

IFoA Risk Management Framework – 8 June 2017

1.0 Introduction

The IFoA has developed a new Risk Management Framework which was implemented in early 2015-16 and which brings together the management of all Strategic, Operational and Project risks affecting the organisation and the profession. Formal training in Risk Management and in the operation of the new framework has been delivered to all members of staff and continuing steps are being taken to embed the new framework throughout the organisation. This document outlines this new Risk Management Framework.

In this context it is important to differentiate between the Strategic risks faced by the IFoA and its membership and the Operational and Project risks which pertain principally to the overall delivery of services, and to define what is meant in each case.

The possibilities of failure to achieve the strategic objectives of the IFoA are essentially high level strategic risks, each of which consists of a range of different aspects which must be identified and considered together when deciding how to manage the principal risk in question.

By grouping these different aspects together in a Risk Categorisation or Taxonomy, it is possible for the Council, Management Board and Directors Group to clearly identify all of the risks which pertain to the achievement of each individual strategic objective. In this way it is possible to ensure that appropriate action plans are developed, implemented and monitored to manage the risks in a co-ordinated manner across all relevant Directorates within the IFoA rather than in isolation within individual Directorates. Where appropriate each Directorate will have an agreed action plan for managing appropriate elements of the risks in question.

This is especially relevant for the management of Strategic Risks which can be much wider in nature than Operational Risks. Strategic Risks entail much greater uncertainty than most other forms of risk since they are trying to assess all of the different factors and any new developments which might have an impact on the totality of the marketplace from both a Membership and Regulatory viewpoint. As a result, they can be much more difficult to anticipate, evaluate and control and require a high level of professional judgment to ensure that all necessary factors are taken into account when they are being managed.

2.0 Risk Definitions

Risk can be defined as:

“Uncertainty of outcome, whether positive opportunity or negative threat, of actions or events” (HM Treasury)

Within this broad heading there are a number of specific types of risk, some of which are of particular interest to the IFoA. These include:

2.1 Operational Risks

These represent the full range of Directorate/operational risks which must be managed by each of the Directorates which operate within the IFoA during the normal course of business:

- Chief Executive's Office
- Engagement and Learning
- General Counsel
- Operations
- Public Affairs and Research

Each Directorate currently maintains an Operational Risk Register and it is important that each Directorate should continue to do so to ensure that Risk Management is being carried out by front line staff directly responsible for the management of the problems and processes involved. A new standardised format has been introduced for all Operational Risks which is less cumbersome and more user friendly to complete. A copy of this new Operational and Project Risk Register is shown at Appendix A Sheet 1.

The intention is to make risk registers easier for staff to use and to enable them to become part of the normal day to day management approach, rather than be regarded as stand alone add ons, thereby facilitating the management of Operational Risks at a Directorate level and across the IFoA.

To support this approach, all staff have been given formal Risk Management training before the new framework was introduced and all new staff will also receive similar training.

Staff are also being encouraged to report any potential new risks and/or opportunities which they encounter during their day to day work by completing a copy of a soecially designed form (shown at Appendix A Sheet 3) for review by more senior management.

2.2 Project Risks

These represent the full range of project risks identified for each major project being conducted within or affecting the IFoA. They will be managed in accordance with the new Project Management Framework and discrete project risk registers will be maintained in the same format as Operational Risks.

2.3 Strategic Risks

These are the wider risks which relate to the membership and regulatory objectives and to the overall market within which the IFoA operates. They include a number of potential risk factors such as failure to achieve the three Charter Objectives for which the IFoA was created:

In the public interest:-

- To advance actuarial science and its application
- To promote the actuarial profession
- To regulate the actuarial profession

These have now been refined into a new simplified quarterly reporting framework designed to facilitate strategic risk discussion at Council and Management Board. This new quarterly reporting framework identifies the main Strategic Risks facing the IFoA and these are shown at Appendix A - Sheet 2.

All of the above forms and types of risk will be managed by a continuous process of market monitoring. This will include looking at aspects such as the changes to the market brought about by government policies and by the impact of the continuing globalisation of Financial Services.

3.0 Principles underlying the Risk Management Framework

The fundamental principles behind the purpose of this new Risk Management framework are to:-

- Inculcate a risk awareness and management culture in all members of staff
- Create and protect value by recognising opportunities as well as threats
- Be an integral part of all organisational processes
- Be part of the decision-making process all the way through from policy definition to day-to-day management activity
- Specifically address uncertainty
- Facilitate continuous improvement in all that the organisation does

The implementation of this new framework will help to position Strategic Risk Management at the very heart of the organisation and is specifically designed to enable the IFoA to be proactive in its approach to Risk Management by seeking to identify potential problems before they arise in practice.

