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# To Audit or Not?

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## What is it?

- Managing adverse effects
- Realising potential opportunities





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# Risk Management

Who Should use it?

- Anyone operating a business (big or small)



## Risk Types

- Strategic
- Compliance
- Financial
- Operational
- Market and environmental



## Why manage risk?

- Financial transparency
- Enhance staff confidence
- Enhanced customer confidence.
- Asset protection and business viability
- Comply with regulatory and legislative requirements



## The Risk Management Plan

- Identify risks
- Rating impact
- Rating likelihood
- Mitigation strategies
- Regular review



## Identifying Risks

- Retrospective Risk
- Prospective Risk



# Risk Management

## Analysing Risk.

$$\text{Risk} = \text{Consequence} \times \text{Likelihood}$$

Risk	Likelihood (1 - 3)	Consequence (1 - 3)	Risk Rating C x L	Impact	Mitigation strategy
Major machine breakdown	3	3	9	Delays in production causing delivery backlog. Possible loss of business.	Regular maintenance. Service log maintained. Turnover at end of useful life.





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# Risk Management

## Evaluating risks

- Tolerable risks
- Moderate/High risk (need to mitigate)



## Treating Risks

- Staff training and development
- Financial reporting systems/Internal controls
- Customer Service
- Compliance procedures
- Quality Assurance programs



## Monitoring risks

- Very few risks are static.
- Regular review (at least annually)
- Combine with annual business planning





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# Risk Management

1. Identify
2. Evaluate
3. Treat
4. Monitor





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# Risk Management

Questions?





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# Intellectual Property

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