

5 Ways to improve your board level risk reports

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riskHive

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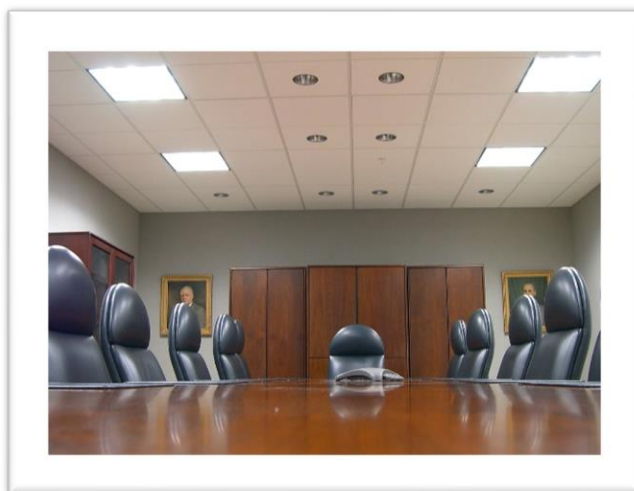


5 ways to improve your board level risk reports

Understand your audience

Just as there are no two boards alike in their composition, culture and risk experience, so there are no two board level reports alike.

This means, that in communicating risk information you must take those three aspects into consideration. There is no point in providing long narratives if the board prefers graphical depiction or if the company leans towards management by exception reporting.



Once you have established the level of knowledge or expertise of the audience, what they expect to see and the communication style preferences you are in a position to produce reports that will stimulate discussion and challenge and ensure reporting does not become a process for process sake driven activity.

Where Boards have a robust knowledge of the ERM framework and processes, those Boards have higher rates of satisfaction with risk reports than those with less knowledge of ERM – so be prepared to ‘educate’ your board if necessary and change your reporting approach as they gain that knowledge.

***“What is the level of knowledge or expertise of the audience?
What does my audience expect to see”?***

Generate discussion

Boards like to know 'Direction of Travel'.

Risk Prioritisation and Mitigation generate the most discussion in board committees, with the most commonly discussed topic covered risk mitigation plans.

Risk	Owner	Allocation	Qual Proximity	Prox	CCS	↓ CWS	D...
There is a risk that Severe weather damage sustained by tracks over 4 months	Risk Owner 9	£4,868,339	Continuous	-71	12	16	↓
There is a risk that Changes to security state	Risk Owner 9	£8,388	< 90 days	-461	12	12	↑
There is a risk that Safety seating becoming unsafe for passengers	Risk Owner 9	£741,485	< 90 days	89	9	9	↑
There is a risk that Terrorist threats and actions may impact smooth running of track	Risk Owner 9	£16,177,866	Present / imminent	-404	9	12	↔

Fig 1

Highlighting risks that have the greatest reliance on controls success (see fig.1) or Uncontrolled risks (see fig 2) are way to focus discussion.

<div><div>All</div><div>Current</div><div>Risks</div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>												
Code	M... Has A...	Info	C↓ Watch	Class.	Cat.	Group	Risk Locati...	Esc. Level	Risk	Owner	Allocation	
JK LU 1337	Yes		Yes	Operational	Security	UK LU 0345	Europe - London	Level2-Strategic	There is a risk that Train damage due to failing copper elements	Risk Owner 9	£1,482,971	
JK LU 16	Yes		No	Operational	Safety	C0541 C0451	Europe - London	Level2-Strategic	There is a risk that Severe weather damage sustained by tracks over 4 months	Risk Owner 9	£4,868,339	

Fig 2

Use your graphics wisely

Graphics are a great way to convey a potentially complicated message, simply.

To help you selecting the appropriate graphics, think about the message, the information and the audience.

Message



What is the purpose of the graph?

What are you trying to show?

What graphics provide the best visual metaphor for the message you wish to convey?

Most reports present qualitative information, with Board preferring to use heat maps to visually present data findings.

