
Keynote issues are like buses, you wait for ages then a second one comes along too

Following last months venture into Enabling, we now look at the other interfaces, but firstly there is the current news with the build up to the AGM meeting on Thursday afternoon 4th June in London.

1 of 2- Current News

The draft *Guide* has now gone to the **irm** office for showing to the Faculty as part of the pre-publication

Appendix 1 attached

2 of 2 - Audit and RM - and beyond? Keynote feature

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Appendix 2 attached

And now for something different

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Final Appendix attached

Thought of the month

“Communication and Understanding can bring down all barriers”.

This was the title of an address from Chinese London Ambassador, Fu Ying, to delegates attending a teaching reception at the Embassy on 24th October 2008, which included representatives from the British Council, HSBC and the Department of Education.

See you soon with *NEWSLETTER No 43* – including AGM report. In the meantime, please feel free to contact me on any appropriate matter prior to the 4th June event.

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Appendices

1 of 2 - Current News

The draft *Guide* has now gone to the **irm** office for showing to the Faculty as part of the pre-publication procedures. Compatability with the Certificate and Diploma courseworks are important. Further news on this subject will follow.

I am encouraged that there has been interest following the transfer of the AGM venue from the Midlands to London – we are looking forward to the talk/interactive meeting with Professor Oldfield at 55, Baker Street, W1U 7UE on 4th June at 2.00 PM. There are still a few places left, so please contact me if you wish to attend – a good afternoon is promised.

The notice of the AGM Agenda mentioned discussion on a proposed change in *NEWSLETTER* format to include Technical boxes and links to Websites. By way of an example, and as a particular need has arisen, I set out below an example of how these features could look:

Technical Box

Thanks to the 23rd April edition of E-InfoRM we were advised that **irm** examiner, Richard Anderson (who is also one of our members) had completed a report on behalf of the OECD and had displayed a copy of this on his own Website.

Whilst the report is written in the context of banking, many of the points have much wider implications. I can recommend having a look at this if you have not already done so as several matters such as common risk language and indeed a common meaning of Risk Management itself are in accordance with our own views. Richard also introduces us to another word that has had different meanings in the past: *assurance*. I have made further comment within this *NEWSLETTER* of the meaning we will attach to assurance within the SIG, that is:

All reference to insurance and assurance to be *insurance* and the definition to be used for *assurance* meaning in the sense of Richard’s reference in his RECOMMENDATION 26 re appointment of a Chief Assurance Officer or Director of Risk Management. However, to avoid any confusion for old traditionalists like your editor who still think of insurance for general cover and assurance for life and pensions, I have actually used the term “overall assurance” later in this issue.

To view visit (via your search engine), <http://randerson-assocs.co.uk/oecd.aspx>

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Election of officers

The deadline (21st May) for nominations for office is now behind us, so Pauline Bird will now be duly “sworn in” from 4th June as the new Chair and your scribe will continue for another 12 months as Secretary and Editor of the *NEWSLETTER*.

2 of 2 – Audit and RM – and beyond? Keynote feature

In the keynote feature last month, we started to look at *enabling* and the liaison with audit people is probably the best place to start our mission. Clearly that particular scenario is not new, far from it. All we are doing is trying to create better outcomes through greater understanding - the interface is split into *external* and *internal* audit.

Risk managers need to appreciate the culture of audit. External auditors have had a traditional *financial* view of risk which is important as a specialist knowledge. However, some probably had little direct exposure to historic insurance driven RM

for years, although the accountancy and audit profession as a whole would be aware of this due to feedback from “accountants working in industry” in various capacities. Now to 1992, which was a watershed year in our field due to a couple of interesting developments – although more on the second one shortly.

The first UK development in 1992 was “Cadbury” which concerned the responsibility of boards for RM and this idea eventually evolved into “Turnbull” and other thinking. Prior to 1992 much of external auditors’ understanding of “non financial” aspects of RM was probably as gleaned from general knowledge plus data available through clients’ financial directors’ reports which would have included elements of RM. This was mainly because, historically Insurance Managers evolved into Risk Managers from the early 1970s as their skills were needed in areas beyond the scope of the insurance policies - but they usually reported to the Financial Director as insurance was seen as a financial tool, not to the full board. Also, internal auditors would have passed on data to external auditors where they had checked on the RM process.

The second UK development in 1992 brings me back to the last two words of our heading “and beyond?” The Heath and Safety legislation known as the “six pack” came into force in that year – It is not widely felt to be of significance to financial RM and audit, but I would argue it had a profound indirect effect. Organisations had to deal with no fewer than six separate Regulations dealing with; Management of Health and Safety at Work; Work Equipment; Manual Handling; Work Place etc Welfare; Personal Protective Equipment at Work and Display Screen Equipment. Some have argued that whilst this legislation was important in itself, the timing was not helpful to *greater RM* as it tended to distract attention from Cadbury. It could be argued that this was a major contributory factor to the greater need for a “tick box” mentality in all forms of compliance, which has carried on through to modern day Enterprise Risk Management.

