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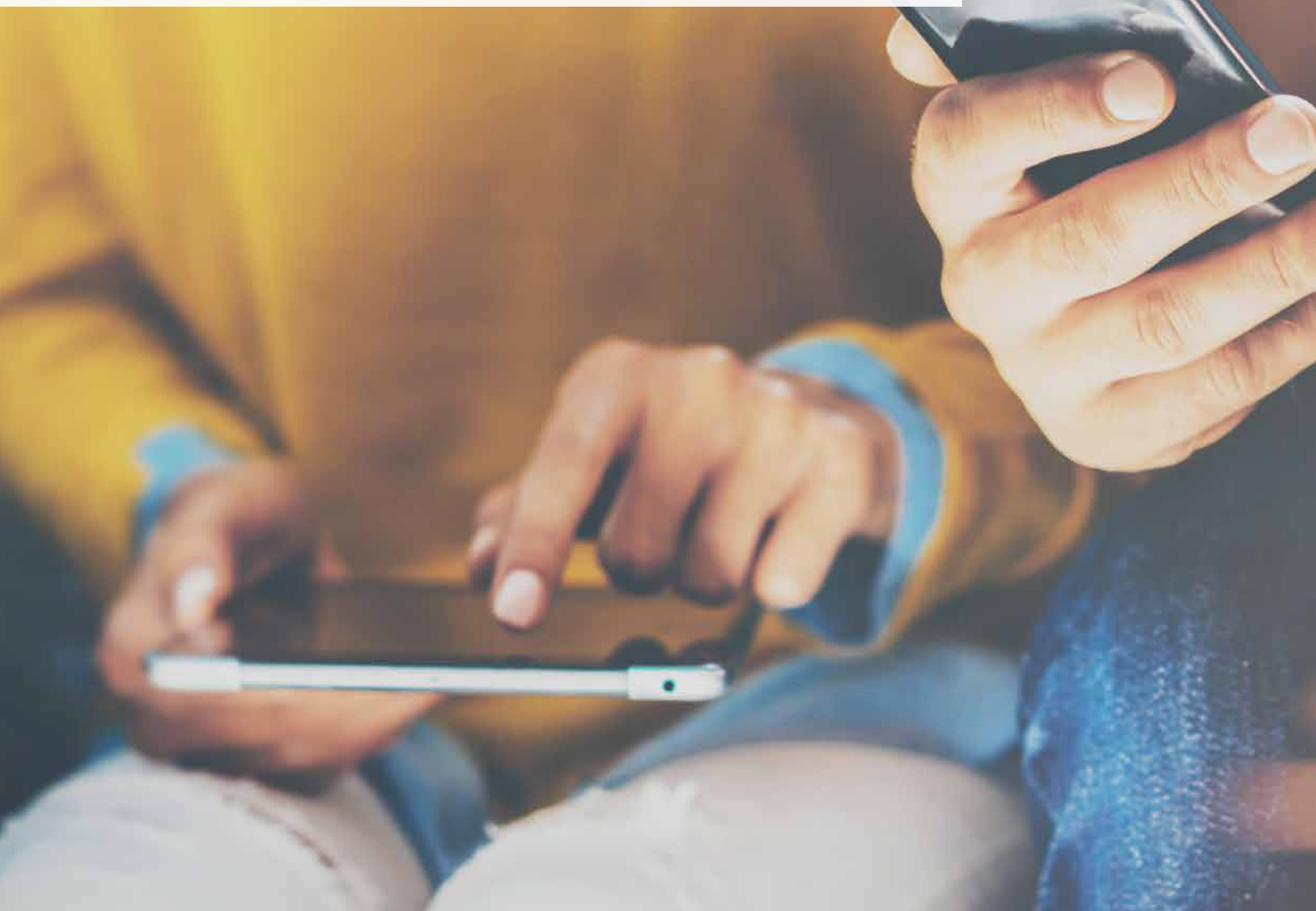
# Governance, risk and control frameworks



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# What's on your mind?

