



Enterprise Risk Management

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**
- **Risk as the pulse of the organisation**
- **Role of Executive management in ERM**
- **What is risk?**
- **Strategic, financial and operational risk.**
- **Selling the benefits to top management**
- **How to quantify and measure risk – and why the approach followed by most organisations is incorrect**
- **Dealing with lack of management motivation – the need to put a monetary value on risk**
- **The lessons to learn from corporate failures**

Exercise 1 – The Major Risks in Your Organization

The ERM approach

- Explanation of the new ISO 31000 international risk standard
- IEC 31010 and ISO/ IEC 73
- AUS/NZ 4360 standard
- COSO standards
- New COSO paper ERM – embracing risk management
- IRM standards
- New IRM paper ERM and the ISO 31000 requirements

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 or risk tolerance – the least understood aspect ?
- Categories of risk
- Establishing a risk management framework

Exercise 2 – Analysing a Disaster

Establishing an Embedded Risk Management Process

- Wrong assumptions about risk
- Surprises and risk
- Risk culture – the need to determine this key issue
- Why financial risks are only the tip of the iceberg
- The widening of the risk portfolio
- Establishing or re-assessing the risk management process
- New and emerging risks- reputation, social, environmental
- Getting your chief executives support
- Developing a risk strategy for your organisation
- Selling the benefits to management
- 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
- 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
 - Worked example of this approach will be provided + a paper with applications of this approach

- Scenario planning
- Risk projects
- Case study – The Volcano
- 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.
- Failure Mode and Effect analysis (FMEA)
- Benefits of FMEA
- How to complete an FMEA

Exercise 4 – FMEA exercise

Day Two: Practical risk evaluation

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
- Risk systems
- Demonstration of RiskAid
- 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

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
- Assessing the process – assessing the maturity
- A risk assessment checklist will be provided
- 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 The Emerging Risks

The converging role of Assurance under the risk umbrella

- The assurance providers
- The need to co-ordinate the efforts
- How stronger links can be built
- Optimising assurance – A GUIDE

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 7 – 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 21st century
- Creating value from intangible assets
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- Global brands 2010

Exercise 8 - 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
- 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

Day Three: The wider aspects of ERM

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
- Environmental risk

Corporate Governance

- The increasing importance of Corporate Governance
- Record of accountability
- Protecting the financial position
- Corporate Governance Statements examples
- Alliances, partnerships and contracts
- Fulfillment of promises
- Media management
- Crisis management strategy
- Customer service
- Management of complaints
- Communication – internally and externally
- Carrying out a vulnerability audit

[Exercise 9 Risk and Corporate Governance](#)

Business Continuity planning

- Types of disaster
- Warning signals
- Planning approaches
- Communication testing
- Alternative sites
- BCP guidance

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 10 –Risk management reports

Making Risk Management Second nature

- Keeping up the momentum
- Developing Key risk indicators (KRI's)
- New COSO paper in the pack
- Risk financing and how to introduce the disciplines
- Integrating incident management
- Integrating health and safety, insurance and claims etc
- Measuring the benefits
- Identifying quick wins

Exercise 11 -Measuring the Benefits

Cascading the Process

- Stakeholders interest in risk
- Workshops for other management levels
- Developing an opportunity matrix and opportunity register
- Risk awareness for staff

Exercise 12 – Establishing a Risk Awareness programme

The role of Internal audit in risk management

- Auditing the risk management programme
- The Internal Audit role in the risk management process – guidance and advice
- New paper – Risk management assessment using ISO 31000

- **Risk based audit guidelines**

Useful web sites and reference books