

**List of Steps/Activities for Conducting Risk Assessment (RAP) at Statutory Processes levels & Activity levels**

Functions: Project design & engineering

**Codes of RAP activities: Statutory processes (TB01-TB04) & activities (TB05-TB09)**

**Source: Annex 14A**

**(Refer Chapter:10**

Steps/Activities for conducting risk assessment at Statutory Processes (Macro) level	Codes for steps/ activities	Function applicable	Responsibility
<p><b>1. Identifying parameters that can influence “Statutory Process level” Risks</b> in consultation with legal Head &amp; inputs received from CFT (previously formed per TA01 in Annex13A). Few parameters are listed below that ought to be included in the design templates relevant to Statutory Process level risks:</p> <ul style="list-style-type: none"> <li>● Organisation level risk assessed at activity TA05 in annex 13B</li> <li>● Likely adverse impact due to non-compliance on Corporate Governance &amp; organisation reputation</li> </ul>	TB01	All, Similar	Each HOD
<p><b>2. Designing Risk assessment template at the statutory process level (Annex 14C)</b> CFT Designing template at <b>Annex 14C</b> for assessing <b>Statutory Process level Risks</b> based on parameters identified at TB01 and template Design to include at least the following:</p> <p><b>Header</b> Risk Assessment Process Code: Functions: Function code:</p> <p><b>Footer (as a table)</b> Column 1: Statutory Process Description Column 2: Consequence of statutory process going wrong Column 3: Statutory process Code Column 4: Risk Classification level Rows- Numbers of rows as per applicable statutory processes. The proposed design template at <b>annex 14C</b> can be part of the Risk Manual/Risk register.</p>	TB02	All, Similar	CFT

After that, the functional team forwarding the designed template as above to IT/System for software programming of the template with creating, editing, deleting, viewing and approving features.			
<p><b>3. Software programming of risk template for statutory processes</b>  IT team, based on the above inputs at TB02, develop a software programme for creating a Risk assessment template at the Statutory Process level &amp; having features in the design template</p> <ul style="list-style-type: none"> <li>● create</li> <li>● edit</li> <li>● view</li> <li>● approve</li> </ul> <p>IT team after that testing design template &amp; forwarding it to each relevant HOD for capturing Statutory Process level risks vis a vis respective key function.</p>	TB03	All, Similar	IT/ERP
<p><b>4. Populating “Statutory Process level Risks” template at annex 14C.”</b></p> <p>a) Based on TB03 as also “organisation level risks” identified in Annex 13C, each HOD &amp; functional team deliberating and classifying each Statutory Process level Risk as “H or M or L” and populating <b>annex 14C</b> vis a vis each function &amp; Risk assessment Process codes as below. However, the author proposes that the Risk level in each statutory process is considered “High.”</p> <p><b>Designing of Architecture</b> function-RB152  <b>Interior designing</b> function-RB153  <b>Designing of MEP-RB154</b>  And so on for each function</p> <p>c) after that, uploading function-wise template 14C in ERP application software /Production server for go-live</p>	TB04	All, Similar	Each HOD
<b>The overall range of all codes of 4 steps or activities identified as above</b>	TB01-TB04		
<b>Steps/Activities for conducting risk assessment at Activity (Granularity) Level w.r.t Statutory processes</b>			
<p><b>5. Identifying parameters that can influence Business “Activity level” risks- w.r.t statutory process -</b>  HOD/functional team, in consultation with risk management or Internal audit team Identifying a list of important parameters, such as below, that can influence risks due to <b>statutory</b> activity (vis a vis <b>statutory</b> process) being performed incorrectly or going wrong:</p>	TB05	All, Similar	Each HOD

<p><b>i)Severity Parameters -Having Adverse implication on aspects as below:</b></p> <ul style="list-style-type: none"> <li>● Profitability</li> <li>● statutory compliance</li> <li>● Strategic value of the company /Company Image affecting customer retention</li> <li>● Financial statement accuracy (Governed by clause 49 of SEBI in India or SOX Act (2002) compliance in the USA)</li> <li>● Reliability/effectiveness of process being assessed</li> </ul> <p><b>ii)Detectability stage Parameter -For incorrectness of activity (any one of the following stages)</b></p> <ul style="list-style-type: none"> <li>● At the very 1<sup>st</sup> stage within the respective function, where activity is initiated(created)</li> <li>● At review/approval stage within the same function</li> <li>● At subsequent process /intermediate stage involving other functions in business unit</li> <li>● At the corporate audit stage within the organisation</li> <li>● At customer end/business associate end (outside organisation)</li> </ul> <p><b>iii)Occurrence Parameter-Likely hood of activity going wrong (High, medium or low) based on the following: Skill level of users performing an activity</b></p> <ul style="list-style-type: none"> <li>● Segregation of duty for activities</li> <li>● Completeness of execution of activity</li> <li>● Validation at each stage of activity execution</li> <li>● Correctness of source data</li> <li>● Adequacy of internal controls</li> <li>● Robustness of systems &amp; SOP</li> <li>● Authorisation norms for activities creation, editing, deleting, viewing &amp; approval</li> <li>● Process logic correctness /accuracy</li> </ul> <p>Other aspects-complexity of business, change management, ethical environments etc.</p>			
<p><b>6. Designing Risk assessment template at business activity level vis a vis each Statutory process -Annex 14D</b></p>	TB06	All, Similar	CFT

