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# **Objective Centric Risk & Certainty Management: Concepts & Software Functionality Specifications**

***THE FOREST THROUGH THE TREES***

***Objective Centric - Demand Driven - Strong 1<sup>st</sup> Line***



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**Software developers need to keep the end game firmly in mind: in this approach the end game is Managers/CEOs and the Board receive a materially reliable picture of the current residual risk status/certainty of the organization achieving the top strategic/value creation and value preservation objectives. This information helps them make better resource allocation decisions.**

### **OBJECTIVE CENTRIC/STRONG 1<sup>st</sup> LINE/DEMAND DRIVEN**

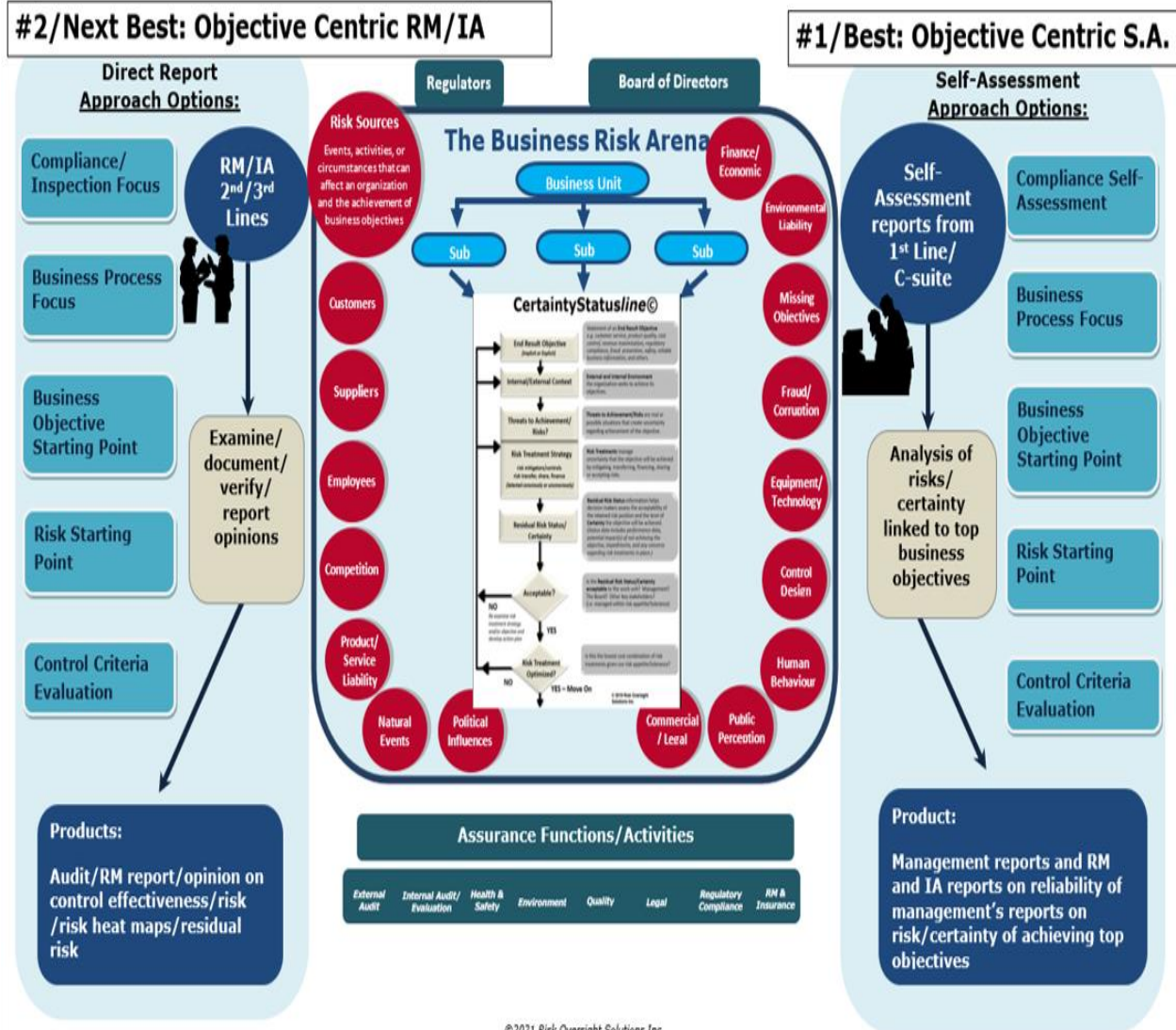
**This framework promotes the view that making 1<sup>st</sup> line/Management primary risk/certainty assessor reporters is the “Best” available assurance approach – Strong 1<sup>st</sup> Line. “Next best” is 2<sup>nd</sup> line functions (RM and others) and 3<sup>rd</sup> line functions (Internal Audit) use the objective centric assessment method in their work – Objective centric. The core foundation objective centric assessment methodology is called “CertaintyStatusline”.**

