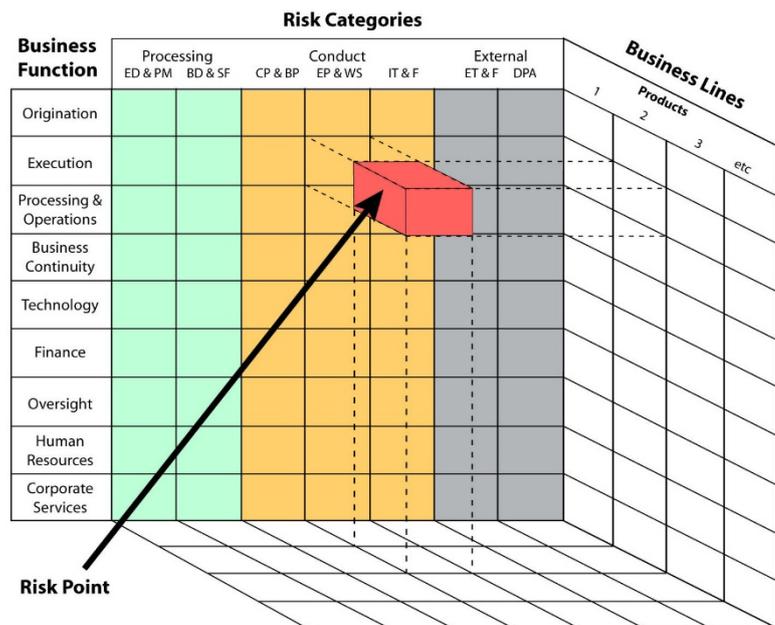# RCSA Service

Many organisations grapple with the purpose and role of risk and/or control assessments, often ending up with an unwieldy, time consuming activity which neither delivers value to those tasked with carrying out the assessment nor any truly useful management information. In addition, there is always the question: have we thought of everything?

As more and more organisations move into operational risk's second wave, the additional issue is how to link the information which can be gleaned from a risk and/or control assessment (static, snap-shot), with loss event data (internal, public and/or consortia, all historic), with KRI, KCI and KPI data (current), to scenario analysis (forward looking, what-if). Many organisations are finding that this requires a single standard structure against which risk can be assessed – and many are now using the Risk*Business* Taxonomy for this. The Taxonomy seeks to identify, monitor, measure and manage exposure to individual risks, classified in a formal risk taxonomy, within specific business activities at a product group level, with the focus point being referred to as a "risk point".

Inventories of risks and controls within the risk point structure created by the RiskBusiness Taxonomy, with risk exposure parameter sensitivity benchmarking and facility to cross-reference risks and controls to public or consortium loss data, standardised scenarios or standardised indicators.

The RCSA Service is a subscription service which gives subscribers the ability to customise and conduct their RCSA process using a standard framework, an inventory of risks, an inventory of controls and a benchmarking service around risk parameters, including frequency of occurrence, probability of occurrence and residual severity, taking your unique control environment into account. It facilitates controlled risk assessment, control design strength and effectiveness assessment, process efficiency assessment and business environmental factor assessment, with a range of aggregation techniques and reporting metrics available across the modern enterprise. Used in conjunction with the Risk*Business* Risk Profiling Service, the subscriber can develop its risk profile, then seamlessly drill down from higher risk areas into a detailed assessment of the underlying risks and existing control suite.

Within a specific risk point, the subscriber has access to a detailed inventory of potential risks. Each risk is described in some detail, with potential causes listed. The risk can be classified according to the Basel II loss event types, the Risk*Business* Taxonomy, the RMA's KRI Framework, other leading industry classification structures or against the firm's own classification structures.

The subscriber also has access, within a specific risk point, to a detailed inventory of possible controls which apply to the overall risk type which that exposure point relates to, grouped by control type. Each control is described in some detail, with potential control requirements listed, such as a requirement for periodic review. Each control is also assessed to the causal topography it is primarily focussed on and rated, in terms of Section 404 of the Sarbanes-Oxley Act, whether it is considered a financial (or SoX) control.

Subscribers can select specific risks and controls and flag them as being applicable to their own organisation. Where a risk or control has been selected by another subscriber, the number of subscribers who have selected each risk or control is shown on an anonymous basis.

Facility is also available for subscribers to benchmark the risk sensitivity parameters they are currently using, covering the probability of the risk materialising, the frequency cycle of the risk occurring and the residual impact or severity when the risk does occur. By submitting your parameters for a given set of risks, anonymous industry benchmarks are created for each risk, which can be filtered based on risk point, product group, geographic region, organisation size and nature of business, to provide accurate estimates of what sensitivity factors your peers are using for similar risks.

Subscribers can also add additional risks and controls of their own, with the option to make these public, that is, to allow other subscribers see and potentially use these additional public risks and controls, or make them private, that is, restrict view and use of these items to their own organisation. Identified gaps can be recorded, with action plans established to rectify any identified short-comings in the control environment.

Where the subscriber also subscribes to the Risk*Business* Scenario Library, scenarios and scenario event relating to the individual risks and controls can be cross-referenced, as can public loss event data from the Risk*Business* Newsflash Service. Subscribers to a loss data consortium using the Risk*Business* Loss Data Consortium Service can view the manifestation of the risk or the distribution of control failures as they relate to the anonymous pooled data to which the subscriber has access.

For more information on the RCSA Service, please contact
Risk*Business* Services Limited through our website or email us at
info@Risk*Business*.com.

*Risk*Tools