

# Introducing . . . .

# THE KENNINGTON ALLIANCE



Kennington provides risk management services to boards and chief executives concerned to ensure that their policies, systems, procedures and practices for regulatory and policy compliance are contemporary, robust and effective.

Businesses today are experiencing unprecedented change driven by:

- increasing technological innovation and computer literacy
- growing individual, employee and community expectations
- increasing market sophistication, sensitivity and reach
- increasing public scrutiny of management practices
- increasingly onerous corporate regulation and penalties.

The management of risk has traditionally been an activity that looked backwards at the things done, and not done, that implied a level of risk in the outcome. The implication was that the immediate past was the best predictor of the future.

The new risks for business today are of a very different nature. They are more related to what can and might occur in the future and the level of preparedness for those eventualities. The rate of change in technology and the environment, the reduced predictability of the community, the elimination of national borders and the increasing attention of regulators are producing a much more complex risk regime that requires a new approach to risk management.

The new risks for all businesses are in awareness, understanding, willingness, capability, flexibility and mind-set. These risks are reflected in the recent introduction of criminal penalties for businesses not having an effective culture of compliance and the increasing prospect of directors being held personally responsible for their risk management practices.



## How We Can Help You

We are a specialist advisory service targeted at creating certainty for our clients in the emerging environment of the future. We provide understanding of the emerging risks most likely to affect our clients and develop with them protective strategies and compliance programs that suit their strategic objectives and risk preferences.

These objectives are met with essentially three services:

- **risk identification, assessment and evaluation**, according to AS4360:1999 Risk Management
- **compliance program prescription**, according to AS3806:1998 Compliance Programs
- **compliance risk assessment**, being an evaluation of the effectiveness and continuing relevance of AS3806 compliance programs.

We use of AS4269: 1995 Complaints Handling as an essential measure of effectiveness and continuing relevance,

and our services are provided within an ISO 9001 quality assurance framework.



## Risk Identification & Evaluation

The first step in any competent risk management program is to gain a full understanding of the risks being faced.

We apply the methodology of AS4360 to examine your context, strategies, policies, processes, practices and culture, and identify the risks you are facing or likely to face in the foreseeable future. We categorise those risks according to their source and rank them on the basis of their potential impact upon your business.

The special value we bring to this process is our independence, our familiarity with the Standard, our extensive corporate experience, our wide range of skills and our quality systems approach.



## Compliance Program Prescription

Once risks have been identified and evaluated, the focus moves to prescribing appropriate compliance programs to bring those risks within active management control and prevent breaches occurring.

Compliance programs are well known in managing regulatory risk associated with corporations law, privacy legislation, listing rules, and environment protection and workplace health and safety legislation. They are the means for securing and demonstrating organisational discipline in preventing breaches of the relevant laws, regulations and rules. They provide the assurance that requirements are being met and the best possible defence against unintentional breaches. They are the cornerstone of good corporate governance.

But they can do much more. The principles of compliance are just as applicable to the effective management of other risk areas in business, such as finance, systems, technology, security, capital allocation and major projects. They provide the same benefits of a disciplined approach to preventing undesirable outcomes and translate into:

- cost containment
- achievement of objectives
- board and employee assurance
- demonstrable management competence
- positive market perceptions
- preferential insurance treatment
- investor and shareholder confidence
- increased shareholder value and wealth.

We use AS3806 to prescribe compliance programs in close cooperation with management to ensure their effectiveness, practicality and acceptance. We also work with management to prepare detailed action plans to implement our recommendations and we assist in supervising their implementation.

## Compliance Risk Assessment

Compliance risk assessment gives the assurance needed by responsible directors and managers that their compliance programs are working and will continue to protect their shareholders and themselves from the perils of negligence claims and loss of investor confidence. It creates certainty in times of increasing uncertainty.

We conduct our compliance risk assessments by reviewing risk assessments and all the elements of established compliance programs directed at controlling those risks and preventing breaches, including their conformity with AS3806. We talk with key staff and stakeholders, observe operations, review incident logs and customer feedback registers, looking for and documenting evidence of those compliance programs working in practice.

We provide a report that identifies where, if at all, risk management and compliance practices need to be improved to guard against incidents of regulatory or policy failure and unfavourable due diligence assessments by courts, investors or suitors.

## Who We Are

Our credentials are evidenced in the profiles of our Principals:

- **Chris Ailwood** is a business strategist and brand marketer with an extensive background in technology management, transport policy and public administration, and a keen sense of political feasibility. Chris is a chemist with business management qualifications, and is a Fellow of the Australian Institute of Company Directors.
- **Hugh Morris** is a respected liability manager and insurance solutions provider with strong links to the local and international underwriting industries. Hugh holds qualifications in business, is a member of the Australian Institute of Risk Management and the Australian Insurance Law Association, and directs the undergraduate and graduate insurance programs at the University of Technology, Sydney.
- **John Rush** is an internationally recognised adviser and educator on financial risk management policy, particularly exchange rate, interest rate and commodity price risks. John is an economist and has acted as an expert witness and adviser to numerous corporations, financial institutions, central banks, international financial organisations and professional associations throughout the Asia Pacific Region.
- **Con Livissianis** is a professional corporate adviser on organisation structure, system and accounting arrangements, succession planning and asset protection. Con has a particularly strong understanding of the agricultural and rural products sector in NSW. He is a Certified Practising Accountant and a Fellow of the Australian Institute of Company Directors

We offer the depth of experience and understanding that makes our findings and recommendations robust, reliable, credible and contemporary, and our advice forthright and frank.

We work with our clients in defining solutions best suited to their needs. Among the distinguishing features of our services are:

- our quality systems approach to risk identification and measurement using Australian and/or International standards
- our unconditional commitment to successful implementation of recommended action plans

- our practicality in knowing what is feasible and achievable in today's business and political worlds.

We can deliver on these commitments because:

- we have extensive senior executive and strategy advising experience
- we understand risk from the aspects of technology, consumers, markets and politics
- we recognise the difference between risk management and compliance, and the importance of compliance risk assessment to effective due diligence
- we have strong links with the risk underwriting industry and we can secure insurance and other risk products that treat many risks effectively.

## Work We Have Done

Among the work we have done in the past two years are:

- identification and evaluation of the risks to privacy in a government business enterprise making increasing use of information technology
- identification of the risks to privacy of a public transport smartcard project and the prescription of a compliance program to effectively prevent breaches occurring
- identification and assessment of the risks of fraud in a major government agency and the development of an effective fraud control strategy and compliance program
- liability risk exposure due diligence inquiries as part of the bid process for the privatisation sales of government rail networks
- development of a liability risk treatment strategy for a major Australian composite insurance company.
- development and implementation of a compliance review and implementation plan for the nation-wide operations of an Australian insurance company, covering personal lines, business insurance and statutory insurance class operations
- compliance risk analysis, review and development of risk treatment strategies relating to the consumer related risk exposures under the financial services reform legislation for a major Australian insurance company.

## Where You Can Contact Us

For technology, IT security, privacy, fraud control compliance and business risk assessments generally:

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For corporations law, financial services reform, liability risk exposure and workplace health and safety compliance:

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For interest rate, exchange rate and commodity pricing risk policy compliance:

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For accounting policy, financial audit and business systems compliance:

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A detailed presentation on our resources, capabilities and services can be arranged on request to any of the above.