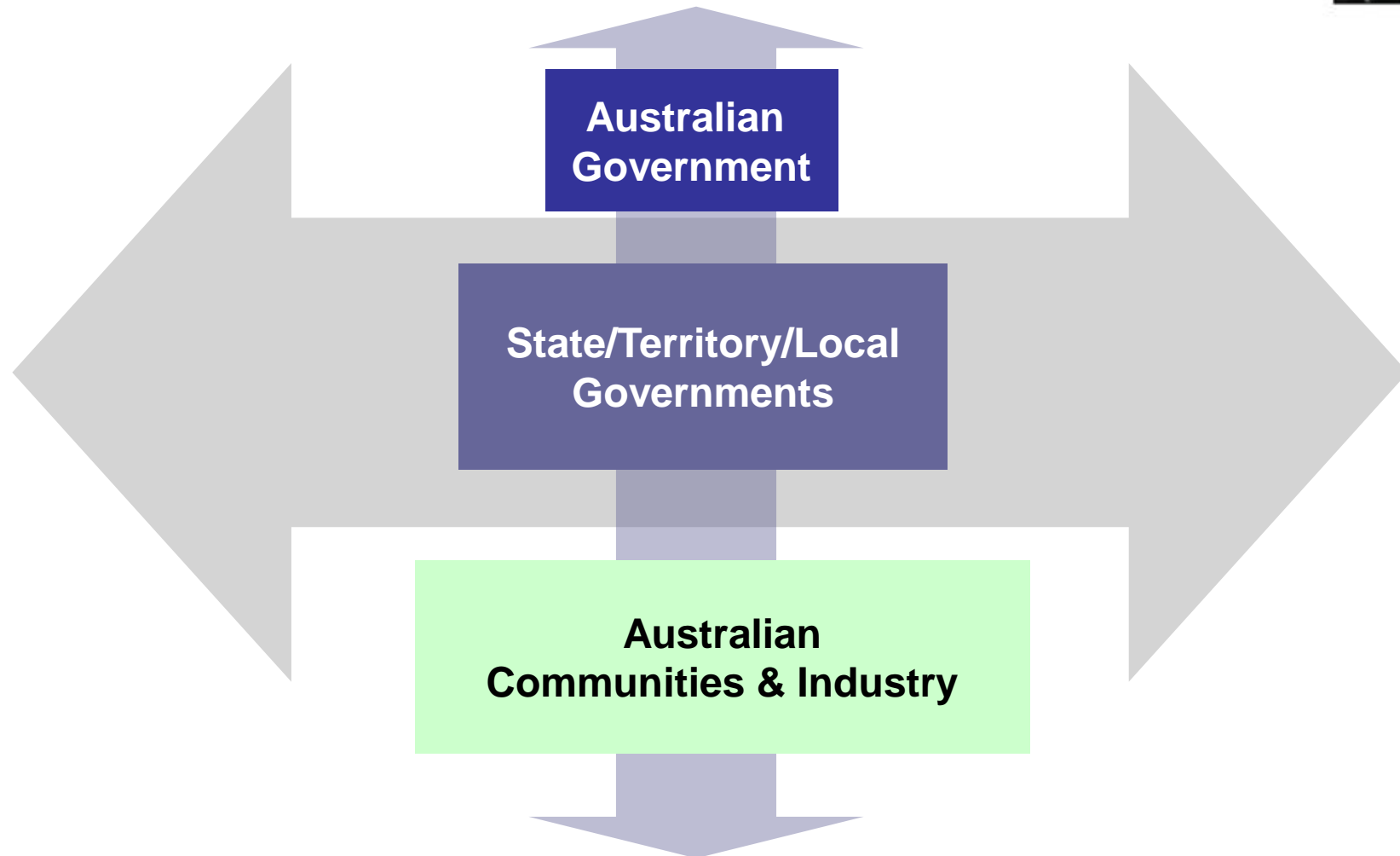
Whether you are working in the public or the private sector, good corporate governance is paramount to the sustainability, credibility, and success of your organization. Travelling the road of good corporate governance won't guarantee success, but not travelling upon it, will almost certainly guarantee failure