**The “DEMAND DRIVEN” component means a senior level committee we recommend be called “STRATEGY AND VALUE OVERSIGHT COMMITTEE” decides which objectives warrant the time and expense of formal risk management and assurance processes.**

**Because all the “LINES” use a common set of objectives the work of all the lines is naturally “INTEGRATED”.**

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## Understanding the 10 Assurance Methods



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# Objective Centric Risk and Certainty Management Five Step Overview



## Core Technical Concepts: Objective Centric Risk Management ("OCRM") - Integrated Risk & Assurance Management

1. End result business objectives form the core building block of ROS' OBJECTIVE CENTRIC RISK MANAGEMENT ("OCRM") approach. The approach is built on three foundation pillars. The approach we promote is summarized as "STRONG 1<sup>st</sup> LINE/DEMAND DRIVEN/OBJECTIVE CENTRIC". See our website or go to the OCRM discussion group on Linked In <https://www.linkedin.com/groups/12102356/> for more information. The name for the notional cabinet that stores the collection of objectives

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considered important enough for formal assurance efforts is referred to as the “OBJECTIVES REGISTER”. Objectives can be strategic objectives or operating end results that relate to revenue generation, product quality, customer service, minimizing unnecessary costs, liquidity, safety, regulatory compliance, fraud prevention/detection, continuity of operations, and others. We stress the focus should be on starting with an entity’s top strategic/value creation and value preservation objectives to populate the OBJECTIVES REGISTER. Because the C-Suite with board oversight decide which objectives they want status information on it makes the approach “DEMAND DRIVEN”. Top value creation objectives should link to the firm’s strategic plan. Value preservation objectives are sometimes referenced as value erosion objectives. (see my ETHICAL BOARDROOM article “Focusing ERM and Internal Audit On What Really Matters: Long Term Value Creation and Preservation” for more details). General categories of objectives (objective types) are referred to as “OBJECTIVE FAMILIES”. The number of objective families/categories a client may want to designate is variable. It’s a way of grouping important objectives in a way familiar/useful to a company. A key advantage of OBJECTIVE FAMILIES is that it illustrates, at a glance, areas where there are no objectives in the Objectives Register, assessment rigor is low and/or no formal independent assurance is currently being provided. The concept of objective families aligns directionally with core notions in the Kaplan/Norton Balanced Scorecard approach.

2. For organizations that adopt ROS’ OCRM approach with a focus on end result business objectives these objectives play a key integrating role in an organization’s efforts in the areas of ERM, internal audit, compliance, product quality, customer service, safety, environment and other compliance initiatives (“Integrated Risk Management”). OCRM is specifically designed to integrate and consolidate all of an organization’s formal assurance efforts. A key goal is to ensure senior management and the

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board are aware of the organization's current and, when used in the planning process, pro forma residual risk status/certainty linked to top objectives and, perhaps of even more importance, are aware of objectives/areas where no formal risk/certainty assessment and assurance processes are currently occurring. A key goal is consensus agreement on the acceptability of the current and pro forma residual risk status/certainty linked to key strategies/objectives in place and being considered during the planning process. This is consistent with a global movement to get management and boards to focus on the concepts of overseeing strategic planning and "risk oversight" and "risk appetite/risk tolerance". Historically many boards have not demanded much in the way of information on risk management effectiveness or risk/certainty status linked to key objectives from management or assurance groups like internal audit, safety, environment, legal, and other specialist assurance groups. We recommend Board's measure the effectiveness of risk functions and internal audit by evaluating both groups on the objective the board receives a materially reliable picture of the risk/certainty linked to a company's strategy and top value creation and value preservation objectives. Risk management and internal audit should work together to accomplish that mission.

