

# Risk Management

The Reserve Bank commissioned an enterprise-wide risk assessment in 2013. External consultants carried out the project and the findings of the Report were implemented in silos by each Department. However, the Reserve Bank recognizes that risk management is an integral aspect of its daily operations and the implementation phase was not producing coordinated policy, comprehensive procedures and structured process outcomes.

## Risk Incident Reporting

In September 2016, a Risk Management Unit was established under the Governor's Office with a designated officer to identify and monitor the many risks the Reserve Bank faces – some general while others are unique to central banks. Extensive use of Management committees set up ensures that all risks are accounted for in the Bank.

The Reserve Bank adopted a standardized risk management framework that encompasses the governance role of the Unit, the strategic and operational functions of all departments and the supporting services and tools to manage and monitor known risks the Reserve Bank faces.

A preliminary status update exercise was carried out to review the progress since the commissioned enterprise-wide risk assessment. The result of this exercise, in addition to the 2016 Auditor's report, apportioned risk according to the Reserve Bank's risk appetite. Currency risk was identified as significantly high hence a risk based program was created to minimize the risk. The program included random security recording review of the vault activities; departmental reconciliation cross-check verification; spot check review of documentation maintenance; review of departmental procedures and processes and assisting with counting of the backlog of redeemed currency parcels.

The Unit also maintained a risk incident register to document events that occur and adversely affect the achievement of the Reserve Bank's strategic priorities, strategic goals, objectives, measurable targets and strategies.

Table 9: Risk Incidents Reported

| Months | Policy | Operations | Total |
|--------|--------|------------|-------|
| Jul16  | 1      | 1          | 2     |
| Aug16  |        | 1          | 1     |
| Sep16  |        | 1          | 1     |
| Oct16  | 1      | 5          | 6     |
| Nov16  | 1      | 3          | 4     |
| Dec16  |        | 3          | 3     |
| Jan17  | 1      | 9          | 10    |
| Feb17  |        | 8          | 8     |
| Mar17  | 1      | 2          | 3     |
| Apr17  |        | 9          | 9     |
| May17  |        | 7          | 7     |
| Jun17  |        | 6          | 6     |
| TOTAL  | 5      | 55         | 60    |

A risk incident report is generated when a risk incident occurs and identify from the relevant department/unit. A catalog of the reported risk incidents is presented at the monthly meeting of the Risk Management Committee.

## Risk Management Corporate Plan Targets

In the approved three-year rolling corporate plan, the Risk Management Unit was allocated with eight specific measurable targets. A review of the calendar year corporate plan was carried out in March 2017 which revealed that the Unit achieved three targets while five targets were unrealized. By setting up the Unit, risk incidents were reported, compliance testing were carried out, monthly risk assessment were conducted, key control effectiveness were verified and complaints were lodged.

All these activities contributed to the Unit's unrealized measurable new targets.

## Delegation of Authority

Regular reviewing, updating and monitoring of the delegated authority list are assigned to the Risk Management Unit. The delegation list authorizes, with limited power or responsibility, an officer to act on behalf of the Reserve Bank. Currently, the Unit is updating the delegation of authority since its last review in 2012.

## Complaints Management

The Risk Management Unit is also tasked with facilitating the resolution of customer complaints in relation to the performance of the Reserve Bank's services and/or functions, as well as the services of the licenced banks and authorised foreign exchange dealers.

Customer complaints received are given due consideration in accordance with the legislative powers of the Reserve Bank. The Reserve Bank addresses the complaints in relation to its services or functions while complaints related to the services of the licenced banks and authorised foreign exchange dealers will be disseminated to the relevant licenced institutions.

Over the year, 3 complaints were lodged with the Reserve Bank of which all were about our services to the general public. As part of its efforts to resolve received complaints, the Reserve Bank continue with public awareness program through radio, television and on its website.