

Client	The client is a government owned European Utility Provider with an annual turnover of over €2 billion. Activities include power generation, customer supply transmission and distribution network and international consultancy. Until deregulation in 2005 it commanded a monopoly in its home market which continues to grow at one of the fastest rates in the developing world.
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Project Name	Risk Advisory Engagement
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Project Start Date	November 2008	Project End Date	November 2008
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Industry	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input checked="" type="checkbox"/> Corporate

Category of Service	<input type="checkbox"/> Performance measurement and monitoring	<input type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input checked="" type="checkbox"/> Business process improvement
	<input checked="" type="checkbox"/> Specialised risks	<input checked="" type="checkbox"/> Training and people change
	<input type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>Senior members of each Business Unit were updating their respective strategic plans and preparing an annual budget. This process was based, in part, on a risk assessment which involves the preparation of a Risk Register for review and validation by the Risk Committee, which was then consolidated at a Group level to compile a list of principal risks.</p> <p>The Group Risk function of the client wanted to further develop enterprise capabilities as it relates to risk measurement and management. It was in this context that they sought to further the knowledge and experience of members of the Senior Executives of the Business Units' and Risk Committee in order to fulfil their respective role and responsibility (collectively and as individuals), and to fulfil their risk reporting responsibilities to the Group Finance Director, and ultimately to the Executive Director Team and the Board Audit Committee.</p> <p>Members of the Risk Management Committee from the Business Units typically have an excellent grasp of the operation of the business but were not as familiar with the concepts of risk management as outlined in the COSO standard so the advisory assignment was to provide them additional support to prepare the respective risk register.</p> <p>Additionally, the client sought to complement the experience of the group Risk Committee members to add an additional level of review and challenge. Such support was to include information transfer to enable the Risk Committee to continue to build robust risk measurement and management practices.</p>
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<p>Approach and Solution</p>	<p>Support was provided at four levels, namely to:</p> <ul style="list-style-type: none"> • Conduct a desk top review of select Business Unit risk register; • Participate in 1:2:1 meetings with Senior Management of the Business Units, including to provide feedback on the draft risk register to better prepare them for their presentation of this before the Risk Committee; • Support the Risk Committee in the review and challenge session conducted with representatives of the Business Unit; • Assist the Group Risk Manager to review the Group risk register, including identification of areas for improvement in the risk management oversight process. <p>The focus for the work was (primarily) twofold, being:</p> <ul style="list-style-type: none"> • Improve the current year process – extract a greater level of transparency around: event identification (including root cause analysis); and risk measurement, specifically the impact assessment, and • Suggestions of how future risk assessment process can be further enhanced
<p>Results and Benefits</p>	<p>The risk management advisory services were delivered to best meet the clients needs, namely:</p> <ul style="list-style-type: none"> • Review of the draft risk registers; • Attendance at a meeting (with the Group Risk Manager) with Senior Management of select Business Unit; • Review the Group risk register with feedback and suggestions of follow up actions; • Attend the Risk Committee meeting to provide input and support; • Provide suggestions for improvement (Group and Business Unit level). <p>The approach and outcomes of the engagement supported the client’s tactical approach of seeking to link and embed risk management practices, leveraging pockets of good practice across the Group, and encouraging a greater risk awareness and appreciation of this in supporting risk aware decision making on a day-to-day basis. Feedback from the Business Units was that the approach remained pragmatic and was tailored to the realities of the business and risk management lifecycle within that business. Additional risks and mitigants were identified at the Group level. Suggestions for improvement will be picked up in subsequent risk assessments.</p>
<p>Software used</p>	<p>Not applicable.</p>