As companies grow, expand their services and evolve over time, they must establish sound governance practices in the management of risk, and ensure effectiveness and efficiency of their control environment to facilitate informed decision making; achieve strategic goals; and meet the expectations of both internal and external stakeholders.

However, organisations must understand that a key enabler of sound risk management and control is an effective system of governance. The presence of strong governance can no longer be viewed as a reactive process; instead, faced with increasing uncertainty, organisations must take a proactive stance to manage risk and realise business opportunities that align with stakeholders and ultimately their business strategy.

The process of delivering effective governance and thereby managing risk can be complex. However, identifying the potential dangers to business resilience and continued strong performance is essential to safeguarding the future of any business. Implementing effective governance can facilitate information flows to communicate threats through the correct forum, to define roles and responsibilities with clear ownership, and using a common approach, to ensure that risk reporting and assurance is provided in a timely way.

Appreciation of the intricate and interrelated nature of Governance, Risk and Controls (GRC) Frameworks means there are some common concerns that our clients face in this area. Here are some of the issues they regularly raise with us:

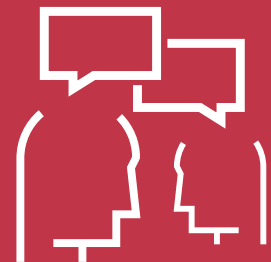
*“How can I manage the conflicting demands of effective risk management, cost and regulatory scrutiny?”*

*“How do I gain comfort that I am made aware of all key risks and issues?”*

*“How do I effectively oversee the constantly changing regulatory environment, regionally and globally, divisionally and functionally impacting my business?”*

*“How do I gain reliable assurance that risks are being managed to an acceptable level?”*

*“How do I make sure everyone understands their roles and does what is needed to maximise the opportunities for the business?”*



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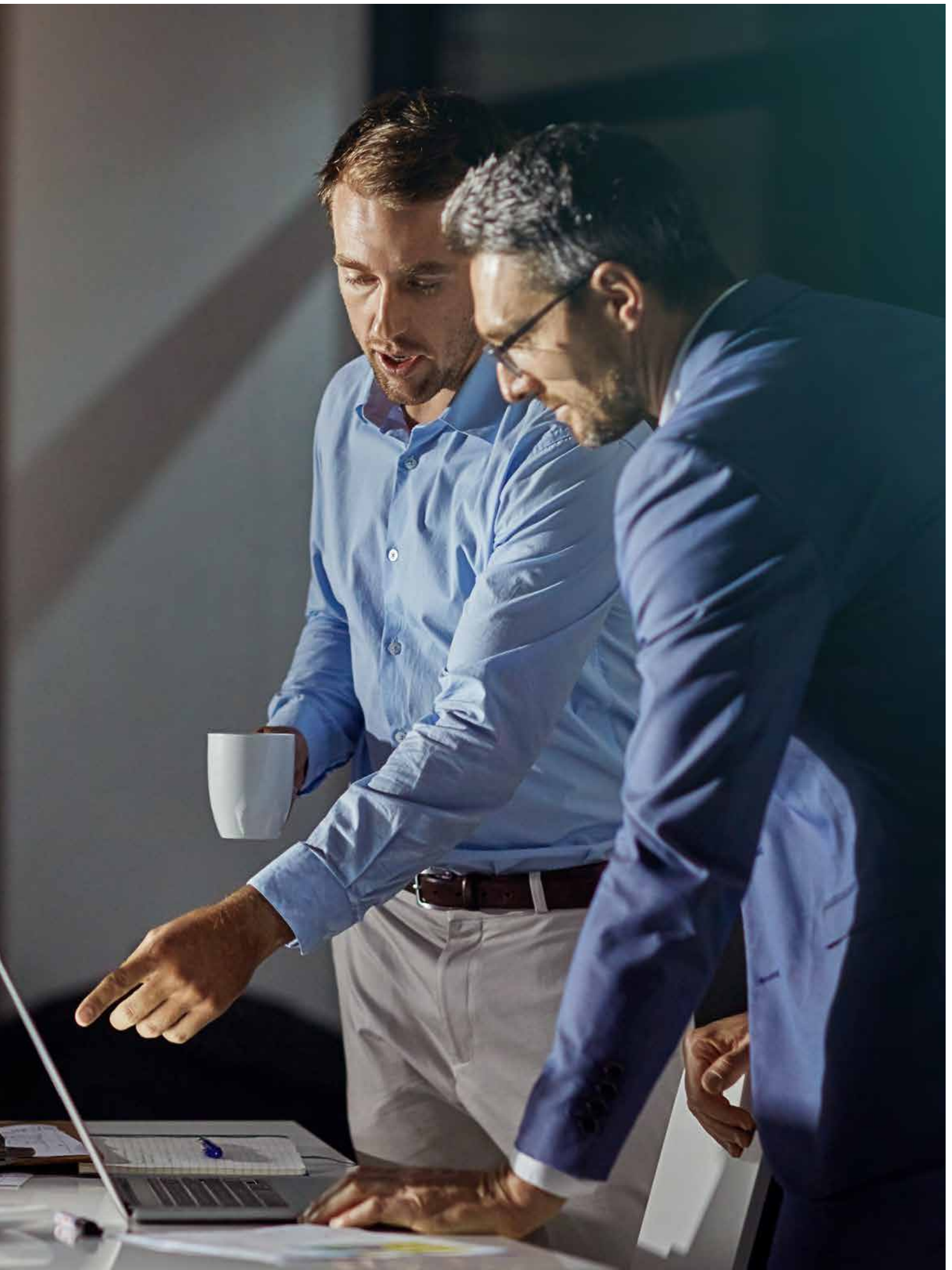
# Our point of view

