

# Policy Exception

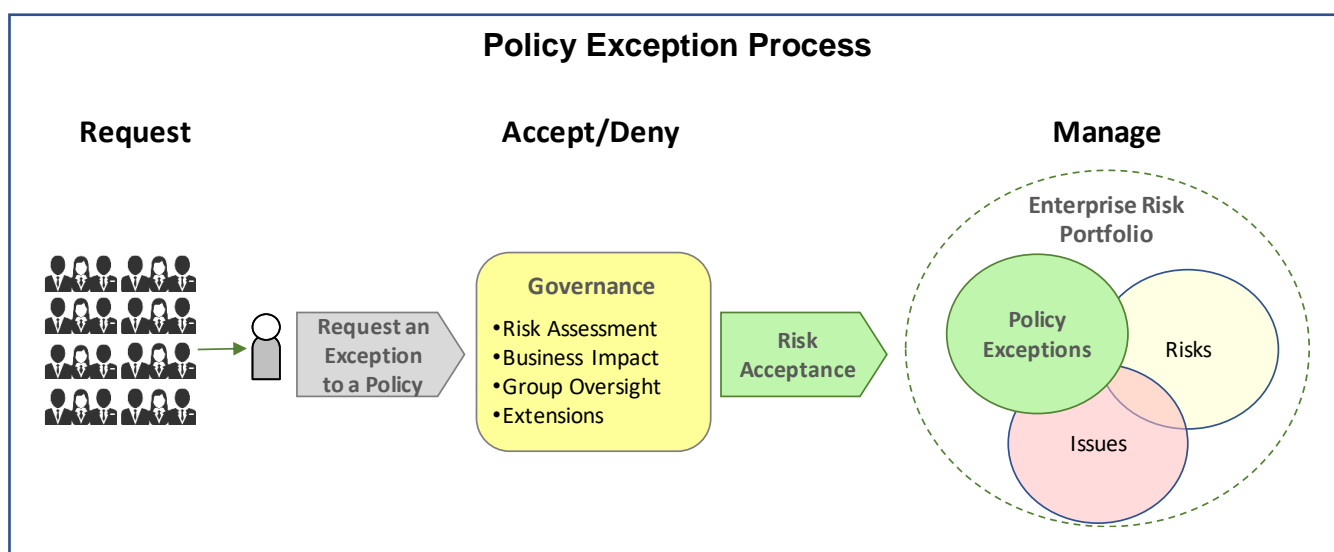
Seek to set the global standard in compliance and operational risk management excellence.

## CASE STUDY

# How do we proactively manage our risk appetite through the implementation of consistent policy exception processing across the enterprise

**Introduction** Our client had a policy exception environment that was siloed and varied across different lines of business. Policy exception processes were therefore inconsistently implemented and generally manual. Without automated controls and checkpoints to ensure that exception circumstances were being mitigated, there was less accountability to adhere to or revise policy. The various implementations were not connected with the enterprise policy library that stores corporate and many divisional policies and were not integrated with the enterprise risk management solution.

**Objective** Implement a comprehensive policy exception management solution that balances alignment with corporate strategy and technology, while supporting diverse exception processes and requirements. The solution provides transparency into the risk exposure created through policy exceptions and enables business accountability and focus on closing gaps within the mandates of corporate policy.



**User Friendly Scalable Solution** Policy exceptions can be requested by anyone in the company, therefore it was critical to implement a solution that was easy to use and didn't require end user training.

- Simple access to the exception process was enabled through a quick link for any employee that has access to the corporate intranet
- Integration with the policy creation environment allowed for seamless access, reviews and reporting
- Notifications follow flexible risk-based communication rules to support an extended group of senior leaders
- Scalability is critical given the potential number of users on this solution
- Integration with issue management solution ensured appropriate escalation and provides a holistic view of the exception landscape

## CASE STUDY

### Accountability

Managing a policy exception involves leveraging milestones, dependencies and a formalized extension process.

