



## Enterprise Risk Management

### 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 Insurance 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 (Bachelors degree or above) and/or a professional qualification or be in the process of studying for such a qualification
- No advance preparation is required
- Delivery method – Group-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
- Explain to management the benefits of an enterprise –wide approach to risk
- Embed an ERM approach
- Apply the different techniques for identifying risks
- Implement effective risk mitigation
- Link risk management into the business planning process
- Deliver practical techniques for the assessment of people, process and reputation risks
- Record the risk process effectively

## **CPE credits**

- **Participants can earn 30 CPE credits ( in the Management Advisory Services field of study)**

**Business Risk Management Ltd is in 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.**

## **Why you should attend**

**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.**

**Many businesses in the region have realised that misunderstanding risk can lead to disaster. The organisations that have dealt with the recession 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.**

**As the current worldwide situation demonstrates, poorly informed or improperly executed risk management can mean disaster .Conversely, a well organised and focused risk process and strong risk management team will enable your company to maintain and strengthen your edge over your competitors.**

**Moreover, studies have shown that financial risk is only the ‘tip of the iceberg’, as nearly 80% of key risks are not insurable. This critical 80% of risks must be ‘insured’ internally with a capable risk management team.**

**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 is often an opportunity in disguise.**

## **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
- ERM tips video
- ERM value statements
- Strategic, financial and operational risk.
- The key link between corporate governance and risk
- Selling the benefits to top management

### **Exercise 1 – 30 questions about risk management**

#### **Risk Measurement**

- How to quantify and measure risk – and why the approach followed by most organizations, may be misleading
- Establishing a business risk programme - the steps to success
- High profile corporate failures and the lessons to learn
- 10 easy steps to implement ERM

### **Exercise 2 – Challenges of implementing ERM**

#### **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

## Exercise 3 – Analysing a Disaster

### Day Two: Practical Identification and Evaluation

#### 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 4 – Risk Taking In Action

#### 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 5 Interactive Risk Workshop - Part 1

- Risk as an opportunity
- 3 papers on the recording and evaluation of opportunity and linkage to performance management will be provided
- The use of diagnostic questions and thought-provokers
- The pros and cons of using data capture technology
- Other methods of risk identification
  - Monte Carlo Simulations
  - Bayesian networks
  - Scenario planning
  - Failure Mode analysis
  - Root cause analysis
  - HAZOP analysis

## **Exercise 6 – Risk Identification**

### **Day Three: Dealing with 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 7 Interactive Risk Workshop - Part 2**

#### **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**

#### **Exercise 8 – Team Exercise to enable you to appreciate the emerging 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

## **Exercise 9 – How to Coordinate ERM across your Organisation**

### **People and Process Risks**

- Key risk themes and how to deal with them
  - Failure to manage projects effectively
  - Loss of IT systems
  - Failure of partners or inability to establish effective partnering
  - Loss of key personnel
  - Hacking/breach of system security
  - Failure to innovate
  - Poor prioritisation of systems development
  - Loss of morale / stress
  - Too much data – insufficient information
  - E-Commerce – the key risks and steps to take to mitigate them
  - IT security – how to evaluate effectiveness and influence change

## **Exercise 10 – People and System risks – the observation exercise**

<b>Day Four: Managing complex risks</b>
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### **Reputation risk**

- Definitions
- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired
- 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
- The explosion of regulation and external assurance

## **Exercise 11 - How to Judge Reputation**

- The relationship between vision, values, behaviour and reputation
- The link between organisational personality, identity and image
- Moving reputation out of the PR arena and into the boardroom
- Damage by association – partnering and alliances
- Identifying reputational risks
- Discussion of Delegates experiences
- A checklist for reviewing reputational risk will be provided
- The checklist incorporates sections on:
  - Financial performance
  - The senior management role
  - Quality of service provision
  - Treatment of staff
  - Social responsibility
  - Customer service

## **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 12 – CSR risks**

## **Corporate Governance risk**

- The increasing importance of Corporate Governance
- Record of accountability
- Protecting the financial position
- Alliances, partnerships and contracts
- Fulfillment of promises
- Top down management of reputation
- Media management
- Business continuity
- Vulnerability management
- Carrying out a vulnerability audit
- Crisis management strategy
- Outsourced services risk
- Community and other stakeholder requirements
- Environmentally responsible sources / treatments
- Customer service
- Management of complaints
- Communication – internally and externally

### **Exercise 13 Risk and Corporate Governance**

## Day Five: Reporting and Cascading risks

### 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 14 –Risk management reports

- Making risk management second nature
- Keeping up the momentum
- Risk financing and how to introduce the disciplines
- Integrating incident management
- Business continuity planning
- Integrating health and safety, insurance and claims etc
- Measuring the benefits

#### Exercise 15 -Measuring the Benefits

### 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 16 – Establishing a Risk training programme