



#### **Delivered by**

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- Does your audit programme target areas of opportunity as well as risk?
- Does your function add measurable added value to your organisation?
- Do you measure the value of monetary savings made as a direct result of your audits?



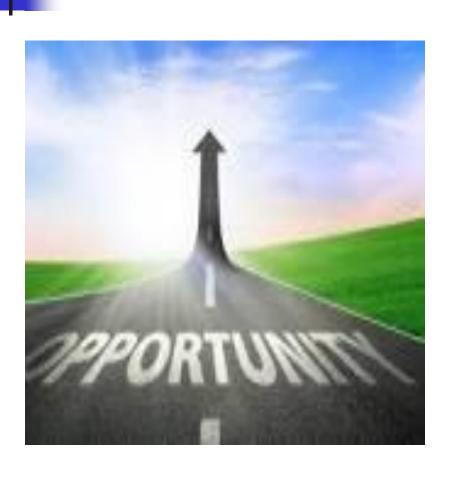


- Opportunity management is a business enabler
- The flip side of risk
- When did you last suggest reducing controls?

# Identifying over-managed risks



## Potentially over-managed risks



These are likely to be the risks in the green zone of the risk matrix



- Challenge 'we have always done it this way'
- Do we have to do it?
- What are the benefits / penalties associated?
- Can we reduce effort in some areas to give time and resource for the priorities?

### **Adopt an opportunity matrix**

V HIGH	VERY QUICK WIN	WARM	НОТ	RED HOT	RED HOT
нідн	QUICK WIN	WARM	WARM	НОТ	RED HOT
MID	COOL	COOL	WARM	WARM	НОТ
LOW	COLD	COLD	COOL	WARM	WARM
V LOW	COLD	COLD	COOL	COOL	WARM
	V SMALL	SMALL	MEDIUM	LARGE	V LARGE

FEASABILITY



- Firstly red hot opportunities
- Then the very quick wins
- Then the hot opportunities by the potential to reduce risk
- Then the quick wins
- Then the warm opportunities (using the principle above)

# Over-managed risks – fruitful areas

- Over- insurance
- Use of paper
- Signage
- How many people in the chain before a decision can be made?
- Reports produced which are no longer required







An audit of a process or business area to measure the effectiveness, economy and efficiency of such activity

#### The 3 E's

- Economy
- Effectiveness
- Efficiency



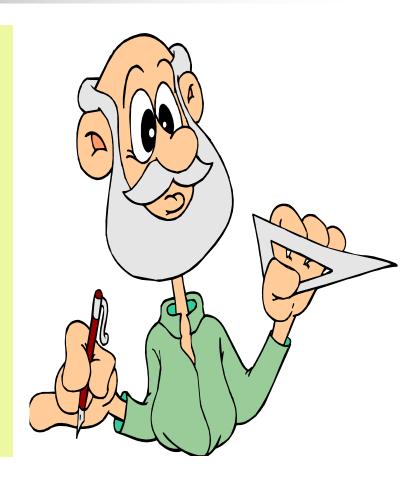
#### **Economy**

- Minimising the cost of resources whilst maintaining acceptable quality
- The right amount at the right time at the right place at the right cost of the right quality



#### **Examples of poor economy**

- Failing to take bulk discounts
- Building your own system when a suitable off-the-shelf system is already available and cheaper, or visa versa.
- First class train travel for short journeys

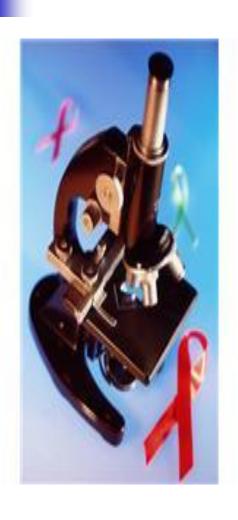


### **Efficiency**



- The relationship between inputs and outputs and the use of resources
- More output for the same input
- Getting the same output with less input





- Controls that serve no real purpose
- Making frequent calls when one would do – or an e-mail would suffice
- Duplication of systems that perform the same function
- Entry of information already held by the system





- The degree to which the goals or objectives are met
- The measurement of that achievement
- The right results from the usage of resources



#### **Examples of Ineffectiveness**

- Systems that serve no business function
- Unreliable systems
- Systems that produce reports that are never used
- Lack of Prioritisation doing the urgent rather than the important



- Travel management
- Mobile communications
- Meetings management
- Energy management
- Budgeting
- Stationery

#### Seize the opportunities

