

RISK MANAGEMENT ACCOUNTING FOR UNCERTAINTY

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Manila, Philippines



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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

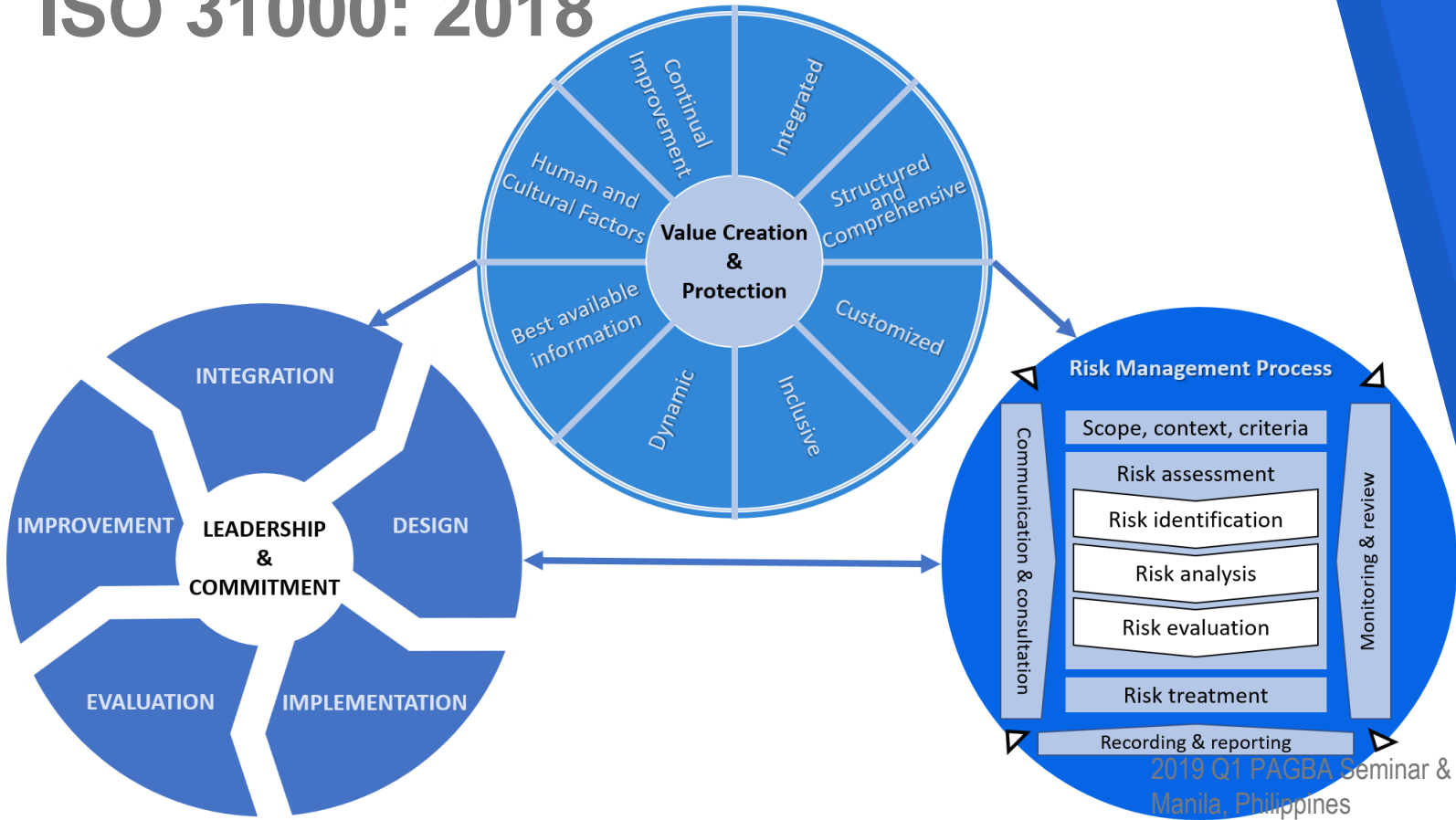
Risk Management Overview

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

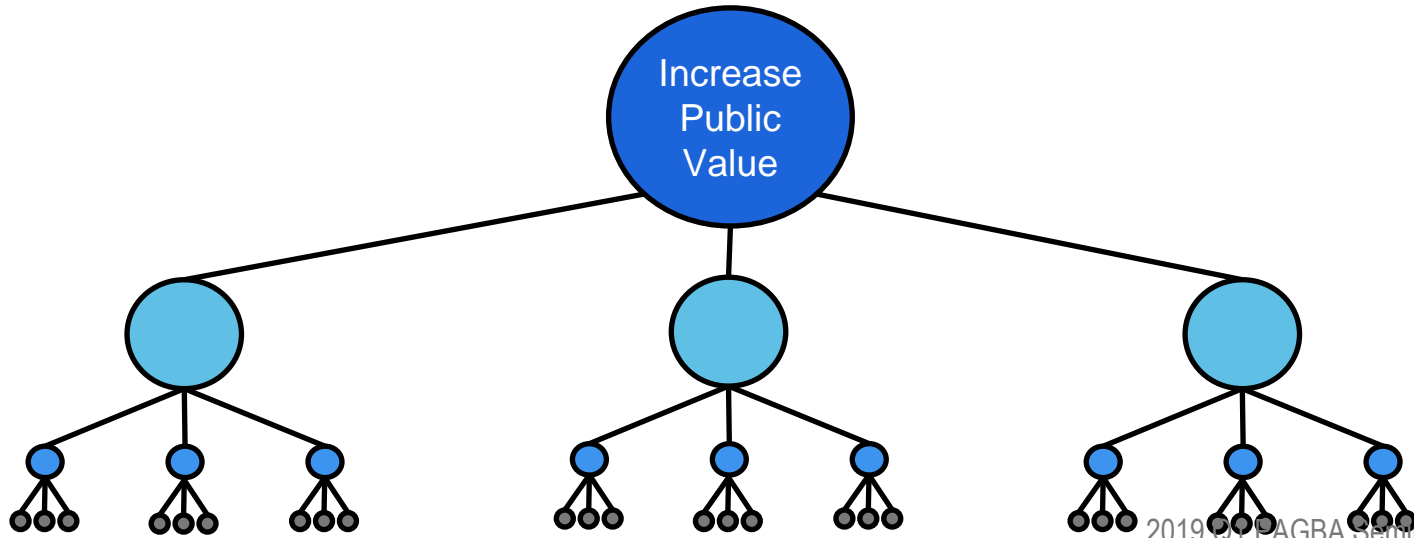
Risk Management Overview

ISO 31000: 2018