If the IFoA is to be successful it must achieve its principal objectives. The possibilities of any failure to achieve these objectives are essentially the high level strategic risks identified by the IFoA, each of which consists of a range of different aspects which must be identified and considered together when deciding how to manage the principal risk in question.

It is appropriate, therefore, for each Directorate within the IFoA to consider what it can do to ensure that these key principal objectives are met and to create an action plan showing what it will be doing to mitigate any risks identified.

Typically the plan should identify:

- The objectives of managing the risk in question
- Where responsibility lies for the completion of the risk management activities
- The resources required to achieve the desired outcomes
- How the outcomes will be monitored
- The timescales for implementation and monitoring

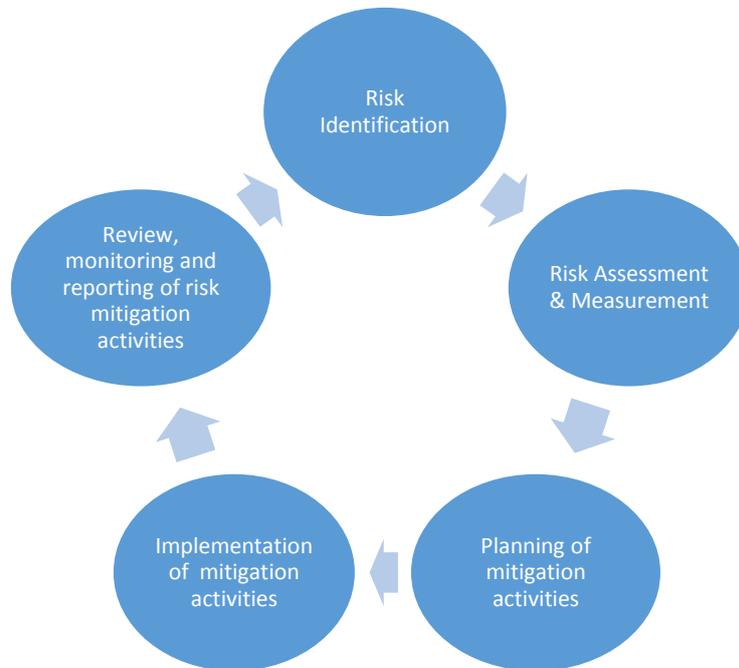
This greater degree of formality is essential to help integrate the management of Strategic Risks within the overall business management. It will provide greater emphasis and clarity on the management of individual and collective Strategic Risks rather than their being reviewed in isolation as part of the regular consideration of operational risk registers.

Each future Council, Management Board and Directors Group paper will contain a specific section entitled Risk Environment which outlines the background risk environment within which the contents of the paper are being considered. This will also help to enable any new risk factors to be flagged up as and when they are identified.

These departmental action plans will be co-ordinated by the Risk Function which will, in turn, feed these into the Directors Group meetings so that the Group can ensure that all appropriate Risk Management activity is being undertaken to ensure that the IFoA meets its strategic objectives.

4.0 Risk Management Cycle

The framework incorporates the following aspects of the Risk Management Process or Cycle:



Each of these stages is defined below:

Risk Identification

The identification and understanding of appropriate risks

Risk Assessment

The analysis, evaluation and prioritisation of risks identified

Planning of mitigation activities

The identification and planning of appropriate actions to mitigate/avoid risks identified

Implementation of mitigation activities

The implementation of the identified mitigation activities

Review of mitigation activities

The continuous monitoring, reporting and refinement of the effectiveness of mitigating activities developed and implemented.

5.0 Risk Management Process

5.1 Risk Identification

This part of the process should seek to identify any potential risks to the achievement of the objectives concerned.

The primary Risk Identification and Evaluation will be carried out on a continuous basis by calling upon the professional knowledge and skills of those most likely to be aware of, and responsible for managing, the risks in question.

In this context it is important to differentiate between the Strategic risks to the IFoA and its membership and the Operational risks which pertain principally to the overall delivery of services.

