

WEEKLY WEBINAR SERIES

Applying Operational Risk
Management thinking to COVID-19

COVID-19 Risk Treatments and Controls

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Webinar Schedule – Financial Services

Date	Topic	AEST	GMT
Thursday 2 April	A pragmatic analysis of COVID-19 risks including interconnections with other risks	8.00 p.m. – 9.30 p.m.	10.00 a.m. – 11.30 a.m.
Thursday 9 April	An analysis of COVID-19 risk treatments and controls	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.
Thursday 16 April	A practical approach for processes to manage COVID-19 risks (including decision making)	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.
Thursday 23 April	Effective COVID-19 risk governance, reporting and communication	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.
Thursday 30 April	Participant preferences and feedback	8.00 p.m. – 9.30 p.m.	11.00 a.m. – 12.30 p.m.



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Your Presenters



Manoj Kulwal

Co-Founder & CRO at
RiskSpotlight



David Tattam

Director, Research and
Training
The Protecht Group



Jason Smith

CEO and Executive
Director at Risk
Management Institute of
Australasia



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Agenda

- 1** | Introduction and Housekeeping
- 2** | Presentation 1 COVID-19 Risk Treatments and Controls Analysis
- 3** | Presentation 2 COVID-19 Treatments and Controls in Practice
- 4** | Q&A
- 5** | Conclusions and next Webinar

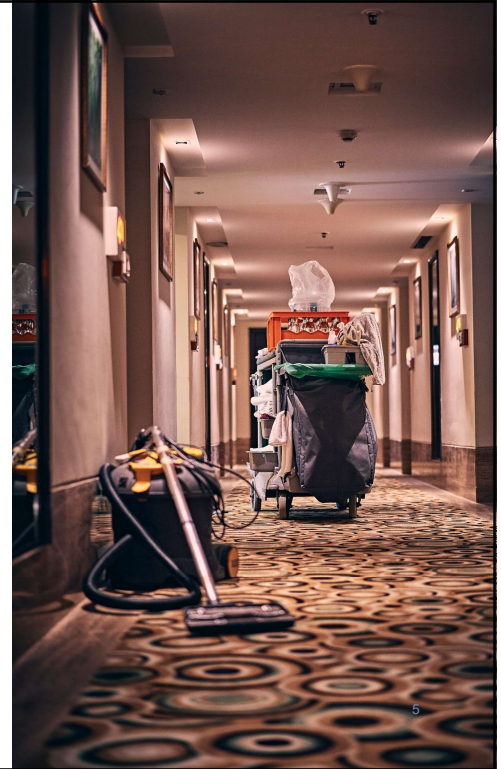
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Housekeeping

1. The webinar will go for 90 minutes.
 - Introduction 10 mins
 - Presentation 1 20 mins
 - Presentation 2 20 mins
 - Q&A 35 mins
 - Concluding Remarks 5 mins
2. Ask questions as we go. Enter your question in the question section on the GOTO control panel. If the question input area is not visible, click on the orange arrow at the top of the panel to expand the viewing area.
3. Any questions we don't get to during the webinar:
 - We will address any key questions at the beginning of the next Webinar
 - We will consider writing a blog or including a topic for any questions that are themed
4. A recording of this webinar will be made available to registered participants as well on our websites:

- www.protechtgroup.com
- www.riskspotlight.com



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Overview



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Risk Treatments and Controls

1. What are the **Risks** to treat and control
2. **Risk Treatment methods and control types** and application to COVID-19 infection risk
3. **Deciding on which treatment method** – balancing cost and benefit
4. **Assurance and reporting** on the control environment

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1. Risks to Treat and Control

1. Existing risks have changed
 - Increased level of inherent risk (Cyber, data security, WHS etc.)
 - Increased level of residual risk because of reduced level of control from staff relocations and high % of manual controls
2. New risks e.g.
 - COVID-19 infection risk
 - Non-essential service risk (e.g. solicitors to effect conveyancing)

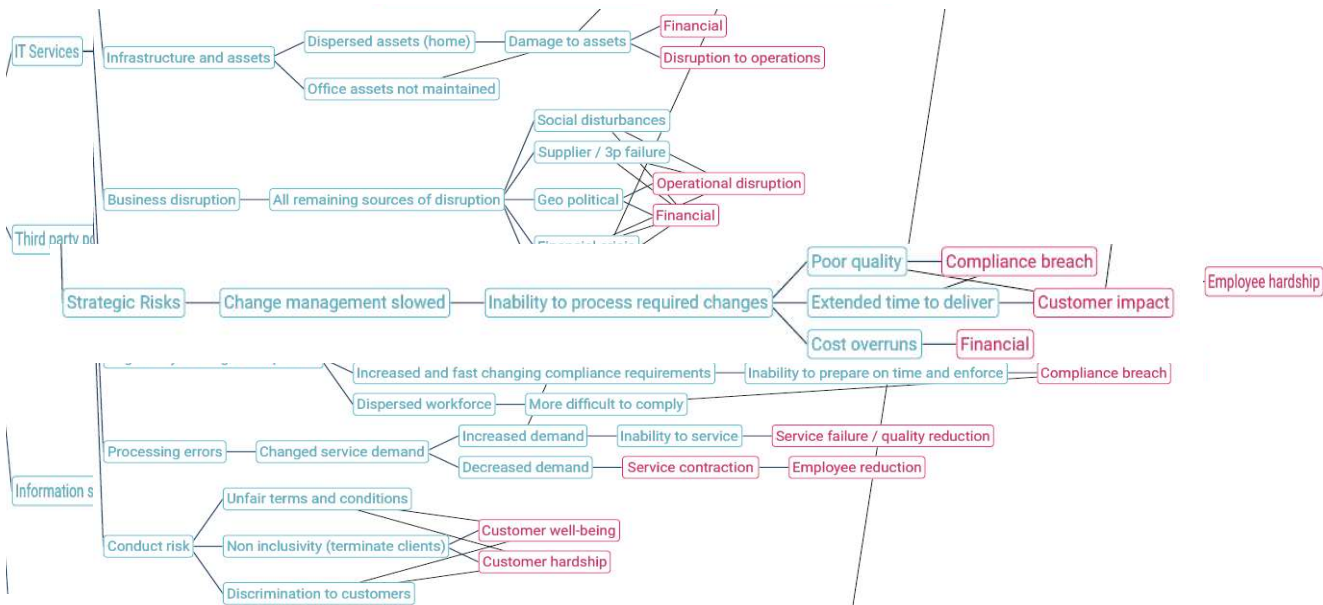
Polling Question

How well has your Pandemic / Business Continuity Plan worked in managing the COVID-19 crisis to date?

