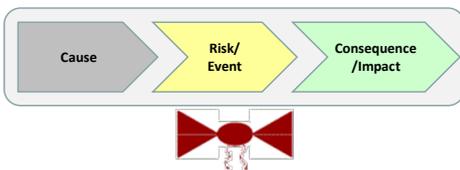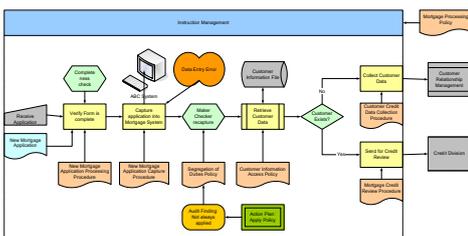# Processes and Controls Service

Whenever an organisation seeks to deliver a product or service to its clients, some specific form of process or processes have to be executed, either by the firm's staff, through its systems or in a combination of staff and systems. Service provision typically starts with some specific trigger, a request from the client, a change in date or market conditions, the development of a new product or concept, or even some form of regulatory change. The trigger information is then combined with various other data sets, some activity is applied and, hopefully, the desired and expected result is achieved, leaving everyone satisfied.

Operational risk however, is all about process failures, human errors, wilful, negligent or malicious acts, system failures or disruption or other external factors will cause the process not to deliver the desired or expected result, with adverse consequences for all participants. Many refer to this chain of cause ⇨ risk or event ⇨ impact or consequence as the "*bow-tie*" model of operational risk, with everyone agreeing that to truly understand the bow-tie model, the firm has to start by understanding its processes, how different products or services affect such processes, how different client types and distribution channels affect causal factors and how volume-sensitive exposure drivers affect the impact or consequence.

The Risk*Business* Process and Controls Service, whether employed as a standalone service or as a component of the integrated Risk*Intelli*Set™, facilitates the documentation of the firm's processes, with optional facilities to allocate a specific process owner, the date when the process was last reviewed and the date when the process should next be reviewed. If review dates are set, a specific user or user group can be set as the responsible reviewer. Where review dates are set, the Process and Control Service will automatically generate e-mail notifications at an organisation specified lead interval to the nominated owner and reviewer(s) informing them that the process is due for review. Various forms of process and procedure documentation can also be loaded and maintained against the processes within the Process and Controls Service. Reports are provided on processes requiring review, under review or for which the review is overdue. Processes can also be defined at different levels of granularity, down to task and specific activity steps, as well as grouped into end-to-end process flows. Change of ownership across the organisational structure can be depicted, with all levels of process flows available in graphical process flow format.

Where the Risk*Business* Process and Controls Service is used in conjunction with either the RCSA Service or the Business Resiliency Service, as processes are defined within those services, they become visible within the Process and Controls Service; conversely, processes defined within the Process and Controls Service are also available for use within any other component of the Risk*Intelli*Set™. Processes can also be grouped by process type, with various process type element libraries provided within the Risk*Business* Taxonomy Service.

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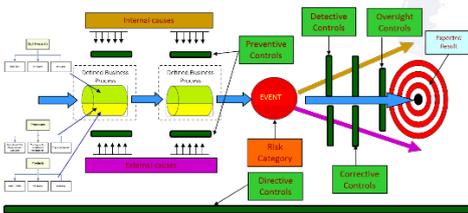
Many risk managers view the "strings" of the bow-tie model as controls, specifically *preventative* controls to stop causal factors becoming risks or actual losses, *detective* controls to detect when a risk or loss has occurred, *corrective* or remedial controls to reduce/minimise/mitigate the impact or consequence, *directive* controls to give direction to the overall business process and activity and *oversight* controls to enable management to determine whether the desired or expected results are being achieved. These control classes can be defined within the RiskBusiness Taxonomy Service, as can different control types, which can then be used to define and document the various forms of controls used throughout the firm. In the same manner as with processes, pre-defined controls can then be used wherever necessary within the RiskIntelliSet™, with options for control testing, control design strength assessments and control effectiveness assessments to be performed and reported on. When used in conjunction with the RiskBusiness KRI Monitoring Service, specific key control effectiveness indicators can be established, thresholds defined and ongoing data collection undertaken.

One issue which often results in conflict within any organisation is in the area of control objectives – what are they, who is responsible for establishing them, are they the preserve of internal audit, how is the business measured against them? The RiskBusiness Process and Control Service supports the definition of specific mandatory, recommended and optional control types against each potential risk category which a business faces in each of the process types that business undertakes, then allows the business to define the actual controls of each type which they have implemented to meet the minimum control standards. For each such control, the RiskBusiness Process and Control Service also support the ability to define the specific control objective which the business intends to achieve with that control. Control standards can also be viewed as a control standards profile, reflecting the required control types against each risk type and process type combination of a typical heat map structure.

Where controls are referenced in audit findings, compliance findings or control failures are noted within internal loss events, that information can be combined with key control effectiveness indicator data, control test data and control assessment data to provide both business management and Line 2 or 3 with detailed control status information. Within the RiskBusiness Internal Loss Data Service, actual controls maintained within the RiskBusiness Process and Control Service can be allocated to those loss events which results from control failure and the consequential implication of each control's failure assessed for each event.

For more information on the RiskBusiness Processes and Controls Service, please contact RiskBusiness Services Limited through our website or email us at info@RiskBusiness.com.

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