



## **Enterprise Risk Management 4 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

- APPLY the concepts of enterprise risk management
- DELIVER the benefits of an enterprise –wide approach to risk
- EMBED an ERM approach
- LEARN the different techniques for identifying risks
- IMPLEMENT effective risk mitigation
- LINK risk management into the business planning process
- GENERATE measurable value by aligning the ERM framework with corporate performance expectations
- 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 20 CPE credits ( in the Management Advisory Services field of study)

## Course Outline

### Day One: Understanding Enterprise Risk Management (ERM)

#### What is ERM?

- Explanation of ERM and why it is not fully understood
- The current economic crisis and how ERM can provide a lifeline
- The role and responsibilities of directors and senior management with respect to ERM
- ERM roles and responsibilities
- Strategic, financial and operational risk.
- The key link between corporate governance and risk
- Selling the benefits to top management
- ERM FAQ's

#### Exercise 1 – 20 questions about risk management

## **Risk Measurement**

- The need to measure risk effectively
- How to quantify and measure risk – and why the approach followed by many businesses may be misleading
- Assessing risks
- The need to determine the Inherent, residual and target risks
- Risk scoring

### **Exercise 2 – Measuring the risks**

## **Risk standards**

- Risk standards – choosing the right one
- Explanation of the new ISO 31000 international risk standard
- ISO 31000 and ERM paper will be shared
- AUS/NZ 4360 standard
- COSO standards
- COSO ERM paper will be shared
- IRM standards
- The regulatory regime and impact on ERM

## **The link between ERM and strategic objectives**

- The need to understand the organisation's strategic objectives
- Developing a programme to reflect these objectives
- Risk appetite – the least understood aspect of risk?
- External risk statements – principal risk factors
- Examples of risk appetite statements will be provided
- Categories of risk
- Establishing a risk management framework
- The results of a Global RM study will be shared

### **Breakout Session 1 – Analysing a Disaster**

## **Establishing an Embedded Risk Management Process**

- Risk management framework guide
- Surprises and risk
- Why financial risks are only the tip of the iceberg
- 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

- Establishing the business case
- Selling the benefits to management
- The need for risk champions
- Risk and competitive advantage

## Breakout Session 2 – Risk Taking In Action – The Mystery

### Day Two: Practical Identification and Evaluation

#### 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
- Facilitation skills

#### Exercise 3 Risk Workshop challenges

- Risk as an opportunity
- The use of diagnostic questions and thought-provokers prior to a workshop
- The pros and cons of using data capture technology
- Other methods of risk identification
  - Monte Carlo Simulations
  - Bayesian networks
  - Scenario planning
  - Failure Mode analysis
  - Delphi Analysis
  - Root cause analysis
  - HAZOP

#### Exercise 4 - Determining the risk evaluation approach

#### 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 Ts - terminate, tolerate, treat or transfer)

- Recording the risks – risk registers or risk maps
- Risk registers – do's and don'ts
- The need to keep the process as simple as possible
- Establishment of action plans
- Allocation of risk owners

### **Breakout Session 3 -The ERM risk register**

#### **Linking the output from Risk Workshops into the Business Planning Process**

- Linking corporate risks with the strategic planning process
- Linking operational risks into service planning
- Risk owners – how to determine such personnel and enforce ownership
- Annual statements by risk owners
- Developing risk tracking
- Using the risk register as a decision skeleton
- Quarterly board reporting to review progress in addressing the exposures
- Risk management committee reporting
- Half yearly evaluation of key risks to ensure new risks identified and included

### **Breakout Session 4 –The emerging risks**

#### **Day Three: Dealing with the risks**

##### **Risk appetite**

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

#### **Exercise 5– Defining risk appetite for all business activities**

##### **Extreme risk events**

- Why crises such as extreme pollution, tsunamis, loss of significant critical information and the Covid 19 virus have shocked the world
- Triggers for extreme events
- Awareness of external trends – key risk indicators
- Determining a practical plan- it is not possible to plan for everything
- Identifying principal risk factors (Vodafone case study)

- Understanding of third party risks
- The domino effects – mapping the impacts
- Crisis response capability
- Allocating clear roles and responsibilities
- Post crisis review - collection and analysis of data and actions taken
- External reporting
- Learning from others – keeping up to date
- Risk register for extreme events

## **Breakout Session 5 – Extreme risk management**

### **Corporate Social Responsibility and Ethics**

- Corporate Social Responsibility (CSR)
- Codes of conduct
- Business ethics training
- Inclusion of ethics criteria in review of performance
- The dangers of abusing leadership
- Social responsibility as an agent for positive change and better performance – the halo effect

### **Exercise 6 – CSR risks**

### **The Converging Roles of the Assurance Providers under the Risk Umbrella**

- Why management must take full responsibility for ERM
- How should the various assurance providers rise to the ERM challenge?
- The need to coordinate quality assurance, security, internal audit insurance and the health and safety functions in relation to risk management
- New guidance on coordinating RM & assurance
- The need to avoid duplication of effort
- How to spot the gaps
- Linking external auditors into the process
- The need to coordinate risk reporting

## **Breakout Session 6 – Assurance mapping**

# **Day Four: Reporting and Cascading the ERM process**

### **Recording the Risk Environment**

- The need to coordinate and link the output
- Flagging interdependencies – if one risk treatment is changed the other party or parties impacted need to be notified

- Risk treatment analysis – how to determine the cost/benefits of dealing with exposures / exploiting opportunities
- Risk management as a route to reducing bureaucracy
- How to use the risk process to break down the barriers
- Reports for senior management

## **Exercise 7 –Risk management reports**

### **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

## **Breakout Session 7 - KRI's**

### **Reputation risk**

- Definitions
- The rise of reputation as a key risk
- Reputation – the value measure of the 21<sup>st</sup> century
- Creating value from intangible assets
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- Damage by association – partnering and alliances
- Identifying reputational risks
- A checklist for reviewing reputational risk will be provided

## **Breakout Session 8 - Reputation risk**

### **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
- Risk indicators (KRI's)
- New guidance KRI – the power
- New paper on KRI's will be provided
- Auditing the risk management programme
- The Internal Audit role in the risk management process – guidance and advice
- 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 9 – Measuring the Benefits**

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