Key Trends in ERM
ICPAK ERM Workshop - Mombasa

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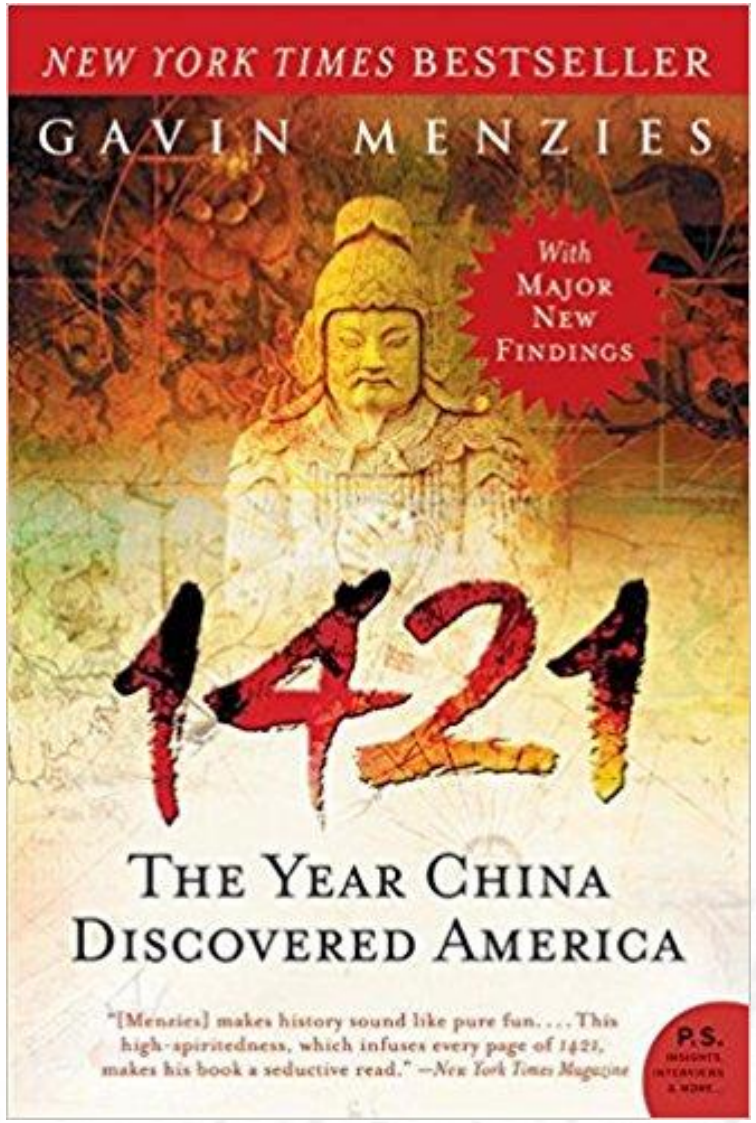
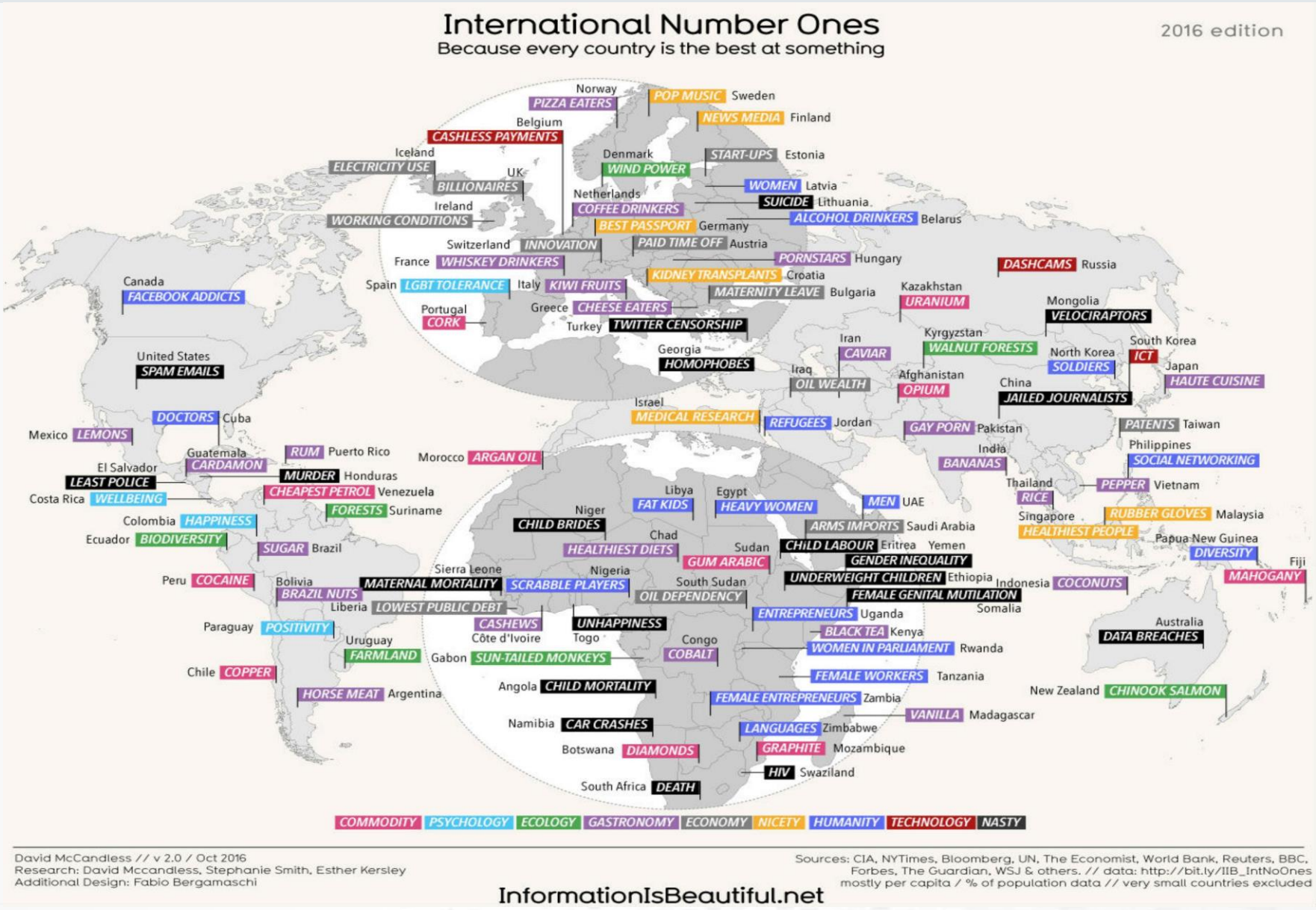

