

## IRM Operational Risk SIG MINUTES

<b>Date:</b>	3 <sup>rd</sup> December 2009
<b>Time:</b>	17.30 – 19.00
<b>Location:</b>	Sapient, Eden House, 5-13 Spital Square, London E1 6DX

<b>Attendees:</b>	
Andrew Lilley (In Chair) <a href="mailto:andrew.lilley@rbs.com">andrew.lilley@rbs.com</a>	Najla Abu-Taleb <a href="mailto:Najla.Abu-Taleb@edfenergy.com">Najla.Abu-Taleb@edfenergy.com</a>
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No.	Notes
1	<b>Welcome and introduction</b> The Chairman was unable to attend (due to a Christmas Party!) so Andrew Lilley stepped in to the chair. He welcomed attendees and three members on the phone.
2	<b>Presentation on The Risk Management Standard – ISO31000 (published Oct 2009)</b> Amrita Reddy had volunteered to research ISO31000 on behalf of members and she provided an excellent presentation, which included: <ul style="list-style-type: none"> <li>• Scope</li> <li>• Terms &amp; Definitions</li> <li>• Principles</li> <li>• Framework</li> <li>• Process</li> </ul>
2.1	<b>Scope</b> Provides principles and generic guidelines on implementation for risk management.
2.2	<b>Terms &amp; Definitions</b> Risk is defined as “effect of uncertainty on objectives”. Control is defined as “measures to modify risk”.
2.3	<b>Principles, Framework &amp; Process</b>  <b>Clause 3 – Principles for managing risk</b> including: <ul style="list-style-type: none"> <li>• Creates value</li> <li>• Integral part of organisational processes</li> <li>• Part of decision making</li> <li>• Explicitly addresses uncertainty</li> <li>• Systematic, structured and timely</li> <li>• Based on the best available information</li> </ul>

	<ul style="list-style-type: none"> <li>• Tailored</li> <li>• Takes human &amp; cultural factors into account</li> <li>• Transparent &amp; inclusive</li> <li>• Dynamic, iterative &amp; responsive to change</li> <li>• Facilitates continual improvement &amp; enhancement of the organisation</li> </ul> <p><b>Clause 4 – Framework for managing risk</b> including:</p> <ul style="list-style-type: none"> <li>• Mandate &amp; Commitment</li> <li>• Design</li> <li>• Implementation</li> <li>• Monitoring &amp; Review</li> </ul> <p><b>Clause 5 – Process for managing risk</b> including:</p> <ul style="list-style-type: none"> <li>• Establishing the context</li> <li>• Communication &amp; Consultation</li> <li>• Risk Assessment</li> <li>• Risk Treatment</li> <li>• Monitoring &amp; Review</li> </ul>
3	<p><b>General discussion</b></p> <p>Amrita stressed that ISO13000 is “guidance” focused and “generic”. It is not meant to be prescriptive nor does it pretend to impose best practice. It is not certificated so there is no requirement for compliance checks and it draws content from the Australian and New Zealand standards.</p> <p>Members generally agreed that it serves the purpose for which it was created. It will be of particular benefit to organisations that have not had a tradition of risk management or those that wish to use it to facilitate training and education.</p> <p>It allows for upside risks to be looked at too and has broad application to companies large or small.</p> <p>There was some confusion from members on how it sits alongside other Risk Management Standards, such as the IRM’s own version, the British Standard or COSO. Most agreed these were more comprehensive and/or audit focused. The simplicity of ISO13000 is one of its strengths.</p> <p>An accompanying ISO31010 Risk Management Assessment Techniques has just been published, which may be of interest to members also.</p>
4	<p><b>Next Meeting</b></p> <p>Thursday 28<sup>th</sup> Jan 2010 at 5.30pm – same venue as above.</p> <p>Guest Speaker – to be advised by Chairman</p>