It is all too easy to regard Health and Safety and Audit as “separate silos” – but they are both holistic components of *overall assurance* and *greater risk management*. Your Editor would argue that had “Cadbury”, or something like it come out some six or seven years earlier, then for one thing, some of the Pension Providers and Life Assurers may have been less willing to enter the free for all on contracted out Pensions (SERPS and all that) that the Thatcher Government promoted so hard in the late 80s. Some, including your Editor, feel that if the institutional investors like Pension Funds had been more cautious in their expectations for ever increasing annual bonus declarations, the pensions market would not have overheated, eventually causing people to mis-trust insurers (assurers!) and start to over purchase properties for “buy to let” - one thing in life often links to others and should also be regarded holistically with others. I think you can see the direction that this thread is heading and we must remember that the banks, who largely finance the property market, were under great pressure to give good dividends to their pension fund shareholders and others – you see the bigger picture. The old adage of *banking and insurance* still holds sway, the insurers/pension funds are prime investors in banks so if one side of the equation ends up in a mess, so does the other.

To conclude - what could have happened

Anyway, what's all that really got to do with Health and Safety? I hear you say. Well, I put the case that had accountants "got round the table" with insurance and risk people in the 1980s and had "Cadbury" or something similar been around then, with the effects of quality corporate governance and *overall assurance* being applied in the mid 80s, the culture should have cascaded down through all aspects of organisational life providing better outcomes and less need for people to cut corners on the shop floor and elsewhere – hopefully there would have been a different cultural demand for the "six Pack" which need not have been quite so Draconian and subsequent less necessity for ERM to evolve on the "tick box" H&S format, rather more on a "good governance and overall assurance" basis.

Well, you now see where your Editor is coming from and what I feel that we should rectify now. The following stage of this theme will appear in the next *NEWSLETTER*.

And now for something different

In the desire for ultimate enlightenment, your Editor has purchased a French book via the Internet. Well to be honest it's one of a series of British published books, with a substantial grant from a Danish educational establishment and written by multiple authors from UK, USA, Denmark, France, Italy, Belgium, Sweden and Norway, all expanding the work of the great French philosopher, Deleuze. I will explain in due course, but firstly:-

To quote a cliché, it has been necessary for us to "become global" in our approach to the Guide. But in real terms, what does this mean? If we just took a bit of all the major cultures and risk knowledge in the World and mackled them together, we would really end up with something that was rather meaningless. The Guide needs to be positive from a base of the tested knowledge we understand from the influence of the incorporation of Project Risk Management RM into the mainstream over recent years – *then* develop this reaching out to others in a broad form that can embrace both current and estimated future demands.

The **irm** are a British institution, albeit becoming British based with an international outlook - and we are a Special Interest Group of similar heritage. Consequently, our own outlook must share common ground were appropriate with the qualification standards in the International Diploma, although we are probably a year or so behind in development. But then, the Guide must go beyond this level of understanding in our specialist area, which is largely unchartered.

Anyway, back to the book, "Deleuze and the Social" (2006) is one of a series of books published in English by a board of editors lead by Ian Buchanan, Professor of Critical and Cultural Theory at Cardiff University who was the author of the book *Deleuzism* in 2000. In the 2006 publication, which was recommended by the French Embassy in London for our purposes, Martin Fugsang, Professor of Organisational Philosophy and Bent Meier Sorensen, Professor of Management Philosophy, both at Copenhagen Business School lead the panel of international authorities in the interpretation of *Deleuzism*. I believe this series of books to be the definitive work in this area.

I further understand that historically, capitalism received mainly two forms of critique: firstly, from the Marxist camp and then from French philosophy. However, ongoing developments during the latter part of the 20th Century based on *Deleuzism* carried forward developments in French Philosophy and there are a few very pertinent points to our own research, especially in the area of peoples desires and agendas. There will be more in the next *NEWSLETTER* on the application of philosophy as a whole and the fusing of this with the Anglo/American ideas from Module One of the International Diploma of Adams, Slovic, Tabak et al. The Guide must reach out from a cultural point of view with the broadest possible mechanism in the quest for Global understanding.

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Anyway, I have rambled on enough for this month, so will wish you all, “Au revoir” until Issue No 43 and look forward to seeing both familiar and new faces on 4th June at Baker Street.

***** End of Transmission *****