NEW YORK TIMES BESTSELLER
GAVIN MENZIES
With Major New Findings
1421
THE YEAR CHINA DISCOVERED AMERICA
"[Menzies] makes history sound like pure fun. . . . This high-spiritedness, which infuses every page of 1421, makes his book a seductive read." —New York Times Magazine
P.S.

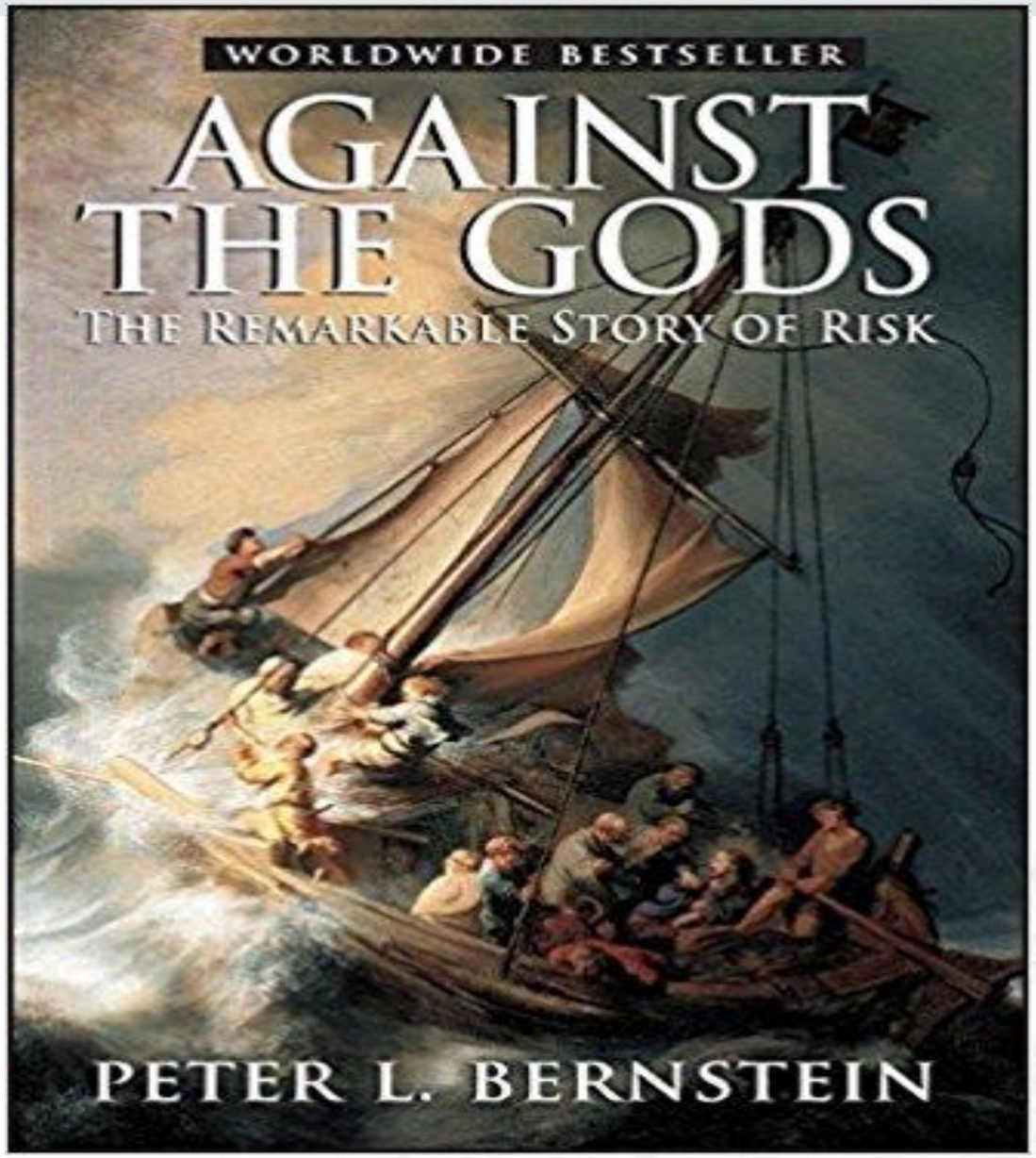
Enterprise Risk Management in Africa

Hired to appear like you are fighting corruption?

Data Driven Decision Making



Enterprise Risk Management – why it is important



What is GRC?

A **capability** and a **culture** that enables an organization to reliably achieve objectives while addressing uncertainty and acting with integrity

a) Prioritizing stakeholder expectations;

b) Setting objectives;

c) Managing the desirable (reward) and undesirable (risk) effect of uncertainty on objectives;

d) Acting with integrity by operating within voluntary and mandatory boundaries of conduct;

e) Communicating with internal and external stakeholders about system performance; and

f) Providing assurance that the system is achieving objectives.