3. Formal risk assessments are done using the ROS CertaintyStatusline™ risk and certainty assessment template. It is a product of 35 years of evolution and testing in public companies, not-for-profit and government sectors. The core elements of CertaintyStatusline™ are aligned with COSO ERM 2017 and ISO 31000 2018, supplemented by features we believe are necessary to make better decisions and drive continuous learning and management motivation to participate. Risk/certainty assessments may be done by the board of directors, senior management, work units, internal audit, specialist groups including internal audit, environment, safety, compliance, risk and insurance groups, IT security, outside specialists and others.



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4. With the OCRM approach there is significant focus on determining a summary rating - the current “Objective Certainty” (“OC”) for all objectives included in the organization’s OBJECTIVES REGISTER and deciding on the target level of risk/certainty assessment rigor that each objective should/will have. The requirement that OWNER/SPONSORS must decide on the initial target risk/certainty assessment rigor is a core element of the “DEMAND DRIVEN” component. Assigning an OC rating is the minimum level of rigor expected for any objective where an OWNER/SPONSOR has been assigned. The default OC rating system is a 5 level/color linked system. A green OC rating 0 indicates the OWNER/SPONSOR believes that the current residual risk status/certainty related to one or more objectives is acceptable and within an organization’s risk appetite/tolerance and, and this is important, all significant concerns have been shared upwards. Each OC level above green indicates progressing levels of unacceptable residual risk status/certainty. Users may elect to make the summary ratings more granular and change definitions to meet their specific needs.
5. All objectives that are added to the Objective Register should be assigned an “OWNER/SPONSOR” or clearly identified as having no OWNER/SPONSOR. It is the responsibility of the OWNER/SPONSOR to perform the primary determination of the level of risk/certainty assessment rigor that is appropriate given the importance/potential impact of the objective(s) in terms of value creation/value erosion. All OWNER/SPONSORS should receive training on their responsibilities. Training is available on the OCRM approach on c-Risk Academy at <https://bit.ly/36zDc3f> for Owner/Sponsors, risk management specialists, internal auditors, and board directors responsible for overseeing risk management and/or internal audit. The supporting technology system should provide a range of decision aids to help OWNER/SPONSORS make prudent risk assessment rigor decisions. In OCRM the least amount of risk/certainty assessment rigor allowed is called “INTUITIVE/EXPERIENTIAL.

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At the INTUITIVE/EXPERIENTIAL level of rigor the OWNER/SPONSOR thinks about what they know about the risks, risk treatments and residual risk status, and certainty of achieving the objective and assign an initial OC rating. No documentation of the process used by the OWNER/SPONSOR to assign a CRRR rating is required, but it is recommended the OWNER/SPONSOR write a short explanation for their rating. Above the minimum risk/certainty assessment rigor level there are a range of risk assessment options that have increasing levels of risk assessment rigor and sophistication, and increasing costs associated in terms of the time and resources necessary. The amount of documented information that supports the final OC rating/conclusion generally rises with the level of risk/certainty assessment rigor and sophistication. It is the responsibility of the OWNER/SPONSOR to request assistance from specialist staff groups when they believe they require help completing a reliable risk/certainty assessment with higher levels of risk/certainty assessment rigor and reporting upwards. This is a core element of why one of the core legs of the methodology is called DEMAND DRIVEN. In SUPPLY DRIVEN risk and assurance approaches a staff group requests time from work units and sometimes from senior executives to populate and maintain RISK REGISTERS and generate RISK HEAT MAPS, and complete spot-in-time often control centric or risk centric internal audits. Supply driven ERM and IA has not generally worked very well.

6. The role of an internal audit function in this system, where one exists, is to provide independent assurance with the goal of ensuring senior executives, the CEO, and board of directors are receiving materially reliable information on the organization's residual risk status/certainty related to core strategic/value creation/value preservation objectives. This is NOT an objective many IA functions or other specialist assurance groups are accountable for today. To achieve this objective, internal audit can play a range of roles including quality assurance reviews of assessments done by



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OWNER/SPONSORS, analysis of risk/certainty assessment rigor decisions made by the Strategy and Value Oversight Committee, completion of their own risk/certainty assessments to challenge OC ratings assigned by OWNER/SPONSORS, training, facilitation, verification of risk treatments claimed by OWNER/SPONSORS and more.