- A. Not at all
- B. Not very well
- C. OK
- D. Well
- E. Very well



COVID-19 Risk – Organisation perspective



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COVID-19 Risks

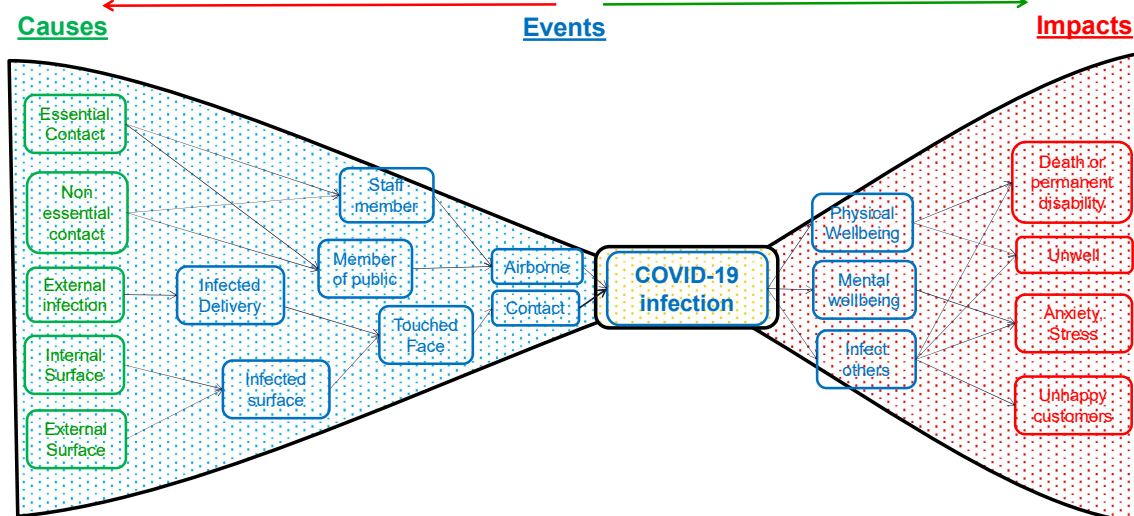


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Analysing COVID-19 Infection Risk

But Why / How?

But What Next?



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2. Risk Treatment Methods and Control Types

Treatment method	Description	Examples for COVID-19
1. Accept the risk	When the risk is within appetite and at the risk's targeted / desired level..	All risks where we are comfortable with the current level.
2. Process re-engineer / transform the risk	Process re-engineering to de-risk the process.	Working from home. This has changed the nature of risks we face, reducing the infection risk but potentially increasing other risks such as Cyber.
3. Improve controls	Aimed at strengthening controls in order to reduce the risk further. This covers Preventive, Detective and Reactive / Corrective controls.	Examples later.
4. Transfer the impact	Transferring some or all of the financial impact of a risk to another party. Main methods are insurance and risk sharing service level agreements. It is only useful for reducing the financial impact.	This is a special type of reactive control which is aimed at reducing impact. Insurance.
5. Accept the risk outside of appetite	Formal acceptance of the risk when it is outside of appetite. Requires delegated authority sign-off and a finite period for which the acceptance is given.	This may be applied where the "cost" of reducing to an acceptable level is too high. Practiced by many medical staff who accept high levels of infection risk in order to help others.
6. Avoid	This involves stopping the activity that causes the risk.	Total isolation from people, products and services that could cause infection.
7. Reduce controls	This involves decreasing the controls based on cost / benefit.	This may occur when the control is too costly / stops the person achieving their objectives adequately. Medical staff who deliberately remove social distancing in order to help a patient.

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Controls

ISO 31000:2018

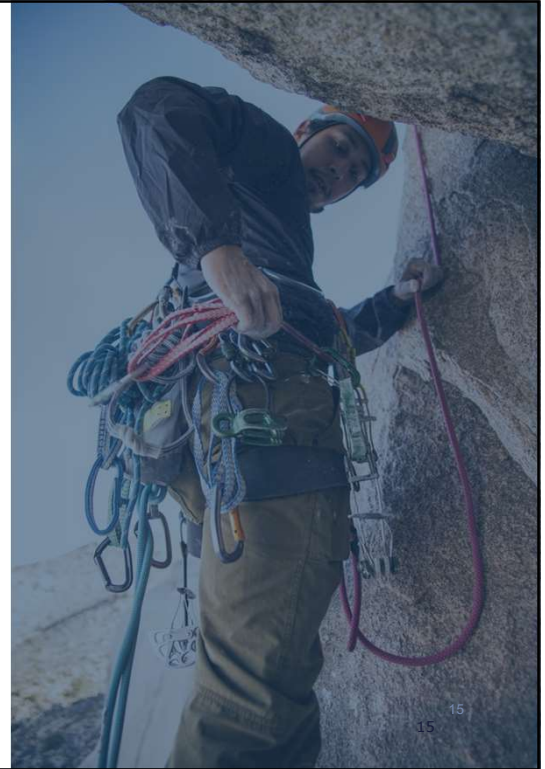
"Measure that maintains and / or modifies risk"

Key risk characteristics are:

- Likelihood of the risk occurring
- Consequence if the risk were to occur

Protecht

"A specific action taken with the objective of reducing either the likelihood of the risk occurring, and / or the impact if the risk were to occur. "