5.1.2 Operational and Project Risks

In the case of Operational and Project Risks these will be the individuals who it is believed will be best able to contribute to this process, normally Directorate or Project staff for the relevant areas of the business involved. They will also be challenged by the central Risk Management Function where appropriate. When considering the identification of risks, managers should be trying to not only identify potential threats to the achievement of their objectives, but also any potential opportunities which the potential situation might present to improve the overall operation of the business.

Risk Owners

Normally ownership of each risk will be assigned to an appropriate Head of Department within the respective Directorate or to the Project Manager involved. The appointed Risk Owner will be responsible for ensuring that the risk appears in the relevant Directorate or Project Risk register and that it is appropriately managed. The central Risk Management Function will also work in collaboration with all Risk Owners on a regular basis to ensure that effective risk management processes are in place within each directorate and Project and help with the identification of risks which should be elevated to the category of Strategic Risk.

5.1.3 Strategic Risks

These are the wider risks which relate to the membership and regulatory objectives and to the overall market within which the IFoA operates. They include a number of potential risk factors such as failure to achieve the three Charter Objectives for which the IFoA was created:

In the public interest:-

- To advance actuarial science and its application
- To promote the actuarial profession

- To regulate the actuarial profession

However, these have now been refined into a new simplified quarterly reporting framework designed to facilitate strategic risk discussion at Council and Management Board. This new quarterly reporting framework identifies a number of Strategic Risks which are shown on the Strategic Risk Register in Appendix A - Sheet 2.

In the case of the facilitation of the identification and management of Strategic Risks, the central Risk Management Function will conduct appropriate research activities to ensure that all external, market and environmental factors and developments are also taken into consideration in trying to identify any developing external factors which might also impact upon the ability of the IFoA to achieve its strategic objectives.

The central Risk Management Function will also work in collaboration with Risk Owners in Directorates and Projects to help identify when Operational or Project risks need to be escalated to Strategic Risks.

In particular, the central Risk Function will be looking at risks across the whole of the IFoA and will focus on the identification of any linkages and/or dependencies between risks identified in one part of the organisation but which potentially also impact upon other parts.

The framework will concentrate, therefore, on the identification of groupings of related activities and risks and on the analysis and identification of appropriate analysis and mitigation activities to reflect the cumulative risks of these inter-related groups rather than by dealing with individual risks in isolation.

Individual risks will still be assessed in their own right but the effect of the combination of various risks will also be considered. In this way it will be possible to identify and focus resources upon those risks which pose a greater risk based on a number of related factors rather than on specific individual risks which have been identified and which can be addressed in other ways.

Risk Owners

Management Board has overall responsibility for the Strategic Risks. On a day to day basis, the central Risk Management Function will be responsible for collating and maintaining the Strategic Risk register and for presenting an updated version for consideration to the Directors Group on a quarterly basis. The Directors Group, in turn will be responsible for further escalation to the Management Board.

As stated earlier, failures to achieve the strategic objectives of the IFoA are essentially high level risks, each of which consists of a range of different aspects which must be identified and considered together when deciding how to manage the principal risk in question. Actual day to day Risk Ownership will lie, therefore, with those Directorates which are responsible for managing specific aspects of the overall Strategic Risks.

5.2 Risk Assessment and Measurement

The analysis and prioritisation of risks identified. Prioritisation will be carried out in accordance with the:

- IFoA Risk Appetite, initially approved by Council but now delegated to Management Board
- Likelihood of the potential risk arising
- Potential Impact of the anticipated risk

5.2.1 Definition of Risk Appetite

Risk Appetite is the degree to which an organisation is prepared to accept a stated level of risk in order to achieve its business objectives in a cost effective manner.

Since the Council cannot anticipate detailed risk tolerances across all the potential risks which might be encountered, it is helpful to define the IFoA's **strategic** approach to the question of Risk Appetite relating to the level and severity of risk it is prepared to accept with regard to the major types of risk in terms of impact upon members and the delivery of services.

In this way it is possible to help to establish the level and type of risk which the Council is prepared to accept and to ensure that this is clearly communicated to the Management Board and Executive and in particular to the risk owners or those who will be assessing or managing individual risks.

This will help to give greater clarity to the definition of the parameters which will be acceptable to Council and enable the IFoA to achieve the commensurate financial and operational benefits of operating in a risk-based environment.

Council, therefore, has agreed the following risk appetite statement:-

"The Institute and Faculty of Actuaries takes a balanced approach in setting our risk appetite, consistent with our values of community, integrity and progress.

