

ERM Tool

Organizing Management-Level Risk Committees & Risk Owner Discussions

BRIEF DESCRIPTION OF TOOL

Over the past decade, increasing percentages of organizations have created management-level risk committees that meet periodically to discuss top risks and the organization's response to those risks. Cross-functional representation on the Risk Committee of key business leaders across the organization goes a long way in helping executives obtain an enterprise-wide purview of top risks.

This tool provides guidance to assist ERM leaders in ensuring Risk Committee meetings and dialogue are robust and informative. It includes guidance for Risk Owners to lead discussions about their risks and guidelines for what members of the Risk Committee should consider as they engage in Risk Owner discussions.

HOW TO USE

This tool contains the following four sections:

- Section A: Template of a generic risk committee agenda
- Section B: Guidance to help Risk Owners prepare for Risk Committee discussions
- Section C: Guidance for members of the Risk Committee as they listen to Risk Owner Reports
- Section D: Key Principles for Risk Committee Engagement

Guidance for Management-Level Risk Committees & Risk Owner Discussions

Section A: This section of the template provides an example of a generic standing agenda template for a management-level risk committee. This sample agenda assumes there is sufficient time for three different risk owners to conduct a deep dive of their assigned risk. That deep dive would include an overview of the overall risk concern, the key root causes of the risks, what the entity is doing to manage the risk, what data the risk owner is using to keep an eye on how the risk is changing, and any recommendations for next steps.

(Check out our **ERM Tool “Risk Profile Summary Template”** for an example report that Risk Owners can use to consistently summarize key risk information for the Risk Committee.)

Sample Standing Agenda Topics:

1. Welcome and Overview of Meeting
2. Discussion of Risk Owner Reports
 - a. Report from Risk Owner on Assigned Risk X
 - b. Report from Risk Owner on Assigned Risk Y
 - c. Report from Risk Owner for Assigned Risk Z
3. Review of Top 10-20 Risks– What’s Trending Across Risk Portfolio
4. Identification of Emerging Issues for “Watch List” Monitoring
5. Evaluate Information for Escalation to Executive Team and Board
6. Confirm Next Meeting Agenda

Section B: This section of the template provides guidance to help Risk Owners prepare for leading a discussion of their assigned risk at an upcoming Risk Committee meeting.

Guidance for Risk Owner Presentations to Risk Committee

Discussion outline for Risk Owner Discussions with Risk Committee:

1. Provide a deep dive understanding of the risk
 - a. What is the overall risk?
 - b. What are the root causes?
2. Describe what the organization is doing to manage the risks now
 - a. What is being done to prevent the risk from occurring?
 - b. What is our response to minimize the consequences should the risk occur?
3. Suggest what needs to be done to improve management of the risk
 - a. How certain is the organization that the responses in #2 are in place and effective?
 - b. What are the gaps in risk response coverage?
 - c. Who is accountable for the risk response?
4. Identify what data is being used to monitor this risk
 - a. How is the risk trending and how fast is it changing?
 - b. What metrics are we using to monitor changes in the risk?
 - c. What trigger points are established to know when action is required?
5. Highlight the greatest concerns related to this risk
 - a. How can Risk Committee help?
 - b. What additional resources are needed?

Guidance for Management-Level Risk Committees & Risk Owner Discussions

Section C: The section of the template provides guidance for members of the Risk Committee as they listen to the Risk Owner reports at each meeting.

Guidelines for Each Meeting:

Goal: Foster robust conversation among organization leaders about top risk issues and assess effectiveness of how Organization is managing and monitoring those risks.

4 Questions to Consider as Risk Owners Present Risk Reports:

1. How does this risk impact the Organization's mission critical deliverables and strategic plan?
2. How effective is the Organization's process for managing the risk?
3. What data are we using to keep an eye on this risk and when do we know more action needed?
4. What commonalities are we repeatedly hearing across multiple risks (same risk, same assumption, same risk response)?

Section D: This section of the template outlines key principles and best practices to set the proper tone and culture for each Risk Committee meeting. Think of these as guardrails for ensuring robust and transparent risk discussions occur at Risk Committee meetings.

Principles for Risk Committee Interactions

Guardrails to Protect Tone and Culture of Risk Committee Meetings:

- Seek discussion, not passive audience receiving formal presentation
- Foster transparency and openness – not a “gotcha” mentality
- Encourage multi-functional, enterprise wide viewpoint
- Assist, Not Attack, Risk Owners – Embrace View “we are all in this together”