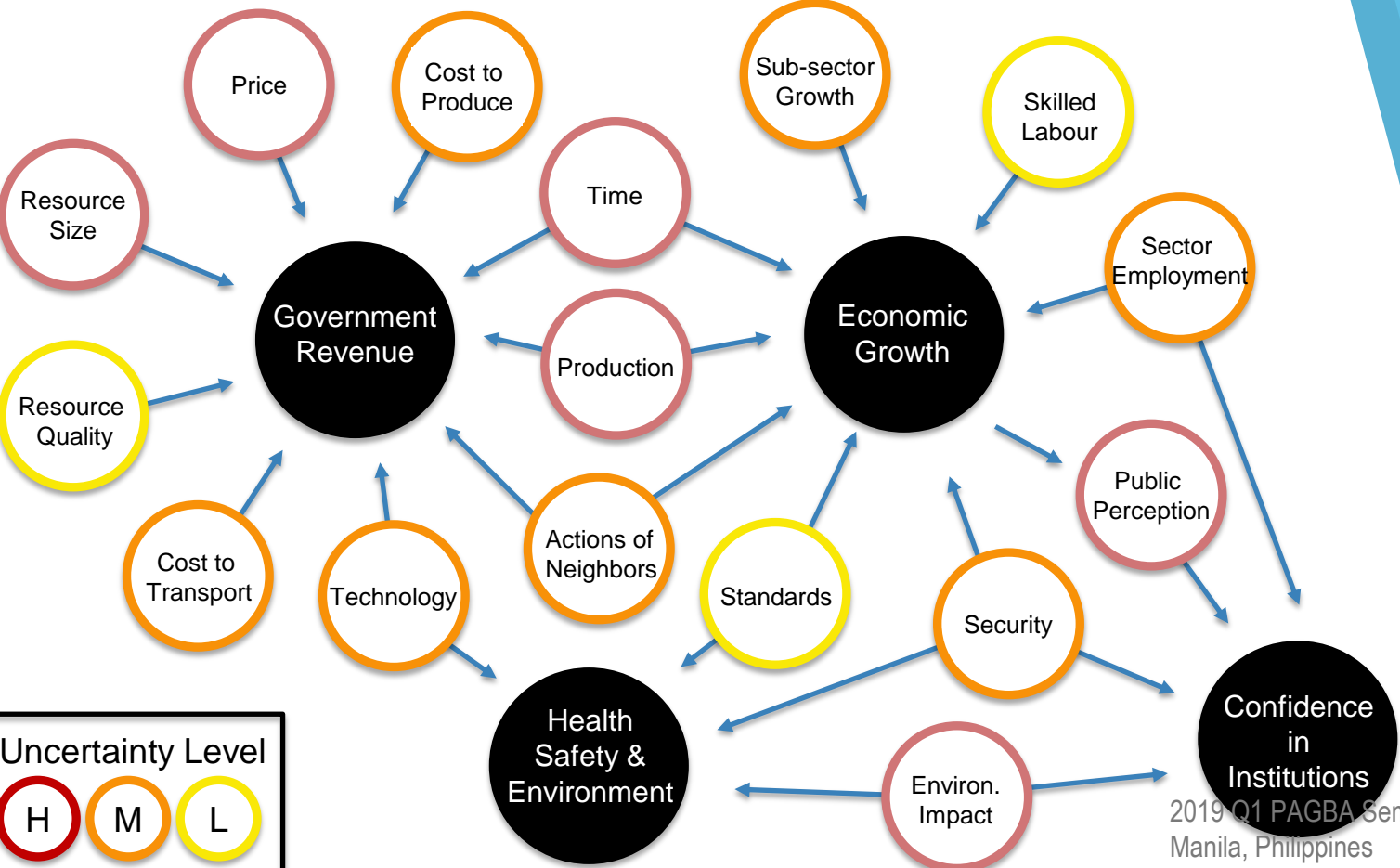


Define the Objective

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



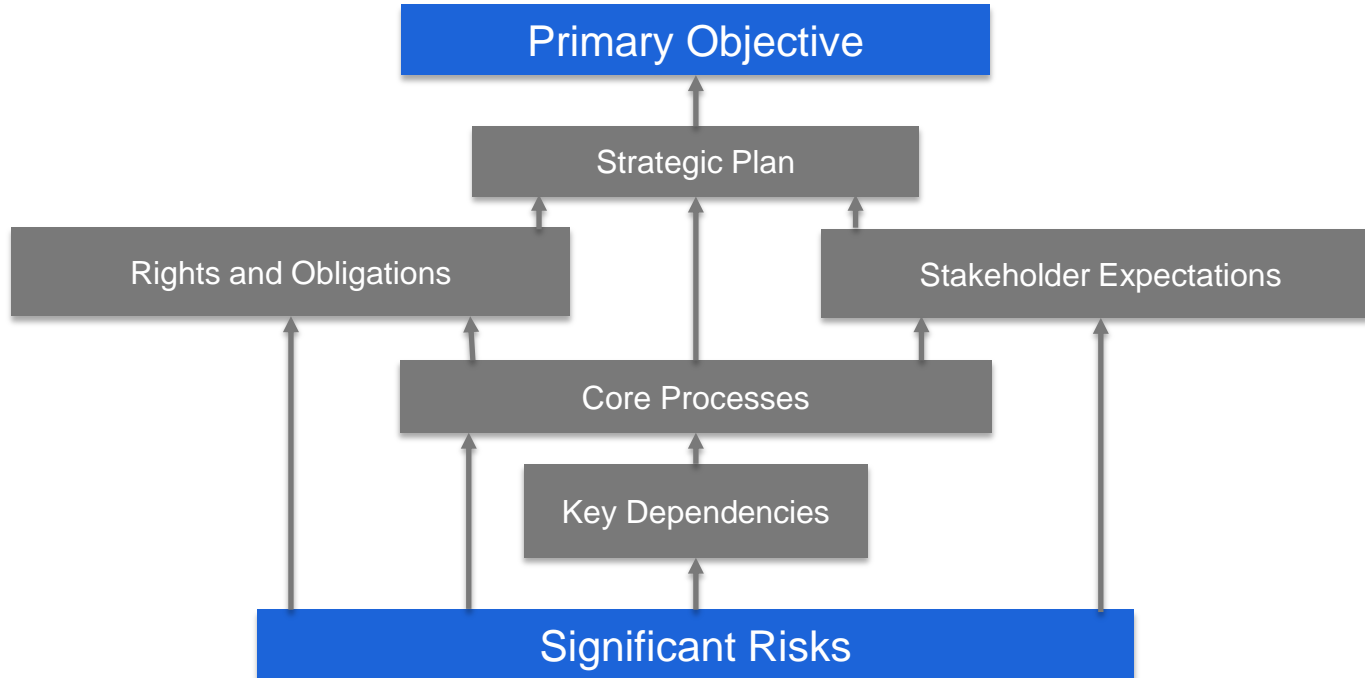
Example – Natural Resource Extraction Project