"We classify risks into one of three categories:

- *No tolerance - no tolerance for risk in this area; we will not seek to take risks and we will manage any risks down as far as possible.*
- *Limited tolerance - in this area we may tolerate risks where they are outside our control or where the cost of control outweighs the risk; we will actively manage risks in this area down to an acceptable level.*
- *Greater tolerance - we are open to exploring opportunities to take some risks in this area; but only after careful consideration and with appropriate controls to mitigate them.*

We have no tolerance for risks that would threaten achievement of our fundamental Charter objectives. We will put in place appropriate processes to ensure that we achieve our strategic objectives and maintain our reputation.

The following are two examples of risks for which we have no tolerance:-

1. *Two IFoA examiners are found guilty of accepting a bribe of £50,000 each to enable a candidate to qualify as a Fellow*
2. *The Profession supplies erroneous actuarial information to a public study, leading to inappropriate conclusions being drawn and harmful policy conclusions being made.*

We have limited tolerance for risks that would adversely impact our members. We will ensure that key risks are identified and addressed and adopt a sound approach to financial management and reporting. We will maintain a strong balance sheet and hold reserves with appropriate levels of liquidity to enable the IFoA to withstand financial shocks.

The following are two examples of risks for which we have limited tolerance:-

- 1. Hackers find their way into the IFoA computer system and extract sensitive personal details of all staff members.*
- 2. There is failure to deliver a large professional event at the last minute, leading to loss of reputation, compensation claims for travel and expenses, and refunds of delegate fees.*

We have greater tolerance for risks that would improve services or reduce costs of delivery through innovation and empowerment. We will take such risks where they have been carefully considered and where appropriate controls are in place to reduce the likelihood of a risk materialising or the impact if one did materialise.

The following are two examples of risks for which we have greater tolerance:-

- 1. A newspaper reports that a firm of consulting actuaries which has received a seal of approval under the IFoA's Quality Assurance Scheme is being sued by a client pension fund for providing incorrect information about the fund's standard of solvency*
- 2. The Profession outsources some functions to a supplier who consistently fails to meet service standards and delivers substandard service to members."*

This statement defines the different levels of risk appetite which the Council is prepared to accept for the different types of risk which must be managed within the overall risk framework. It relates primarily to the overall categorisation of an overall Risk Profile and helps Council, Management Board and Executive to more clearly articulate the type and levels of risk which are acceptable to the IFoA and to define the corresponding levels of executive action which will be required to manage these risks.

5.2.2 Likelihood of the potential risk arising (Operational, Project and Strategic)

In general terms all potential risks will be considered in terms of how likely they are to arise in practice.

In the case of some Operational and Project risks it will be possible to put a quantitative value against these with the specific measures being used depending on the nature of the risk and leading to a rating of High, Medium or Low

In other cases it will be more difficult to put specific measures against the likelihood of a potential risk arising. This is likely to be the case with all Strategic Risks due to the wide number of variables which are likely to be involved in assessing these risks which have a very wide impact upon the achievement of overall business objectives

In all such cases, the professional knowledge and experience of the Risk Owner and other interested stakeholders will be applied to determine whether there is a High, Medium or Low likelihood of the risk occurring.

This assessment will help to determine the appropriate methods and allocation of resources required to manage the potential risk in question.

5.2.3 Potential Impact of the anticipated risk (Operational and Project)

As with likelihood, it is important to assess how much of an impact the actual occurrence of the potential risk in question would have on the achievement of the respective business objectives or outcomes.

In the case of some Operational and Project risks it will be possible to put a quantitative value against these with the specific measures being used depending on the nature of the risk and leading to a ranking of High, Medium or Low.

In other cases it will be more difficult to put specific measures against the impact which the occurrence of a potential risk will actually have.

In all such cases, the professional knowledge and experience of the Risk Owner and other interested stakeholders will be applied to determine whether there is a likely High, Medium or Low Impact if the risk occurs.

This assessment will, in turn, help to determine the appropriate methods and allocation of resources required to manage the potential risk in question.

Potential Impact of the anticipated risk (Strategic)

Due to the very nature of Strategic Risks, and their potential impact upon the achievement of the overall business objectives should they arise, they are all considered to have a high Impact.

The possibilities of failure to achieve the strategic objectives of the IFoA are essentially high level strategic risks, each of which consists of a range of different aspects which must be identified and considered together when deciding how to manage the principal risk in question.