https://www.oceg.org/about/what-is-grc/

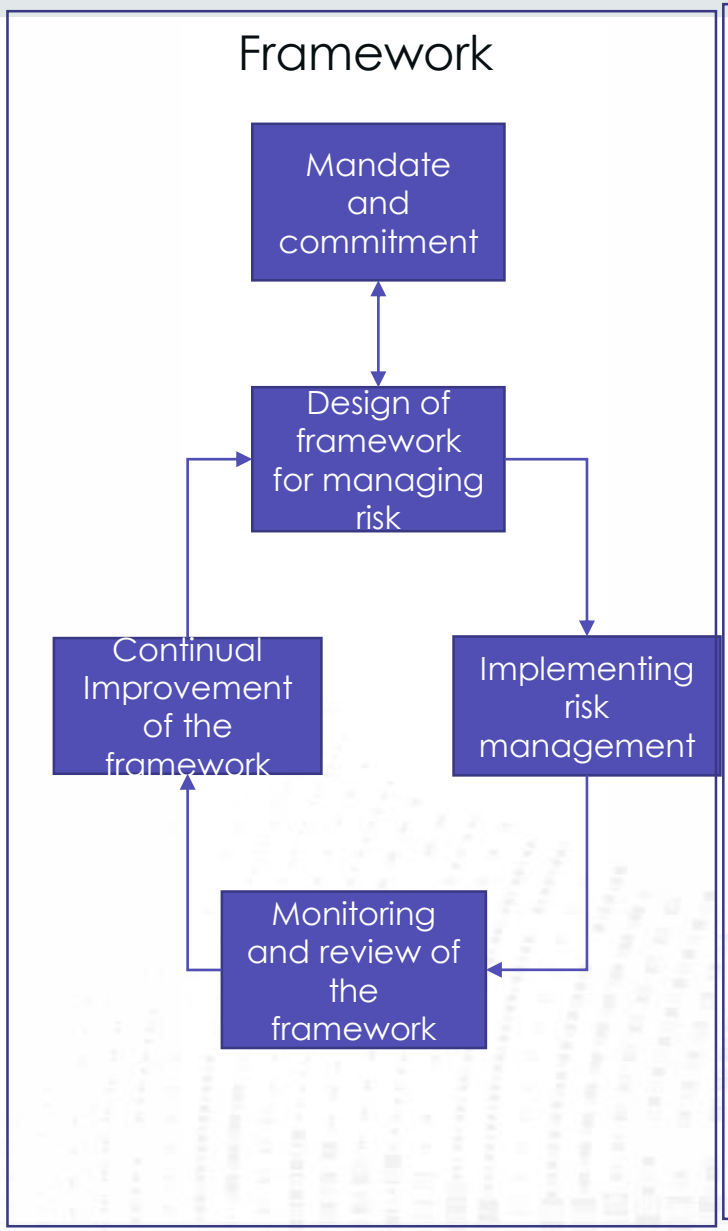
3 Principles of Principled Performance

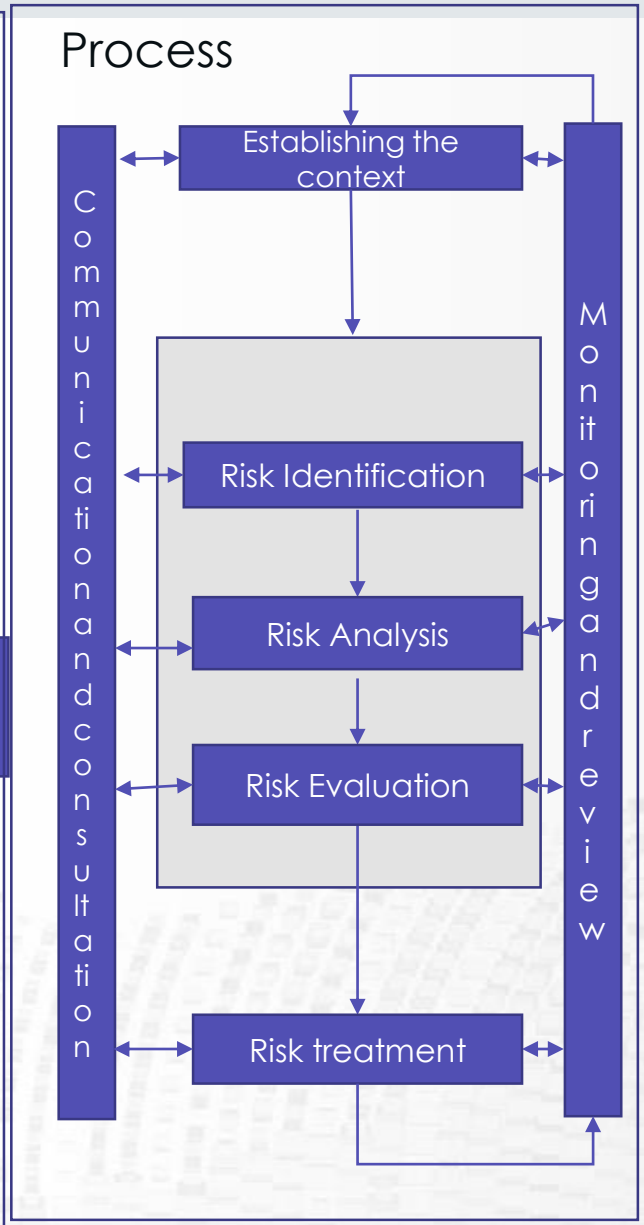
1. reliable achievement of objectives
2. while addressing uncertainty
3. and acting with integrity

