

## Board Risk Survey

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### Why conduct a Board Risk Survey?

With the Global Financial Crisis and the increasing call for improved corporate governance and board accountability, right now is one of the most important times to carry out a world class Board Risk Survey.

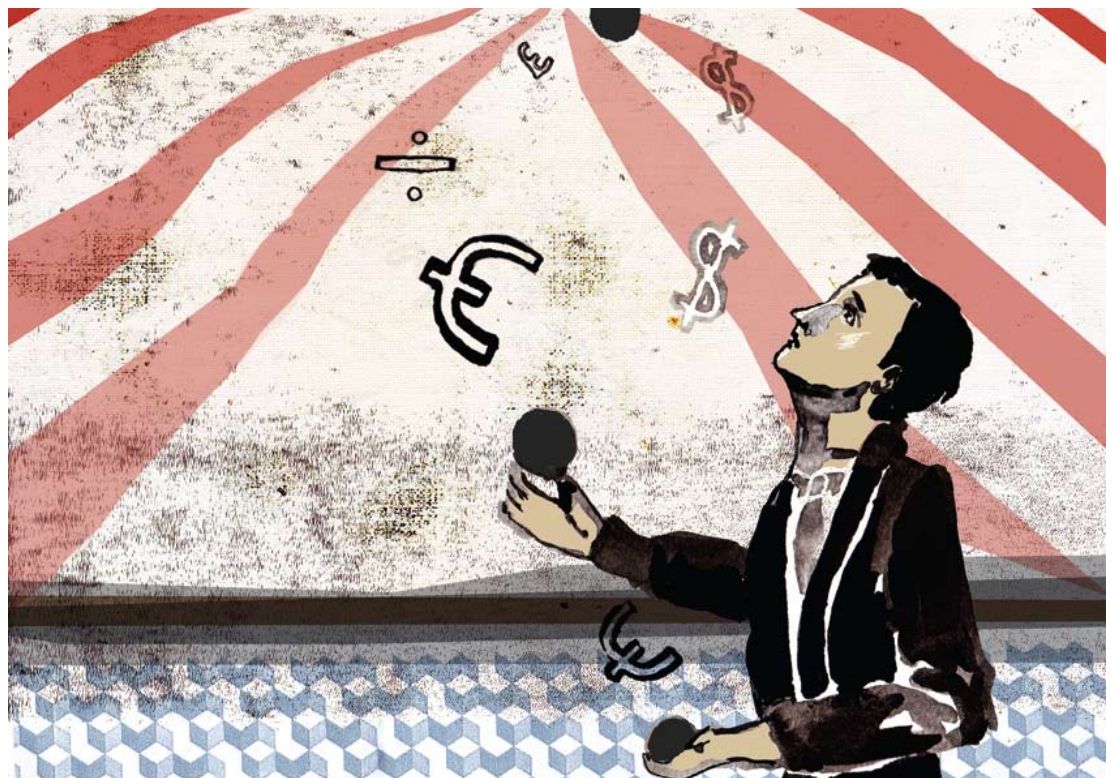
Boards can demonstrate their leadership, their commitment to good corporate governance and accountability to stakeholders by conducting an independent review of their effectiveness in relation to their oversight of risk.

The ultimate responsibility for an organisation's risks rest fairly and squarely on the board or governing body of an organisation.

Despite the many millions of dollars that have been invested in risk management systems and resources, risk systems continue to fail around the world, with disastrous consequences.

Most people understand the importance and benefits of a regular medical check up to identify any risks to their health and to determine whether their bodies are functioning to their optimal capacity.

In a similar way, Boards Insync recommends the regular use of its Board Risk Survey to determine any risks to the "health" of the board, and the extent to which it is functioning to its optimal capacity in relation to its oversight of risk.



“ ... it can be an important part of a risk assessment process that identifies weaknesses and areas for improvement in an organisation’s risk management framework, culture, systems and practices. ”

Whilst a Board Risk Survey is unlikely to prevent the failure of an organisation’s risk systems, it can be an important part of a risk assessment process that identifies weaknesses and areas for improvement in an organisation’s risk management framework, culture, systems and practices.

The Board Risk Survey was initially designed for large banks, finance and insurance organisations. It has also been tailored for boards and governing bodies of public and private companies, government and not-for-profit entities.

The Board Risk Survey can be completed by boards, whether or not they have a separate audit and risk committee, or a separate risk committee. In such circumstances, a separate Audit Committee Effectiveness Survey and/or Risk Committee Effectiveness Survey may also be appropriate.

A review of the board’s effectiveness in relation to risk can be done by using the Board Risk Survey separately or in conjunction with director and management interviews, reviews of the board’s charter, agendas, board papers, minutes and the like by experienced board and risk specialists.

The comprehensive report that is prepared following the completion of the survey is designed to measure the current extent of effectiveness and to highlight improvement initiatives.

A sample of the report is included on our website.

## Main benefits of our Board Risk Survey

The purpose of the Board Risk Survey is to identify actions that can be taken to improve the effectiveness of the board’s oversight of an organisation in relation to its risk management framework, culture, systems and practices.