PwC helps clients to assess, design and implement leading practice operating models for their GRC frameworks. These frameworks align corporate governance to risk management and control activities to assure and support business decision making and performance. They also help demonstrate to stakeholders that the business is managed effectively, and that the interests of these stakeholders are protected.

Demonstrability of core governance controls is essential for the support of compliance activities in many sectors. Business leaders and key decision-makers must be able to answer the questions ‘why did you make that decision?’, ‘what are the risks to its success?’ and ‘how are you managing that risk?’

We endeavour to ensure each of these questions can be answered in full, with a focus on innovative, digitally enabled practices that provide clear line of sight into the sources of risk within an organisation, ensuring these challenges are aligned to the overall appetite for risk exposure set by the Board.





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# Leading practice considerations for governance

Having a sense of leading practice in the market is key to realising the benefits that support from PwC in the area of GRC Frameworks can provide, not least in terms of regulatory expectations and a bar that keeps rising. When working alongside our expert teams, businesses can expect to achieve:

## **Governance arrangements that are benchmarked to leading practice**

An in-depth view of an organisation's GRC Frameworks that provides a clear understanding of the flow of information and resources within the organisation. This data can be benchmarked against best practice within the relevant industry sector, to identify potential areas of improvement and drive enhanced performance/efficiency.

## **Top-down understanding of the governance framework**

Insight and clarity into the key risks faced and to assess whether effective management of these risks is being realised through the organisation's existing governance framework. As an example, this would include the provision of value-adding risk information to facilitate informed decision-making, and to enable sufficient oversight and challenge by the Board and Senior Management.

## **Governance, risk and controls that are aligned to corporate risk appetite**

An understanding of what the appetite for exposure to risk should be and develop statements that are consistent with the organisations strategy and existing governance framework. Where risk exceeds appetite, tailored solutions can then be identified to ensure full accountability and confidence in future decision-making.