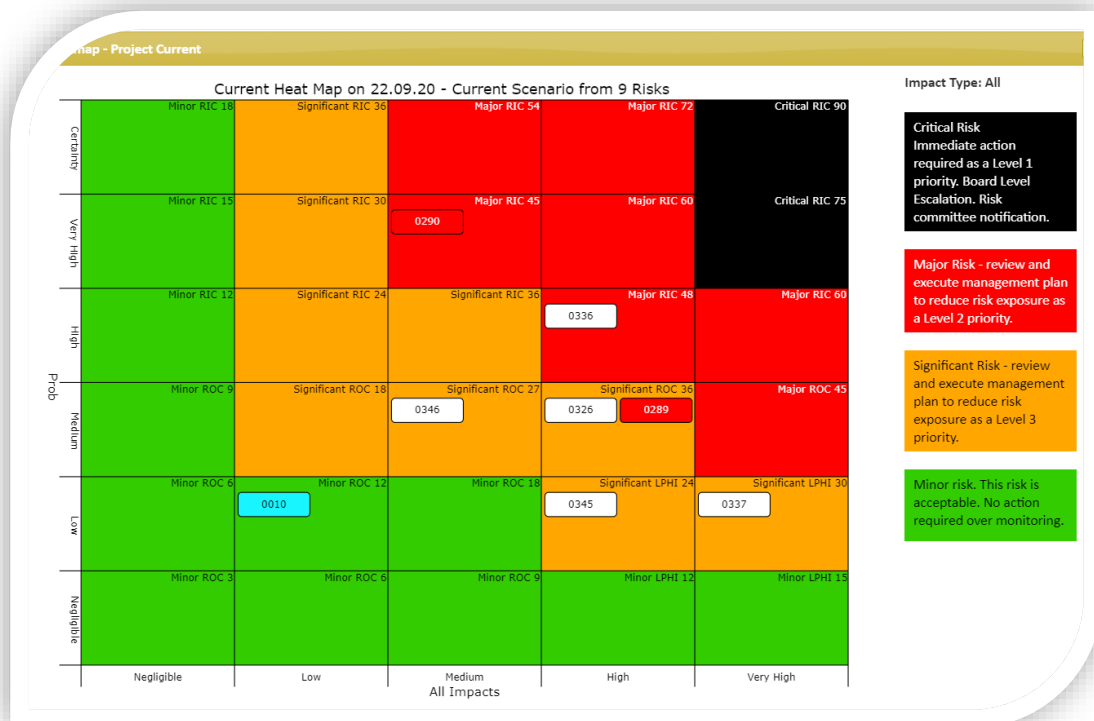


Fig 3

Information

What data do I want to show?

