

Optimise investment in risk assessment

The concept of risk assessment is fairly well understood these days. What is less well understood is what happens to the information generated once these assessments are complete.

In many cases, risk assessment data is not used effectively and sometimes not at all. Often this is due to inadequate assessment results or lack of follow-up. With the growing pressures on today's businesses, it is easy to understand how this can happen. However, it can be avoided with careful planning and selecting a suitable solution in which to collate, store and manage the findings.

The consolidated results of a risk assessment, the risk register, have limited value as a standalone document and are quickly made irrelevant by the passage of time. The risk issues highlighted need to be compared against risk tolerance, then action plans developed, ownership

assigned and performance indicators created: all of which need regular monitoring and progression.

For many, this is a daunting prospect and prevents advancing beyond the risk assessment phase (see diagram, below). However, having the correct methodology of delegating, monitoring and reviewing risk issues will help to put the risk information to more effective use. Here, a tool is required where information is input, processed and appropriate output generated.

The simplest approach is a spreadsheet in which to store the risk information and track risks, their criticality, actions, responsibilities and performance.

whole range of enterprise risk information, be fully auditable, accessible from multiple locations and easily scalable. They can also be configured to generate automatic alerts and action reminders.

However, the cost to implement and maintain these solutions can be very high. In addition, you may not have use for such a comprehensive, sophisticated solution, where the risk register is just one small component.

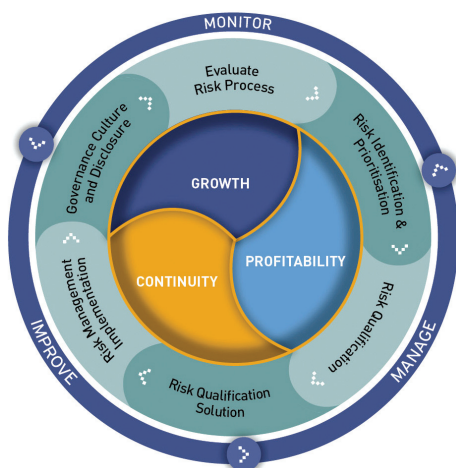
Stand out from the crowd

With budgets under pressure, many companies are now turning to an intermediate solution; a standalone risk register module hosted on a web based risk management information system such as the Aon RiskConsole. This avoids the limitations of spreadsheets, while offering a number of benefits of an ERM system for a significantly lower investment.

Staff will gain confidence in and support of a professional tool, while the risk assessment process is facilitated. A risk register module can also generate automated output; saving time for the company and ensuring risk assessment findings are effectively and continually modified.

Through careful planning of risk assessment and strategic use of assessment tools, even in today's challenging climate your risk register can be truly effective, ensuring and promoting governance and transparency throughout the organisation. ■

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The risk assessment cycle

Ask the right questions

Questionnaires and interviews can be used regularly to provide manually updated information. The status of actions can be monitored and management reports generated with relative ease.

While this is a simple and effective system, it will suffer from many drawbacks such as scalability, accessibility, update time and the opportunity for human error leading to a lack of auditability. At this point you may want to consider upgrading to an enterprise risk management (ERM) tool.

These systems are designed to suit your organisation's exact needs, contain the

Further information

Aon eSolutions

Website: www.aonriskconsole.com/cima