



# The Governance of Risk

For boards, directors, and senior executives

## COURSE DESCRIPTION

A one-day seminar designed to equip boards, individual directors, and senior company executives to approach their responsibility for the governance of risk with increased confidence, and to effectively delegate the responsibility for designing, implementing, and monitoring the risk management plan to management. The seminar is intended to ensure delegates understand their responsibilities, and what actions they need to direct, to ensure a compliant risk management process is established to enhance the quality of decision-making, reduce uncertainty, and contribute to the creation of sustainable shareholder value.

## COURSE OUTLINE

### Foundational concepts and terminology:

- Appreciating that risk management is integral to the strategy setting, business planning, and decision-making process and that it must be integrated into business policies and procedures
- Common understanding of the most essential risk management concepts and terminology, including 'risk tolerance' and 'risk appetite'

### Board responsibility for the governance of risk:

- Contextualising the pressure being placed on our boards
- Preventing risk management from becoming an activity detached from the reality of business
- Leading the embedment of a formal processes of risk management
- Developing and implementing a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management
- Being satisfied that risk management is effective before disclosing it to be so
- Ensuring the board charter expresses the board's responsibility for risk governance and that it supports appropriate induction and training of all board members
- Effectively delegating responsibility for risk management to a board sub-committee and ensuring that the terms of reference of the sub-committee reflect this
- Ensuring the board's responsibility for risk management is documented in a risk management policy and plan, approved by the board
- Ensuring that the policy is correctly used to: set the company's tone for risk management; indicate how risk management will support the strategy; define risk, risk management, and the risk management objectives; assign responsibilities and risk ownership; etc.
- Ensuring the risk management plan is tailor made to take into account the risk maturity and the specific circumstances of the company
- Deciding what should be included in the risk management plan and what should be left out
- Ensuring that the risk management plan is continually monitored

### Board responsibility for determining the level of risk tolerance

- Ensuring specific limits are set by the board and that they are periodically reviewed
- Ensuring appropriate external and internal risk factors are considered in setting the risk tolerance levels, and deciding how these levels should be measured
- Deciding whether specific levels should be set for different business activities
- Deciding whether limits should be set on the company's risk appetite

- Directing what should happen if the risk appetite exceeds the risk tolerance set by the board
- Ensuring management appropriately cascade these limits to departmental, functional, and operational activities
- Ensuring that significant risk taken by management is within the defined tolerance limits
- Ensuring that the board understands the implications of risks taken by management in pursuit of returns

#### Board responsibility regarding risk committees

- Deciding whether or not to have a separate risk committee
- Deciding on the composition of the risk committee and defining its terms of reference

#### Board responsibility when delegating responsibility to management

- Ensuring there is a board risk strategy for execution by management in terms of the risk policy and plan
- Ensuring roles and responsibilities have been clearly addressed in the policy and plan
- Setting out what the board will hold management accountable for, how management will account, and what support they will be given by the board to execute their duties and responsibilities
- Ensuring that the board's delegation to management adequately incorporates risk management requirements
- Defining what the role of the CRO should and should not be in the organisation
- Ensuring that risk management is successfully embedded in strategy setting, planning, and business processes in order to improve performance

#### Board responsibility in anticipating risk

- Being satisfied with the risk management frameworks the company will be considering
- Ensuring the framework and risk management processes have the appropriate characteristics to assist in anticipating risk
- Ensuring that frameworks are being effectively implemented and that risks are being anticipated

#### Board responsibility for the risk management process

- Ensuring the board has sufficient understanding of the risk assessment process and the risk response options
- Ensuring management considers and implements appropriate risk responses
- Knowing what questions to ask to ensure continual risk monitoring by management
- Engaging management about the opportunities that some of the risks may give rise to

#### Board responsibility for obtaining assurance

- What the board should hold management accountable for providing
- What should be included in the risk report from management to the board
- The role of internal audit and the relationship between risk management and internal audit

#### Board responsibility for disclosure

- Ensuring processes are in place to enable adequate disclosure to stakeholders
- What should be disclosed in the integrated report

BOOKING DETAILS		
Duration	Cost	Contact
1 day	R2750 (excl. VAT) per delegate	info@retlawfox.co.za