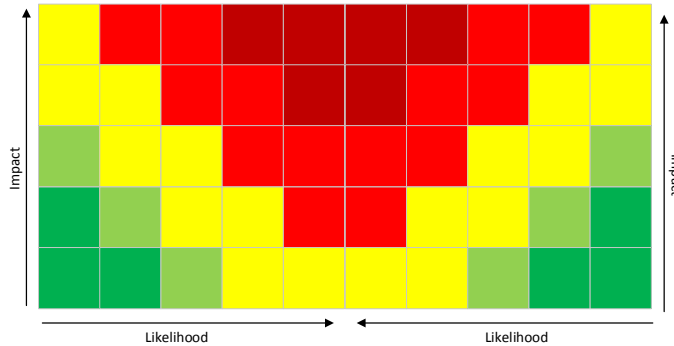
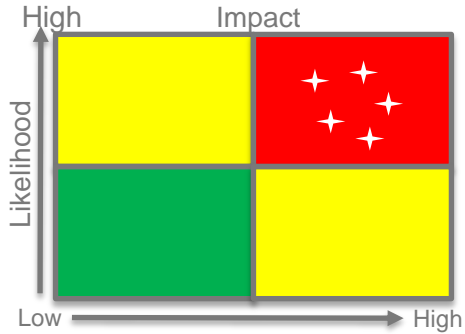
Uncertainty Level

H M L

Risk Identification

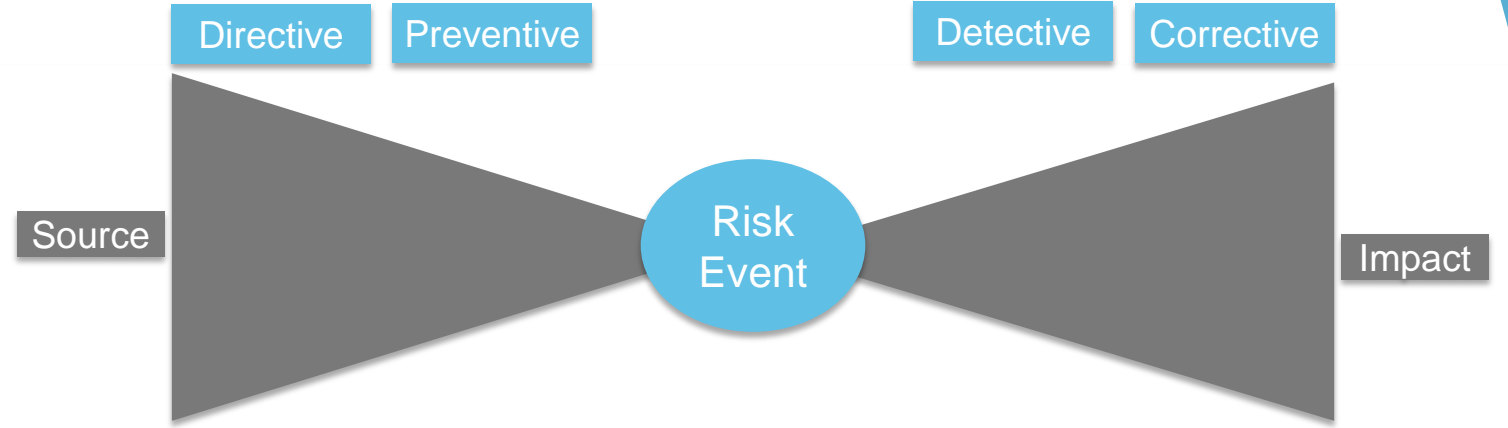


Risk Analysis



Risk	Likelihood	Impact	Frequency	Velocity
Risk A	Red	Red	Green	Green
Risk B	Red	Red	Yellow	Green
Risk C	Red	Red	Red	Green
Risk D	Red	Red	Red	Red
Risk E	Red	Red	Yellow	Red

Risk Treatment Controls



Directive	Directions in support of the objective
Preventive	Prevention of negative events/ Support of positive events
Detective	Detection of event occurrence
Corrective	Correction of event impact

Risk Treatment Controls



Conclusion

Starting today, you can use Risk Management techniques to:

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





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Thank you for your attention

Questions?

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