



HOW TO DESIGN AND ASSESS EFFECTIVE CONTROLS

An organisation's internal control system should be the main defence mechanism to manage and control risk. Controls are usually considered just part of day to day processes and over time we can lose sight of the real effectiveness of controls. Control operators will often carry out the control because "I was told to" rather than understanding "Why?" As a result, controls may become obsolete, irrelevant and sub optimal over time. This course is aimed at challenging your control framework to equip you to better assess control effectiveness and to build stronger and more efficient control systems. The course will also address how controls and control effectiveness testing forms part of an overall Enterprise Risk Management framework. Case studies and exercises are used throughout the course to reinforce concepts covered.

PRESENTER
David Tattam

LOCATION
Sydney

DATE
Monday 19th Sep 2016

DURATION
1 Day



David Tattam is an Executive Director of The Protecht Group and author of "A Short Guide to Operational Risk". He is recognised internationally as a specialist in all facets of risk management and in particular, enterprise risk management. Prior to founding Protecht in 1999, he held roles as the Head of Operations and Risk Management at two international banks, WestLB and The Industrial Bank of Japan. His career also spanned 7 years with PwC. David is currently active in consulting to and training in a wide range of industries in relation to setting up risk management functions and implementing enterprise risk systems. He has been instrumental in the development of Protecht's fully integrated ERM software solution, Protecht.ERM. David has worked with a large number of organisations to assist on the development of their risk appetite statements. David is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Chartered Accountants in England and Wales and a Senior Fellow of the Financial Services Institute of Australia.

COURSE HIGHLIGHTS

- An in-depth understanding of controls and risk and how the two relate
- An ability to map controls to risk, using the Bow Tie technique
- Knowledge of the factors that need to be considered when assessing the design and operating effectiveness of controls
- A detailed understanding of the way controls modify risk, intended or otherwise
- An appreciation of the cost of controls and how to assess it
- The ability to design and carry out a controls assurance program across your key controls
- How to integrate controls and controls assurance into the overall risk management framework

WHO SHOULD ATTEND

- Chief Risk Officers
- Risk Managers
- Financial Controllers
- Internal and External Auditors
- Risk Advisers and Consultants
- Regulators



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COURSE OUTLINE. INTELLIGENCE GAINED.

1: Understanding Risk

- Inherent / Residual / Expected / Targeted Risk
- Risk Causes, Risk Events and Risk Impacts
- Bow Tie analysis
- Types of Risk

2. Understanding Controls

- Defining controls—what they are and what they are not
- Base-line and non base-line controls
- Lining controls to risk—using the Bow Tie
- Recordable, Minor, Medium and Key Controls

3. Types of Control

- Main ways to treat risk: Accept, Avoid, Reduce, Transfer, Increase, Transform
- Types of control and how each work
 - Preventive
 - Detective
 - Reactive
- Controls that address "Business as Usual" risks and "Severe but plausible" risks
- Defining a control categorisation framework

4. Understanding how controls modify risk

- Types of control and how each work
- The impact of controls on risk likelihood, impact and velocity
- Controls that increase likelihood
- Controls that create additional risk
- Controls that impact business objectives, positively and negatively
- Identifying Key Controls
- Control clusters
 - Effectiveness of multiple controls and how they work together / Cumulative and Aggregation
 - Dependent controls – those that are dependent on other controls

5. Control Library

- Controls library
 - Benefits of a controls library
 - Contents of a controls library
 - Maintenance and use of the library
 - Example of a controls library
- Documenting controls as part of procedures

6. Control Characteristics

- Characteristics that define a controls effectiveness and efficiency

7. Assessing Controls—Design Effectiveness

- Identifying the control objective(s)
- Understanding inherent risk
- Understanding the degree to which the risk is modified by the control and the resultant residual risk
- Understanding the total cost of controls (Time, Cost, Impact on objectives, additional risk)
- Additional risks created by controls
- Characteristics to consider in assessing design

8. Assessing Controls—Operating Effectiveness

- Characteristics to consider in assessing operating effectiveness

9. Assessing Overall Control Effectiveness

- Combining Design and Operating effectiveness
- Understanding the total risk modifying impact of controls on business as usual and worst case risks
- The impact of existing controls, planned controls and undefined controls

- Understanding the total cost of controls
- Assessing the cost / benefit of controls and assessing the marginal benefit / cost
- A framework for designing an effective control framework

10. Gaining assurance on control effectiveness

- Using control attestations
- Using Key Controls Indicators
- Using past incidents
- Using continuous rules based monitoring
- Carrying out control testing

11. Control Testing

- Determining tests for design and operating effectiveness
- Determining the type of test to use
- Selecting a sample to test – techniques
- Determining acceptable results
- Avoiding the pitfalls - control testing fatigue, complacency, tick and flick mentality
- Designing and critiquing a controls assurance test
- Responsibilities for testing
- Case study – designing a controls assurance

12. Issues and Actions

- Determining when an issue exists
- Escalation
- Determining an appropriate action

13. Reporting for Controls

- Ways in which controls should be reported:
 - Risk and Control self assessment
 - Control assurance
 - Key Control Indicators
 - Incidents – Failure of Control
 - Control improvements

How to Register:

To register please send an email to info@protecht.com.au or phone +61 2 8005 1265 who will contact you to discuss the booking.

Payment can be made by direct bank transfer on the subsequent receipt of an invoice.

Cost:

The cost of the course is \$990 + GST. This fee includes all materials, lunch, morning and afternoon refreshment but excludes your travel, accommodation and incidentals.

Course Times:

Registration commences at 8.30am. The course commences at 9.00am and concludes at 5.00pm.

Terms and Conditions:

Protecht reserves the right to cancel or postpone this program due to circumstances outside of its control. Protecht will endeavour to provide confirmation of the course proceeding or being cancelled or postponed on or before 14 days prior to the course start date. If you do not receive such confirmation, please contact Protecht directly for confirmation. Where Protecht does cancel or postpone the course, delegates will receive a full refund of the course fees paid. Protecht will not be liable for any expenses associated with attending the course, including but not limited to costs associated with airfares and accommodation, should the course be cancelled or postponed at any time. For participant cancellations received less than 4 weeks prior to course commencement no refund will be given. However, a replacement delegate is acceptable.

Company Details:

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