

## **2-day workshop seminar on: “ Effective Operational Risk Management in Organisations”**

### *Seminar Contents/Workshop synopsis*

#### **Objective of this seminar:**

This seminar aims to rationalise and identify that operational risks do not crop up just by themselves; but because there are inadequate or failed internal processes, systems, people as well as the state of affairs of the internal and external events that influence the organisation’s business and non-business operating environment. Among the many risk areas that were poorly or inadequately managed in business and non-business organisations is operational risk. This has caused many organisational and corporate failures. Issues of concerns in operational risks would be frauds, errors and omissions, non-compliance with regulatory and legal requirements, systems failure or inadequacies, people, non-quality product and services, inadequacies in operations recovery programmes, and the inability to manage crisis/disaster. The shortcomings in preserving operations and business survival as well as poor organisational resilience will engender operational risk. The ability to apply effective BCP or business continuity planning initiatives can mitigate such shortcomings. This Course aims to address such areas.

Participants attending this seminar will learn and achieve the above objectives of identifying and managing operational risks and training in their organisations. They will learn how to measure/quantify the various operational risks in their business, products and services. They will also understand better the drivers of operational risks which largely centre on people, systems, processes and the operating environment.

		Topic	
<b>1</b>		<b>UNDERSTANDING WHAT OPERATIONAL RISK MANAGEMENT IS ALL ABOUT</b>	<b>Day 1</b>
	i	Operational risk management is both art and science	
	ii	Why operational risk management exist?	
	iii	Operational risk management set up of old versus today’s set up	
<b>2</b>		<b>OPERATIONAL RISK MANAGEMENT FUNDAMENTALS</b>	<b>Day 1</b>
	i	The sine qua non for operational risk management	

	ii	The cornerstones of operational risk management	
	iii	Operational risk management philosophy	
	iv	Operational risk management policy	
	v	Operational risk management framework, guide, procedures, processes	
<b>3</b>		<b>MEASURING OPERATIONAL RISKS</b>	<b>Day 1</b>
	i	You cannot manage what you can't measure	
	ii	Quantitative and qualitative model and concept	
	iii	Using the "ERiC" model to measure and categorise or grade your operational risk	
	iv	Know your proxy	
	v	Linking proxy with risk loss tolerance limits, risk philosophy and risk policy	
<b>4</b>		<b>GRADING AND REPORTING YOUR OPERATIONAL RISK</b>	<b>Day 1</b>
	i	Grading your operational risk to high, medium, low risk categories	
	ii	Mapping your operational risk heat map or operational risk dashboard	
	iii	Reporting your operational risk	
	iv	Using your operational risk heat map or risk dashboard as your management tool	
	v	Reporting hierarchy.	
<b>5</b>		<b>KNOWING THE CORNERSTONES OF OPERATIONAL RISK MANAGEMENT</b>	<b>Day 1</b>
	i	Operational risk mgt philosophy/policy	
	ii	Operational risk culture, awareness, training	
	iii	Operational risk framework	
	iv	Roles of various levels in organisations	
	v	Resources: people, skillset, infrastructures	
	vi	Reporting, system, monitoring/tracking	
	vii	Reviews, benchmarking, peer-reviews, changes	
<b>6</b>		<b>THE 4 DRIVERS OF OPERATIONAL RISK</b>	
	iii	Failure or inadequate/lack of internal control	
	iv	Failure or inadequate/lack of systems	
	v.	Failure or inadequate/lack of effective processes	
	vi.	The dynamics of people as a driver of operational risk	
<b>7</b>		<b>OPERATIONAL RISK CONCERNS AND</b>	<b>Day 1</b>