ISO-31000 Risk Management Standard

Risk Management

a) Creates value
b) Integral part of organizational processes
c) Part of decision making
d) Explicitly addresses uncertainty
e) Systematic, structured and timely
f) Based on the best available information
g) Tailored
h) Takes human and cultural factors into account
i) Transparent and inclusive
j) Dynamic, iterative and responsive to change





G31000
The Global Platform for ISO 31000
Risk Management Standard

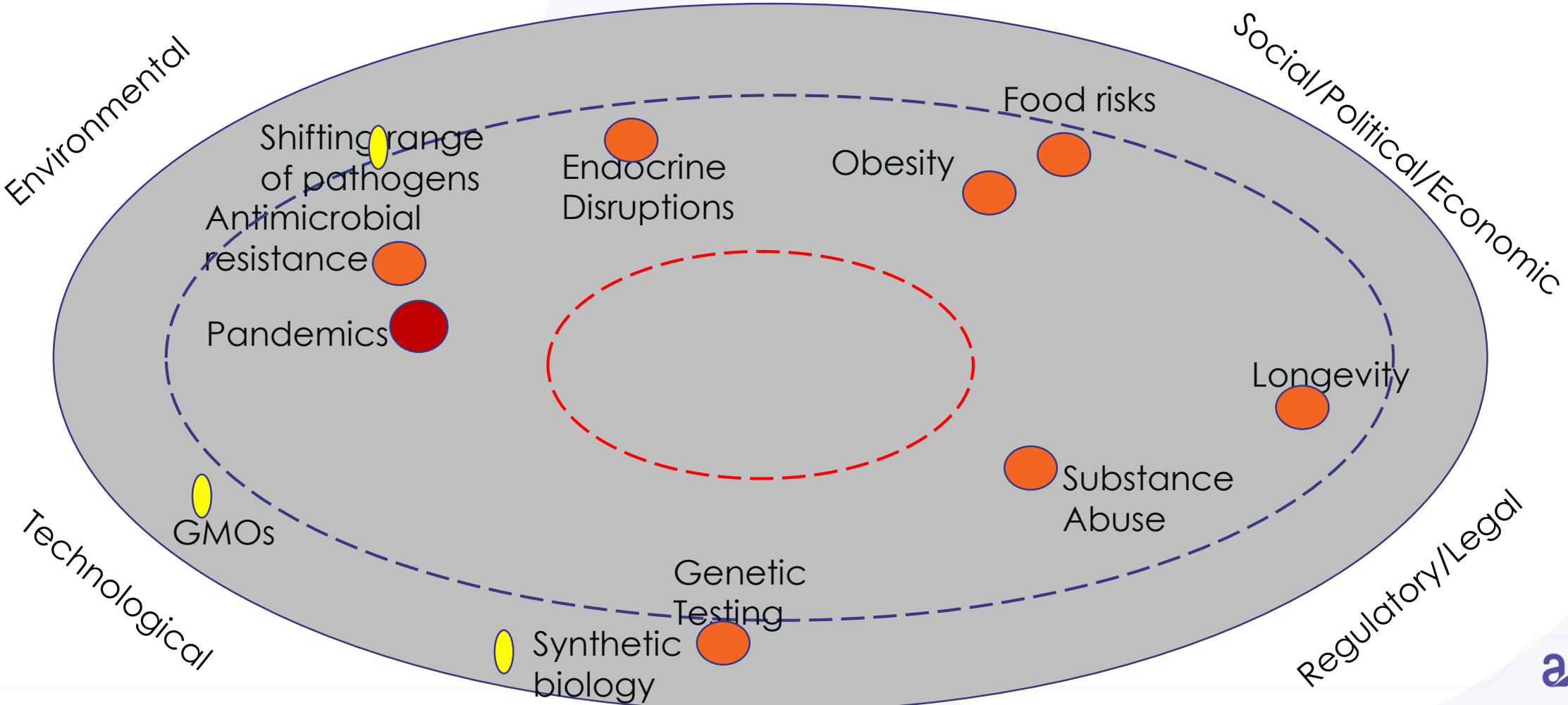
Countries having adopted ISO 31000 as their official national risk management standard