About governance



- + Good governance is about ensuring there is one integrated framework known and understood by all, against within which all activities are conducted, governed and judged.
- + Features:
 - Effective leadership and governing structures focused on excellence in governance
 - Well understood roles, responsibilities and accountabilities
 - Sound goals and objectives
 - Transparency and openness
 - Values
 - Strong internal controls
 - Effective monitoring of those controls
 - Systematic and integrated risk management
 - Transparent, high quality and targeted reporting both internally and externally

Shared Government, Shared Governance, Shared Risk



However, new and emerging themes



- + Connected sector delivery = productivity strategy
- + Divergence in international models of governance and risk management
- + Convergence of governance across Australian sectors
- + Creativity and assurance
- + Crisis of trust in enterprise risk management

A Crisis of Trust



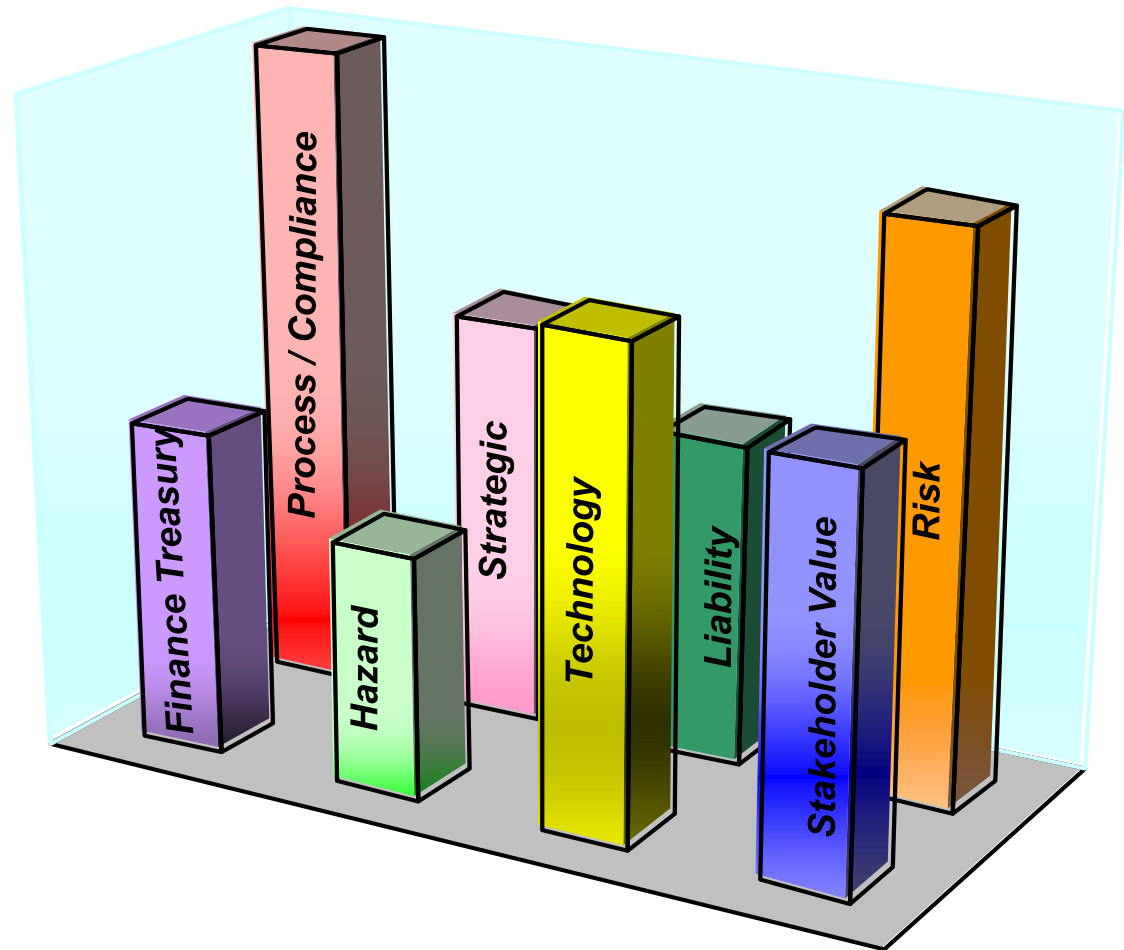
- + A real issue
- + Government-led productivity boon
- + Industry and community partnering
- + Emerging regulatory reform agenda
- + Role of Assurance & Risk Management
- + Assurance only as good as risk identification systems

Auditor verification of data at the early stages of reporting is a powerful tool to get your systems and data in order. But it has diminishing returns as your reporting matures. It can then become a drain on resources and can divert your attention from tackling more critical issues

Traditional Risk Management



- + Risks are often interrelated but historically have been managed as single impact events within various organizational silos.



