BUSINESS RISK MANAGEMENT LTD

Governance, Risk and Compliance (GRC)
5 days

After completing this course you will be able to

- Understand the requirements and benefits of GRC
- Develop and review the Corporate Governance process
- Manage risk at an enterprise level
- Implement effective techniques for the Identification, measurement assessment and management of risks
- Analyse and assess the effectiveness of controls in the business environment and ensure effective compliance
- Build an environment that supports business controls
- Develop an effective fraud risk assessment approach
- Use the COSO framework to assess the adequacy of internal controls

Course Level

- This is an intermediate/senior level course and delegates should have a broad business knowledge
- There are no minimum educational requirements
- No advance preparation is required
- Delivery method – Group-live (with exercises and role-plays to simulate scenarios and situations that business managers, risk professionals and others will encounter)

CPE credits

- Participants can earn up to 25 CPE credits (in the Management Advisory Services field of study)

Our partner Business Risk Management Ltd is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

Course format

The course is arranged into 3 Modules which can be attended separately if required.

Module 1 - The principles of Governance - which is covered in Day 1
Module 2 – Enterprise risk management - which is covered in Days 2 and 3
Module 1 – Compliance - which is covered in Days 4 and 5

Course Outline

Module 1

> **Day 1 - The Principles of Governance**

Corporate Governance

- The increasing importance of Corporate Governance
- Corporate Governance explanation
- 6 core principles of governance
- 7 governance warning signs
- New corporate governance insights paper will be shared
- Meeting Stakeholder requirements
- Record of accountability
- Protecting the financial position
- Alliances, partnerships and contracts
- Fulfillment of promises
- Top down management of reputation
- Media management
- Business continuity
- Community and other stakeholder requirements
- Environmentally responsible sources / treatments
- Communication – internally and externally

> **Exercise 1 Corporate Governance evaluation**

The role of Senior Management in relation to Governance

- Senior Management's role is to oversee the management and governance of the business
- Review and approve significant corporate actions
- Review and monitor implementation of management's strategic plans
- Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals
- Review and approve the Company's annual operating plans and budgets
- Review the financial controls and reporting systems
- Oversee the management of enterprise risk
- Review the ethical standards and legal compliance process
- Monitor relations with shareholders, employees, and the communities in which the business operates.
- A guidance paper on Board assessment of organizational governance will be provided

> **Exercise 2 - The challenges of Corporate Governance for senior management**

Meeting Stakeholder expectations

- Who are the stakeholders?
- Are stakeholders' expectations known?
- 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– new guidance

Exercise 3 Meeting the ever expanding needs of stakeholders

Reputation management

- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- Global brands
- How to judge reputation
- The explosion of regulation and external assurance
- Identifying reputational risks
- Identifying Reputational Risks
- A checklist for reviewing reputational risk will be provided

Exercise 4 Assessing reputational management

The Audit Committee and Governance

- The Audit Committee role
- The governance custodians
- Structure and independence
- Considering the reports of external audit and other external agencies?
- Reviewing the effectiveness of relationships between IA and EA and other bodies reviewed
- Assessing the effectiveness of the risk management environment and anti-fraud arrangements
- The Audit Committee / Internal Audit relationship
- Reviewing Governance statements and the annual statement of accounts to ensure both properly reflect the risk
- An Audit Committee checklist will be shared

Exercise 5 The Audit Committee challenges

Module 2

Day 2   Enterprise risk management (ERM)

The key aspects of ERM

- Explanation of ERM and why it is not fully understood
- The role and responsibilities of directors and senior management with respect to ERM
- ERM roles
- ERM value statements
- Strategic, financial and operational risk.
- The key link between corporate governance and risk
- Selling the benefits to top management

Exercise 6 - 20 ERM questions

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

Exercise 7 - Analysing a disaster

Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- The need for quantative risk analysis
- 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
- Risk as an opportunity
- A paper on the recording and evaluation of opportunity and linkage to performance management will be provided

Exercise 8 – The challenges of risk workshops

Risk Assessment methods

- Root cause analysis

- **Ishikawa diagrams (fishbone analysis)**
- **Scenario planning**
- **Monte Carlo analysis**
- **Bayesian networks**
- **The pros and cons of the various methods**

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**

> **Exercise 9 – Risk Taking In Action – The Mystery**

Day 3   Managing the Risks

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**

> **Exercise 10 - Dealing with the risks**

Linking the output 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
- Emerging risks

Exercise 11 –The emerging risks

Risk appetite and risk tolerance

- 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 12– Evaluating risk appetite

Reviewing the wider risk process

- A risk based programme example will be walked through
- Reviewing the business objectives
    - Are the objectives comprehensive and SMART?
- Do the risks in the register relate properly to the objectives?
    - Are they specifically linked to the objectives and recorded?
- Are the inherent risks correctly evaluated?
- Are any key risks missing?
- Are the causes of the event identified?
- Have mitigating actions been recorded for each risk?
    - Is such mitigating detailed enough?
- Are there any actions in progress to deal with risk?
    - Are there any management decisions pending?
    - Has a target risk been established?
    - Assess confidence level in the potential for such actions to reduce the risk required
    - Is the target risk realistic?