7. The role of other specialist groups, including ERM support groups, operational risk groups, safety, environment, compliance, insurance and others are all impacted by the introduction of OCRM.
8. OCRM approach, when embraced, naturally leads to full integration of risk, assurance and compliance efforts and the introduction of consolidated reporting on residual risk status/certainty linked to top strategic/value creation and value preservation objectives.

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# **Functionality/Data Requirement Overview**

## **1. OBJECTIVE SET-UP & PRIORITIZATION TO POPULATE THE OBJECTIVES REGISTER**

**OBJECTIVE STATEMENT:** text field

**OBJECTIVE OWNER/SPONSOR:** From the organization's directory of staff and "UNASSIGNED".

**Objective Family – drop box/key words – see CertaintyStatusline™ Quick Reference for standard options. Clients need to be able to customize.**

**Linked XBRL/Accounting Disclosure Item – This field only applies to SOX 404/NI 52-109 assessments. The parent objective is usually something like “Ensure reliable financial disclosures in accordance with generally accepted accounting principles”. More granular objectives relate to specific financial statement line items and note disclosures. It should be a key word list that includes all line items on an organization's income statement, balance sheet and notes. This identifier allows the system to generate reports, by XBRL code/account name that show which line items in income statements/balance sheets/notes have the highest uncertainty. This allows external auditors to tailor their audits to adjust their testing/analysis.**

**Objective Importance – Entity Level – drop box/key word list – default choices HIGH/MEDIUM /LOW/STATUTORY/NOT RATED**

**Objective Importance – OWNER/SPONSOR/WORK UNIT LEVEL – drop box/key word list – default choices HIGH/MEDIUM /LOW/STATUTORY/NOT RATED**

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**Value Creation Rating – Entity level – drop box/key word list – default choices HIGH/MEDIUM/LOW/Not Rated**

**Value Preservation Rating – Entity level – drop box/key work list – default choices HIGH/MEDIUM/LOW/Not Rated**

**Current Performance Rating – drop box/key word list – default choices Very Positive/Positive/Neutral/Negative/Very Negative/Not Rated**

**Current Risk/Certainty Assessment Rigor - drop box/key word list – default key word choices are shown below. These should have numeric values attached/associated to allow calculation/reporting of “Risk Assessment/Certainty Rigor Gap” between target and current rigor.**

### **Risk Assessment/Certainty Rigor (“RCAR”) User Guide**

RCAR LEVEL	DESCRIPTION
<b>Not Assigned (NA)</b>	A decision has been made by the STRATEGY AND VALUE OVERSIGHT COMMITTEE or similar name who the Owner/Sponsor will be. The primary criteria for including an objective in the register is whether the objective is important enough in terms of strategic/value creation or value preservation to warrant the additional cost in time and resources of formal risk assessment/management. Accountability to report on the Objective Certainty (“OC”) linked to the objective has not yet been assigned to an OWNER/SPONSOR(s) (i.e. to report whether the objective is, or is not currently within the organization’s risk appetite/tolerance and, if it is outside of risk appetite/tolerance, the magnitude/potential impact of being outside of risk appetite/tolerance position. See OC definitions for more details)
<b>Not Rated (NR)</b>	Accountability to report on the OC for the objective has been assigned to an OWNER/SPONSOR(s) and a target Risk/Certainty Assessment Rigor (“RCAR”) level set but no OC has been assigned yet by the OWNER/SPONSOR(s).