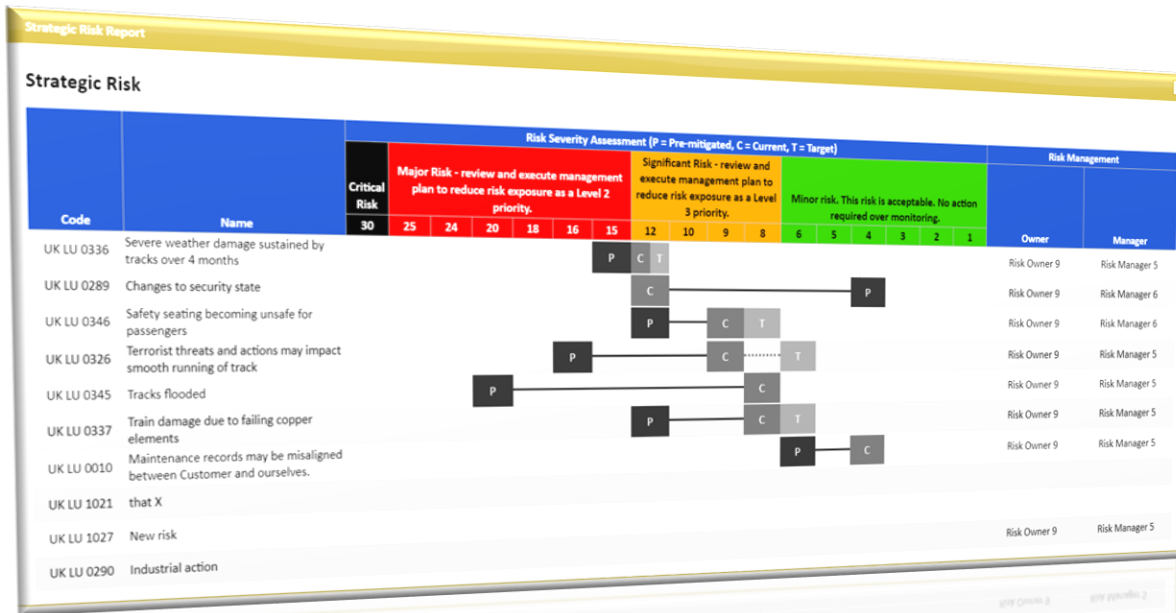


Fig 4

Should my data be qualitative or quantitative?

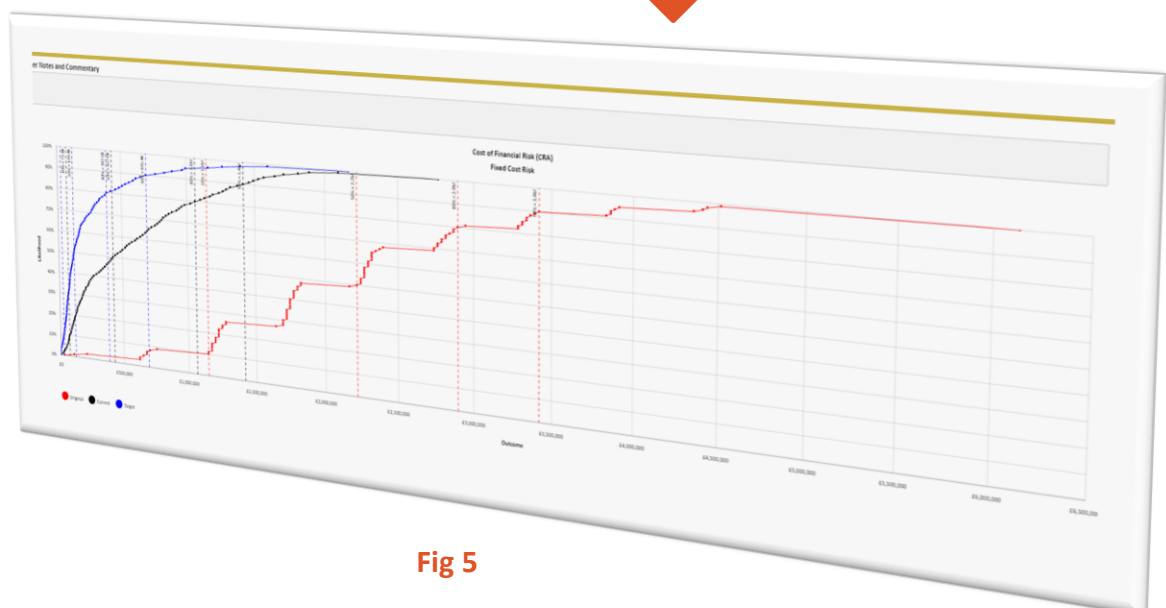


Fig 5

What will be compelling and memorable?

For example, use Bow-Ties for Deep Dives.

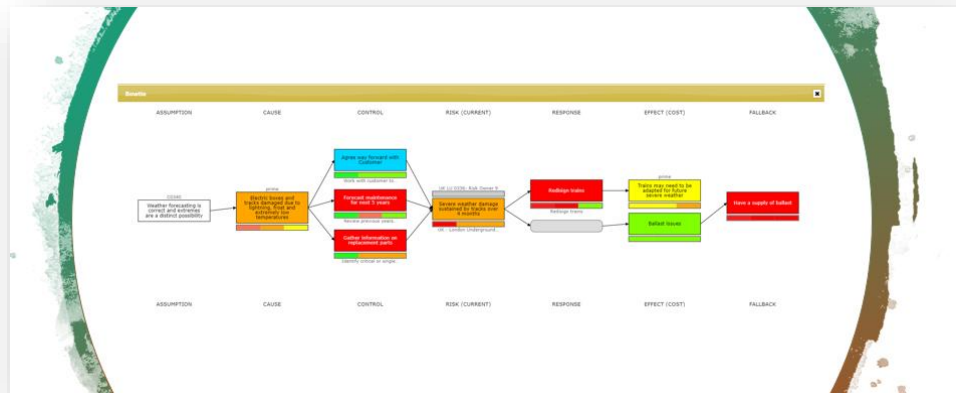


Fig 6

Audience

What is the level of knowledge or expertise of the audience?