By grouping these different aspects together in this way, in a Risk Categorisation or Taxonomy, it is possible for the Council, Management Board and Directors Group to clearly identify all of the risks which pertain to the achievement of each individual strategic objective. In this way it is possible for the Council, Management Board and Directors Group to ensure that appropriate action plans are developed, implemented and monitored to manage the risks in a co-ordinated manner across all relevant Directorates within the IFoA, rather than in isolation within individual Directorates. Where appropriate each Directorate will have an agreed action plan for managing their elements of the risks in question.

This is especially relevant for the management of Strategic Risks which can be much wider in nature than Operational Risks. Strategic Risks entail much greater uncertainty than most other forms of risk since they are trying to assess all of the different factors and any new developments which might have an impact on the totality of the marketplace from both a Membership and Regulatory viewpoint. As a result, they can be much more difficult to anticipate, evaluate and control and require a high level of professional judgment to ensure that all necessary factors are taken into account when they are being managed.

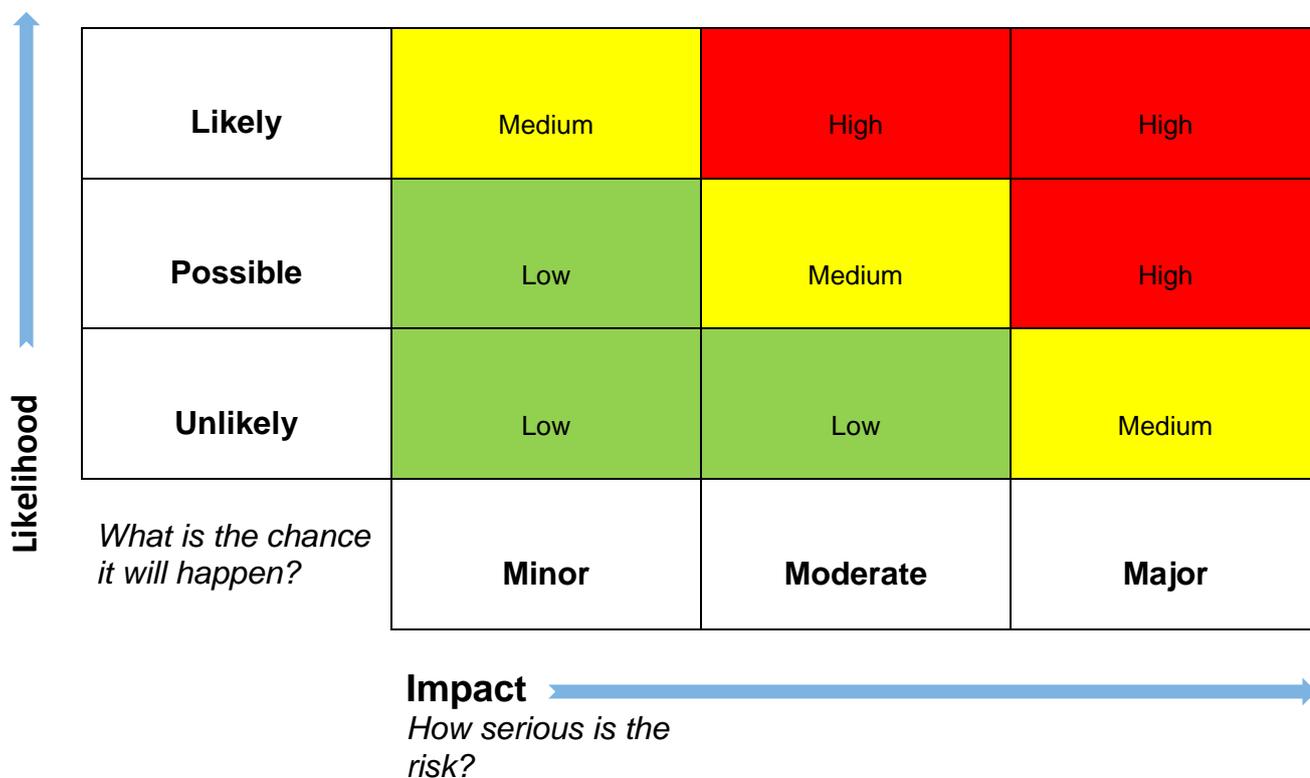
To facilitate the identification and management of Strategic Risk, the Risk Management function will conduct appropriate research activities to ensure that all external, market and environmental factors and developments are also taken into consideration

The framework will concentrate, therefore, on groupings of related activities and the analysis and identification of appropriate analysis and mitigation activities to reflect the cumulative risks of these inter-related groups rather than by dealing with individual risks in isolation.