Source : Information received from ISO members (http://www.iso.org/iso/about/iso_members.htm) on May 2017. Comments and corrections can be addressed to ISO31000map@G31000.org. This map should be considered as a reference, herein without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

ERI Risk Radar 2018 with Key Trends – CRO Forum April 2018 Update

Trends

Ageing and Health



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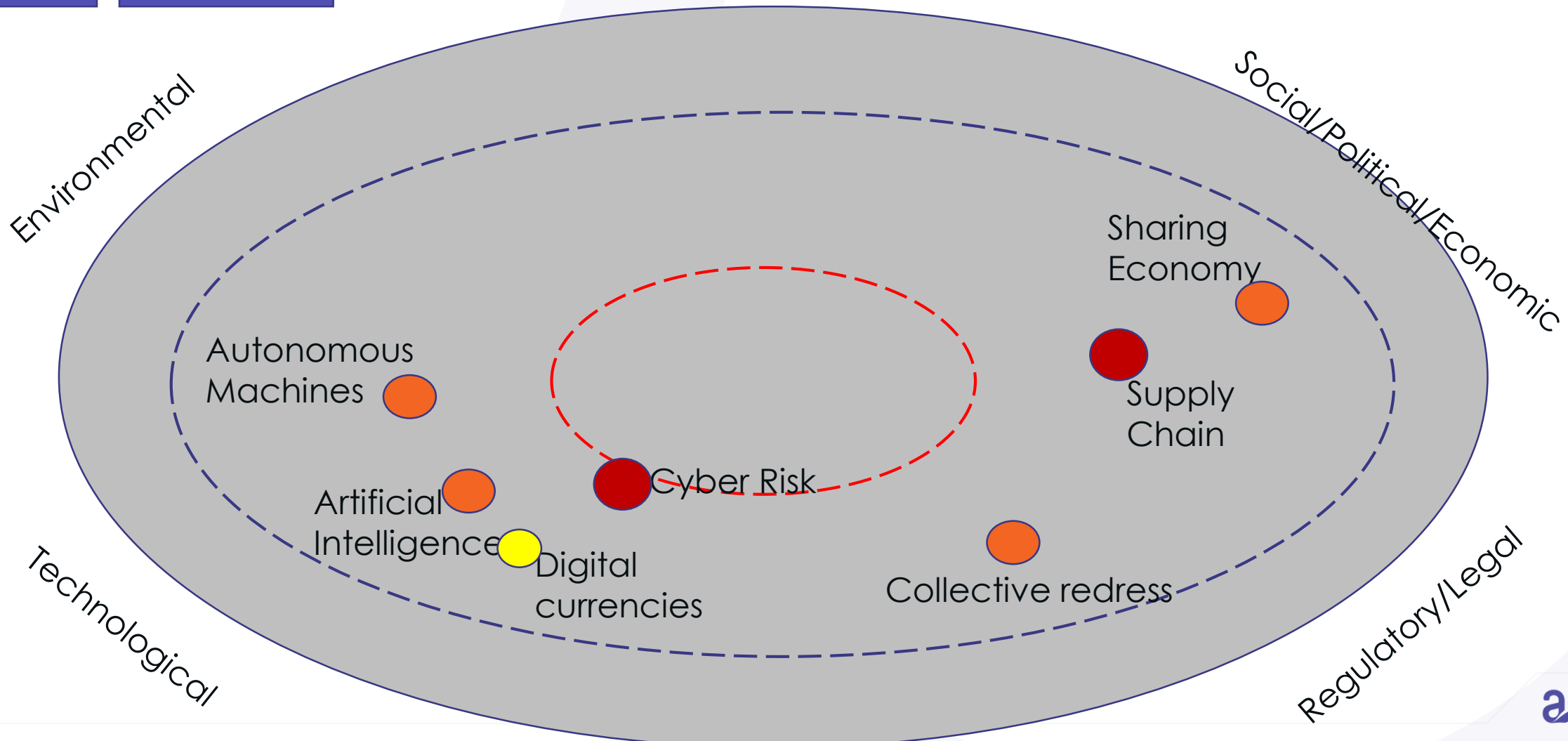
- Ageing and Health
- Changing Consumer Behaviour