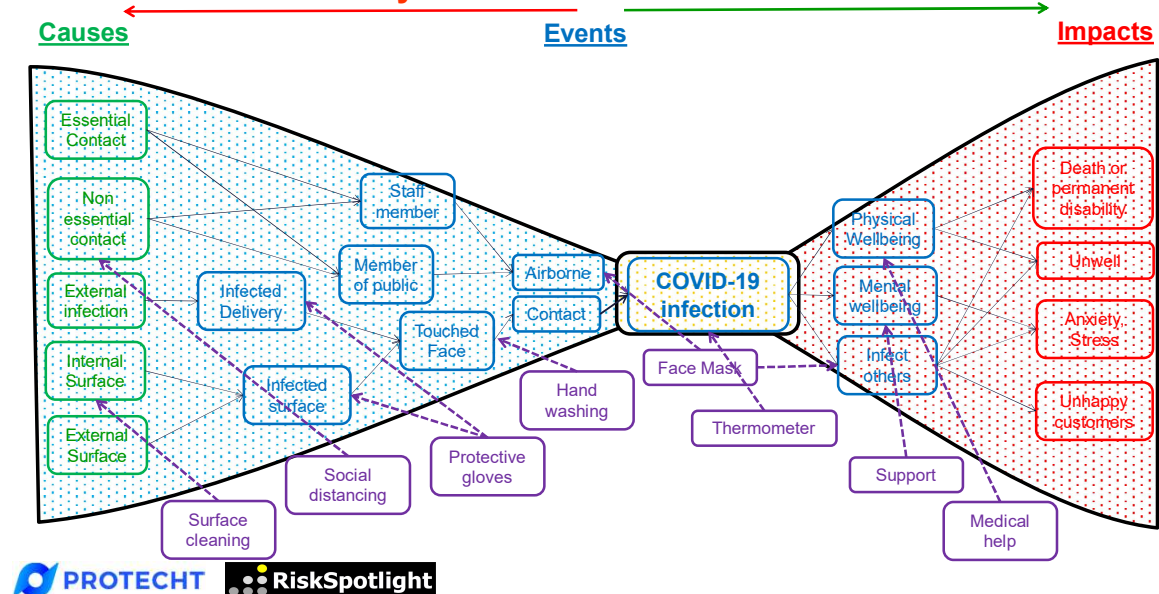


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Controls over COVID-19 Infection Risk

But Why / How?

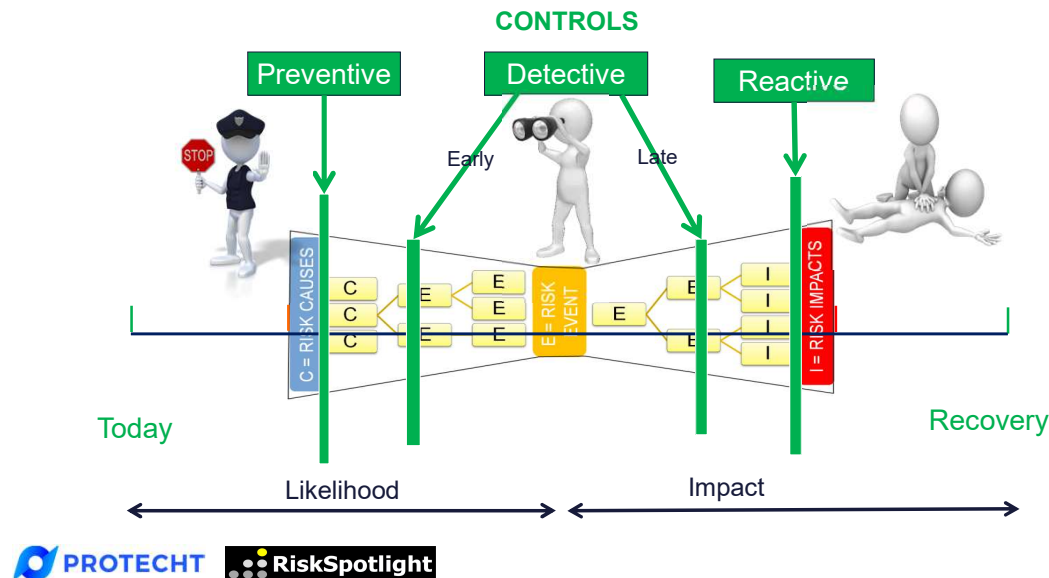
But What Next?



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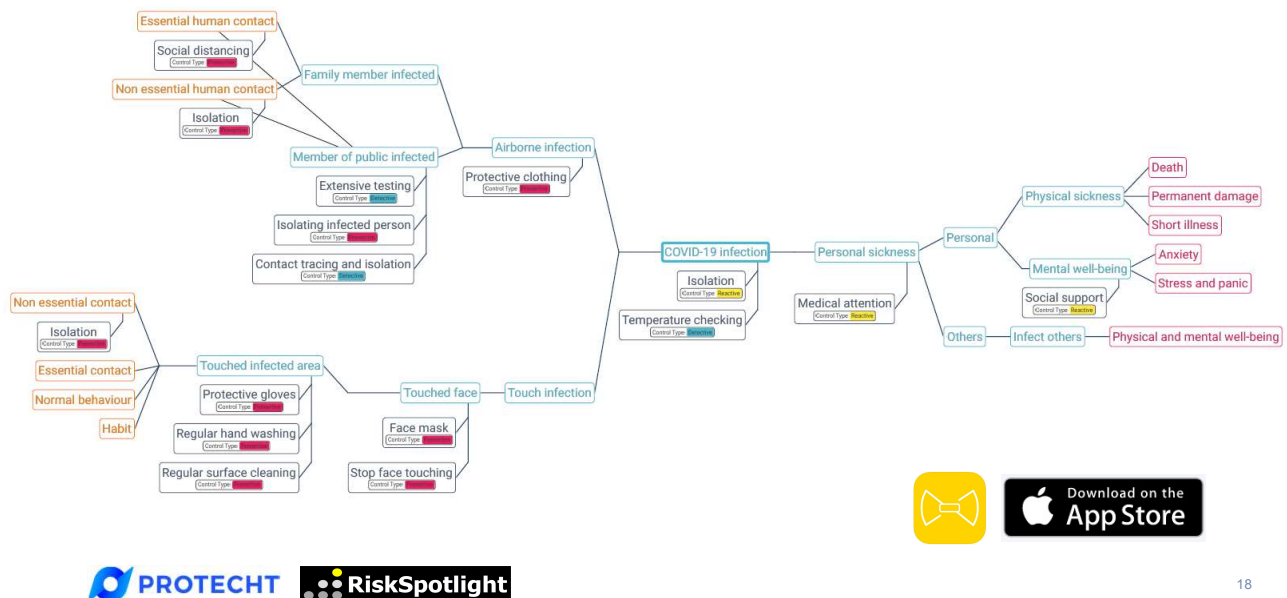
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Types of Control