		<b>IMPACTS</b>	
	i	Meaning or significance of operational risk on its own	
	ii	Operational risk impact is the critical part	
	iii	What inherent operational risk is?	
	iv	Manage your inherent operational risk	
	v	What residual operational risk is?	
	vi	Treat or address your residual operational risk	
<b>8</b>		<b>MINDFUL OF OTHER INTER-RELATED RISK GROUPS OR DOMAINS OTHER THAN OPERATIONAL RISK</b>	<b>Day 1</b>
	i	The concept of today's EWRM or enterprise-wide risk management	
	ii	The six risk groupings	
	iii	Strategic risk group	
	iv	Operational risk group	
	v	Credit risk group	
	vi	Market & treasury, investment, finance risk group	
	vii	IT/IS or systems risk group	
	viii	Other group	
<b>9</b>		<b>KNOWING OPERATIONAL RISK MITIGANTS</b>	<b>Day 1</b>
	i	What operational risk mitigant is	
	ii	Are operational risk mitigant and control one and the same?	
	iii	Mitigants for operational risk	
<b>10</b>		<b>TOOLS TO MANAGE OPERATIONAL RISKS</b>	<b>Day 1</b>
	i	Management controls as a way to address and mitigate operational risk	
	ii	Addressing financial losses	
	iii	Proactive operational risk management	
	iv	Operational risk heat-maps, trends, and operational risk dashboards	
	v	Managing people to mitigate operational risk	
	vi	Key risk indicators and near-misses reports.	
<b>11</b>		<b>OPERATIONAL RISK MANAGEMENT AND TODAY'S HYPE IN CORPORATE MANAGEMENT</b>	<b>Day 1</b>
	i	Directors role	
	ii	Expectation of senior management	
	iii	The welfare, resilience and continuity of organization	

	iv	Collapse of many MNCs due to inadequate or weak operational risk mgt prompted regulator's harsh stand	
	iv	Corporate governance starts with people governance	
	v	Bottom line is organizational chaos if operational risk not adequately managed	
<b>12</b>		<b>OPERATIONAL RISK MANAGEMENT....NEW OR HAS ALWAYS BEEN PART OF MGT'S CONCERN?</b>	<b>Day 1</b>
	i	Operational risk management function has been around since business era	
	ii	More hype today for operational risk because of past corporate failures	
	iii	Differences in conducting yesterday's and today's business versus tomorrow's	
<b>13</b>		<b>FOCAL OPERATIONAL RISK IN ANY ORGANISATION NON-COMPLIANCE WITH REGULATORY REQUIREMENTS IS A MAJOR ISSUE</b>	<b>DAY 1</b>
<b>14</b>		<b>PAST GLOBAL AND LOCAL EXAMPLES LESSONS LEARNT.</b>	<b>Day 1</b>
<b>15</b>		<b>IS OPERATIONAL RISK MANAGEMENT (ORM) DIFFICULT?</b>	<b>Day 2</b>
	i	Operational risk mgt or ORM is a function of management	
	ii	ORM is a process in any business/non-business, and operational activities	
	iii	Ensuring quality and right product or service	
	iv	Doing things right (efficiency) as well as doing the 'right thing' (effectiveness)	
<b>16</b>		<b>YOUR TYPICAL OPERATIONAL RISK MANAGEMENT FRAMEWORK DOCUMENTATION</b>	<b>Day 2</b>
	i	Operational risk policy	
	i	Operational risk awareness and identification	
	ii	Operational risk assessment or evaluation	
	iii	Operational risk measurement or quantification	

	iv	Operational risk treatment and control	
	v	Operational risk monitoring and compliance	
	vi	Operation risk follow up and reporting	
	vii	Operational risk review and re-assessment of operational risk mgt policy and ORM framework	
<b>17</b>		<b>OUTCOME WHEN YOUR OPERATIONAL RISK MANAGEMENT STRUCTURE FAILED</b>	<b>Day 2</b>
	i	Inadequate or poor corporate governance	
	ii	Financial losses	
	iii	Non-financial losses	
	iv	Regulatory sanction	
	v	7 loss events in operational risks	
	vi	How to address these 7 loss events	
<b>18</b>		<b>ISSUES IN OPERATIONAL RISK MANAGEMENT</b>	<b>Day 2</b>
	i	Financial and non financial losses	
	ii	Inadequate or failed internal controls and processes	
	iii	People risk	
	iv	Systems risk	
	v	External event and business environment	
	vi	Business continuity (BCP/BCM)	
	vii	Terrorist threat and money laundering operations	
	viii.	Crisis and disaster management, organizational resilience	
	viii	IT / IS risk issues.	
	ix	The other 5 other risk domains that affect your operational risks	
19		<b>GROUP EXERCISE ON HOW TO CONDUCT RISK-MAPPING OR RISK-SCOPING IN AN ORGANISATION</b>	
	i	Using the ISO 31000 risk management framework or step	
	ii	Using COSO ERM model (from the 4 objectives' perspectives)	
	iii	Applying the 'ERIC' operational risk-scoping matrices	
	iv	Developing your operational risk Log or operational risk register	
	v	Grading your organisation's operational risks into 'high, medium, and low' risk categories	
	vi	Preparing your gross risk heat map, and net risk heat map	
	vii	Producing your key risk indicators (KRIs) for your various departments/operations' high and medium risk	
	viii	Preparing board and management report for your Top 10 or Top 20 operational risks.	

