

FIVE STEPS TO EFFECTIVE ENTERPRISE RISK MANAGEMENT

Is your organization ready for Enterprise Risk Management?

Risk management requirements are continuing to grow in scope and complexity, leaving organizations ill prepared to properly plan and deploy resources. Many organizations are unable to institute an integrated approach to risk management, causing duplicative audits and reviews of similar people, processes, and controls. This disconnected approach causes increased compliance costs, continued business disruptions, and reduced personnel morale.

Enterprise Risk Management is more than a simple documentation exercise. Companies are made up of constantly changing business processes, people, operating policies, and information systems, each of which present different risks to the organization. A company that is tackling Enterprise Risk Management for the first time will need to:

Understand Your Business 1-2 months

Activities

- Perform risk assessment activities
- Identify key operational, compliance, and financial reporting processes, risks, and controls
- Identify any documentation that can be leveraged

Challenges

- Under/Over identification of key processes and controls
- Lack of, or inconsistent methodologies

Document Processes & Controls 3-6 months

Activities

- Interview process owners
- Create process documentation
- Identify controls that mitigate process risks

Challenges

- Proper identification of process and control data
- Availability of skilled risk management personnel
- Managing change control and documentation consistency

Analyze, Remediate & Improve 1-3 months

Activities

- Perform process and control assessments
- Identify process and control deficiencies
- Remediate deficiencies and update documentation

Challenges

- Proper deficiency identification and remediation
- Reporting assessment and remediation status

Perform & Monitor Controls 2-3 months

Activities

- Identify key controls subject to monitoring
- Identify and assign monitoring resources
- Train resources to perform and monitor controls

Challenges

- Manual controls monitoring can be time consuming
- Consistently documenting control monitoring results
- People require reminders to perform and monitor controls

Testing & Reporting 3-4 months

Activities

- Determine test procedures
- Develop test plans and execute tests
- Document and report results

Challenges

- Ensuring proper testing coverage
- Developing effective test procedures
- Ensuring testing results are properly captured
- Reporting

What will it take?

Implementing a structured and repeatable Enterprise Risk Management program will typically take anywhere from twelve to eighteen months. This time includes the first year of project execution and assessments. Your specific timeline will depend on the programs scope, your team's experience and the effective use of risk management automation tools.

How to get started

To learn more about us and how we can help you, please call (888) 618-4825, or visit us online at www.vitalinsight.com.