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# Track record of success

At PwC, we're proud of our extensive experience in the delivery of effective Governance, Risk and Control Frameworks. Throughout the years, our support has helped to deliver a wide array of success stories for clients, including:

- Delivery of the separation of legal and compliance functions for a **global universal bank**. We ensured a clear delineation of responsibilities within departments, as well as support in outlining function mandates, and engagement model, interaction model and communications strategy.
- Working alongside a **global financial institution**, we developed a framework to monitor and manage reputational risk. We advised on how to define reputational risk appetite and build a tailored control framework and risk assessment process around this.
- We worked with a **large retailer** to identify a map of key risks, controls and to reveal sources of assurance. From this we were able to highlight areas of duplication, gaps in controls and ensure that there was an appropriate mix of types of assurance activity.

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# How we can help

PwC is able to provide a range of services designed to provide greater clarity on Governance, Risk and Control Frameworks, as well as to support best practice in this area.

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Our services include:



### **Governance frameworks**

We assist management to design and implement governance frameworks that ensure effective support and delivery of organisational priorities and strategy. This is achieved through effective monitoring, reporting and engagement.



### **Risk assessment and monitoring**

Identification of internal and external risk factors, including 'horizon scanning'. We support the development of a clear operational risk framework in line with risk appetite, as well as support in response to risk-related incidents including detailed risk cause analysis and remediation plans.



### **Control environment support**

Identification of expected standards of conduct and internal controls on processes. We help to design and implement control activities along the end-to-end business process. We map risk, key controls and where assurance is provided over those risks to highlight gaps and areas of duplication.



### **Technology-enabled solutions**

Assist clients in technology-enabled GRC strategy, vendor selection, technology implementation and transformational activities. Our services are supported by the latest innovations in technology to deliver evidence-based insight and recommendations for improvement.