Exercise 13   The risk register

Module 3 Compliance

Day 4   Compliance and controls

Analysing and assessing the effectiveness of business controls

- **Business process analysis techniques**
- **Process objectives and risk**
- **The need to understand the business objectives**
- **Developing a programme to reflect these objectives**
- **Defining and measuring strategic objectives**
- **Determining process components**
- **The link between objectives and risk**
- **The link between risks and controls**
- **Process and business system controls**
- **The link between inputs and outputs**
- **Trigger events**

> ### Exercise 14 – Business controls

The Business environment

- **The standards, processes, and structures**
- **The tone at the top regarding the importance of internal control**
- **Expected standards of conduct.**
- **Management reinforcement of expectations across the organization.**
- **The integrity and ethical values of the organization**
- **The governance oversight responsibilities**
- **The assignment of authority and responsibility**
- **The process for attracting, developing, and retaining competent staff**
- **Establishment of performance measures, incentives, and rewards**

> ### Exercise 15 – Evaluating the business environment

The COSO internal Control integrated framework

- **The need for an effective system of internal control**
- **The changing business environment**
- **Impact of and increased reliance on technology**
- **Increasing regulatory requirements and scrutiny**
- **Globalisation challenges**
- **The need for systems of internal control to be flexible**
- **The principles based approach**

The need to understanding controls

- **Types of control**
- **Preventative, corrective and detective controls**
- **Getting to the causes of control failure**
- **Questions to ask**

- How to gather and evaluate information
- Documenting controls

> ### Exercise 16 – Moonshot – the control pressures

How to get senior management to take compliance seriously

- Promoting the benefits of effective internal control
- The directions of the board and senior management are implemented as intended;
- Operations and activities are carried out efficiently and meet their objectives
- The assets used in an organization are not only properly
- accounted for, but also that they are used effectively and efficiently
- Good internal control will also protect an organization and its staff against the temptations of dishonesty, fraud, and theft.
- The opportunity cost of poor internal control

> ### Exercise 17 – Convincing management

General controls over technology

- Risk and Control Matrices to Document Technology Dependencies
- Evaluating End-User Computing
- Implementing or Monitoring Control Activities when Outsourcing IT Functions
- Configuring the IT Infrastructure to Support Restricted Access and Segregation of Duties
- Configuring IT to Support the Complete and Accurate Processing of Transactions and Data
- Administering Security and Access
- Applying a System Development Life Cycle over Packaged Software

> ### Exercise 18 – Assessing technology controls

Day 5   Regulatory and organisational compliance

Compliance with policies and procedures

- Developing and Documenting Policies and Procedures
- Requiring policies and procedures to be regularly updated

- Deploying Control Activities through Business Unit or Functional Leaders
- Conducting regular and Ad Hoc Assessments of Control Activities

Information security

- Inventory of Information Requirements
- Validating Information from External Sources
- Information from Non-Finance Management
- Creating and Maintaining Information Repositories
- Enhancing Information Quality Though a Data Governance Program
- Identifying, Protecting, and Retaining Financial Data and Information
- Adopts ISO 27000

Exercise 19 – Assessing information management

Communication internally and externally

- External Financial Reporting disciplines
- Responsibilities and Guidelines for Communication to the Board of Directors
- Communicating a Whistle-Blower Program to Company Personnel
- Communicating through Alternative Reporting Channels
- Establishing Cross-Functional and Multidirectional Internal Control Communication
- Surveys for external parties

Exercise 20 – Assessing communication effectiveness

The organisation demonstrates commitment to integrity and ethical values

- Establishing Standards of Conduct
- Leading by Example on Matters of Integrity and Ethics
- Evaluating outsourced Service Providers, and Business Partners for Adherence to Standards of Conduct
- Reporting and Taking Prompt Action on Deviations from Standards of Conduct
- An audit framework
- How to review ethics – key steps

Exercise 21 –CSR and Ethics

Ongoing evaluations to ascertain whether the components of internal control are present and functioning

- Develop a baseline for effective internal control processes
- Case study will be provided
- Have a mix of evaluations from different sources
- Use the most knowledgeable personnel

- Adjust scope and frequency
- Change the monitoring processes as the business activities and risk profile changes
- Develop metrics
- Consider a continuous monitoring/ audit approach

Evaluate and communicate internal control deficiencies in a timely manner

- The psychological problem with highlighting deficiencies
- The need to focus on benefits rather than problems
- Marketing the audit reporting process
- The need to meet and hopefully exceed management expectations
- Expressing yourself effectively
- The need to drive action
- Creating rapport with your customers – tips and techniques
- The need to understand the people receiving the information

Exercise 22: Dealing with the monitoring feedback