This primary Risk Identification and Evaluation will be carried out on a continuous basis by calling upon the professional knowledge and skills of those most likely to be aware of, and responsible for managing, the risks in question. We will then be able to categorise its relative priority within the overall portfolio of risks. Individual risks will still be assessed in their own right but the effect of the combination of various risks will also be considered.

To facilitate a common approach to the assessment of risks the following matrix will be used where appropriate.

Risk Matrix



Likelihood scale:

Frequency	Description	Measure
Likely	Greater chance of it happening than not	50% plus
Possible	Reasonable probability it will happen	11-50%
Unlikely	Unlikely, but not impossible to occur	0-10%

Impact scale:

Impact	Description	Measure
Major	Significant strategic or operational consequences	Financial impact more than £100k Damaging press and/or service to members IT down more than 24Hrs 25% staff absence / turnover
Moderate	Moderate level of strategic or operational impact	Financial impact £25-100k Embarrassing press and/or lapse in service to members IT down 4 – 24Hrs 15 – 25% staff absence / turnover
Minor	Minor or negligible consequences or effects	Financial impact less than £25k Mildly embarrassing press and/or lapse in service to members IT down up to 4Hrs 10 - 15% staff absence / turnover

5.3 Planning and Implementation of Mitigation Activities

The identification, planning and implementation of appropriate actions to mitigate/avoid risks identified.

There are a number of ways in which identified risks can be managed:

- Accept the risk – acknowledge the existence of the risk and decide to accept it because of the low risk and impact of it happening
- Transfer the risk – for example, taking out an insurance policy to recover the anticipated cost of the risk occurring
- Reduce the risk – take action to reduce the likelihood of the risk arising or of the potential impact if it should
- Prevent the risk – do things in a different way which eliminates the risk in question
- Contingency - Adopt suitable contingency measures to manage it should it arise

Depending upon the outcome of the individual risk assessment in terms of Likelihood and Potential Impact, decisions may be taken to accept the risk in question or to transfer it to another party.

In most cases, however, it will be necessary to define the processes and resources which will be deployed to eradicate, avoid or reduce the effect of the risk or to put in place a suitable contingency should it arise.

This will normally take the form of a formal Business or Action plan which will be drawn up and managed continuously by the department(s) which primarily own(s) the risk.

This will then become part of the normal IFoA business management processes and will be subject to normal review and reporting arrangements with progress reporting to the central Risk Management Function as appropriate.

5.4 Review, Monitoring and Reporting of Risk Mitigation Activities

The continuous monitoring, reporting and refinement of the effectiveness of mitigating activities developed and implemented.

This ensures that the mitigating activities are working effectively and identifies and reports any unexpected developments which warrant further action. This facilitates the introduction of a continuous improvement loop within the risk management framework and ensures that all risks are being monitored, managed and reported appropriately now and in the future.

6.0 Risk Management Research Programme

To facilitate the identification and management of Strategic Risk, the Risk Management Function will conduct appropriate research activities to ensure that all external, market and environmental factors and developments are also taken into consideration

The Research and Risk Management programme conducted by the Risk Management Function will include the following as appropriate:-

6.1 Focus Interviews:

Structured interviews with relevant professionals and stakeholders to help identify, assess and determine appropriate mitigatory activities for new and existing risks.

This programme will be managed by the central Risk Management Function which will be required to instigate the following:

- Timescales
- Identification of interviewees
- Structure of interview
- Content of interview
- Card Sort of all regulatory objectives/priority risks and others
- Risk Taxonomy

Agree interviewee, arrange venue, prepare any papers required before meeting, conduct interview using card sort as required, prepare notes of meeting and distribute copy to interviewee.

Prepare report on outcomes of interview programme for Directors Group and distribute, update Risk Taxonomy as appropriate.

Sources of information:

Desk research findings, press and TV, published market reports and intelligence.

6.2 Focus Groups/Stakeholder Workshops:

Structured discussions with groups of relevant professionals and stakeholders to help identify, assess and determine appropriate mitigatory activities for new and existing risks.

This programme will be managed by the central Risk Management Function which will be required to instigate the following:

- Make-up of group
- Facilitated Workshop
- Structure and content of workshop
- Discussion on some/all regulatory objectives/priority risks and others
- Risk Taxonomy

Arrange venue, notify participants, prepare any papers required before meeting, facilitate meeting as required, prepare notes of meeting and distribute to participants, update Risk Taxonomy as appropriate, prepare report for Directors Group and distribute.

