

Navigating Your GRC Journey

Reworking an existing ERM Program to meet future requirements

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Agenda

1. Enterprise Risk Management - what is it?
2. What's in an Enterprise Risk Framework?
3. Bringing it Together.
4. Making a Difference.
5. Key Tips.
6. Audience Questions and Discussion

Enterprise Risk Management - What is it?

- Enterprise Risk Management first emerged as a term in the early 2000's.
- Initial scepticism that it was a term dreamt up by the “Big 4”.
- Articulated by the likes of the Casualty Actuarial Society (2003), COSO (2004) and RIMS (2008).
- In reality, it is a reaction to the simple fact that risks are managed in disciplined silos and are in need a way to bring a consistent view across an organisation.
- ERM today consists of detailed frameworks and a report A report for the Executive and Board Risk Committees

What's in an Enterprise Risk Framework?

No secrets here - it's the bleeding obvious:

- Risk Management Strategy - aligned to business strategy!
- Risk Appetite Framework with Key Risk Indicators
- Risk Profile
- Culture
- Governance Framework
- Delegated Authorities
- Risk Management Model
- Policies
- Individual Risk Frameworks
- Data
- Risk Management Tools
- Reporting

Bringing it together

Bringing it together - A Risk House



Enterprise Risk Management Framework

Bringing it together - A Risk House



Enterprise Risk Management Framework



Culture, Communications & Training

Bringing it together - A Risk House



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Enterprise Risk Management Framework

Business Strategy
Risk Appetite

Risk Strategy
Risk Profile

Risk Management Model e.g. Three Lines of Defence

Governance

Delegated Authorities

PEOPLE

- Roles & Responsibilities
- Organisation Charts
- Performance & Remuneration
- Customer Service
- Training

POLICIES & CONTROLS

- Supporting Frameworks
- Policies
- Key Controls
- Procedures / Manuals

DATA & SYSTEMS

- Technology Infrastructure
- Information Security
- Data Management
- Records Management

MANAGE & MONITOR RISKS

- Risk Taxonomy
- Risk Assessment
- Assurance / Testing Activities
- KPIs / KRIs
- Events & Loss Data Capture
- Findings & Action Plans Management
- Whistleblowing

Culture, Communications & Training

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SUSTAINABILITY

- Capital Assessment (ICAAP)
- Liquidity Assessment (ILA)
- Scenario Analysis
- Stress Testing
- Recovery Resolution & Planning
- Incident Management / Business Continuity Planning
- Insurance

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DECISIONING

- Risk Appetite
- Key Risk Indicators
- Risk & Decisioning Models
- Business Change
- Product Lifecycle
- Risk Analytics

Delegated Authorities

Culture, Communications & Training

Making a Difference - It's all in the Report

Risk Reports - Common Problems

- Lengthy
- Wordy
- Disjointed
- Backward Looking
- Lacking in analysis and recommendation



For Illustrative purposes only

Making a Difference - It's all in the Report

Risk Reports - Best Practice

- Consolidated
- Illustrative
- Coordinated
- Forward Looking
- Analytical
- Directive



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Key Tips

- Be Proportionate** Your Framework MUST be proportionate to your organisation.
- Risk Strategy** MUST align with your Business Strategy.
- Risk Appetite** MUST reflect Risk Strategy and be understood by all interested parties.
- Key Risk Indicators** Keep them simple, relevant and up to date.
- Analytics** Be forward looking - join indicators with what you know about the current environment, your issues, your events, your competition, your opportunities and align with your business strategy.
- Illustration** Pictures are more powerful than words – people are more likely to remember the pictures rather than the words.
- Technology** Select the right tool and company to partner with.

Join the Discussion Online



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