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<b>Intuitive/Experiential</b>	This target level of Risk/Certainty Assessment Rigor requires the least amount of time to complete, usually less than an hour. The OWNER/SPONSOR(s) consider current performance information on the objective, the impact of not achieving the objective in whole or in part, any impediments to adjusting the residual risk status/certainty, all known information about the state of risks he/she/they are aware of linked to the objective, any current concerns, audit findings, consultant observations, and other data. An OC is then assigned and a few paragraphs written by the OWNER/SPONSOR(s) explaining the OC rating. OWNER/SPONSOR(s) may request assistance from the risk and/or internal audit group to help them assign an initial OC rating/update them.
<b>Traffic Light/Time Limited</b>	A time-limited effort is made to develop or update a list of risks/threats to achievement of the assigned objective and assign RED/AMBER/GREEN ratings to each risk identified/documentated within the past 12 months. This would usually take less than 3 hours and may be done by the OWNER/SPONSOR(s) on their own, or with the assistance of a trained facilitator. Action items for all RED rated risks must be developed. Performance, impact and impediment data linked to the objective is input or updated. Once risks have been identified and rated and the RESIDUAL RISK STATUS/CERTAINTY data considered, an OC for the objective is assigned or updated. In this approach even a single red rated risk requires the OC be higher than GREEN.
<b>Full Risk/Risk Treatment Assessment</b>	More effort is taken to quality assure that all significant risks have been identified using a variety of risk identification methods and, most importantly at this level, the specific risk treatments/controls in place/use for all, or some, of the risks have been identified and documented. Information used is “fact-based” whenever possible. Performance, impact and impediment information for the objective has been obtained and documented. This option would usually take 4-6 hours of time. The amount of time required is less if upgrading the objective from TRAFFIC LIGHT/TIME LIMITED RCAR to this level.
<b>High (H)</b>	A broader range of techniques have been used to identify all significant risks and assess them. Much greater efforts have been made to ensure risk data is fact based. Risk treatments for significant risks have been identified and efforts made by OWNER/SPONSOR(s) to independently validate the existence and effectiveness of the risk treatments described in the

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	assessment. Efforts have also been made to validate the adequacy and accuracy of the performance, impact and impediment information linked to the objective in the RESIDUAL RISK STATUS/CERTAINTY section. This level could take 1 to 2 days of total assessment time. Usually at this level independent assurance providers have also been asked to report on the reliability of the assessment and provide feedback to the OWNER/SPONSOR(s).
<b>Very High (VH)</b>	All standard CertaintyStatusline™ information elements described at lower RCAR levels have been identified and documented and additional and more rigorous efforts made by the OWNER/SPONSOR(s) to validate their completeness and reliability. Usually at this level independent assurance providers have also been asked to report on the reliability of the assessment. It is not uncommon that this level of rigor could take a week or more to complete.
<b>Very High + (VH+)</b>	In addition to identifying and documenting all standard CertaintyStatusline™ data elements, more advanced techniques to determine velocity of risks, leading/lagging risk indicators, steps taken to assess the reliability of risk likelihood and consequence ratings using as much fact-based data as possible, analysis of loss event/incident data, and other advanced risk assessment techniques have been applied. This level can take weeks to complete. Readers are encouraged to consult the huge range of information available on sophisticated risk assessment/analysis methods available to support decisions. Doug Hubbard’s work is a good place to start.

NOTE: These RISK/CERTAINTY ASSESSMENT RIGOR (RCAR) levels and terms above are illustrative. The key point is ensuring that users and people receiving information understand the amount of effort and time that has been taken to assess and report on risk/certainty status linked to a specific objective. As a general statement, the higher the RCAR the more reliable the information produced. This relationship is not linear. Data quality does improve as rigor increases but the goal is the rigor level be “fit for purpose”. Users can customize the default terms used for the levels and the number of levels to fit their environment. It is important to note that even the lowest level in this system, INTUITIVE/EXPERIENTIAL, represents more rigor than that applied in the traditional risk centric/risk register based ERM frameworks because it focuses the risk assessment directly on assessing certainty whether a specific

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objective is likely to be achieved. Grant Purdy and Roger Estall in their book “DECIDING” refer to this as “sufficient certainty”. Norman Mark’s talks about “likelihood of success”.

**Target Risk Assessment/Certainty Rigor – drop box/key word list – see above.**

**Independent Assurance Provider – This should be a customizable key words drop box and include “Not assigned”**

**Current Independent Assurance Level – this should be customizable but default option should be None/Low/Medium/High.**

**Target Independent Assurance Level – see above.**

**Risk Sharing/Transfer/Finance Vehicle(s): default key word options to include Yes/No/Partial/Unknown Research Required**

**Analysis Method – drop box/key word list – default choices to include Direct Report Review IA/Direct Report Review Safety/Direct Report Review Environment/Direct Report Review Quality Unit/Direct Report Review Other/Facilitated Workshop – Internal Facilitator/Facilitated Workshop External Facilitator/Work Unit Self-Assessment Unassisted**