Sources of information:

Desk research findings, press and TV, published market reports and intelligence.

6.3 Environmental Research

In the case of identifying potential developing new Strategic Risks the Risk Management Function will conduct appropriate research and monitoring in the following areas:

- **Political factors** – Political trends and polls, proximity of elections, changes of party policies, emergence of new parties, strength of public feeling about specific current political issues, changes in Government policies, international political issues, European political issues, Currency and financial markets considerations, changing demographics of population and impact on voting patterns and needs, Human rights issues, European legal issues and changes.
- **Economic factors** – Overall UK economic climate, overall EU economic climate, overall G20 economic climate, level of inflation and trend, level of interest rates and trend, level of currency exchange and trends, level of unemployment and trend, level of house prices and trend, availability of credit, level of Government spending and future projections, distribution and projected trends of Government spending, levels and trend of Government and local taxation, levels of immigration and effects on public and other services, major national Government expenditure on infrastructure and other projects.
- **Social factors** – Demographic factors and trends of population, housing levels, educational levels, levels of provision of health and social care, crime levels, public attitudes, policing policies, new uses of technology, levels and trends of benefits, levels and trends of employment.
- **Technological factors** – development of completely new replacement technology, further development of existing new technology, UK and global communications, new service delivery options, consumer access to technology, patents and restrictions to competition, ease of introduction of new methods of service provision.
- **Legal factors** – changes to regulatory environment, changes in UK legislation, changes in EU legislation, changes in the operation of the justice system, impact of new judgments and case law, reaction of profession to changes, reaction of consumers to changes.
- **Environmental factors** – general effect of climate change, impact of new energy sources, movement of population, changing demographics of population, transportation, lifestyles, availability of technology, EU factors, global factors, conflicts

7.0 Equality and Diversity

This Risk Framework has been developed with due regard to the need to advance equality of opportunity and eliminate discrimination on grounds of race, sex, disability, age, gender reassignment, marriage and civil partnership, pregnancy and maternity, religion or belief and sexual orientation in interactions with the wider public and regulated professionals irrespective of protected characteristics, and should not, of itself, give rise to any form of discrimination. Where appropriate, the detailed assessment criteria for each function will be impact analysed and include reference to the requirements of regulated professionals to ensure that they are addressing Equality and Diversity issues in accordance with the above.

8.0 Risk Governance

8.1 Risk Management Roles and Responsibilities

8.1.1 Council

Risk Management: Primarily Strategic Governance role

- Council delegates operational oversight to the Management Board and various other powers and responsibilities to other Boards and Committees and to the Executive
- Powers delegated to Management Board in consultation with the Audit and Risk Committee include the approval of the Risk Management Framework including the Risk Appetite, Risk Management processes and the Strategic Risk Register
- Council reviews overall Risk Management approach at least annually (in July) including consideration of the Strategic Risk Register
- Appoints chair of and approves the terms of reference of the Audit and Risk Committee
- Monitors progress towards achievement of strategic objectives

8.1.2 Audit and Risk Committee

Risk Management: Provides oversight to ensure that key risks are identified and addressed and that the IFoA adopts a sound approach to financial management and reporting

- In consultation with the Management Board approves the Risk Management Framework including the Risk Appetite, Risk Management processes and the Strategic Risk Register
- Reviews the approach to the identification of the key risks that might affect the achievement of strategic objectives, how these risks are being monitored and the steps that are taken to mitigate those risks
- Reviews management reports on the effectiveness of systems of internal financial control, financial reporting and risk management
- Reviews the statement on internal control systems (part of the corporate governance statement) prior to endorsement by Council and reviews the policies and processes for identifying and assessing business risks and the management of those risks by the Institute and Faculty of Actuaries
- Reviews the Strategic Risk Register

8.1.3 Management Board

Risk Management: Manages the processes required to operationalise the strategic direction set by Council

- In consultation with the Audit and Risk Committee, approves the Risk Management Framework including the Risk Appetite, Risk Management processes and the Strategic Risk Register

