

# FIVE STEPS TO EFFECTIVE ENTERPRISE RISK MANAGEMENT

## Is your Credit Union 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 credit unions 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. Credit unions are made up of constantly changing business processes, people, operating policies, and information systems, each of which present different risks to the organization. A credit union that is tackling Enterprise Risk Management for the first time will need to:

<p><b>Understand Your Business</b> 1-2 months</p>	<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Perform risk assessment activities</li> <li>• Identify key operational, compliance, and financial reporting processes, risks, and controls</li> <li>• Identify any documentation that can be leveraged</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Under/Over identification of key processes and controls</li> <li>• Lack of, or inconsistent methodologies</li> </ul>
<p><b>Document Processes &amp; Controls</b> 3-6 months</p>	<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Interview process owners</li> <li>• Create process documentation</li> <li>• Identify controls that mitigate process risks</li> <li>• Determine what risks will be accepted versus mitigated with controls/activities</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Proper identification of process and control data</li> <li>• Availability of skilled risk management personnel</li> <li>• Managing change control and documentation consistency</li> </ul>
<p><b>Analyze, Remediate &amp; Improve</b> 1-3 months</p>	<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Perform process and control assessments</li> <li>• Identify process and control deficiencies</li> <li>• Remediate deficiencies and update documentation</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Proper deficiency identification and remediation</li> <li>• Reporting assessment and remediation status</li> </ul>
<p><b>Perform &amp; Monitor Controls</b> 2-3 months</p>	<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Identify key controls subject to monitoring</li> <li>• Identify and assign monitoring resources</li> <li>• Train resources to perform and monitor controls</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Manual controls monitoring can be time consuming</li> <li>• Consistently documenting control monitoring results</li> <li>• People require reminders to perform and monitor controls</li> </ul>
<p><b>Testing &amp; Reporting</b> 3-4 months</p>	<p><b>Activities</b></p> <ul style="list-style-type: none"> <li>• Determine control test procedures</li> <li>• Develop test plans and execute tests</li> <li>• Document and report results</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Ensuring proper testing coverage</li> <li>• Developing effective test procedures</li> <li>• Ensuring testing results are properly captured</li> <li>• Reporting</li> </ul>

## 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](http://www.vitalinsight.com).