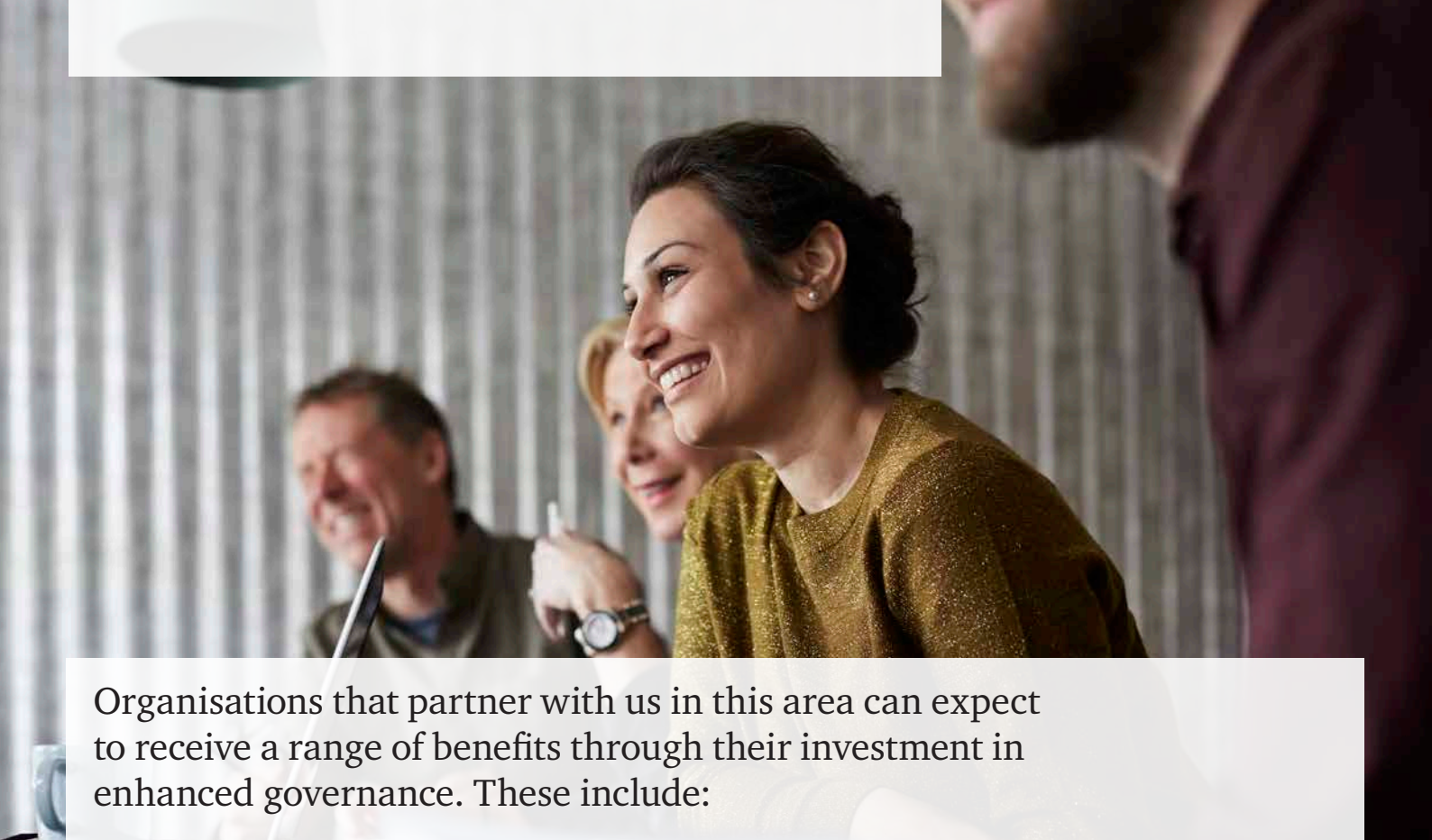
### **Training and engagement**

Working with key individuals and departments, we provide training to improve risk and control capabilities, as well as supporting enhanced 'controls consciousness' for positive behavioural change.



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# What you gain



Organisations that partner with us in this area can expect to receive a range of benefits through their investment in enhanced governance. These include:

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## **Clear accountability**

Clearly marking individual responsibilities and accountability to facilitate enhanced oversight and support better future decision-making.

## **Increased efficiency and cost control**

Skills and capabilities profiling, coupled with process and responsibilities review, enables optimisation of workforce strategy without compromising risk coverage.

## **Greater visibility**

The streamlining and simplification of processes and controls supports the delivery of more meaningful management information and stronger governance.

## **Increased agility through a sustainable model**

Models that provide clarity over roles, which are tailored to the needs of the client and are functional, clear and consistent in the way they operate, help to deliver more sustainable and responsive strategy.

Combined, all of the above advantages to our clients help in the delivery of **more effective risk management** that remains rigorous and effective over the long-term.

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# When to act

Based on our extensive experience of providing support to organisations in the area of Governance, Risk and Control Frameworks, we have identified a number of common triggers to this type of activity among our clients:



*Structural or internal processes have changed within your business*



*Increased risk/complexity has emerged within your sector*



*You have witnessed failure in your existing governance, risk and control framework*



*New/updated regulation or legislation that affects your business – how does this relate to us?*



*Your company is pursuing a new direction*



*Your organisation has poor visibility into its internal controls/processes/employee behaviour*



# Intelligent Digital

At PwC, we are harnessing the power of Intelligent Digital, helping our clients to rethink their futures and reshape their own world. We are using business understanding, innovation in technology and human insight to help solve important problems, meet human needs and make a difference to society.

Assuring our Governance, Risk and Control Frameworks are based on strong evidence means a greater use of new technologies to get to the heart of how organisations manage their exposure to risk. Informed decision-making is essential to helping organisations to safeguard their long-term success.

As a result, we remain committed to utilising the latest technologies and innovative practices to support our clients in understanding the world in which they operate and how to better ensure they maintain a strong governance framework for the future.

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# Get in touch



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