



PRUDENTIAL STANDARD CPS220 – RISK MANAGEMENT

Background...

As you will already be aware, APRA issued CPS220 and required all APRA-regulated institutions to comply with its requirements from 1st January 2015.

In summary, the requirements of CPS220 comprise having an appropriate risk management framework and developing and maintaining Board-approved integrated risk appetite, risk management strategy and business plans documentation. In addition, CPS220 requires a dedicated and operationally independent risk management function - which is responsible for assisting with the development of the risk management framework.

The business benefits...

In our view, a well-defined and well-executed CPS220 risk management framework provides the structure to protect earnings, eliminate business surprises and to evaluate/exploit business opportunities on a fully informed “risk versus reward” basis – resulting in potential capital reduction.

How we can help...

The key areas where we believe that APRA-regulated institutions may require assistance on CPS220 comprise:-

1. Initial development of the risk management framework – recognizing that CPS220s requirements extend well beyond those detailed in ISO31000.
2. Ongoing monitoring and updating of the components of the risk management framework – which CPS220 also prescribes.
3. Support in meeting CPS220s *new* requirements relating to the role and responsibilities of the designated “Chief Risk Officer” – including independence from business lines and regular access to the Board and Board Risk Committee.

Talk to us...

Call us at Polemic to find out more. Locally-based, we would welcome the opportunity to meet with you to provide further details of how meeting CPS220’s requirements could help your business and how we could help you achieve this.

Polemic Forensic

Suite 3, Level 21 1 Alfred Street Sydney NSW 2000

T: [02 9401 0017](tel:0294010017)/[02 8001 6167](tel:0280016167) E: info@polemicforensic.com

W: www.polemicforensic.com