



## Enterprise Risk Management

- **As the current worldwide situation demonstrates, poorly informed or improperly executed risk management can mean disaster. The ability to manage these risks now represents the difference between a successful organisation and one that is struggling to deal with the challenges it faces.**
- **Any organisation that has encountered unwelcome surprises or unexpected events should realise that most were preventable. Such events will almost certainly have been caused by risks that were not fully understood or the processes to deal with those events being inadequate.**
- **The result is that risk management has been catapulted from being a useful tool to become 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.**
- **The workshop has been specially designed to provide you with all the skills and tools you need to successfully embed Enterprise Risk Management (ERM) in your organisation.**

## Course Outline

### Day 1 - Identification and evaluation of Risks

#### What is Enterprise Risk Management (ERM)

- **Explanation of ERM and why it may not be 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**

- The difference between strategic, financial and operational risk.
- The key link between corporate governance and risk
- Selling the benefits to top management
- How to quantify and measure risk – and why the approach followed by most organisations may be flawed
- Establishing a business risk programme - the steps to success

## The ERM approach

- Why ERM is receiving such publicity
- High profile corporate failures and the lessons to learn

### *Exercise 1 – The Major Risks in Your Organization*

- Explanation and practical application of the new ISO 31000 international risk standard
  - Principles
  - Framework
    - Mandate and Commitment
    - Design of the framework
    - Implementing risk management
    - Monitoring and review
    - Continual improvement
  - Process
    - Establishing the context
    - Risk identification
    - Risk analysis
    - Risk evaluation
    - Risk treatment
    - Communication and consultation
- AUS/NZ 4360 standard
- COSO
- 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?
- Categories of risk
- Establishing a risk management framework

### *Exercise 2 – Analysing a Disaster (examining the wide variety of risks and the large number of stakeholders impacted)*

## Establishing an Embedded Risk Management Process

- Surprises and risk
- Why financial risks are only the tip of the iceberg

- The widening of the risk portfolio
- The challenges- economic, political regulatory compliance etc
- New and emerging risks- reputation, social, etc
- Getting your chief executives support
- Developing or reassessing the risk strategy
- Selling the benefits to management
- The need for risk champions
- Risk and competitive advantage
- Risk workshops – the do's & don'ts

### ***Exercise 3 – Risk Taking In Action***

#### **Risk Identification and Evaluation**

- Approaches and techniques
- How to establish a risk workshop process
- The need for effective facilitation and
- Facilitation skills
- Establishing workshops
- 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
  - Risk projects
- 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.
- Meeting regulatory reporting requirements

### ***Exercise 4 Interactive Risk Workshop***

## **Day 2 – 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

## Dealing with the risks

- 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 5 – How to Coordinate ERM Across Your Organisation*

## 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
- 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 6 - How to Judge Reputation*

## Reporting and measuring risks

- 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 cultural barriers
- Reports for management
- 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 7 -Measuring the Benefits***

#### **Cascading the Process**

- Stakeholders interest in risk
- Workshops for other management levels
- How to measure the benefits
- Risk awareness for staff

### ***Exercise 8 – Establishing a Risk Awareness Training programme***

- Sharing output with partners
- Evaluating risks within these relationships
- Risk indicators (KRI's)
- Auditing the risk management programme
- The Internal Audit role in the risk management process – guidance and advice
- How to identify and reduce excessive controls
- 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 in a positive way