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**Method of teaching/presentation:**

**1. Materials:**

Notes, Bullet point presentation. ORM book written by Dr J E Ruin.

**2. Delivery:**

Power Point. OHP and laptop. Flipchart. Group discussions.

**3. Two risk management books:**

Distribution of management book to each participant. These 2 books were written by Dr J E Ruin.

Title of the books are “*Managing Operational Risks in organisations, 3<sup>rd</sup> edition*”; and “*Guide to Effective Management of Business Organisations*”.

These books are on sale in many local bookshops throughout Malaysia.

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**A very knowledgeable and specialized practitioner in operational risk management:**

Dr Joseph Eby Ruin.

He has 30 years of executive and managerial experience in 12 organisations (6 banks and 6 non-banking institutions). Dr J. E. Ruin had held the post of Head of Internal Audit Division/ Secretary of board’s Audit Committee in the few corporations he joined in addition to his career in banking.

His last post was the Executive Vice President or CRO (Chief Risk Officer) and Head of Risk Management Division of a Malaysian commercial bank. Before his post as the CRO of that commercial bank, he was the General Manager and Head of Operational Risk Management Dept as well as the AML/ATF (anti-money laundering/anti-terrorism financing) Compliance Officer of another leading Malaysian commercial bank.

He retired from full-time employment in April 2007 upon reaching the working retirement age of 55 years.

He is now the Principal and Proprietor of RiskFirst Consultancy & Training Services.



Since 1996, Dr Ruin has been invited by event or conference organisers to speak and deliver his various corporate governance/audit and risk management papers at public conferences in Malaysia, as well as outside Malaysia like in Mumbai & Hyderabad in India, Sydney & Melbourne in Australia, Beijing and Shanghai China, Bali and Jakarta Indonesia, Hanoi & Ho Chee Min City in Vietnam, Seoul Korea, Bangkok and Khon Kaen Thailand, Mauritius, Brunei, Phnom Penh Cambodia, Manila Philippines, Kursk Russia, and in Kuala Lumpur Malaysia and Singapore.

He has written 19 management books that are on sale at local Malaysian bookshops; focusing mainly on audit, banking/finance, corporate governance, controls, people and customer services, and risk management.

He was elected the Regional Director of PRMIA, KL Malaysia Chapter in November 2007.

For details of these past local and overseas seminars/conferences, please refer to the website at [www.riskfirstconsult.com.my](http://www.riskfirstconsult.com.my).

#### **Who need to attend:**

- Any employee, including senior management and Board-members of firms, companies and organisations.
- Especially useful for the front-line senior staff, supervisors, and officers/managers at branches and regions; as well as at Head Office of the following:
  1. business(profit-based) and non-business (non-profit) organisations, manufacturing companies,
  2. service industry companies,
  3. facility management corporations,
  4. retail and wholesale industries, oil and gas companies,
  5. shipping organisations,
  6. ports/harbours and airport management,
  7. railways and roads or public transport companies,
  8. hotels and resorts,
  9. casinos,
  10. restaurants,
  11. finance companies,
  12. unit trusts, fund managers,
  13. investment / holding companies,
  14. banking institutions,
  15. insurances,
  16. utility management like water,
  17. power/electricity supply,
  18. telecommunications, insurances,



19. natural resources and planning management,
20. forestry and mining departments,
21. school and college/university management,
22. government agencies,
23. government departments, and
24. statutory bodies.

- Academicians, college and university staff and lecturers, and post-graduate scholars researching on risk management studies.

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**Duration of course:**

9am to 5pm.

2 full days.

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