Deloitte’s Legal Risk Management Framework

- Understand the risk universe to help identify the legal risks which could have a material impact on the organization’s business strategy or objectives
- Clearly define what constitutes legal risk so this is understood across the organization
- Ensure clear ownership for risks between Legal and other functional areas such as Compliance

- Design a methodology for assessing the effectiveness of the control environment (e.g., key control indicators, control testing, control owner attestations)
- Report residual risk profile for legal and control effectiveness to relevant governance forums

- Define and embed a risk assessment process to assess the level of legal risk exposure against an agreed set of risk factors (e.g., regulatory, customer, financial and reputation implications)
- Set risk appetite thresholds for legal risk areas

- Embed a control framework to bring residual legal risk within risk appetite
- Determine the level of investment in control and the appropriate balance of proactive/reactive depending on risk appetite
- Control measures could include policy setting, guidance and self-service tools, training, thresholds for escalation to legal, provision of legal advice, horizon scanning, issue management, use of technology to drive control
- Ownership and execution of controls will often sit outside Legal and needs to be part of the control framework

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