



On the 2020 risk committee agenda

2020 vision for the year ahead

KPMG Board Leadership Centre



Ten years on from the financial crisis, failings in financial services remain regular occurrences and the fines keep mounting. Inadequate risk governance and oversight is frequently at the heart of these issues.

Moreover, short-comings in risk management are likely to take on greater significance as new technology and macro risks emerge. The need for effective risk arrangements has never been more important.

In a change from our usual paper, this year's 'On the Risk Committee Agenda' highlights the key principles for board risk committees as set out in the Risk Coalition's recent Guidance. These fundamental principles form the backbone of what mature board risk committees should keep front of mind as they approach and execute their detailed 2020 agendas:

Board accountability

The board risk committee is an advisory committee to the board. Its aim is to facilitate focused and informed board discussions on risk-related matters. The board retains ultimate accountability for the adequacy and effectiveness of the organisation's risk management arrangements.

Composition and membership

The board risk committee should be formed of independent non-executive directors and apply chair, membership, competence, performance evaluation and succession planning criteria as outlined in the UK Corporate Governance Code ('the Code') for board committees.

Risk strategy and risk appetite

The board risk committee should provide the board with advice on the continued appropriateness of the board-set risk strategy and risk appetite in light of the organisation's purpose, values, corporate strategy and strategic objectives.

Principal risks and continued viability

The board risk committee should assess and advise the board on the organisation's principal current and emerging risks and how these may impact the organisation's corporate strategy and strategic objectives, and the continued viability of its business model.

Risk information and reporting

The board risk committee should assess and advise the board on the quality and appropriateness of the organisation's risk information and reporting.

Risk management and internal control systems

In conjunction with the audit committee (where relevant), the board risk committee should monitor and periodically advise the board on the overall effectiveness of the organisation's risk arrangements.

Risk culture and remuneration

The board risk committee should consider and periodically report to the board whether the organisation's purpose, values and board-approved risk culture expectations are appropriately embedded in the organisation's risk strategy and risk appetite, and are reflected in observed behaviours and decisions.

Chief risk officer and risk function independence

The board risk committee should safeguard the independence and oversee the performance of the chief risk officer and the second line risk function.



For more detail on the guidance from the Risk Coalition, you can find the full report here at ['Raising the Bar'](#)

The KPMG Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. Membership offers you a place within a community of board-level peers with access to topical and relevant seminars, invaluable resources and thought leadership, as well as lively and engaging networking opportunities. We equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

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