Risk and controls operating models
Contents

What’s on your mind? 01
Our point of view 02
What good looks like 04
Services we can provide 06
What you gain 07
When to act 08
Intelligent Digital 09
What’s on your mind?

Addressing a changing regulatory landscape and ensuring existing Risk and controls operating models are fit for purpose should be a business priority, but keeping pace with change can be difficult. However, developing a model that works for the entire organisation, delivering value to all stakeholders, can be a daunting task. Seeking support in this area can therefore save businesses time and money, while putting in place a platform to realise the benefits and value from doing so quickly, sustainably and in line with market practice and regulatory expectations.

Therefore, developing clear and effective frameworks for risk and control operating models, which are tailored to the individual needs of the organisation and set out the requirements of the organisation to meet its responsibilities – both internally and to key stakeholders and regulatory authorities – is essential.

Through discussion with our clients, PwC has identified a number of common concerns relating to the identification and delivery of effective risk management.

Some of these issues include:

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

“How do I demonstrate value from my risk management operating model and approach, while confirming that risk management activities are embedded in BAU decision-making?”

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

“How do I manage the constantly changing regulatory environment, regionally and globally, divisionally and functionally?”

“How do I use risk management as a way to make my business more efficient, to reduce manual intervention, and minimise risk and control errors?”
Our point of view

We review organisations’ current approach to risk and control environments, and design tailored operating model solutions to address individual challenges holistically. This enables our clients to deliver consistently high-quality risk processes and oversight in a changing world.

We use innovative digital techniques such as process intelligence and robotic process automation to gain new insights into risks and controls while reducing exposure to human error. PwC is able to support our clients as they address this change through our extensive experience and understanding of industries and markets globally, as well as through our in-depth knowledge of the regulatory landscape and what it takes to demonstrate compliance.
What good looks like

Knowing what good looks like is integral to appreciating the benefits that support from PwC can provide. When working alongside our experienced teams, our clients are supported with:

**Full knowledge of risk landscape and responses**
Knowing what risks you face, how to mitigate them and what to do in the event of emergency response helps to provide enhanced peace of mind to company stakeholders, employees and the wider market.

**Commitment to efficient/ effective compliance with regulation**
Working with our clients to define clear responsibility for responding to and compliance with regulation means all risk and control solutions are tailored to meet firms’ individual needs and are in line with industry/regulatory requirements and best practice.

**Digitisation to enhance performance**
Digitised systems of risk and governance interfacing seamlessly with automated production systems help to remove risk of human error and support a more efficient and effective risk and control operating environment that is cheaper to operate in the long run. We aim to support our clients in the implementation of suitable technologies and systems to streamline and enhance automated processes/controls and to digitise the analytics, monitoring and reporting of risks and controls.
Track record of success

We have extensive experience in the delivery of effective risk management operating models. Our support has helped to deliver a wide array of success stories, including:

• Working alongside a financial institution, we defined a scope of framework covering all internal process, alignment with operational risk, and a documentation of as-is control framework, covering key process cycles. We completed gap analysis on what we would expect to see within a control framework and advised on how it can be improved.

• At a FTSE 100 Insurance client, we supported in the design of the Risk Management Function. We reviewed Risk Management capabilities and skills of the team, including the tools, systems and processes they (and the business) use. We were able to provide them with an independent view on what best in class meant and help them understand developments and comparisons within the UK insurance market, while providing a practical roadmap to implementation.

• We held a series of workshops to help an organisation enhance their quality of risk and control information within their key risk areas, and in doing so, to help improve the control environment across the group. Main outcomes included documentation and assessment of key risk and controls to critical processes of the business, and the development of an assurance plan to drive more targeted testing and assurance.

• Completed a review on the appropriateness and effectiveness of the Group Control Framework for a FTSE 100 financial services company. Following changes to the framework to remediate identified weaknesses, we completed a review on whether the design of the changes was sufficient to address the shortcomings identified; and to undertake a comparison of the design proposals against market practice. We also carried out an assessment on the effectiveness of the control framework once the design changes had been implemented.
Services we can provide

At PwC, we offer a range of services designed to examine and improve your existing risk and control operating model.

Our services include:

**Creation of a target operating model for risk**
Create a risk target operating model across the three lines of defence, including methodologies, capabilities and assurance required.

**Processes and responsibilities optimised in line with business strategy**
All existing risk processes and operational responsibilities are adapted to operate in accordance to your wider business strategy. In particular, aligning risk appetite and risk strategy with corporate strategy and business plans.

**Skills and capabilities profiling**
Identification of the core skills, knowledge and behaviours needed to ensure effective risk activities are being undertaken within your organisation, matching requirements with current capabilities and addressing gaps.

**Increased clarity into specific responsibilities for individuals**
Defining the exact responsibilities of individuals within your risk management framework acts to support improved efficiency and performance, as well as defining clear accountability in line with your responsibilities.
What you gain

Organisations which undertake Risk and Control Operating Model activities supported by PwC can expect to gain a range of lasting benefits through this partnership. These benefits include:

• **Clear accountability**: Clearly marking individual responsibilities and accountability to facilitate enhanced oversight and to 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**: A streamlining and simplification of processes and controls supports the delivery of more meaningful management information and stronger governance to those who need it, including Board, management and regulators.

• **Increased agility through a sustainable model**: Supporting increased clarity over roles, which are tailored to the needs of the client and are functional, clear and consistent in the way they operate, helps to deliver a more sustainable and responsive risk and control 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, consistent with regulatory and other stakeholder expectations.
When to act

Organisations face a range of common triggers that can prompt them to seek our advice and support in the area of Risk and Control Operating Models.

These triggers include:

- Major incidents have been seen in your business or wider industry linked to ineffective risk and control activities/preparedness
- Regulatory change or increased oversight is taking place within your industry
- A sense that your current risk and control activities are insufficient
- Your company is planning a new strategy/direction and must understand the impact this change poses
- Recent actions have shown your exposure to risk is outside your risk appetite
- Planned or ongoing merger and acquisitions and the impact on pre- and post-merger risk operations
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.

Creating an in-depth understanding of your risk landscape is essential for businesses hoping to ensure their long-term success. As such, PwC draws on the latest technologies, techniques and our Intelligent Digital approach to help our clients achieve improved clarity around both existing and emerging risks to their lasting survival.

We help to identify the core skills, knowledge and behaviour that can better control risk exposure with an organisation, as well as delivering improved clarity and understanding around risk management responsibility and the tools our partners can draw upon to make their operating models as efficient and effective as they can be.

pwc.co.uk/intelligentdigital
#IntelligentDigital
Get in touch

James Maxwell  
Partner – Assurance, PwC  
+44 (0)7525 925982  
james.maxwell@pwc.com

Nicola Shield  
Partner, Governance Risk and Compliance, PwC  
+44 (0)7931 388648  
nicola.j.shield@pwc.com