**Date of Last OWNER/SPONSOR Review – Date field**

**Date of Next Scheduled OWNER/SPONSOR Review – there should be a calculate option and a manual target date option.**

**Key Date field – default options should be Next Review/Scheduled Workshop/Reminder**

**Other Impacted Parties – default key word options describing which other groups have/might have an interest in the information include Information Systems/Risk & Insurance/Safety/Treasury/Quality/Environmental Unit/External Regulator/Compliance/Accounting Dept**

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## **2. OBJECTIVE INTERNAL/EXTERNAL CONTEXT DATA**

**This tab should allow users to input INTERNAL CONTEXT DATA as free form text points and EXTERNAL CONTEXT DATA as free form text points. The ISO definitions of these elements are listed below. It would be good to include definitions in the software but the ISO copyright issues would need to be explored.**

### 3.3.1.1

external context

external environment in which the organization seeks to achieve its objectives

NOTE External context can include:

- the cultural, social, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local;
- key drivers and trends having impact on the objectives of the organization; and
- relationships with, and perceptions

### 3.3.1.2

internal context

internal environment in which the organization seeks to achieve its objectives

NOTE Internal context can include:

- governance, organizational structure, roles and accountabilities;
- policies, objectives, and the strategies that are in place to achieve them;
- the capabilities, understood in terms of resources and knowledge (e.g. capital, time, people, processes, systems and technologies);
- information systems, information flows and decisionmaking processes (both formal and informal);
- relationships with, and perceptions and values of internal stakeholders;
- the organization's culture;

— standards, guidelines and models adopted by the

organization; and

— form and extent of contractual relationships.

**SOURCE: ISO GUIDE 73/2009**



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### 3. Threats to Achievement/Opportunities

**Threats to Achievement/Opportunities Description – text box with the ability to identify if the item is a Threat to Achievement or an Opportunity.**

**Risk Source: key word choices-default list to include the 16 risk sources listed on CertaintyStatusline™ Quick Reference Sheet. This helps users develop a robust list of risks.**

**Risk Consequence: key word box five levels – Negligible/Low/Medium/High/Very High/Extreme**

**Risk Likelihood: key word box five levels – Rare/Unlikely/Moderate/Likely/Almost Certain**

**Risk Level: This is a system calculated value that is derived from the table below:**

Likelihood	Consequences				
	<i>extreme</i>	<i>very high</i>	<i>medium</i>	<i>low</i>	<i>negligible</i>
<i>almost certain</i>	severe	severe	high	major	significant
<i>likely</i>	severe	high	major	significant	moderate
<i>moderate</i>	high	major	significant	moderate	low
<i>unlikely</i>	major	significant	moderate	low	trivial
<i>rare</i>	significant	moderate	low	trivial	trivial

SOURCE: *Guidelines for Managing Risk in the Australian Public Sector, #22 October 1996*

**When Threats to Achievement/Opportunities linked to an objective are listed in reports/views Threats to Achievement identified should be sorted in terms of**

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**risk level. Risk level terms should be configurable. The risk level denotes the level of management/OWNER/SPONSOR attention risks warrant.**

**Assertion Risk Category (accounting objectives only) – key word choices that include the following default options:**

**Improper/incorrect application of GAAP  
Improper/incorrect valuation  
Accounting period/Cut-off – accidental  
Accounting period/Cut-off – intentional  
Unauthorized entry/entries  
Inaccurate system calculation  
Unauthorized change to formula/standing field values  
Incomplete/missing transactions  
Invalid transactions- fraudulent  
Invalid transactions – accidental  
Incomplete description of a true situation/status  
Unaware of disclosure item  
Incomplete interpretation of regulation/standard  
Other**

**Treatment Effectiveness Estimate – key word choices that include the following default options – Ineffective/Weak/Fair/Good/Very Good/Excellent**

**Risk/Certainty Status Estimate – key word choices – standard Red/Amber/Green**

## **4. RISK TREATMENTS – Risk Mitigation, Risk Share/Transfer/Risk Finance, Risk Accept, Risk Avoid**

**Risk Treatment Description – text box**

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**Risk Treatment Type – key word choices that include the following – Mitigates Likelihood/Mitigates Consequences/ Mitigates Likelihood & Consequence/Mitigates Risk Source/ Risk Share Vehicle/Risk Transfer Vehicle/Risk Finance Vehicle**

