

## Risk Committee Effectiveness Survey

*"Many boards rely heavily on a board and/or one or more management risk committees to assist them with their oversight obligations in relation to risk."*

### Why conduct a Risk Committee Effectiveness 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 Risk Committee Effectiveness Survey.

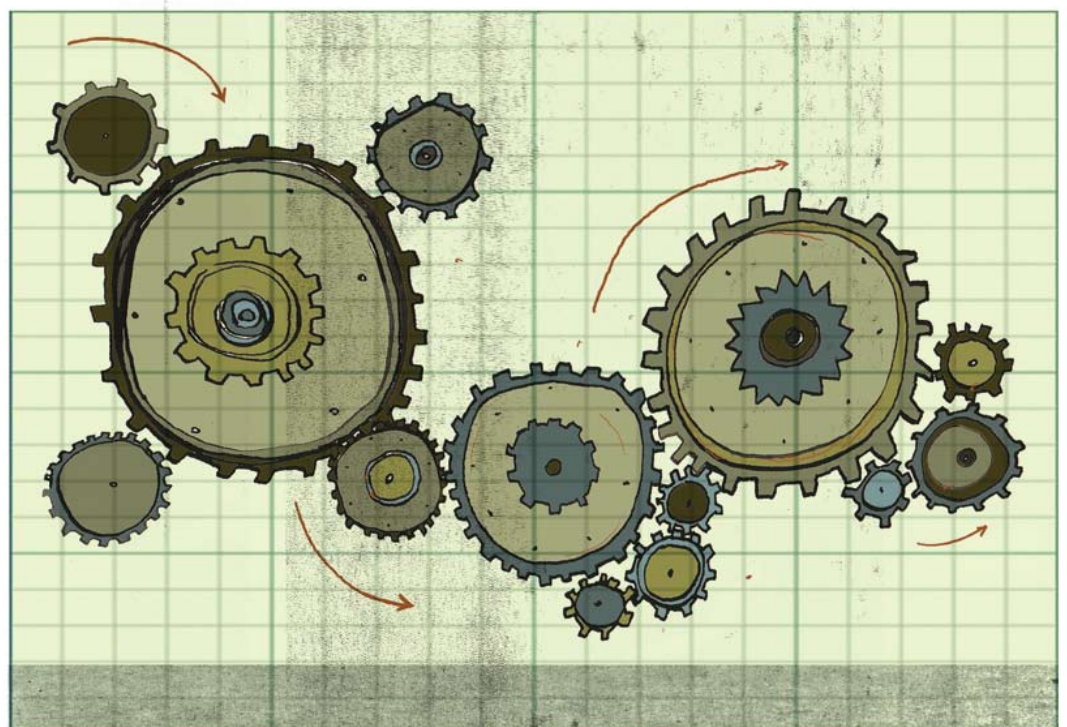
Risk committees can demonstrate their leadership, their commitment to good corporate governance and accountability to stakeholders by conducting an independent review of their effectiveness in relation to their oversight of risk.

The ultimate responsibility for an organisation's risks rest fairly and squarely on the board or governing body of an organisation. Many boards rely heavily on a board and/or one or more management risk committees to assist them with their oversight obligations in relation to risk.

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 Risk Committee Effectiveness Surveys to determine any risks to the "health" of a risk committee 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 Risk Committee Effectiveness 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 Risk Committee Effectiveness Survey was initially designed for board and management risk committees of large banks, finance and insurance organisations. It has also been tailored for boards and management risk committees of public and private companies, government and not-for-profit entities.

A risk committee review can be done by using a Risk Committee Effectiveness Survey either separately or in conjunction with member and management interviews, reviews of the charters, agendas, committee 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 report is included on our website.

## Main benefits of our Risk Committee Effectiveness Survey

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

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

The benefits of using the online Risk Committee Effectiveness Survey include:

- many issues that may not otherwise be included as part of a risk committee review are considered
- committee 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
- committee member views are equally weighted and such views are not biased or impacted by the view or emotions of other members or consultants
- committee 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
- an “importance” and “performance” response rating system and a corresponding “gap” analysis enables the prioritisation of issues
- 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 Risk Committee Effectiveness Survey is based on a comprehensive survey framework of 10 areas that impact the effectiveness of a committee’s oversight and management of risk.

The survey statements included in the Risk Committee Effectiveness Survey cover 98 distinct matters. The survey statements are designed to be penetrating and to encompass good risk management and/or good committee practice in relation to risk. Committee member 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 Risk Survey 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 ten survey framework areas and the main matters addressed in each framework area are shown below.

### 1. Committee structure and purpose

*Committee structure  
Member impartiality  
Committee charter  
Senior management clarity  
Delegations clear  
Other support*

### 2. Committee composition and resourcing

*Member expertise  
Member contributions  
Induction  
Education and training  
Succession planning  
Additional resources*

### 3. Committee leadership, teamwork and dynamics

*Chair leadership  
Robust discussions  
Committee teamwork  
Main concerns addressed  
Nothing off limits  
Candid responses*

### 4. Committee agenda, meetings and minutes

*Comprehensive schedule  
Agenda input  
Unambiguous decisions  
Executive sessions  
Minutes of meetings  
Follow-up processes*

### 5. Reports to and from our committee

*Timely reports  
Substantive risks  
Non-compliance  
Emerging risks  
Independent risk reviews  
Other committees/board*

### 6. Risk culture

*Tone from the top  
Values and behaviours  
Employee incentives  
Upward information flow  
Risk embedded  
Proactive and decisive*

### 7. Risk appetite, strategy and framework

*Risk appetite  
Risk strategy  
Organisation structure  
Risk management framework  
Risk policies  
Common terminology*

### 8. Risk identification and assessment

*Compliance obligations  
Understand business  
Identification of risks  
New business risks  
Reviews refreshed  
Flow-on effect of risks*

### 9. Controls

*People resources  
System resources  
Education and awareness  
Risk controls  
Exposure and authority limits  
Risk mitigation*

### 10. Monitor and review

*Stakeholder concerns  
Risk register  
Follow-up processes  
Consequence management  
Continual improvement  
Regulator interactions*

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



## 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.

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

Melbourne  
Level 7  
91 William Street  
Melbourne  
Vic 3000  
Australia  
Tel. +61 3 9909 9209  
Fax. +61 3 9614 4460

Perth  
76 Wittenoom Street  
East Perth  
WA 6004  
Australia  
Tel. +61 8 6461 6485  
Fax. +61 8 6270 4491

Sydney  
Level 2  
110 Pacific Hwy  
North Sydney  
NSW 2060  
Australia  
Tel. +61 2 8081 2000  
Fax. +61 2 9955 8929