THE EUROPEAN LOTTERIES
FOR THE BENEFIT OF SOCIETY

Reference Risk Card: UNOBSERVED/UNCONTROLLED ENVIRONMENT

Element ID	Risk Element	Concern
Unobserved/Uncontrolled environment	Risks from unobserved/uncontrolled environment (blind spots) cannot be taken into account in operational or strategic management decisions. No protection or awareness measures for risk-control or risk-minimization can be initiated.	▪ Full risk-overview is essential for an organization to manage its challenges (and chances) to achieve its objectives, drive improvement, as well as maintain legal and ethical standing in the eyes of shareholders, regulators, wider community and more specifically in public companies and lotteries. ▪ All major, essential risks must be managed.

- All organizations need rules and a defined sense to minimize "blind spots" in their risk-universe.
- Ensure that any risks (or opportunities) associated with the organization's activities are identified and addressed in a way that supports the objectives.
- There are available several standards about governance that help its implementation

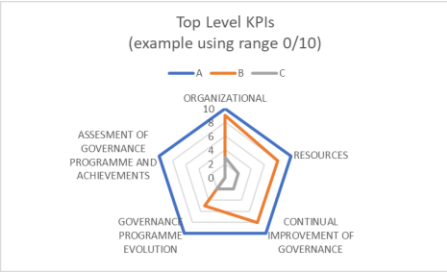
Frameworks/Methodologies/Standards

ISO 31000 (Risk Management)
Auditing with COSO, COBIT and ISO Control frameworks

Key Risk Control (Broad) Actions (KRC-Actions)

Area	Generic		Lottery/Gaming Specific Aspects
	Objective/action	Outcomes	
Organizational	▪ Establish systematical risk analysis ▪ Usually risk analysis is done by individuals – establish assessment circles using "swarm knowledge" from time to time for a broader scan of the environment.	▪ Risk management system defined (strategy/approach and operational)	Critical Policy to consider: ▪ Risk management ▪ Security ▪ CSR ▪ Responsible gambling ▪ Quality ▪ Communication

			▪ Politics (concession, monopoly…)
Resources	▪ Management ▪ Sparring partner for risk assessing Management (to use swarm intelligence and to detect "blind spots") ▪ Internal Audit Department (for independent research and assessment) ▪ Sensibilize for existence of blind spots	▪ Special work teams identified ▪ Leaders designated ▪ People designated for the process	Critical aspects to consider ▪ People tend to confirm existing risk analysis (quick & dirty assessments) ▪ Involve sparring partners for independend advise/reflection of existing risk analysis, screening the risk universe and search for "blind spots"
Continual improvement of risk management	▪ Improve risk-detection approach within the risk management process	▪ Update the risk universe ▪ Update the risk assessment	Review process of: ▪ performing risk assessments

Key Performance Indicators (KPI) (Radar Diagram)	**Means of Assessments of Controls and Management Effectiveness**
	Self-assessment Peer assessment Second party assessment Accredited third party assessment EL Certification (eventually)

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