**NOTE: Risk Treatments must be linkable to one, or ideally more than one, Threat to Achievement/Opportunity and the system must be able to display “Linked Treatments” and other linked elements of specific risks described below.**

**ROS offers our “Risk Treatment Principles” – a 9 category 100+ element training tool to help with this step.**

## **5. RESIDUAL RISK STATUS/CERTAINTY DATA – Indicator/performance data, concerns, impediments, impact data**

**Residual Risk Status/Certainty Element Description – this is a text box.**

**Residual Risk Status/Certainty Category – this identifies the kind of of Residual Risk Status/Certainty data is being captured. Key word choices that include – Indicator data/Impact data/Impact Monetary/Impact Non-Monetary/Impediment data/Concern Unrated/Concern Acceptable/Concern Unacceptable**





**NOTE: Residual Risk Status/Certainty data should be linkable to related Threats To Achievement/Opportunities and Risk Treatment elements.**






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## 6. OBJECTIVE CERTAINTY RATING (“OC”)

This is a summary conclusion on the acceptability of the current Residual Risk Status/Certainty data set. We call it Objective Certainty status.

### Core Objectives

	Owner	Certainty
Achieve 8% return on private equity investments in excess of the sector benchmark.	Mary Brown	
Increase customer retention by 15% year over year.	Chuck Smith	
Increase customer satisfaction ratings from 3.2/5.00 to 4.0/5.00 by year end 201X	Elaine Ford	
Reduce lost time due to accidents by 30% year over year.	Paul Stevens	

	Fully acceptable level of certainty of achievement. Any significant concerns have been identified and shared upwards
	Some management effort is required to increase certainty of achievement to an acceptable level.
	Considerable management action is required to increase certainty of achievement to an acceptable level.
	Significant analysis and corrective action by Senior Management and the Board is urgently required to increase certainty of achievement to an acceptable level.
	Massive corrective action by Senior Management and the Board is required now to increase certainty of achievement to an acceptable level.

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**NOTE: It is important to maintain the numeric value associated with each item to facilitate reporting and gap analysis. The OC rating is directly linked to the objective. Articulating the objective and assigning an OC rating may be the only steps completed by an Owner/Sponsor.**

## **7. Loss Events/Incidents**

**This information is particularly relevant to financial sector organizations governed by Basel linked requirements and tracking of safety and environmental performance. It's primary purpose to provide more granular information on the current effectiveness of risk treatments in place. It is a sub-element of Residual Risk Status/Certainty information.**

**Event/Incident Description – this is a text box that captures a description of the event/incident**

**Business Line – this is a key word choice field. The default options are derived from regulatory expectations in the financial services field and organization specific identifiers for other purposes.**

**Event Category – this is key word choice field. The default options are derived from regulatory expectations in the financial services field and are customized by clients for other purposes.**

**Root Cause Category – this is a key word choice field. The default choices are derived from the RiskStatus/line™ - Risk Treatment Elements menu.**

**Root Cause Description – text box**

**Correlated Factors/Events – text box**

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**Loss Quantification – this needs to include the ability to capture loss sub-categories with estimates and actual values and the ability to deduct insurance recoveries/civil judgments/other loss reduction payments. These requirements are largely derived from Basel II requirements for financial organizations.**

**Event Date: This needs to allow a choice of a “Specific Event/Incident Date” and “Event/Incident Date Range”**

**Discovery Date Type: This needs to allow the same “Specific Event/Incident Discovery Date” and Event/Incident Discovery Date Range”**

**Detection Method: this could be a text or key word choice option. Most organizations should be able to go with key word selection choices to allow analysis.**

**Warning Indicators: Given the range of objective types this is most likely suited for a simple text box.**

**NOTE: Loss events would ideally be linkable to specific risks and related objective(s)**

## **8. Action Items**

**Action Summary: this is a text box that describes what will be done to treat one or more Unacceptable Concerns.**

**Assigned To - this data field identifies the person or persons responsible for the Action item.**

**Due Date – this is a date field**

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**Priority – this is a key word choice field. Default choices should include P1 Urgent/P2 Important/P3 Value Added. It should be possible to list/report these by priority level.**

**Percentage Complete – this field should allow reporting in single percent or starting at 0 and increasing in increments of 5.**

**Action Plan/Details – this field should allow attachments to be inserted.**

**NOTE: Action items need to be capable of being linked to Threats To Achievement/Opportunities/Risk Treatments/Residual Risk Status Information/Loss Events/Incidents.**