Issues of the board’s structure, composition, meetings and reporting in relation to risk are also addressed. Board members are taken through a comprehensive range of issues relevant to the board’s oversight of risk in a structured way.

The benefits of using the Board Risk Survey include:

- many issues that may not otherwise be included as part of a board risk review are considered
- board members are able to balance their consideration of each issue against the other issues in a well designed survey that takes less than 30 minutes
- board members consider a comprehensive range of issues in a consistent way by responding to the same survey statements in the same order and using the same response scale
- an “importance” and “performance” response rating system and a corresponding “gap” analysis enables the prioritisation of issues
- board member views are equally weighted and such views are not biased or impacted by the view or emotions of other members or consultants
- the survey is independently carried out by Boards Insync, which offers anonymity to respondents and encourages candid responses.

This survey is a very useful, cost effective and unobtrusive way to quickly highlight possible issues of concern and issues that may need further attention. The survey does not replace the need to take appropriate action in relation to issues highlighted, nor does it override the need to take other steps to review and improve risk management and oversight.



## Comprehensive survey framework

The Board Risk Survey is based on a comprehensive survey framework of eight areas that impact the effectiveness of a board’s oversight of risk.

The survey statements included in the Board Risk Survey cover 75 distinct matters. The survey statements are designed to be penetrating and to encompass good risk management and/or good board practice in relation to risk. Director written responses to four questions add context and improve the usability of the report.

The survey statements have also been designed to integrate with Boards Insync’s separate Board and Management Risk Committee Effectiveness Surveys and Employee Risk Culture Survey. Significant extra insights are gained by organisations that carry out more than one of Boards Insync’s integrated risk surveys and one or more of its other board surveys.

The survey framework and the relevant survey statements can be tailored to meet the requirements and specific circumstances of each client.

The eight survey framework areas and the main matters addressed in each framework area are shown below.

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<p><b>1. Board structure and composition</b></p> <ul style="list-style-type: none"> <li>Board role</li> <li>Senior management clarity</li> <li>Delegations clear</li> <li>Member expertise</li> <li>Education and training</li> <li>Succession planning</li> </ul>	<p><b>2. Board meetings</b></p> <ul style="list-style-type: none"> <li>Robust discussions</li> <li>Main concerns addressed</li> <li>Candid responses</li> <li>Comprehensive schedule</li> <li>Unambiguous decisions</li> <li>Minutes of meetings</li> </ul>	<p><b>3. Reporting</b></p> <ul style="list-style-type: none"> <li>Timely reports</li> <li>Substantive risks</li> <li>Non-compliance</li> <li>Emerging risks</li> <li>Independent risk reviews</li> <li>Committee reports</li> </ul>
<p><b>4. Risk culture</b></p> <ul style="list-style-type: none"> <li>Tone from the top</li> <li>Values and behaviours</li> <li>Employee incentives</li> <li>Upward information flow</li> <li>Risk embedded</li> <li>Proactive and decisive</li> </ul>	<p><b>5. Risk appetite, strategy and framework</b></p> <ul style="list-style-type: none"> <li>Risk appetite</li> <li>Risk strategy</li> <li>Organisation structure</li> <li>Risk management framework</li> <li>Risk policies</li> <li>Common terminology</li> </ul>	<p><b>6. Risk identification and assessment</b></p> <ul style="list-style-type: none"> <li>Compliance obligations</li> <li>Understand business</li> <li>Identification of risks</li> <li>New business risks</li> <li>Reviews refreshed</li> <li>Flow-on effect of risks</li> </ul>
<p><b>7. Controls</b></p> <ul style="list-style-type: none"> <li>People resources</li> <li>System resources</li> <li>Education and awareness</li> <li>Risk controls</li> <li>Exposure and authority limits</li> <li>Risk mitigation</li> </ul>	<p><b>8. Monitor and review</b></p> <ul style="list-style-type: none"> <li>Stakeholder concerns</li> <li>Risk register</li> <li>Follow-up processes</li> <li>Consequence management</li> <li>Continual improvement</li> <li>Regulator interactions</li> </ul>	

## About Boards Insync

Boards Insync is the specialist board survey division of Insync Surveys. It has one of the largest suites of integrated board surveys in the world, including Board Effectiveness Surveys, Board Risk Surveys, Audit Committee and Risk Committee Surveys and Director 360 Surveys.

Its world class board surveys are available globally and have been carried out for numerous large public, private, government and not-for-profit organisations.

Visit: [www.boardsinsync.com](http://www.boardsinsync.com)  
Contact us: [info@boardsinsync.com](mailto:info@boardsinsync.com)

## About Insync Surveys

Insync Surveys has one of the largest suites of leading edge integrated benchmarked stakeholder surveys in the world. Its surveys are distributed in over 30 countries and in over 15 languages and include surveys for employees, customers, boards, community groups and many other organisation stakeholders.

Insync Surveys has carried out surveys for some of the largest public, private, government and not-for-profit organisations in Asia Pacific. It is based in Australia and has representatives in New Zealand, Asia, UK and North America. Insync Surveys' technology also powers the surveys of Board Benchmarking.

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