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COVID-19 Infection Risk. Individual Perspective



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Control Types

Type of control	Examples
Preventive	Based on preventing getting infected <ul style="list-style-type: none"> Social distancing / Isolation Hand-washing Surface cleaning Gloves Masks (although of limited benefit we understand)
Detective	<ul style="list-style-type: none"> Monitoring if contact made with infected person / high risk person Body temperature monitoring with thermometers Infection testing
Reactive / Corrective / Responsive	Based on you not infecting someone else <ul style="list-style-type: none"> Isolation Hand-washing Surface cleaning Gloves Face mask Based on managing personal impacts <ul style="list-style-type: none"> Medical attention Income protection / Health / Life insurance

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Risk Treatment from RiskSpotlight Portal

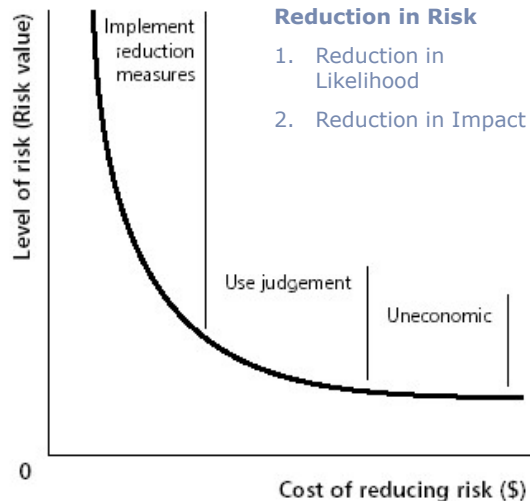
Title HSI: illness or death of employees due to COVID-19 infection in the work environment Description This risk covers the potential illness or death of employees due to COVID-19 infection in the work environment. Firms will have a high level of influence on managing this risk and hence should be able to implement adequate level of controls to manage the risk.			
Key Causes <ol style="list-style-type: none"> Physical proximity to employees infected with COVID-19 Physical proximity to external stakeholders (customers, vendors) infected with COVID-19 			
Key Impacts <ol style="list-style-type: none"> Shutdown of operational facilities where the infections are identified Reduction in resource availability Disruption to business process execution Higher level of stress and anxieties in employees Pay compensation to employees/their families Negative publicity in the media 			
Priority 1. Critical			
Risk Category Health & Safety • Employment Practices			
Preventive			
ID (13)	Title	Type	
96700	Communicate to employees about the importance of social distancing and related measures	Communication	
97050	Direct customers to utilise alternative channels such as online/digital channels	Communication	
96699	Provide infrastructure for employees to work from home	Control	
97048	Implement measures to reduce physical gathering of external stakeholders (e.g. customers)	Control	
97051	Close operational facilities to prevent infection of employees and external stakeholders (e.g. customers)	Control	
97052	Implement social distancing measures where physical gathering is required or possible	Control	
97145	Implement measures to reduce physical gathering of employees	Control	
97259	Implement sterilisation measures in all operational facilities where physical gathering is occurring	Control	
97427	Periodically disinfect operational facilities	Control	
97441	Establish a COVID-19 Crisis Management Committee to manage the crisis	Control	
96947	Decision on which employees should work from home vs. work from the office	Decision	
96953	Decision on which operational facilities should be shutdown fully or partially	Decision	
97249	Define critical processes and services that require physical presence of employees	Decision	
Detective			
ID (3)	Title	Type	
97441	Establish a COVID-19 Crisis Management Committee to manage the crisis	Control	
97422	Implement measures to detect employees or external parties with infection when they enter operational facilities	Monitoring/Reporting	
97425	Maintain a database of employees who have been identified with symptoms of COVID-19	Monitoring/Reporting	
Responsive			
ID (14)	Title	Type	No.
97050	Direct customers to utilise alternative channels such as online/digital channels	Communication	
97156	Periodically communicate with employees during the crisis	Communication	
97159	Provide a channel for employees to ask questions and share concerns	Communication	
97481	Process to communicate infection related cases with media	Communication	
96699	Provide infrastructure for employees to work from home	Control	
97250	Update life insurance cover for employees to cover COVID-19	Control	
97251	Pay rewards or compensation to employees most affected by the crisis	Control	
97254	Perform deep cleaning of all operational facilities after infection cases are identified	Control	
97421	Close operational facilities where infection cases are identified	Control	
97423	Establish measures to support employees and their families when an employee gets infected	Control	
97424	Establish measures to support employee families after an employee loss of life due to infection	Control	
97441	Establish a COVID-19 Crisis Management Committee to manage the crisis	Control	
96947	Decision on which employees should work from home vs. work from the office	Decision	
97249	Define critical processes and services that require physical presence of employees	Decision	

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3. Deciding on which Treatment Method – Balancing Cost and Benefit

Trump

“the cure must not be worse than the problem”



Reduction in Risk

1. Reduction in Likelihood
2. Reduction in Impact

Cost of Reducing Risk

1. \$ Financial
2. Time – staff and management
3. Direct impact on objectives (positive and negative)
4. Additional risk and cost of managing that risk