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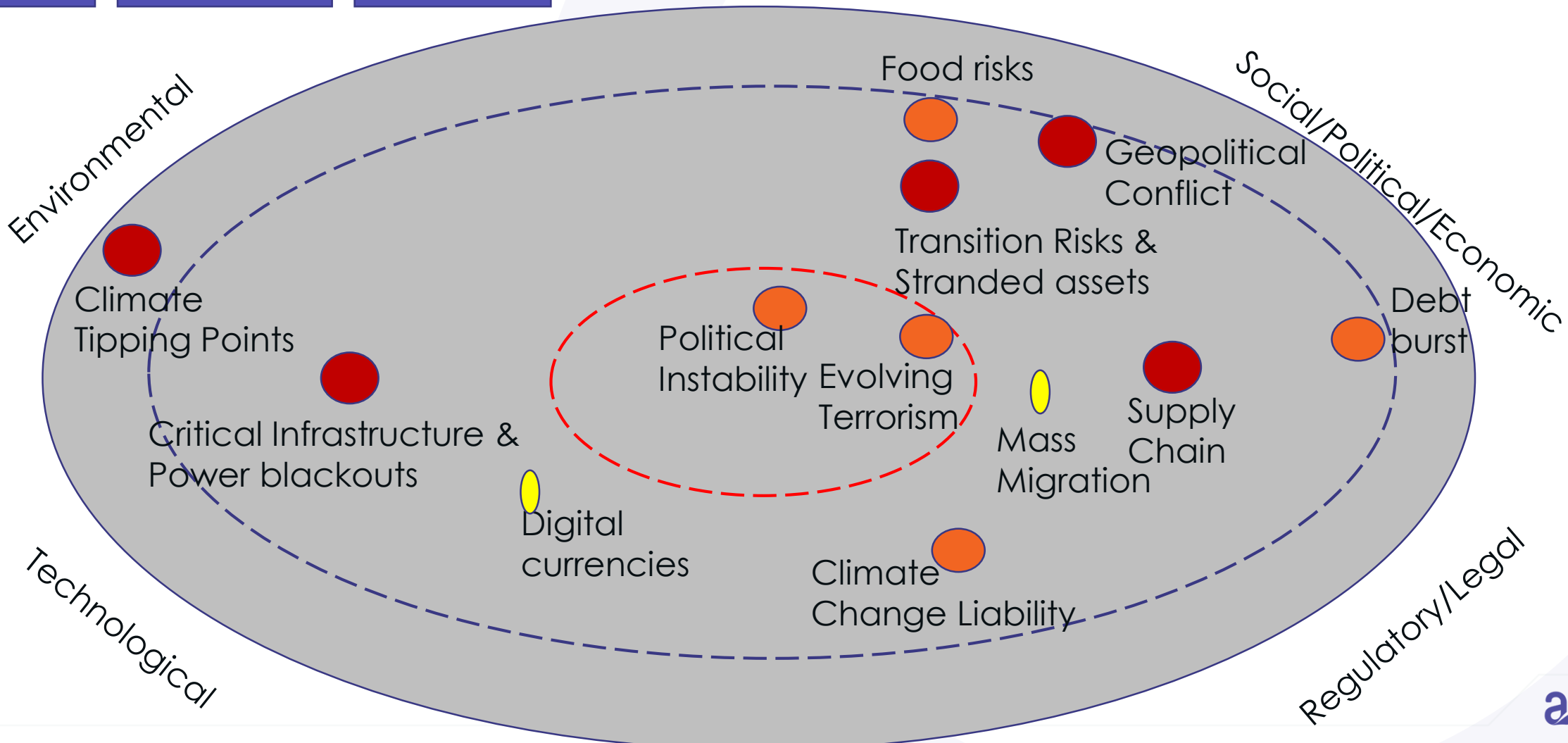