Typical Objectives

Integrated Enterprise Risk Management



- + A comprehensive way of evaluating risks
- + A logical way to identify and quantify risks and determine effectiveness of risk mitigation
- + A common methodology that can be consistently applied within and across business units, by type of risk issue,
- + A means to determine the portfolio of risk on an aggregated entity level basis
- + The ability to determine how risks might have a material impact on the successful achievement of your mission and objectives

Old and New Themes



- ❑ Broader governance context not embedded
 - ❑ Beware introspective approach
- ❑ Scope of risk includes all risks to the business
- ❑ Emphasis on cross-functional preparedness not just individual reaction and event management
- ❑ Timely, reliable information is shared across silos
- ❑ Transparent and integrated
 - everyone must understand – all stakeholders
 - perseverance
- + Reviewed
 - timetable for review
- ❑ Adapted and improved
 - improve or amend as circumstances demand

*Significant
improvement
required*

Warning signs along the way



Beware:

Complicated, theoretical models and lengthy dissertations – impact on your stakeholders

Lack of interest or knowledge at executive and general manager level

Only one or a handful of champions

Little awareness of the governance, risk and assurance strategy

Inability to explain value

Weak governance linkages: Blurry line of sight from staff to governance champions

Your questions, thoughts & feedback



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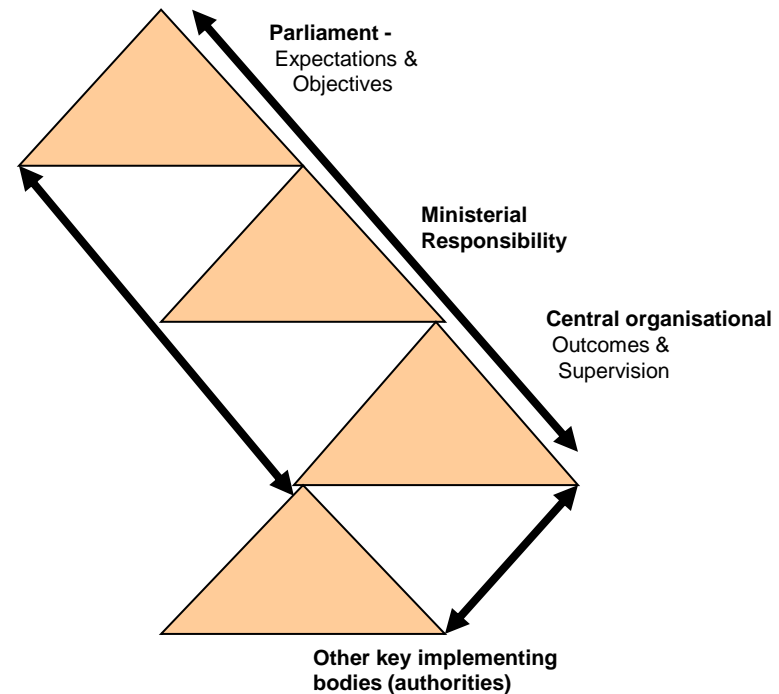
Think green before you print this screen

The Challenge



- ❑ A broad governance perspective is essential for meaningful risk management in today's connected government environment

- ❑ Central
- ❑ Portfolio
- ❑ Agency
- ❑ Stakeholder



Source: Adapted from a model developed by the Netherlands Ministry of Finance in its *Government Governance: Corporate Governance in the Public Sector, why and how?* November 2000, p.12.

The image shows two men in business suits standing on a rooftop terrace. The man on the left is looking down at a smartphone in his hand. The man on the right is looking up and to the side, holding a white smartphone up to his ear as if on a call. They are standing between two ornate, classical-style columns. In the background, a city skyline is visible, including the Oriental Pearl Tower. The overall tone is professional and modern.

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