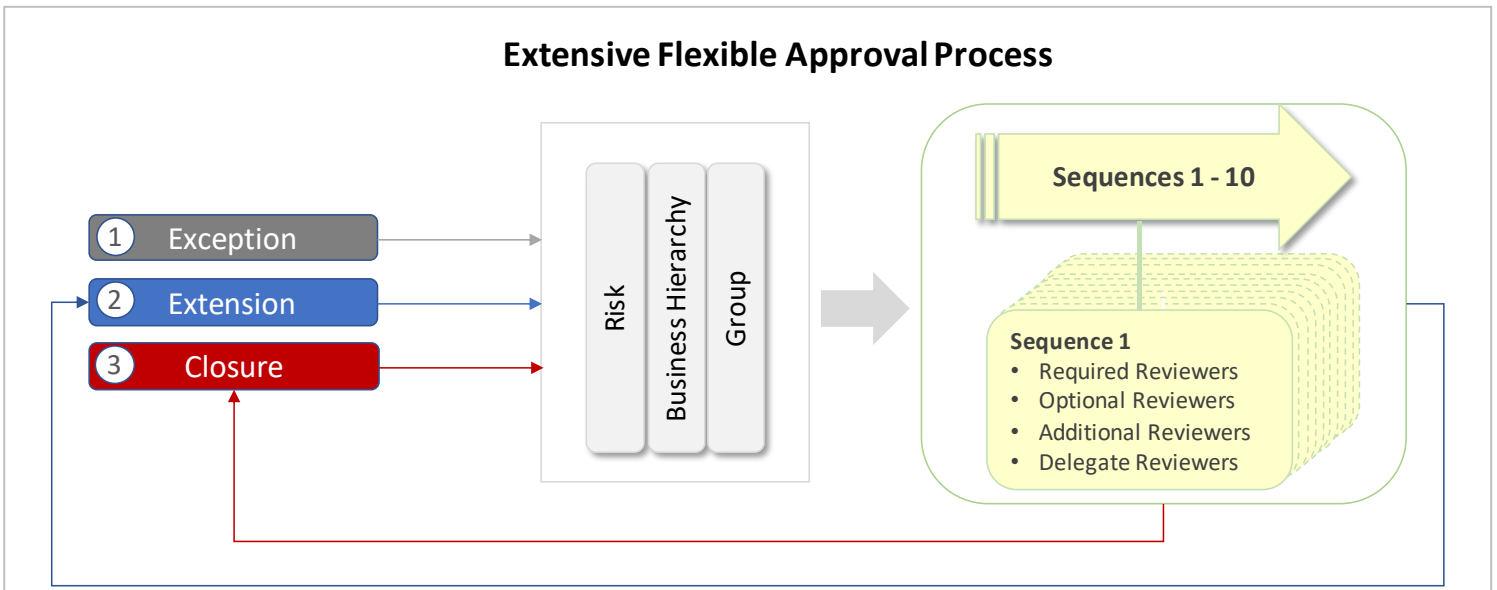
- Ability to document a plan around a specific exception
- Set critical action plans and dependent milestones
- Flexible extensions of exceptions with policy specific thresholds and requirements
- Traceability from inception to closure of the exception

### Robust Approval Workflow

Due to size and complexity of the organization and the varied process needs, a sophisticated workflow and oversight capability was implemented

- Policy specific workflow path that is driven by risk exposure and business structure
- Support for both simultaneous and sequential reviewers through a series of up to ten levels of approvals
- The ability to have collaboration among multiple reviewers, add additional reviewers and support delegation to other reviewers
- Robust review process for extensions and closure of exceptions

### Extensive Flexible Approval Process



### Result

Proactive risk management of the policy exception process

- Ability to identify the risk impact of policy exceptions on individual lines of business, within risk categories and across the enterprise
- Understanding current and historical risk exposure and aggregate that into overall Operation Risk Metrics
- Tools for policy owners to gain visibility into and manage their exceptions, allowing them to evaluate the effectiveness of the policies

### In Closing

Our team created a robust, comprehensive solution that provides deep insight into the risk associated with policy exceptions through consistent exception processing and management, flexible workflow and notifications, and transparency across the enterprise that allows business and risk executives to proactively manage their policies.