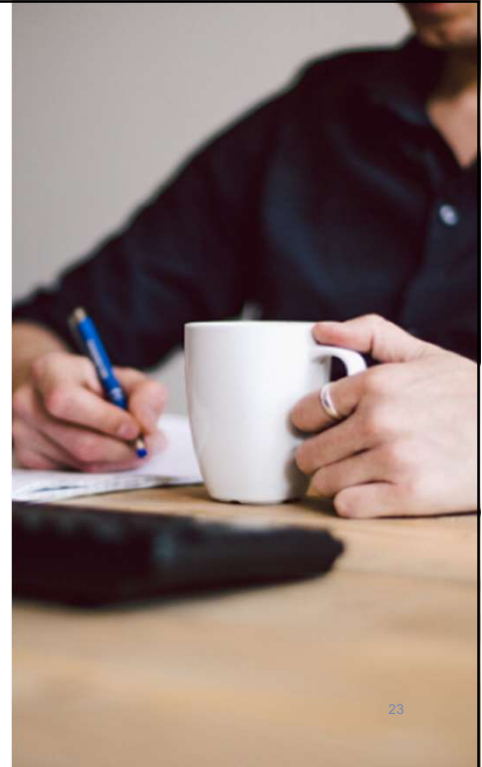
The “Cost” of Control

1. \$ Financial
2. Time – staff and management
3. Direct impact on objectives (positive and negative)
4. Additional risk and cost of managing that risk

Polling Question

To what degree has your organisation analysed the costs and benefits of each treatment method for COVID-19 related risk(s)?

- A. No formal analysis conducted – it is based on gut feel and what everyone else is doing?
- B. Some analysis carried out
- C. Full analysis completed for each treatment decision



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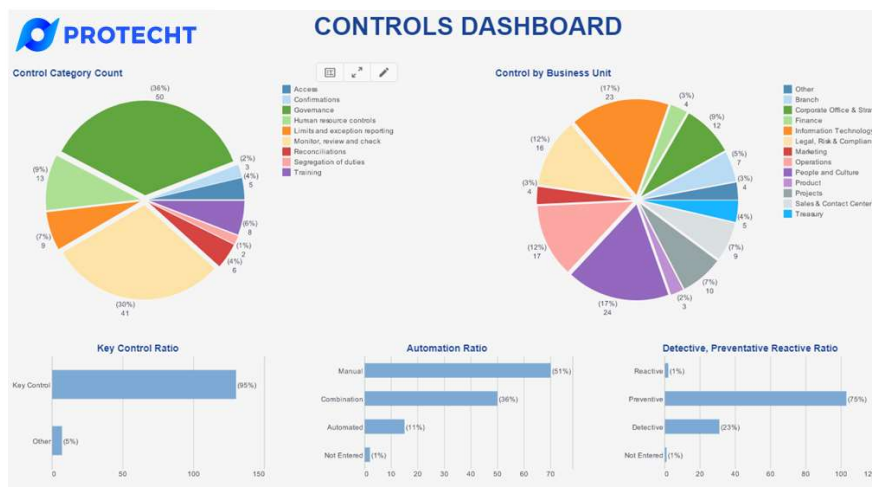
4. Assurance and Reporting on the Controls Environment

- 1. Can Line 1 continue effective controls assurance, especially over manual controls?
- 2. Do control assurance tests need to be modified as controls have changed?
- 3. How can Line 2 effectively review and challenge Line 1?
- 4. How can Line 3 effectively audit Lines 2 and 1?

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Reporting on the Control Environment



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Fundamental Crisis Management Response Required to Manage Through COVID-19



The nature of this crisis being a global pandemic having multiple Health & Economic – Demand & Supply side impacts requires a crisis management team approach focused on four key fronts...



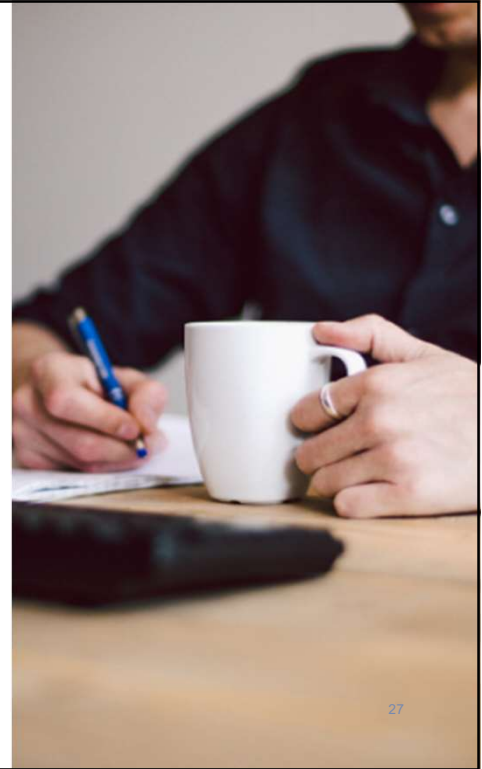
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Polling Question

Has your organisation set up a specific
COVID-19 Crisis Management Team?

A. Yes

B. No



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Risk Priority Topics

1

- Firm's survival
- Health & Safety
- Operational continuity

2

- Business strategy impacts
- Customer impacts
- Government COVID-19 policy implementation

3

- Financial crime
- Internet theft & fraud
- Cyber risks
- Misconduct



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RiskSpotlight Portal: COVID-19 OpRisks & Treatments - 2 months for free at www.riskspotlight.com/portaltrial

Home

Home > Dashboards > COVID-19 Risks and Treatments

RiskSpotlight Portal Home PageCOVID-19 NewsCOVID-19 Risks and TreatmentsOpRisk AnalysisOpRisk Radar

