

## Control and Risk Self Assessment

Traditionally, organizations have adopted a fragmented approach to managing business risk – an approach that has failed in some organizations. Nowadays, more risk aware organizations are seeking a more holistic business risk approach. The level of assurance provided by traditional financial compliance testing is significantly less than that expected by the board of directors and management. Organizations around the world are looking for a new approach to controlling and managing risks.

### How KPMG can help

Control and Risk Self Assessment (CRSA) enables business units to review, assess and design optimal control frameworks to manage risks and achieve business and quality objectives. It reinforces the need for business units to have responsibility for implementing and monitoring risk and related controls, and for internal audit to have a quality assurance role.

The CRSA approach is attracting attention from empowered, team-driven organizations that are committed to continuous improvement in both the public and private sectors and across every type of industry.

### KPMG approach

KPMG has a business risk management methodology which provides a framework to assist the organization in identifying, measuring, controlling and monitoring risks through developing prioritized action plans.

The KPMG approach facilitates the creation of a risk aware management style and a total risk management culture. Effective risk management requires accountability and the appropriate balance of risk and control.

The KPMG methodology (diagram 1) involves:

- the facilitation of a risk aware culture;
- the conduct of an initial risk review;
- the introduction of methodologies for risk assessment and risk management; and
- the utilization of risk profiles (diagram 2) in the planning of operational audits.

The KPMG approach is flexible. It can involve structured facilitated workshops with management and employees, the completion of periodic questionnaires by management and/or a series of structured interviews. The process is piloted and then rolled out across the organization.

Diagram 1 - KPMG business risk management methodology

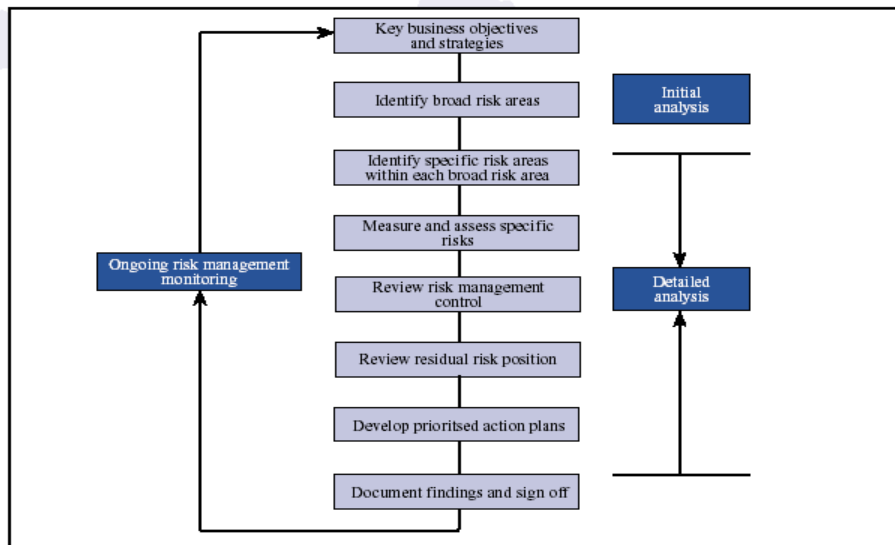
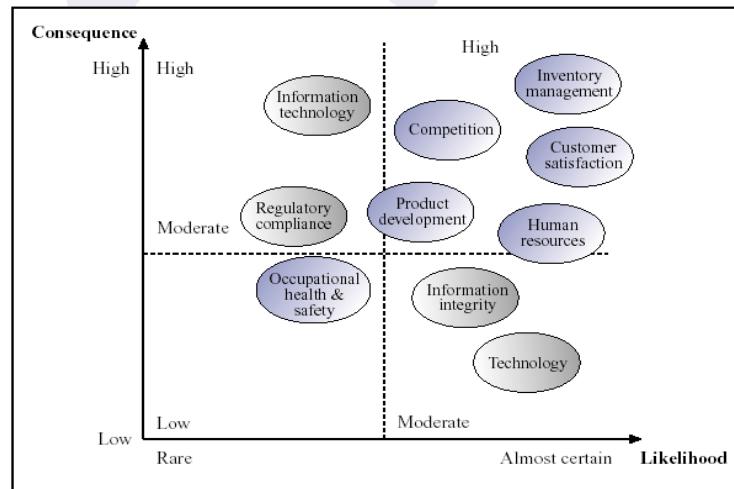


Diagram 2 - Example risk profile



### The benefits

CRSA will help:

- enhance the control consciousness of people within your organization responsible for performing tasks on a daily basis;
- your organization optimize its control frameworks;
- your company directors meet their corporate governance obligations;
- your internal audit function enhance efficiency; and
- increase staff morale by modifying control design in order to provide effective empowerment of responsibility.

### Why Choose KPMG?

CRSA requires operational/line managers to assess the risks and problems that the activities under their responsibility are exposed to, to look at the controls in place and their adequacy and to recommend and implement the necessary action. As the organization's control environment is heavily dependent on the

results of these assessments, it is crucial that this process is properly undertaken. The processes involved are highly structured and must be performed by people with relevant experience. Organizations rarely have the necessary resources to implement CRSA and KPMG provides the trained professionals to make the assessments and recommendations. KPMG can facilitate the exchange of internal control practices and assist the organization to develop and implement cost-effective control and risk management systems. KPMG can:

- perform readiness reviews to determine the suitability of applying CRSA to organizations;
- provide fully trained facilitators for the implementation of CRSA;
- provide CRSA training and workshops;
- conduct pilot projects to implement CRSA techniques;
- conduct reviews of the control framework and provide consulting advice on controls; and

- assist in the production of documentation, policies and procedures to help improve controls within organizations.

### Contact us

For more information on how KPMG can help your organization, please contact us at [mas@kpmg.com.hk](mailto:mas@kpmg.com.hk)