What does my audience expect to see?

If they want to see lists and data tables – give them what they want.

Code	Risk Name	Category	Risk Owner	Start Date	Finish Date	Mitigation	Control Name	Control Effectiveness	Date
0020	There is a risk that inability to maintain strong liquidity position because inadequate credit control and cash flow management which will result in a failure to meet our financial obligations	Governance	John Jones	01.01.20	23.12.20	Maintain and improve on existing Financial Controls.	01 - Diversification of funding sources 02 - Weekly cash forecasting and half year reporting 03 - Fin001_Daily and weekly monitoring of bank balances 04 - Fin013_Credit Checks 05 - Fin020_Disputes and escalation process 06 - Investigation Response where exceptions reporting consecutively 07 - Weekly cash forecasting and reporting 08 - Review of aged debt 09 - Statement of borrowing powers - monthly monitoring	01 - Effective (>=90% successful) 02 - Effective (>=90% successful) 03 - Effective (>=90% successful) 04 - Successful (100%) 05 - Ineffective (0-25% successful) 06 - Improvement required (25-60% successful) 07 - Effective (>=90% successful) 08 - Successful (100%) 09 - Successful (100%)	01 - 29.04.20 02 - 12.05.20 03 - 12.05.20 04 - 12.05.20 05 - 12.05.20 06 - 12.05.20 07 - 12.05.20 08 - 06.04.20 09 - 06.04.20

Fig 7

If

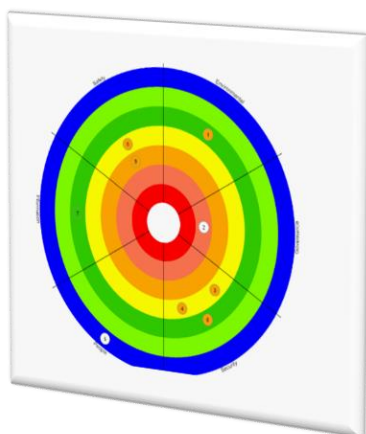


Fig 8

your audience prefers more visualization, rather than data tables, provide them with visuals.

Report the necessities

The must haves

- ✓ Description of the risk/threat (and assumptions made)
- ✓ Magnitude of the impact and the likelihood of the risk/threat occurring
- ✓ Management of the risk/threat or mitigated
- ✓ Assurance that the risk management controls/mitigation is in place
- ✓ The effectiveness of the management controls/mitigation activities

The should haves

- ✓ Clear links between the risks and strategy – e.g. how these risks could impact on the KPIs in the future
- ✓ Transparency with regard to the interconnectivity of the risks
- ✓ Quantitative information to help inform viability assessments and stress testing
- ✓ Timeframe of the risk
- ✓ External (relevant) Risk events/red flags which can be used to widen the discussion and prevent occurrence in your own organisation
- ✓ Key Risk Indicator reporting (Not KPI's) - I.e the indicators that will enable the Board to take action before the risk occurs.
- ✓ Horizon scanning information – I.e. potential new risks

What NOT to do

Finally....a word to the wise



- ✗ Do not report surprises – if there is something of note that must be discussed, ensure you have engaged with the key stakeholders before reporting.
- ✗ Do not provide more than 1 (2 if using powerpoint) pages for your executive summary.
- ✗ Do not give more than 1 page of detail per risk (unless you are carrying out a deep dive of that risk).
- ✗ Remain consistent in your presentation of risk information per reporting cycle.
- ✗ Whilst your reporting may be quite top level, have the detail to hand to support statements made, or provide as supplementary appendices if considered appropriate to provide.

**All images were provided
from our riskHive ERM
system.**

**If you are interested to
know more contact us
at:**