



Risk-based monitoring

Monitoring is performed at several different levels. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization, and local and divisional management (see illustration on pages 44–45).

Risk assessments are used as the basis for determining which activities to be carried out in relation to monitoring from an audit perspective. One important recurring component is the analysis of the ERM self-assessment results, which are subject to validation procedures.

The scope of these procedures (meaning the countries and key risks in question) is also determined based on an annual risk assessment. Other important tools include country visits and diagnostics.

> Examples of activities during 2013

Country diagnostics

In 2013, the Group continued to focus on new countries, since these have been assessed as a risk area in terms of integration from a financial reporting and control standpoint. The diagnostic comprises a kit covering IFRS compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year from the acquisition date and a follow-up is performed during the second year, provided that significant areas for improvement have been identified.

Contract management

Another area that was subject to specific diagnostics in 2013 was the contract management key risk area and compliance with Group Policies in this area. These reviews are conducted on a rotational basis for all countries.

Basic controls

In 2013, Securitas also focused specifically on basic controls, listing the most important control objectives and activities and performing a benchmark of its largest countries in relation to these objectives.

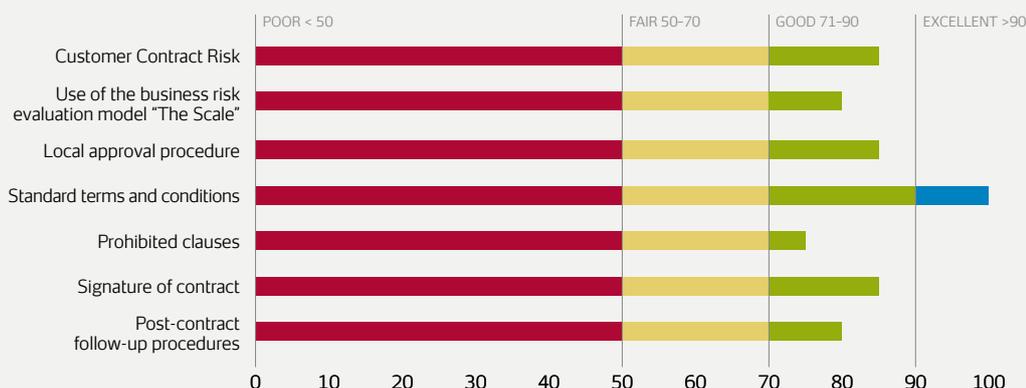
Process heat map: Example Country X

Area	Audit report	
	2013	2012
Revenue and AR	Excellent	Good
HR and payroll	Good	Good
Purchasing and AP	Good	Good
IT security	Good	Fair
Contract management procedures incl. compliance	Excellent	Good
Financial reporting:		
- valuation	Good	Fair
- classification	Good	Good
- closing routines	Fair	Fair
Other	Fair	Poor

■ Poor
■ Fair
■ Good
■ Excellent

ERM Scoring Model: Example Country Y – Contract risk

A scale from poor (red) to excellent (blue) is used to give a quick overview and feedback to the country's president and risk owner(s). Good is the acceptable level* for most of the risks.



* Built in "risk appetite" or tolerance in the model.