

# Certificate in Enterprise Risk Management 2012

## Substantially updated for 2012

### 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

## New for 2012

- Results of Global ERM survey
- New guidance – ERM challenges
- Risk and opportunity management
- New risk and opportunity matrix
- Examples of risk appetite statements
- Risk champions role
- CRSA effectiveness
- ERM and ISO 31000 –new paper
- ERM and the role of executive management

### What you will learn

- The concepts and practical application of risk management
- The benefits of an enterprise –wide approach to risk
- How to embed an ERM approach
- The different techniques for identifying risks
- How to implement effective risk mitigation
- How to link risk management into the business planning process
- Techniques for the assessment of people, process and reputation risks
- How to record the risk process effectively

### Why you should attend

In the ever-changing Middle East 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.

## 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
- 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 is incorrect
- Establishing a business risk programme - the steps to success
- **New paper on ERM and the role of Executive management will be shared**

### 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 of the new ISO 31000 international risk standard
- **New ISO 31000 and ERM paper will be shared**
- 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?
- **Examples of risk appetite statements will be provided**
- Categories of risk
- Establishing a risk management framework
- **The results of a new Global RM study will be shared**

### Exercise 2 – Analysing a Disaster

### 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- Credit crunch, regulatory compliance etc
- New and emerging risks- reputation, social, environmental
- Getting your chief executives support
- Developing a risk strategy for your organisation
- Establishing the business case
- Selling the benefits to management
- The need for risk champions
- **New guidance paper on the role of risk champions will be provided**
- Risk and competitive advantage
- Risk workshops – the do's & don'ts

### Exercise 3 – Risk Taking In Action

## Day Two: Practical Identification and Evaluation

### Risk Identification and Evaluation

- Approaches and techniques
- How to establish a risk workshop process
- The need for effective facilitation and

- Facilitation skills
- Establishing workshops
- Risk as an opportunity rather than a threat
- **3 New 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
  - Risk projects
- **A paper on the uses of Bayesian networks will be provided**
- 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 - An Actual Risk Workshop – with your own risks enabling you to appreciate all elements covered in a live situation**

#### **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 5 - Risk Mitigation and Dealing with the Exposures in Practice**

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

#### **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 6 – 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
- 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 7 – 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 8 – People and System risks**

## 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 9 - How to Judge Reputation

- **The court of public opinion**
- **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**

### Exercise 10 Reputation Workshop

- **Discussion of Delegates experiences**
- **A checklist for reviewing reputational risk will be provided to all delegates.**  
The checklist incorporates sections on:
  - **Financial performance**
  - **The senior management role**
  - **Quality of service provision**
  - **Treatment of staff**
  - **Social responsibility**
  - **Customer service**
  - **Information and communication**

### Exercise11 Risk and Corporate Governance

## Day Four: The wider aspects of risk

### 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**

### **Corporate Governance**

- **The increasing importance of Corporate Governance**
- **Hawkamah research results**
- **Record of accountability**
- **Protecting the financial position**
- **Alliances, partnerships and contracts**
- **Fulfillment of promises**
- **Media management**
- **Business continuity**
- **Crisis management strategy**
- **Environmentally responsible sources / treatments**
- **Customer service**
- **Management of complaints**
- **Communication – internally and externally**
- **Carrying out a vulnerability audit**

### **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 cultural barriers**
- **Reports for senior management**

### **Exercise 12 –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 13 -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 14 – Establishing a Risk Awareness Training Programme

- Sharing output with partners
- Evaluating risks within these relationships
- Risk indicators (KRI's)
- **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
- 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