RISK MANAGEMENT ACCOUNTING FOR UNCERTAINTY

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2019 Q1 PAGBA Seminar & Meeting Manila, Philippines





Aim

- To demonstrate that you use Risk Management every day
- To show you how Risk Management can increase Public Value
- To share skills that you can apply immediately

Agenda

- Risk Management Overview
- Defining the Objective
- Identifying Uncertainty
- Risk Identification
- Risk Assessment
- Risk Treatment Controls
- Conclusion
- Questions



Risk Management Overview What is Risk Management?

Risk

is the impact of uncertainty on objectives

-ISO 31000 2009

Risk Management

is the set of activities and methods to manage risk

-Adapted from ISO 31000 2009

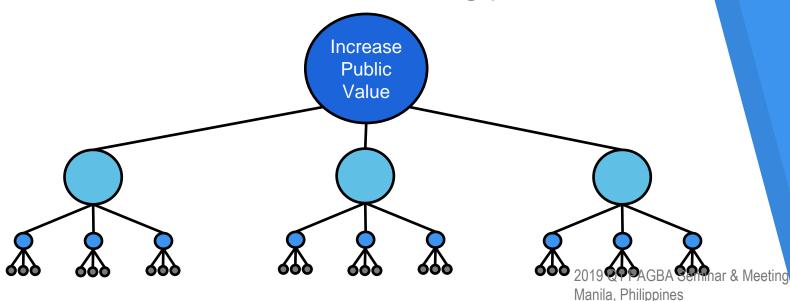
Risk Management Overview Why Risk Management?

- The world is constantly changing
- Change brings uncertainty
- Uncertainty requires more than traditional PFM
- Risk Management is a process that can provide relevant, reliable, timely information to PFM decision makers

Risk Management Overview ISO 31000: 2018 Continual Value Creation Comprehensive Human and Best available **Protection** Customized information **Risk Management Process INTEGRATION** Scope, context, criteria Communication & Risk assessment Risk identification **IMPROVEMENT LEADERSHIP DESIGN** Monitoring & Risk analysis COMMITMENT consultation Risk evaluation Risk treatment **EVALUATION** IMPLEMENTATION Recording & reporting Seminar & Meeting © 13 Feb 2019 Laura Robinson

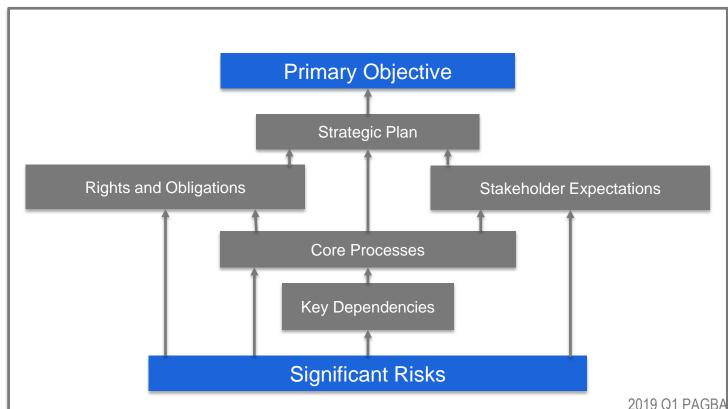
Define the Objective

- What is your organization planning to achieve?
- How does it relate to increasing public value?



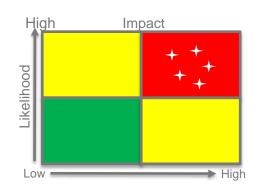
Example – Natural Resource Extraction Project Sub-sector Cost to Price Growth Produce Skilled Labour Time Resource Size Sector Employment **Economic** Government Growth Revenue Production Resource Quality Public Perception Actions of Cost to Neighbors Transport Technology Standards Security Confidence Health in **Uncertainty Level** Safety & Institutions Environ. Environment 2019 Q1 PAGBA Seminar & Meeting © 13 Feb 2019 **Impact** Laura Robinson Manila, Philippines

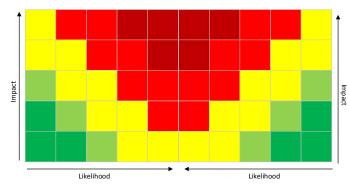
Risk Identification

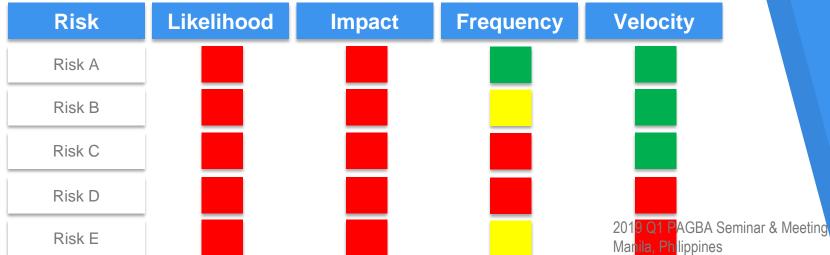


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Risk Analysis

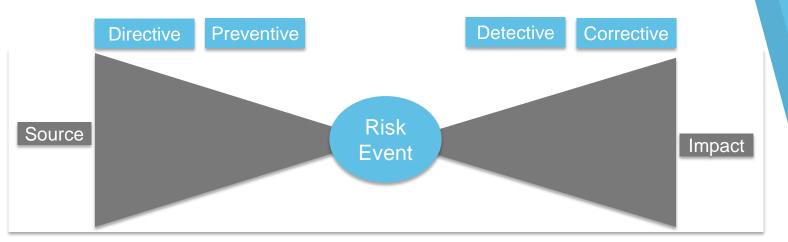






Risk Treatment

Controls



Directive	Directions in support of the objective
Preventive	Prevention of negative events/ Suppo

Prevention of negative events/ Support of positive events

Detective Detection of event occurrence

Corrective Correction of event impact 2019 Q1 PAGBA Seminar & Meeting Manila, Philippines

Risk Treatment

Controls



Conclusion

Starting today, you can use Risk Management techniques to:

- Improve information gathering
- Improve communication
- Optimize public value with every decision





Thank you for your attention

Questions?

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