COVID-19 Operational Risks

ID (31)	Title	Priority +	Risk Category	No. of Risk Treatments	No. of Articles	Last Edit Date/Time
96089	HS1. Illness or death of employees due to COVID-19 infection in the work environment	1. Critical	Health & Safety + Employment Practices	24	30	03 Apr 2020
96785	HS2. Illness or death of employees due to COVID-19 infection outside the work environment	1. Critical	Health & Safety + Employment Practices	14	4	03 Apr 2020
96786	HS3. Illness or death of external stakeholders (e.g. customers, vendor staff) due to COVID-19 infection in the work environment.	1. Critical	Health & Safety + Employment Practices	17	7	03 Apr 2020
96799	PC1. Disruption to customer related business processes due to inadequate resource availability	1. Critical	Business Process Execution Failures + Customer Processes	24	6	03 Apr 2020
96800	PC2. Disruption to customer related business processes due to third parties being unable to fulfil their obligations	1. Critical	Business Process Execution Failures + Customer Processes	16	6	03 Apr 2020
96801	PC3. Disruption to customer related business processes due to excess levels of demand for certain services	1. Critical	Business Process Execution Failures + Customer Processes	12	8	03 Apr 2020
96806	PC4. Delays in implementing processes/products/services to adhere to government policies and measures in response to COVID-19	1. Critical	Business Process Execution Failures + Customer Processes	8	7	03 Apr 2020
96819	TF3. Unplanned outages of key IT systems due to breakdown of critical infrastructure such as internet and electricity	1. Critical	Technology Failures & Damages	5	2	03 Apr 2020
96847	EC3. Theft of information by cyber criminals from employee computers utilised to work from home	1. Critical	External Theft & Fraud + Cyber Risks	7	15	03 Apr 2020

COVID-19 Risk Treatments


ID (71)	Title	Type +	Role in Managing Risk	No. of Risks	No. of Articles	Last Edit Date/Time
97257	Review the business strategy and make changes to align with the new realities emerging from the crisis	Change Business Strategy	Responsive	1	3	31 Mar 2020
97495	Be prepared to raise additional funding if required to address financial difficulties	Change Business Strategy	Preventative, Responsive	2		03 Apr 2020
96700	Communicate to employees about the importance of social distancing and related measures	Communication	Preventative	2	1	03 Apr 2020
97044	Provide job assurances to employees to address employment related uncertainties and anxieties	Communication	Responsive	1	4	28 Mar 2020
97050	Direct customers to utilise alternative channels such as online/digital channels	Communication	Preventative, Responsive	5	6	03 Apr 2020
97152	Regularly communicate with the employees and their families to reduce the level of stress/anxiety	Communication	Responsive	1	3	30 Mar 2020
97156	Periodically communicate with employees during the crisis	Communication	Responsive	3	4	03 Apr 2020
97157	Periodically communicate with third-parties during the crisis	Communication	Responsive	3	2	03 Apr 2020
97158	Periodically communicate with customers during the crisis	Communication	Responsive	9	1	03 Apr 2020
97159	Provide a channel for employees to ask questions and share concerns	Communication	Responsive	5	3	03 Apr 2020
97160	Monitor the customer communication channels	Communication	Detective, Responsive	9		30 Mar 2020
97432	Send timely communication to customers impacted by disruption to business processes	Communication	Responsive	4		03 Apr 2020
97481	Process to communicate infection related cases with media	Communication	Responsive	3		03 Apr 2020



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Health & Safety – Critical OpRisks

ID (7)	Title	Priority ↑	Risk Category	No. of Risk Treatments	No. of Articles	Last Edit Date/Time
 96689	HS1. Illness or death of employees due to COVID-19 infection in the work environment	1. Critical	Health & Safety + Employment Practices	24	30	03 Apr 2020
 96785	HS2. Illness or death of employees due to COVID-19 infection outside the work environment	1. Critical	Health & Safety + Employment Practices	14	4	03 Apr 2020
 96786	HS3. Illness or death of external stakeholders (e.g. customers, vendor staff) due to COVID-19 infection in the work environment.	1. Critical	Health & Safety + Employment Practices	17	7	03 Apr 2020
 97144	HS6. Employees on international business trips are unable to return home due to government lockdowns	1. Critical	Health & Safety + Employment Practices	6	1	03 Apr 2020

Health & Safety (Employees) – Risk Treatments

Minimise physical contact

Manage operational facilities that are functioning

Reduce employee anxieties

Periodic testing of employees for COVID-19 infection

Timely & relevant communication

Monitor Infections

Motivate employees

Support employees/families during infection or after death

Health & Safety (External Parties) – Risk Treatments

Minimise physical contact

Monitor Infections

Timely & relevant
Communication

Monitor communications from
external parties (e.g. complaints)

Manage operational facilities
that are functioning

Communication with media

Process Disruption – Critical OpRisks

ID (6)	Title	Priority ↑	Risk Category	No. of Risk Treatments	No. of Articles	Last Edit Date/Time
96799	PC1. Disruption to customer related business processes due to inadequate resource availability	1. Critical	Business Process Execution Failures - Customer Processes	24	6	03 Apr 2020
96800	PC2. Disruption to customer related business processes due to third parties being unable to fulfil their obligations	1. Critical	Business Process Execution Failures - Customer Processes	16	6	03 Apr 2020
96801	PC3. Disruption to customer related business processes due to excess levels of demand for certain services	1. Critical	Business Process Execution Failures - Customer Processes	12	8	03 Apr 2020
96806	PC4. Delays in implementing processes/products/services to adhere to government policies and measures in response to COVID-19	1. Critical	Business Process Execution Failures - Customer Processes	8	7	03 Apr 2020
97045	PC6. Disruption to customer related business processes due to shutdown of operational facilities	1. Critical	Business Process Execution Failures - Customer Processes	21	13	03 Apr 2020

Process Disruption – Risk Treatments

Inform customers on alternative service channels

Managing financial constraints

Assign 3-4 backup level resources

Timely & relevant communication

Monitor resource utilisation & make informed allocations

Waiving fees/charges

Monitor process performance metrics

Hiring decisions

RiskSpotlight Portal: COVID-19 OpRisks & Treatments - 2 months for free at www.riskspotlight.com/portaltrial

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COVID-19 News

COVID-19 Risks and Treatments

OpRisk Analysis

OpRisk Radar

COVID-19 Operational Risks

ID (31)

Title

Priority +

Risk Category

No. of Risk Treatments

No. of Articles

Last Edit Date/Time

96089

HS1. Illness or death of employees due to COVID-19 infection in the work environment

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Health & Safety + Employment Practices

24

30

03 Apr 2020

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HS2. Illness or death of employees due to COVID-19 infection outside the work environment

1. Critical

Health & Safety + Employment Practices

14

4

03 Apr 2020

96786

HS3. Illness or death of external stakeholders (e.g. customers, vendor staff) due to COVID-19 infection in the work environment.

