



THEME: “Nurturing a risk management culture”

Topic: *Future of ERM in Kenya*

ERM Annual Conference

Sarova Whitesands Hotel, Mombasa 30 September 2016

Presented by:

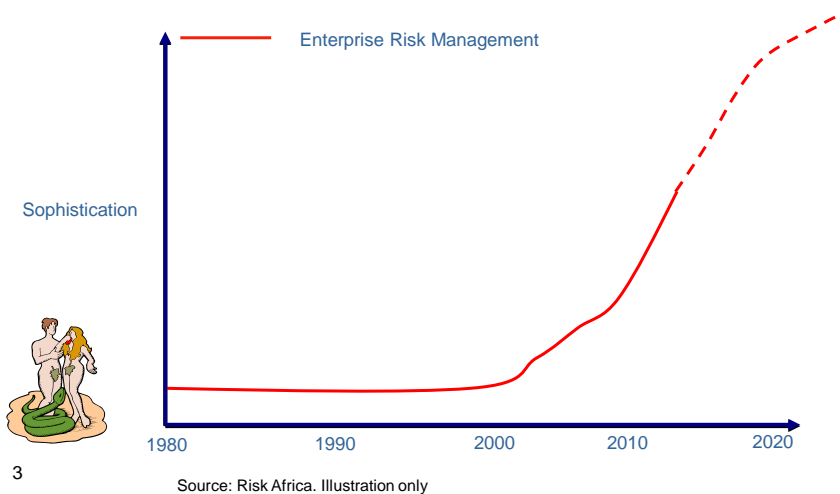
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The future rewards those
who press on. I don't have
time to feel sorry for myself.
I don't have time to complain.
I'm going to press on.

Barack Obama

Development of Enterprise Risk Management into the future



Key areas/drivers of change into the future

1. Legislation and regulatory drive
2. Standards and best practices
3. Technology
4. Skills



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1. Legislation and regulatory drive

Public sector:

Mwongozo code of governance for state corporations

SCAC enforcement coming soon

President Uhuru promise to enact to Law

Private/Financial sector:

Risk-based supervision regime from CBK, SASRA, RBA, IRA, CMA

Moving towards one regulator with proposed Finance Bill 2015

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2. Standards and best practices

ISO 9001:2015 – Quality Management Systems

'Risk-based thinking' concept introduction

Organisations have up to 2018 to comply

Note: It's Government of Kenya policy to have all state corporations and agencies certified for Quality Management Systems

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3. Technology

Risk Management software

Enterprise risk management/GRC softwares filling up the market now

Big Data concept being harnessed by some institutions

Moving towards Hadoop approaches

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4. Risk Management Skills

Short courses, Certifications, Postgraduate qualifications


FRM and other short courses now offered KSMS

Possibility of Universities offering graduate certificate, graduate or post-graduate degrees

A good number of Risk Managers now have IRM certification

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Stepping into the future



ERM Policy Framework

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Over-arching ERM Policy

+

Sub-policies:

- *Operational Risk*
- *Strategic Risk*
- *BCM Risk*
- *Fraud & Corruption Risk*
- *Information Security Risk*
- *Security Risk*
- *OHS Risk*
- *Financial Risk*
- *Others depending on nature of institution*





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Audit & Risk Function

The internal audit syndrome

If my risks are known/high/reported – I am a bad performer

Am just too busy for risk management – professional issues managers

Risk champions are viewed as the owners





Chief Risk Officer

Right-hand man of the CEO


Risk owned by ALL staff

Freely reported and shared

Applied in decision making



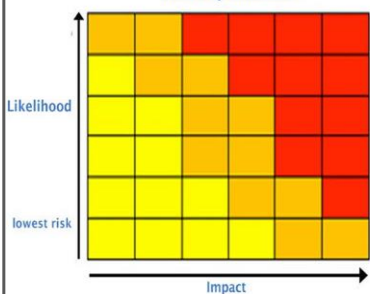

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Likelihood x Consequence Matrix

'Heat Maps' is the common language

Heat Map of Results



Impact



Comprehensive Risk Appetite Statement

Board vs Management Contract – Rules of engagement

Risk Appetite Statement

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Risk Register

Good old excel spreadsheets
Custodian mostly Auditor
Updated ones a year at best

Risk registers Bow-Tie

Risk in motion
Everyone's business

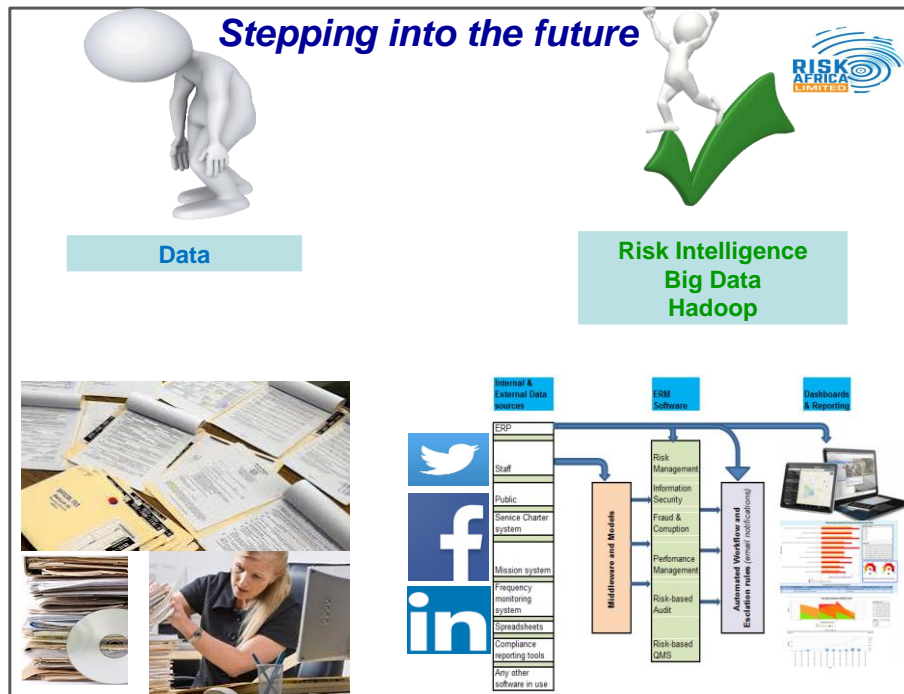
Risk Event	Risk Assessment		Non-Compliance	Number of Incidents	Audit Scores		Internal Audit Issues	
	Inherent Risk	Residual Risk			Score	Priority 1	Findings	Actions
Accounts misstated or contain errors	12	6			2	1	1	0
Contracts contain punitive conditions	12	6						
Core server hardware failure	18	9	5 (21%)					
Inadequate asset lifecycle management	12	6						
Non compliance with Privacy Laws	12	6						
Payments fraud - unauthorized suppliers	6	3	7 (28%)					
Plant or Asset Damage			6 (42%)	2				

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Silos approach

Some Mgt Qs	Dept
Status of targets?	Strategy & Planning
Top 10 risks?	Audit & Risk
Recent OSH incidents?	HR or Admin
Performance?	HR
Information security?	ICT
Financial status?	Finance/Accounts
Law suits?	Legal

Integrated Risk & Performance Management System



So.....Where Are You
Going To Be in the
next 5yrs?????



The future belongs to those
who prepare for it today.

Malcolm X

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The End!!



African Solutions for Africa Risks

Thank You

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