

RISK MANAGEMENT FRAMEWORK TOOL

Summary: Managing risk and reward is an important balancing act for growing your practice, and critical to ensuring your compliance with APES 325 *Risk Management for Firms* and providing a quality service to your clients.

Published: 27 March 2019

URL: cpaaustralia.com.au/professional-resources/public-practice/toolkit/risk-management/risk-management-framework-tool

Let's be honest, when most people think of accountants, they don't think of risk takers. But they'd be wrong. Because risk-taking is a big part of our everyday business.

And there's some smart ways we can manage it.

Without risk there can be no growth, no reward. Risk involves so much more than simple insurance or backing up your hard drive. It's about growing and adding value to your business while protecting the public interest.

So, CPA Australia has developed a tool specifically designed to help you identify, assess, mitigate, implement and monitor the risks to your business.

This tool will create your risk management framework – tailored to your practice circumstances, risk appetite and mitigation strategies.

As a CPA, you have a mandatory obligation to document your risk management framework under the requirements set out in APES 325. You should familiarise yourself with this standard – it's important. To make this easier for you, we have integrated APES 325 in to the tool.

The document produced by you via the CPA Risk Management Framework tool will be compliant with APES 325 to help ensure you meet your regulatory compliance.

When completing the tool, you will need to consider your own practice, the environment in which you operate, the clients you engage with and the services you provide.

You'll be asked questions about the size and structure of your practice, and whether the business is in start up, maturity or wind down. You will be asked to consider what would happen to your practice if you no longer operated it?

Succession planning is a critical element of risk management to ensure the sustainability of your practice, and it's a mandatory component of APES 325.

The tool's risk library will provide you with common practice risks and mitigation strategies to start the process and help guide your thinking.

But risk management is never a 'one-size fits all' exercise. Effective risk management for your practice, will be as individual as your business. So the tool allows you to add your own unique risks and mitigation strategies to reflect your specific circumstances.

And as these circumstances change over time, you can use the tool in the future to monitor and re-evaluate your risk management framework and make the necessary changes as required.

Risk management is a dynamic process. You need to embed the management of risk in to the culture of your practice. In all you do.

It would be too great a risk not too.