



50 Ways to enhance the ERM process **2 days** **On-line**

Course Overview

In the ever-changing business environment, encountering risk is inevitable. The ability to manage these increasingly significant risks now represents the difference between a thriving organisation and one that is struggling to deal with the challenges facing it.

The organisations that have dealt with the challenges most effectively have realised that this requires extensive knowledge of risk management tools and techniques. This is exactly what you will find in this course.

A well organised and embedded risk process and a strong control environment will enable your business to maintain and strengthen your business

Risk management has been catapulted from being a useful tool to becoming the very pulse of the organisation and the yardstick by which its management is judged.

The key is to recognise that risk is not something that should be avoided – a risk can also be an opportunity in disguise.

Who should attend?

- Risk managers
- Managers and Directors responsible for the risk management function or process
- Senior Internal Auditors and audit managers
- Other assurance professionals such as those in Compliance and QA functions who are being asked to review the risk process
- Finance managers and other professionals who need knowledge of the wider approach to risk management

Course Level

- This is an intermediary level course and delegates should have 12 months experience in a supervisory, management or assurance role

- Delegates should have a good educational standard and/or a professional qualification or be in the process of studying for such a qualification
- No advance preparation is required
- Delivery method – On-line-live (with exercises and case studies to provide practical application of the tools and techniques)

After completing this course you will be able to

- **GENERATE** measurable value by aligning the ERM framework with corporate performance expectations
- **ENGAGE** the Board in the analysis of enterprise risk scenarios
- **FOSTER** a culture that reinforces appropriate risk-taking to balance value creation and value protection
- **CLARIFY** ERM accountabilities from executives to the front line
- Implement key risk indicators (KRI's) for each line of business
- **DEFINE** risk appetite for each key business activity and apply risk tolerance techniques
- **DEVELOP** key risk indicators (KRI's) for each line of business
- **PREPARE** risk appetite statements and apply risk tolerance techniques

CPE credits

- Participants will earn 10 CPE credits (in the Management Advisory Services field of study)

Course Outline

Day 1: Taking Enterprise Risk Management to the next level

Characteristics of a strategic ERM process

- Board-level commitment to ERM as a critical decision framework
- An ERM culture that encourages full engagement and accountability at all levels of the organization
- Engagement of stakeholders in risk management strategy development and policy setting
- Transparency of risk communication
- Integration of financial and operational risk information into decision making
- Identification of new and emerging risks using internal data as well as information from external providers
- A move from focusing on risk avoidance and mitigation to leveraging risk and risk management options that extract value

- New paper on ERM and the role of Executive management will be shared

Exercise 1 – The challenges involved

Risk Attitude

- Ensure that your staff know that risk management is not a fad or the latest initiative – it is a key business process
- Ensure you define risk as the need to get things right – not what can go wrong
- ‘Ring fencing’ risk exposure - never allow one part of the business to impact the whole organisation
- Not waiting until you are required to provide evidence of effective risk management by regulators or legislation – this will usually be too late
- Market the benefits of ERM internally and to stakeholders
- Recognise that your employees will only be interested in managing risks if there is a benefit for them in doing so
- Realise that if managers want to get a proposal through, they will tend to understate the risk (if you let them)
- Promote risk as the pulse of the organization and make sure that you have personnel to regularly take this pulse

Exercise 2 – Enforcing a effective risk attitude

The need to fully engage stakeholder in the ERM process

- Are stakeholders’ expectations known?
- Arranging meetings with all stakeholders
- Workshops with key stakeholders
- Are the expectations clear?
- How can you meet the widely differing expectations?
- Are there any areas where expectations could be exceeded?
- Are there any quick wins?
- What reports should be provided to stakeholders?
- A new paper on working with stakeholders will be shared
- What every Director should know about risk – new guidance

Exercise 3 - Meeting the ever expanding requirements of stakeholders

Embedding the ERM process

- Risk management framework guide
- Surprises and risk
- The widening of the risk portfolio
- Risk cultures
- IRM paper on risk culture assessment

- The challenges
- New and emerging risks- reputation, social, environmental
- Updating the risk strategy for your organisation
- Selling the benefits to management
- The need for risk champions
- Risk and competitive advantage

Exercise 4 – Risk Taking In Action – The Mystery

Reassessing the risk measurement process

- The need to measure risk effectively
- How to quantify and measure risk – and why the approach followed by many businesses may be misleading
- Determining the multiple categories of impact and likelihood
- Ensuring the risk matrix is at corporate level
- The need to determine the Inherent, residual and target risks
- Risk scoring methods
- **Why impact and likelihood scores should not be multiplied together**

Exercise 5 – Is the ERM matrix effective?

Day Two: Improving the ERM process

Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- Risk workshops – the do's & don'ts
- How to identify, sift and group the risks
- Measuring the consequences and the likelihood of occurrence of each risk
- The use of risk matrices to prioritise the risks.
- The need for effective facilitation
- The use of diagnostic questions and thought-provokers prior to a workshop
- Other methods of risk identification
 - Monte Carlo Simulations
 - Bayesian networks
 - Scenario planning
 - Failure Mode analysis
 - Delphi Analysis
 - Root cause analysis
 - HAZOP

Exercise 6 Risk management evaluation techniques

Assessment of Risk Mitigation

- Controls or mitigation
- Ensuring risks are managed effectively
- How to assess risk mitigation
- The need for diligence and challenge
- Identification of risk exposures
- Dealing with the exposures (the 4 T's - terminate, tolerate, treat or transfer)
- The need to keep the process as simple as possible
- Establishment of action plans
- Allocation of risk owners

Exercise 7 Improving the ERM controls

Ensuring the Risk register is a strategic decision tool

- Why the ERM process often fails to engage management
 - Risks recorded are much too general
 - Causes and effects are confused with risks
 - Only residual risk is concentrated on
 - Various different methods are used for scoring risks
 - Benefits are difficult to determine
 - The process is far too complex
- The Risk register solution
 - Start with the business objectives
 - Record the risk events
 - Assess the inherent risk
 - Identify the cause or causes for each risk
 - Determine a comprehensive process to mitigate each cause
 - Assess the residual risk
 - Determine any areas of risk exposure (or opportunity)
 - Develop an action plan to deal with each exposure
 - Determine a target for each risk

Exercise 8 –The ERM risk register

Risk appetite

- What is risk appetite
- The difference between risk appetite and risk tolerance
- Defining risk limits
- Risk profiling
- Developing risk appetite levels for each activity
- Examples of risk appetite statements

Exercise 9 – Defining risk appetite for each process

Key risk indicators (KRI's)

- The banana skins
- Identifying these in advance
- Examples of KRI's
- New KRI guidance
- How to develop effective KRI's
- Determining KRI's for each risk
- The need for Strategic and operational KRI's

Exercise 10 - KRI's

Cascading the Process

- Stakeholders interest in risk
- Workshops for other management levels
- How to measure the benefits
- Risk awareness for staff
- Sharing output with partners
- Evaluating risks within these relationships
- Feeding key risks up the organisation
- Coordinating the whole process
- Useful web sites and reference books
- Managing stakeholder expectations
- How to use the programme to change the culture

Exercise 11 – Measuring the Benefits