



ERM: Risk Evaluation

Practical Considerations

Association for Federal Enterprise Risk Management
2012 Summit

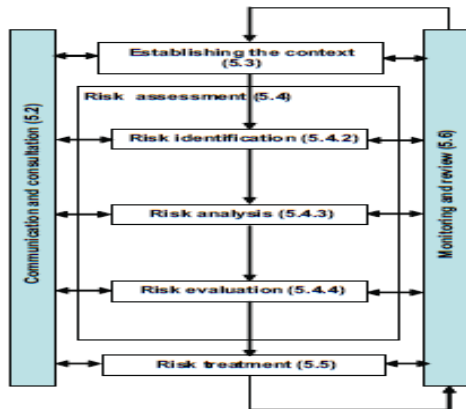
September 18, 2012

Laurie J. Champion | Managing Director & Practice Leader
Aon Risk Solutions | Global Risk Consulting | Enterprise Risk Management
3565 Piedmont Road NE, Atlanta, Georgia 30324
t + 1.404.264.3220 | m +1.734.678.2452
laurie.champion@aon.com | aon.com



ISO31000: Risk Management – Principles & Guidelines

Risk Management Process



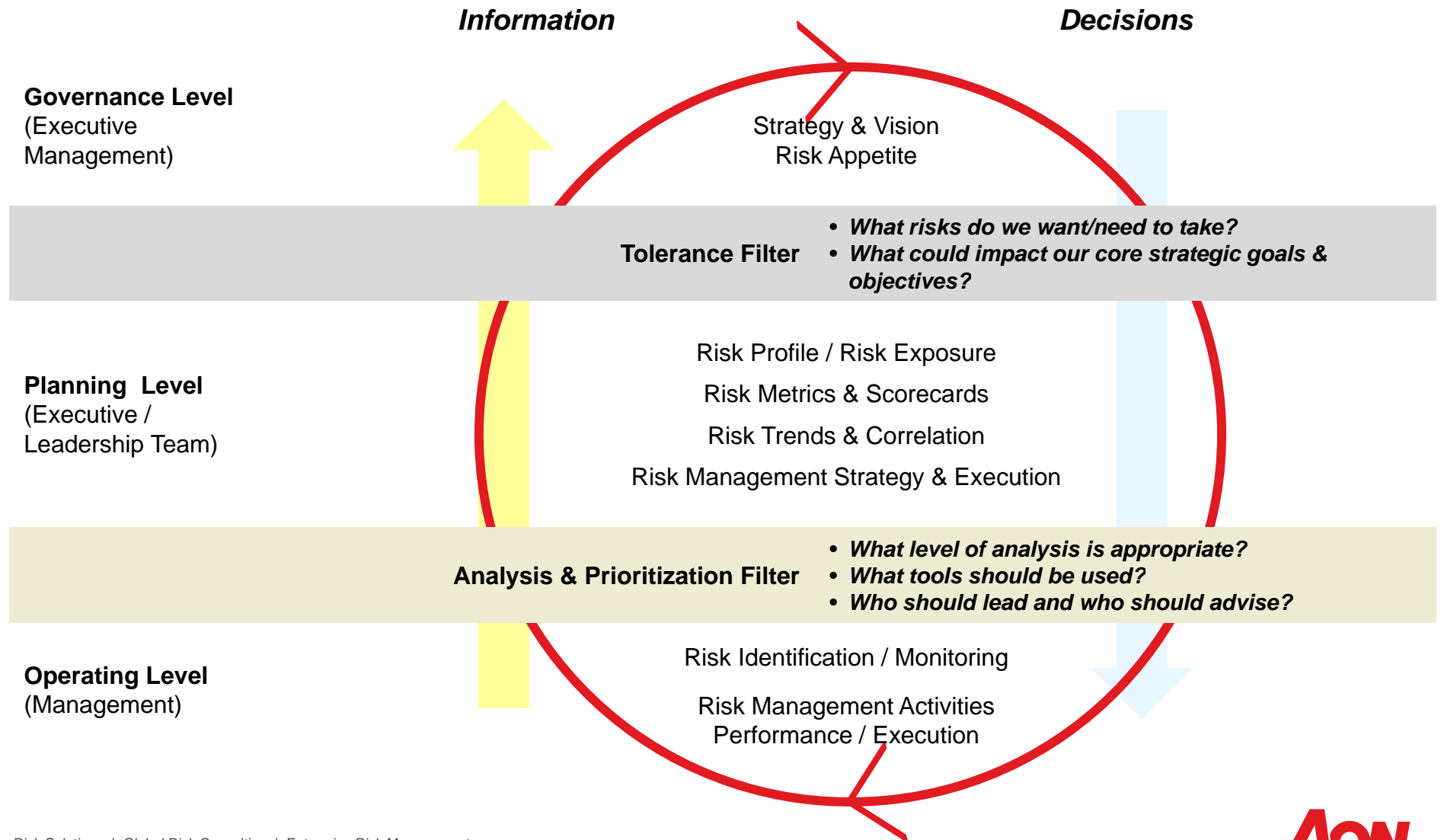
“The International Standard recommends that organizations develop, implement and continuously improve a framework whose purpose is to integrate the process for managing risk into the organization’s overall governance, strategy and planning, management, reporting processes, policies, values, and culture. ”

International Organization for Standardization: ISO31000

ISO 31000 Risk Management Process Element Name & Definition	
Communication and Consultation	The organization consults with external and internal stakeholders to address the causes and consequences of risk, as well as the measures being taken to treat it.
Establishing the Context	The organization establishes its objectives to manage risk while considering internal and external parameters.
Risk Assessment: Identification, Analysis and Evaluation	The organization identifies all risks, including their sources and locations, causes, and consequences; the existing controls on risk are analyzed, specifically their consequences and their likelihoods; the level of risk is evaluated and compared, based on the outcomes of the risk analysis.
Risk Treatment	The organization identifies one or more possible options to treat risks, and one or more of these options are implemented.
Monitoring and Review	The organization monitors and reviews the risk management process. Responsibilities are clearly defined for the purpose of ensuring effectiveness; obtaining information for improvement; analyzing and learning from experience; identifying internal/external changes and emerging risks.

Enterprise Risk Management

Depends on credible and timely risk evaluation to enable risk-informed decision making



Enterprise Risk Management

Basic framework requires risk evaluation at several stages

