



Establishing a risk management framework

Client:

Central Government
Department

Outcome:

Improved risk governance: Hayde Risk Consulting improved risk governance by introducing a more effective risk management committee with strategic leadership from the Finance Director. The senior managers and the committees were supported by newly formed central risk management team and risk partners appointed within the business lines

Improved the identification of threats and opportunities: Hayde Risk Consulting enabled the Board to have a top down view of all its major risks that could threaten the organisation as a whole

Unified and consistent application of risk management: A standard organisation wide best practice risk management framework was designed and developed for dissemination across the organisation.

Increased risk awareness within management: A fully comprehensive training programme was designed for the Board, management and all staff. All senior managers received training on risk management and their responsibilities. Training is ongoing.



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Overview

Following a major incident that subsequently led to huge reputation damage to the Department and major national embarrassment to the Government the Board urgently commissioned a fully comprehensive risk management review across the organisation. The review recommended the implementation of a new risk management framework and a central risk management team to oversee it.

Challenge

To enhance the existing risk management framework and ensure it is effectively embedded into the organisation and aligned with the strategic objective to deliver business critical infrastructure by managing operational risk and governance. Furthermore, to introduce best practices into the new risk management system.

Solution

- A risk improvement plan was developed and divided into 3 key deliverables: Risk Governance, Risk Framework and the Risk Management Process
- Governance Director was nominated as the Project Sponsor who reported progress to the Board
- Evaluated and understood both the external and internal context of the organisation in terms of key drivers, structure, roles and accountabilities, capabilities and culture
- Working closely with Board a new risk management policy was established linking it to the strategic objectives. It was key that the Board had input into the policy to ensure ownership
- Based on COSO a new risk framework and a set of tools were developed for the organisation to apply
- Buy in from all senior managers were established through series of workshops and one to one meetings
- A new risk reporting structure that included an escalation route was agreed with the Board and integrated into the existing reporting framework
- Risk workshops were organised with Director Generals to establish the Corporate Risk Profile made up of between 10 - 15 strategic and operational risks that were reviewed each month by the Board and the Risk Committee
- Established a new Corporate Risk Management Team structure and a team of Risk Partners within each Directorate to oversee the implementation of the Strategy and Policy
- Each new member of the Corporate Risk Management Team and the Risk Partners were given extensive training in risk management
- A risk management training programme was developed, structured into Board, Managers and All Staff

Outcome

- A new governance framework with the Finance Director as "Risk Champion" at Board level and the Governance Director as Chief Risk Officer introduced into the structure to oversee risk management
- A Group wide Risk Management Strategy and Policy was introduced based on industry best practice
- Risk management was agreed by Board to be included as a standing item on all management agendas
- To ensure consistency and standardisation, a new set of tools and guidelines introduced to be applied by all staff across the organisation
- A central Corporate Risk Management Team and Risk Partners were established responsible for ensuring the implementation of the framework, to act as facilitators and to review/challenge all major risks
- A Corporate Risk Profile made up of between 10 - 15 strategic and operational risks was developed and agreed by the Board to be reviewed at regular intervals
- A risk training programme was developed for all staff at varying levels to be undertaken by the risk professionals
- The risk management process integrated into strategy, performance, budgeting and project management