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Health & Safety + Employment Practices

17

7

03 Apr 2020

96799

PC1. Disruption to customer related business processes due to inadequate resource availability

1. Critical

Business Process Execution Failures + Customer Processes

24

6

03 Apr 2020

96800

PC2. Disruption to customer related business processes due to third parties being unable to fulfil their obligations

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16

6

03 Apr 2020

96801

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12

8

03 Apr 2020

96806

PC4. Delays in implementing processes/products/services to adhere to government policies and measures in response to COVID-19

1. Critical

Business Process Execution Failures + Customer Processes

8

7

03 Apr 2020

96819

TF3. Unplanned outages of key IT systems due to breakdown of critical infrastructure such as internet and electricity

1. Critical

Technology Failures & Damages

5

2

03 Apr 2020

96847

EC3. Theft of information by cyber criminals from employee computers utilised to work from home

1. Critical

External Theft & Fraud + Cyber Risks

7

15

03 Apr 2020

COVID-19 Risk Treatments

ID (71)

Title

Type +

Role in Managing Risk

No. of Risks

No. of Articles

Last Edit Date/Time

97257

Review the business strategy and make changes to align with the new realities emerging from the crisis

Change Business Strategy

Responsive

1

3

31 Mar 2020

97495

Be prepared to raise additional funding if required to address financial difficulties

Change Business Strategy

Preventative, Responsive

2

03 Apr 2020

96700

Communicate to employees about the importance of social distancing and related measures

Communication

Preventative

2

1

03 Apr 2020

97044

Provide job assurances to employees to address employment related uncertainties and anxieties

Communication

Responsive

1

4

28 Mar 2020

97050

Direct customers to utilise alternative channels such as online/digital channels

Communication

Preventative, Responsive

5

6

03 Apr 2020

97152

Regularly communicate with the employees and their families to reduce the level of stress/anxiety

Communication

Responsive

1

3

30 Mar 2020

97156

Periodically communicate with employees during the crisis

Communication

Responsive

3

4

03 Apr 2020

97157

Periodically communicate with third-parties during the crisis

Communication

Responsive

3

2

03 Apr 2020

97158

Periodically communicate with customers during the crisis

Communication

Responsive

9

1

03 Apr 2020

97159

Provide a channel for employees to ask questions and share concerns

Communication

Responsive

5

3

03 Apr 2020

97160

Monitor the customer communication channels

Communication

Detective, Responsive

9

30 Mar 2020

97432

Send timely communication to customers impacted by disruption to business processes

Communication

Responsive

4

03 Apr 2020

97481

Process to communicate infection related cases with media

Communication

Responsive

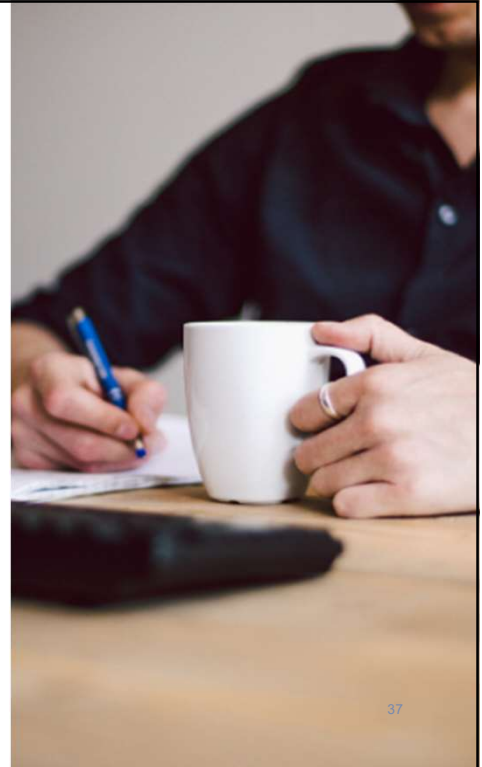
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03 Apr 2020

Polling Question

Which of the following best reflects your organisation's control environment in response to the COVID-19 crisis?

- A. Strong. We have not implemented any new controls
- B. Sufficient but we had to implement some additional controls
- C. Weak. Many new / changed controls required



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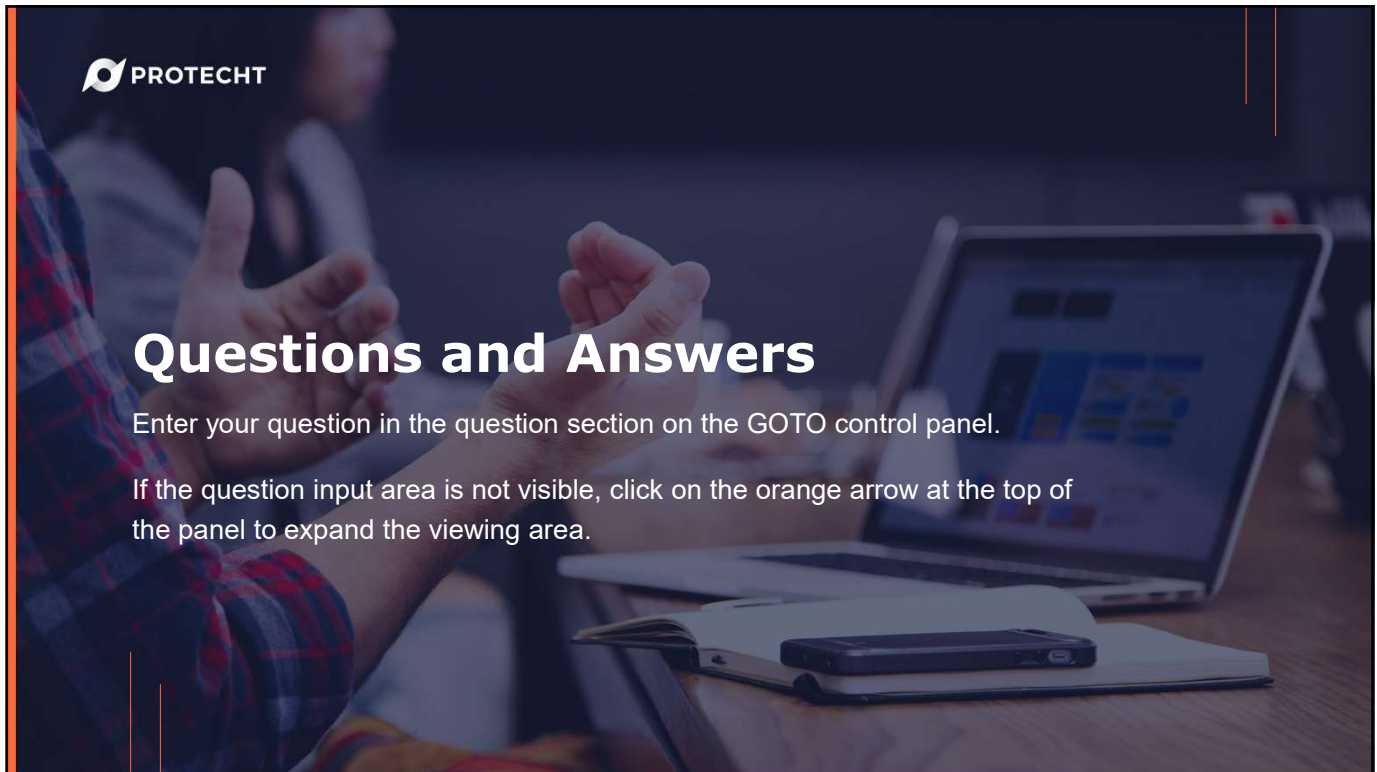
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Questions and Answers

