

CFAGOR5

Monitor the organisation's exposure to risk and the key risks that could undermine its strategy, reputation or long-term viability



Overview

This Standard is about the governing body's oversight role in relation to risk. It is about the processes that the governing body use to ensure that the strategy and business model are robust. It is about ensuring that emerging risks are fully considered and reflected in the organisation's risk management systems.

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Performance criteria

- You must be able to:*
- P1 receive reports on a timely and regular basis from those charged with managing key risks
 - P2 evaluate the quality and sufficiency of reports on the impact of key risks
 - P3 review risk management reports and take appropriate action
 - P4 review the business model at all times to ensure the key risks and emerging risks remain within the organisation's risk tolerance

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Knowledge and understanding

You need to know and understand:

- K1 the importance of clear lines of accountability that exist within the organisation
- K2 how to interpret reports and analyse the data received
- K3 how to question and challenge management reports when necessary
- K4 how to identify when, and what action, needs to be taken on risk management reports
- K5 the extent and frequency of the communication and information flows to the governing body gathered in the course of monitoring
- K6 what assurance and verification processes have been applied to reports and the basis of such assurance and verification if any
- K7 the impact of any emerging risks on the business model
- K8 how any emerging risks impact the organisation's risk appetite
- K9 the political, economic, social, technological, legal and environmental (PESTLE) climate within which the organisation operates
- K10 how the organisation interrelates with any supervisory or governmental authorities who may have systemic risk oversight
- K11 when the use of specialist input is appropriate
- K12 that management is responsible for ensuring appropriate disciplines are in place over risk management data and risk management information
- K13 how to ensure that there is data accuracy in reports and assurance over supporting data governance
- K14 the need for flexibility as risk management may need to be reviewed outside of the normal cycle of governing body meetings

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Links to other NOS Refer to core Governance NOS (2011) suite.

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Relevant occupations

- 1000 Managers and Senior Officials
- 1112 Directors and chief executives of major organisations,
- 1114 Senior officials of special interest organisations
- 1131 Finance Managers and Chartered Secretaries
- 1135 Personnel, training and industrial relations managers
- 2000 Professional Occupations
- 2421 Chartered and certified accountants
- 2422 Management accountants
- 4000 Administrative and Secretarial Occupations
- 4214 Company Secretaries

Suite Governance of Risk (2013)

Key words Governing Body, Governance structure