

Next Level Solutions + BIFs

“Navigating Risk Taxonomy & Register”

Bruce L. Scott, CBCP, MBA, CRISC, Regional Risk Assurance Leader, PwC Network of Caribbean Firms (On-Shore)

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Why ERM?: ERM leads to better business performance & brand protection (reputation)



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Strategic Risk

ERICSSON 

NOKIA
Connecting People

How can your
entity proactively
identify your “
power surges and
“**SIM cards?**”

Develop and implement a world class taxonomy

What is a taxonomy?

“ A system of how we classify and organize items”

Develop and implement a world class taxonomy

What is risk taxonomy?

“Risk taxonomy addresses the specific sequence or steps to be used to identify, assess and respond to risks“

Taxonomy challenges

Many risk managers struggle to develop and implement a **practical**, yet **robust** and **authoritative** taxonomy

Application of a risk taxonomy

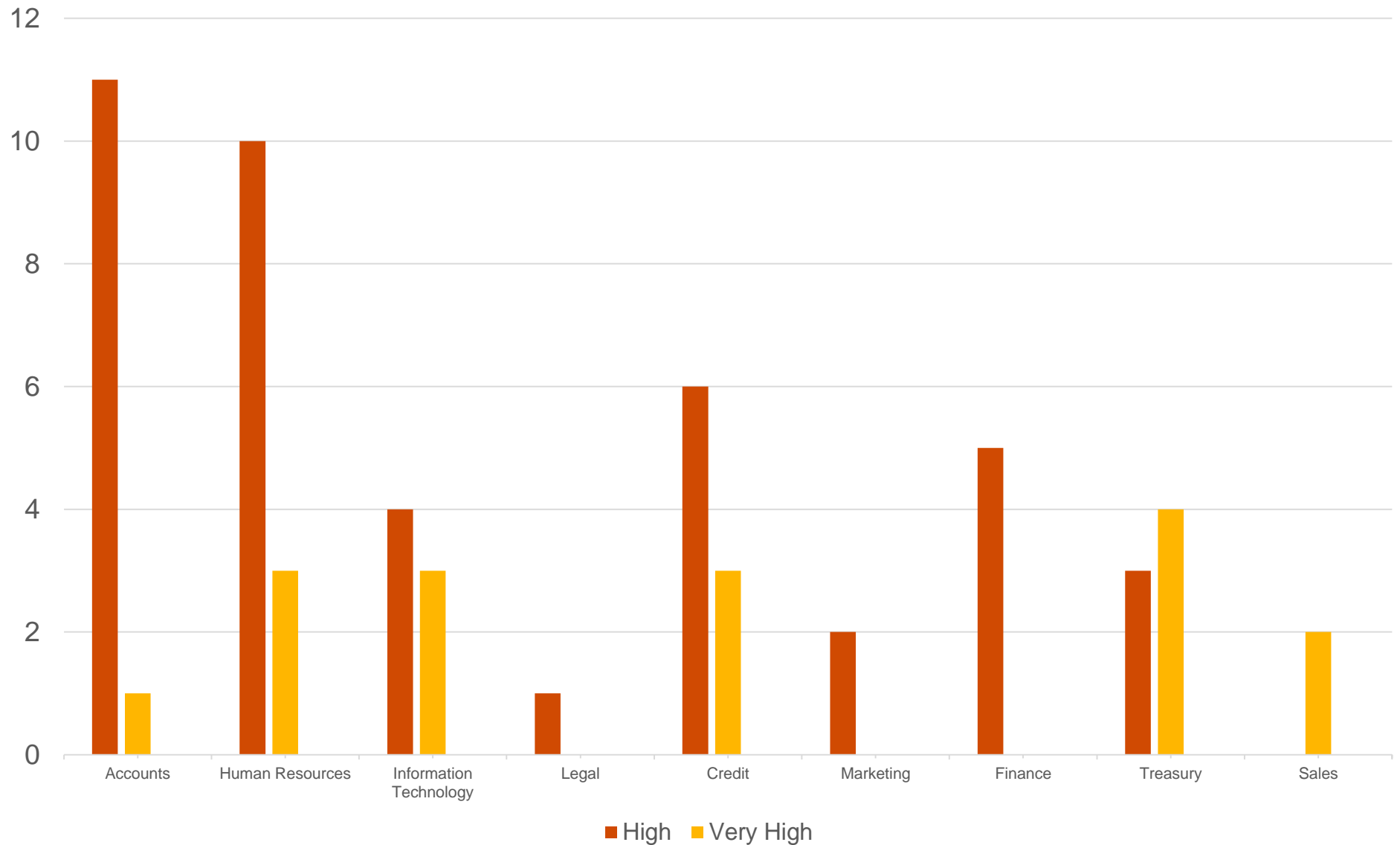
Scenario

Let's apply a risk taxonomy on how to identify the top risks affecting the "Termination" process in an HR department

Key taxonomy elements: the sequence is critical

1. **Objectives** (e.g. termination to be done in line with laws)
2. **Risk description** (e.g. there maybe illegal terminations)
3. **Root cause** (e.g. staff not trained in labour laws)
4. **Risk category** (e.g. Operational)
5. **Impact** (e.g. Significant, score of 5)
6. **Financial impact** (e.g. >US\$100K over 12 months)
7. **Likelihood** (e.g. Very Likely, score of 5)
8. **Current risk rating** (e.g. Score of 25: Very High Risk)
9. **Target risk rating (risk appetite)** e.g. Low appetite
10. **Risk response** (e.g. risk mitigation: train staff every year in labour law changes)
11. **Budget to implement response** (e.g. \$10k for the training)
12. **Implementation date:** (e.g. 31 December 2021)
13. **Risk owner** (e.g. HR Senior Manager)
14. **Risk trend** (e.g. Lower)

Risk profile and reporting



Risk registers

1. What is a risk register?
2. It starts with a robust taxonomy
3. The role of the three lines of defense
4. Ownership of the risk registers
5. Maintaining the risk registers
6. Linking risk registers with risk reporting
7. Use of manual and automated tools

Taxonomy pitfalls

1. Not starting with an objective
2. Not focusing first on catastrophic impacts
3. Using a 3 point rating scale, instead of 4 or 5



Bruce L. Scott
Presenter

Bruce is the Risk Assurance Leader, in the PricewaterhouseCoopers (PwC) Network of Firms in the Caribbean (On-Shore) with over 20 years of risk management and internal controls experience. He is the PwC Caribbean regional subject matter expert on enterprise risk management (ERM). He is based in Jamaica.

Bruce obtained international experience during a six month tour of duty with the Global Risk Management Solutions practice of PwC Toronto office. He also completed the main PwC course on ERM at PwC London and is certified in Risk and Information System Control (CRISC). He has an MBA from Manchester Business School (Finance), and also completed an Executive Education at the world renowned INSEAD Business School.

He is a regular speaker at local and regional conferences, having presented papers on business continuity planning, internal auditing, enterprise risk management and information security, at events staged by a multiplicity of local and regional bodies. He has written several articles on risk management issues including one ("Completing the ERM Circle") that he co-authored and which was published in the Institute of Internal Auditors (IIA) UK Magazine (2012).

He is a Past President of the Institute of Chartered Accountants of Jamaica (2015 – 2017), and recently completed a 6 year term as Technical Advisor, to a Board member on the globally respected, International Federation of Accountants (IFAC), Board. He is a Christian, personal financial coach/mentor, and creator of a 6 week course on personal finances called "The Journey to Financial Freedom". He is married and has three sons. In his spare time he plays golf, enjoys honing his piano skills and sharing "why he is a Christian" especially in a cross cultural setting.

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