## **9. Assurance Level 1**

**Assurance Provider – this is a key word field. Default choices include - Internal Audit/External Audit/Regulatory Compliance/ERM Services Team/Quality Unit/Safety/Environment/None Assigned**

**Current Assurance Level – this is a key word field. Default choices include None/Limited/Moderate/High**

**Target Assurance Level – this is a key word field. Default choices mirror Current Assurance Level – None/Limited/Moderate/High**

**Assurance Level 1 Opinion – this is a key word field. Default choices include –  
No assessment completed/no opinion  
Full concurrence with OWNER/SPONSOR assessment  
Partial concurrence with OWNER/SPONSOR assessment**



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**Disagree with OWNER/SPONSOR assessment**

**Strong concerns with OWNER/SPONSOR assessment**

**Date of Completion of Last Review – Specific date field**

**Next Scheduled Review – This should be a date that can be calculated by the system of manually overridden with a date**

**Level 1 Assurance Commentary – this should be a field capable of inserting date linked comments**

**Report Generator Flag – this is a key word field that denotes the level in the hierarchy this objective should be elevated for review. Default options include – Unit level report/Subsidiary level report/Corporate level report/Board level report/Specific reporting requirement. This field drives key reports that assurance providers issue including the issues the assurance provider has determined should be elevated to the Board of directors.**

## **10. Assurance Level 2**

**Assurance Provider – this is a key word field. Default choices include Internal Audit/External Audit/Regulatory Compliance/ERM Services Team/Quality Unit/Safety/Environment/None Assigned**

**Current Assurance Level – this is a key word field. Default choices include None/Limited/Moderate/High**

**Assurance Level 2 Opinion – this is a key word field. Default choices include – No assessment completed**

**Full concurrence with OWNER/SPONSOR assessment**

**Partial concurrence with OWNER/SPONSOR assessment**

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**Disagree with OWNER/SPONSOR assessment**

**Strong concerns with OWNER/SPONSOR assessment**

**Target Assurance Level – this is a key word field. Default choices mirror Current Assurance Level – None/Limited/Moderate/High**

**Date of Completion of Last Review – Specific date field**

**Next Scheduled Review – This should be a date that can be calculated by the system of manually overridden with a date**

**Level 2 Assurance Commentary – this should be a field capable of inserting date linked comments**

**Report Generator Flag – this is a key word field that denotes the level in the hierarchy this objective should be elevated for review. Default options include – Unit level report/Subsidiary level report/Corporate level report/Board level report/Specific reporting requirement**

## **11. Files**

**This should be a facility that allows working papers and supporting documentation to be stored. It should be divided for security in to 3 separate document repositories – OWNER/SPONSOR Files/Assurance Level 1 Files/Assurance Level 2 Files**

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## **12. Key Reports/Views**

- A. List of strategy/top value creation objectives sorted by importance to entity with associated Objective Certainty rating (OC) and OWNER/SPONSOR with full drill down capability.**
- B. List of top potential value preservation objective with associated OC rating and OWNER/SPONSOR with full drill down capability**
- C. List of objectives by OC from highest negative rating to lowest with related OWNER/SPONSOR. Full ability to drill down to the underlying details**
- D. List of objectives where an OWNER/SPONSOR has been assigned but there is currently no OC rating.**
- E. List of objectives by importance to entity with current OC rating.**
- F. List of objectives by importance to work unit/Owner/Sponsor with current OC rating.**
- G. List of objectives by Value Creation/Value Erosion Potential with OC and current level of assurance from assurance provider.**
- H. List of objectives where there is currently disagreement on the OC rating between OWNER SPONSOR and Assurance Level 1 and/or Assurance Level 2.**
- I. Owner/Sponsor Portal – a home screen that shows all Objectives assigned to Owner/Sponsor with summary views of key data and views that determine the order that the objectives should be addressed in terms of current “Rigor Gap” – the gap between the current and target risk/certainty assessment rigor.**
- J. List of objectives organized by Objective Family with a sub-sort by importance to entity with associated OC rating.**
- K. List of objectives Level 1 assurance providers believe should be reported to the board of directors.**

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**L. List of objectives Level 2 assurance providers believe should be reported to the board of directors.**