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Final Comments



Manoj Kulwal

Co-Founder & CRO at RiskSpotlight



David Tattam

Director, Research and Training
The Protecht Group



Jason Smith

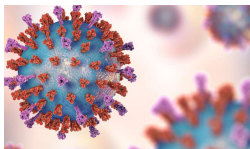
CEO and Executive Director at Risk Management Institute of Australasia



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What's Next?



Next Week's Topic

A practical approach for processes to manage COVID-19 risks

Thu 16 April
10-11.30am BST
8-9.30pm AEST



Compliance Webinar

Leveraging your ERM Framework to painlessly manage Regulatory and Ethical Compliance

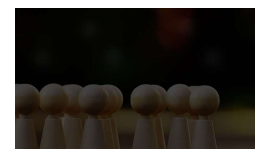
Tue 21 April
10-10.40am BST
12-12.40pm AEST



Risk in a Covid-19 World

Key insights on risk and compliance in a Covid-19 world

protechtgroup.com/covid-19



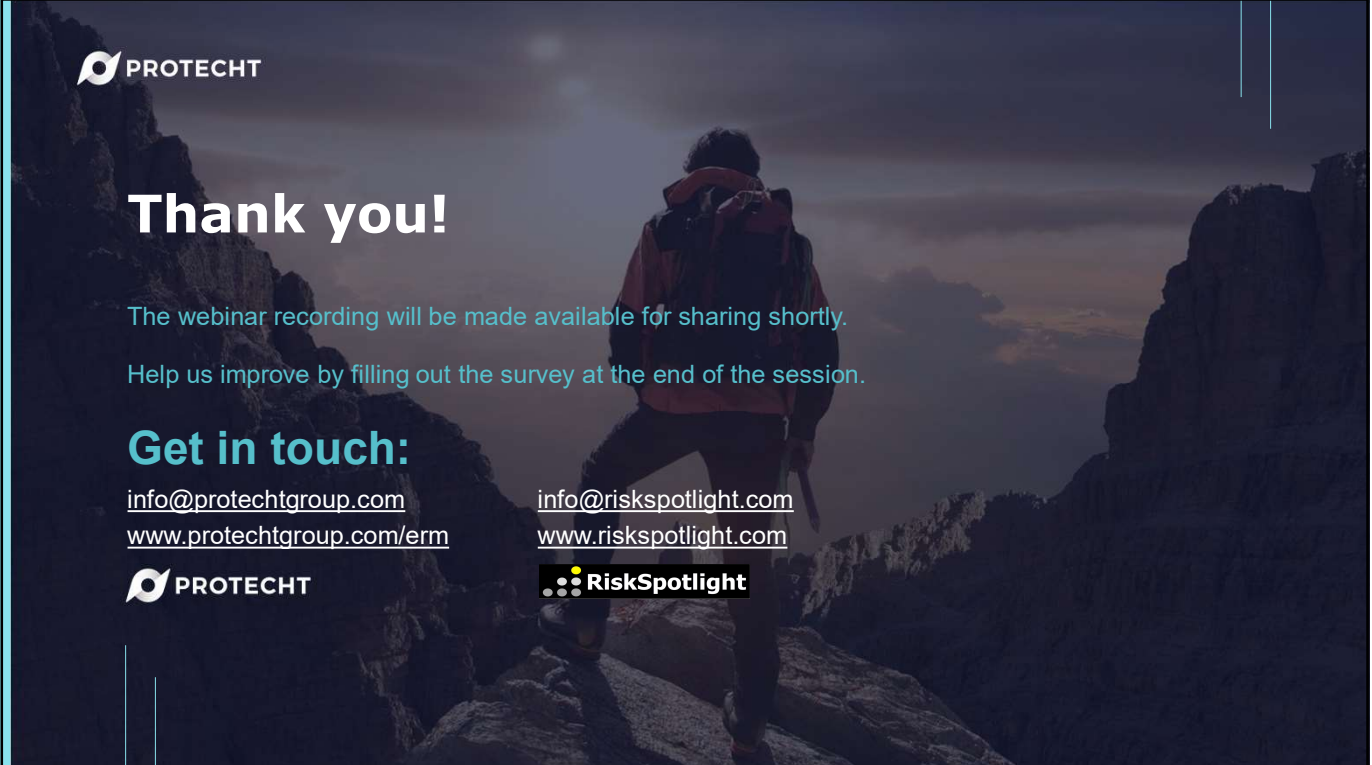
Managing COVID-19 OpRisks


COVID-19 Resources from RiskSpotlight

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Thank you!

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