<p>CFT Designing template <b>annex 14D</b> for assessing <b>Granularity level</b> Risks based on parameters identified at TB05. The proposed design template at <b>annex 14D</b> can be part of the Risk Manual/Risk register &amp; must include at least the following (Function wise; Risk process code-wise)</p> <p><b>Header</b></p> <p><b>Row 1.</b> Key <b>Statutory</b> Process code &amp; description</p> <p><b>Row 2.</b> Risk at Macro level -for this Core Process: High or Medium or Low (Annex 14D)</p> <p><b>Row 3.</b> Parameters for determining Impact-Exposure matrix vis a vis activity (w. r. t. each specific <b>Statutory</b> process code) going wrong or being performed incorrectly:</p> <p>i) Severity Parameters-score on 10 Point scale based on aspects listed at activity TB05 above</p> <p>ii) Detectability stage Parameter-score on 10 Point scale based on aspects listed at activity TB05 above</p> <p>iii) Occurrence Parameter-score on 10 Point scale based on aspects listed at activity TB05 above</p> <p><b>Row 4. Developing Impact- Exposure matrix</b> for each specific <b>Statutory</b> process code, based on the score to be determined as per methodology below in separate sheet/s:</p> <p>i) Determining Impact score on a 100 Point scale (based on multiplication of score at 3(i) &amp;3(ii) above</p> <p>ii) Determining Exposure score on a 10 Point scale (based on the score at 3(iii) above</p> <p><b>Footer (as a table) with five columns</b></p> <p><b>Columns</b> -5 numbers with the description as below</p> <p><b>Column 1-</b> Activity description vis a vis <b>Statutory</b> Process -as per annex 21B</p> <p><b>Column 2-</b> Activity Code</p> <p><b>Column 3-</b>Impact score out of 100</p> <p><b>Column 4-</b>Exposure score out of 10</p> <p><b>Column 5-</b>Risk classification level as High or Medium or Low</p> <p><b>Rows</b> -numbers as required as per statutory activities applicable in the process</p> <p>After that, the functional team forwarding the designed template as above to IT/System for software programming of the template with creating, editing, deleting, viewing and approving features. The proposed design template at <b>annex 14D</b> can be part of the Risk Manual/Risk register.</p>			
<p><b>7. Software programming of Risk template at annex 14D for statutory business activity</b></p> <p>IT team, based on inputs at TB06, developing software programme for creating Risk Assessment template for capturing “<b>Granularity level</b> Risks at Business activity level vis a vis each Statutory process.”</p> <p>IT team after that testing Risk Assessment template &amp; forwarding it to each relevant HOD for capturing <b>Granularity level</b> risks.</p>	TB07	All, Similar	IT/ERP

<p><b>8. Populating “Business Activity level risks vis a vis each Statutory Process level” template at annex 14D”</b>  Based on TB07 as also “<b>Statutory</b> Process level risks” identified in annex 14D, each HOD &amp; functional team deliberating and populating columns 1 to 5 as per methodology below based on Development of Impact -Exposure Matrix as per below methodology:  column 1) Capturing <b>Statutory</b> activity description as per annex 21B  column 2) Core activity code  column 3) Determining Impact score on a 100 Point scale (based on multiplication of score at sub-point (i) &amp; (ii) mentioned in activity at TB05 above)  column 4) Determining Exposure score on a 10 Point scale (based on the score at sub-point (iii) mentioned in activity at TB05 above  The basis of assigning scores is as under.  i) Score on severity parameter on a 10 Point scale (1-lowest adverse impact on business; 10 being highest adverse impact on business)  ii) Score on Detectability stage parameter on a 10 Point scale (1-Detectability at 1<sup>st</sup> or initial stage; 10- Detectability at customer/business associate end)  iii) Score on Occurrence parameter on a 10 Point scale (1-very low likely hood: 10-extremely high likelihood)  Column 5) Classifying activity-wise risk as High or Medium or Low at annex 14D vis a vis each function &amp; Risk assessment Process codes as below:  Thus, after classifying risks vis a vis each activity uploading this template (annex 14D) in IT/ERP application software /Production server for go live (Each function-wise)</p> <p><b>Designing of Architecture</b> function-RB177  <b>Interior designing</b> function-RB178  <b>Designing of MEP-RB179</b>  And so on for each function.</p>	TB08	All, Similar	Each HOD
<p><b>9. Incorporating Changes</b>  As &amp; when changes occur vis a vis following for any reason, functional team reviewing and amending populated templates as above  1)changes in Statutory processes  2)changes in Statutory business activities  3)Change in design of Statutory document</p>	TB09	All, Similar	Each HOD

4)Changes in Fields in Statutory documents			
Additional activities proposed <b>per function</b> for meeting future activity requirements of any function for <b>“conducting risk assessment at statutory process &amp; activity level”</b>	TB11, TB12,TB13	@1/ function	

Note: Annex numbers 14C,14D are part of the **handbook in Ethics -Volume 1**. The remaining activity codes are reserved for other functions.