

Dealing with Delivered Risk How to approach Risk in Change

Projects deliver changes to processes, technology and culture, which can have a significant impact on the risk profile of an organisation. A risk which is new or modified due to these changes is known as a 'Delivered Risk'. Risk in Change activities are performed to identify and measure the impact of Delivered Risks, so that controls can be implemented that will adequately mitigate them.

This article describes a number of considerations for the effective measurement and mitigation of Delivered Risk:

- **In organisations where risk actors are viewed as compliance-oriented, coaching may aid them to be viewed as pragmatic and value adding.** Occasionally, there is a perception within an organisation that risk representatives are unwilling to become involved in the detail of business activities and instead take a risk-process view which reduces the value that they can add to the business. Strong and collaborative involvement of risk professionals in Risk in Change activities presents a positive opportunity for them to demonstrate significant value. This may require coaching to ensure that risk mindset and behaviours are oriented towards providing practical, commercially oriented insights, as opposed to increasing red tape.
- **Use a clear and concise definition of Risk in Change which is linked to the value that it brings.** Our experience has shown that this area of risk is poorly understood, even amongst operational risk professionals. An organisation's definition of Delivered Risk needs to take into consideration the diverse range of stakeholders affected, including risk professionals, frontline business staff and a variety of technical and non-technical project team members.
- **Accountabilities related to performing Delivered Risk assessments should be well defined.** Both business as usual and project teams will likely avoid taking responsibility for activities which are not owned



by either group. To remedy this, clear accountabilities need to be in place for the initiation and execution of Delivered Risk assessments. The organisation's project management framework should dictate that a project team is responsible for initiating a Delivered Risk assessment for all change activities fitting certain simple criteria; this will typically be done by the project's risk stream if one exists. Meanwhile, the organisation's Operational Risk Management Framework should name Line 1 Operational Risk representatives as responsible for ensuring that the output of Delivered Risk activities is fit for purpose and consistent with the existing business unit operational risk profiles.

- **Project team members with a non-risk background require comprehensive training which is clear and concise.** This training needs to include a definition for Delivered Risk, the distinction between Delivered Risk and Project Delivery Risk, and the process for identifying risks and controls related to the changes being performed.

- **Maximise project team and business/risk interactions, including with relevant Line 2 specialists.** The overarching purpose of performing Delivered Risk activities is to ensure early dialogue and collaboration between project team members, relevant risk representatives and frontline business staff. An early understanding by frontline business staff and risk representatives of the impact of the changes being implemented will allow time to support the project in the definition of controls and guarantee inclusion of controls in the project delivery schedule.
- **Seek opportunities to improve operational efficiency.** Projects provide an opportunity to validate the need for existing risks and controls, rationalise the control suite, or increase process efficiency. A well designed Delivered Risk process will also consider where system controls might be able to replace inefficient, manual ones.
- **Different Delivered Risk approaches will be required for waterfall and agile projects.** Agile development techniques create additional challenges to risk professionals in performing Delivered Risk assessments. The speed of delivery and short development cycle requires a more continuous and involved approach to assessing delivered risk. This should be formalised and distinct from the approach used for waterfall based projects.

Delivered Risk assessments require tight planning and execution to ensure the active involvement of a broad and varied stakeholder group in producing a quality output. Contact one of our practitioners to talk about how we can help you approach and execute this complex activity.

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