- Ensures risks are appropriately managed in line with the agreed risk appetite
- Formally conducts a quarterly review of Key Strategic and Operational Risks
- Reports to Council on activities and progress
- Receives reports from the Audit and Risk Committee and responds formally to the Committee on any decisions taken and matters discussed
- Appoints chair and sets up terms of reference for, approves the plans and monitors the performance of the Risk Management Practice Board
- Oversees the operation and risk management of the IFoA and holds the Executive accountable for their activities
- Contributes individual professional expertise to risk identification and evaluation
- Considers overall risk environment when making policy decisions

8.1.4 Chief Executive

Risk Management: Responsible for the operations of the Executive

- Considers overall risk environment when making policy decisions
- Contributes professional expertise to risk identification and evaluation
- Conducts monthly operational reviews subject to oversight responsibility by the Management Board

8.1.5 Directors Group

Risk Management: Responsible for reviewing all IFoA Risk Management activities and agreeing appropriate recommendations for the Management Board and Council

- Contributes individual professional expertise to risk identification and evaluation
- Considers overall risk environment when making policy decisions
- Agrees IFoA wide action plans for dealing with specific Strategic Risks
- Evaluates continuing operation of Risk Management Framework
- Prepares Risk Environment appraisals for all Council and Management Board papers
- Reports to Council and Management Board on experience and outcomes of current Risk Appetite parameters

8.1.6 Chief Risk Officer (CRO)

Risk Management: Responsible for oversight, validation and challenge of all risk management activities. Reports independently directly to the Chair of the Audit and Risk Committee and Chair of the Management Board on a monthly basis

- Ensures that the IFoA develops and implements appropriate Risk Management processes and policies which comply with current and developing legislation and regulatory requirements
- Reports to the Management Board and Audit and Risk Committee on the IFoA's risk exposures relative to its risk appetite and tolerance and the extent to which the risks inherent on any proposed business strategy and plans are consistent with the agreed risk appetite and tolerance
- Alerts the Management Board and Audit and Risk Committee to and provides challenge on, any business strategy or plans that exceed the IFoA's risk appetite and tolerance

- Ensures that the data used by the IFoA to assess risks are fit for purpose in terms of quality, quantity and breadth.
- Provides oversight and challenge of the IFoA's systems and controls in respect of risk management
- Ensures the adequacy of risk information, risk analysis and risk training provided at all levels across the IFoA.

8.1.7 Central Project and Risk Management Team

Risk Management: Responsible for co-ordination, maintenance and challenge of all risk management activities.

- Reviews all operational risk management activity and provides appropriate challenge and guidance to Directorates and Projects as appropriate
- Maintains up to date Risk Categorisation of all potential Strategic Risks
- Agrees Risk Mitigation Action Plans for managing Strategic Risks with relevant Directorates and Projects
- Reviews results of strategic risk mitigation activities
- Conducts research into market and other developments which could develop into potential new strategic risks for IFoA

8.1.8 Individual Directorates and Projects

Risk Management: Responsible for day-to-day operational risk management and identification of potential new strategic risks within the Directorate

- Identify and evaluate potential new risks
- Maintain Directorate (Project) Risk Register with copy to Risk and Project Management function
- Risk managed by Risk Owner in accordance with normal IFoA operational risk management processes
- Identify risks of potential strategic significance to IFoA and raise with Risk Function and Directors Group
- Manage Directorate aspects of IFoA action plans for Strategic Risks

8.1.9 Individual members of staff

- Be aware of the need to manage the risks to the achievement of their objectives
- Work within the defined risk management processes for their respective departments
- Contribute their knowledge and experience to help develop the process
- Report any potential new risks they have identified using the Form at Appendix A sheet 3
- Identify any inefficient working practices

8.1.10 Internal Audit function

- Develop a risk based internal audit programme
- Audit the risk processes across the organisation

- Receive and provide assurance on the management of risk
- Report on the efficiency and effectiveness of internal controls

The Schematic approach to Risk Governance shown on page 20 in section 10.0 shows these roles and responsibilities in summary form.

9.0 Staff Training

In order to embed the Risk Management culture described in this framework fully throughout the organisation it was necessary to develop and deliver a training programme for all members of staff.

This training focused upon the central role of managing risk on a daily basis as part of the normal working routine. Existing Operational and Project Risk Registers have been simplified in accordance with Appendix 2 to encourage staff to engage more fully by making the process easier and less daunting. All staff have and will be encouraged to be proactive in the identification of risk or inefficient working practices, also as shown in Appendix 2.

All training was delivered prior to launch to help to position the Risk Management Framework within the overall Governance and Financial Control Procedures and Project Management processes.

10.0 Schematic approach to Risk Governance