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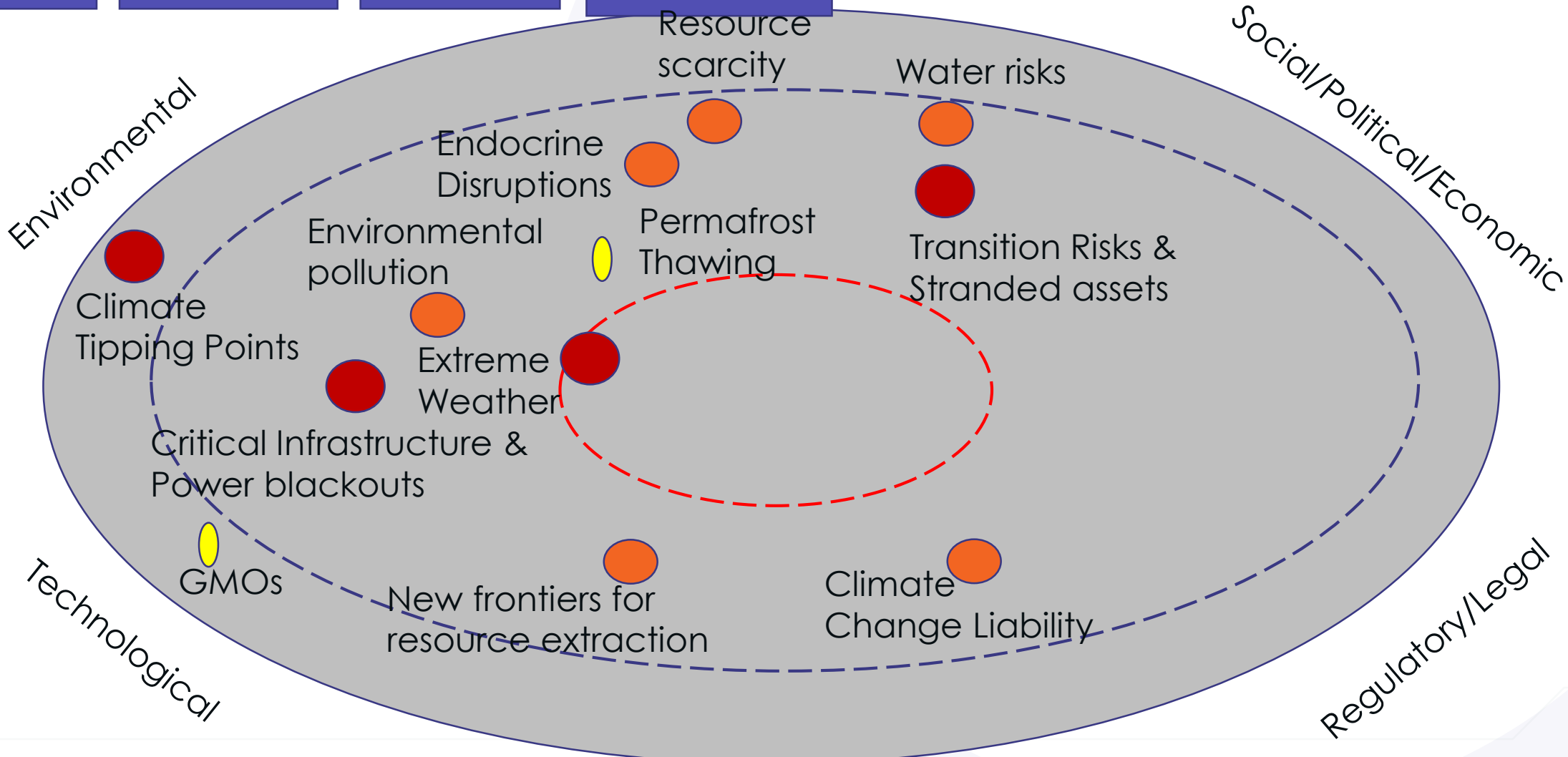

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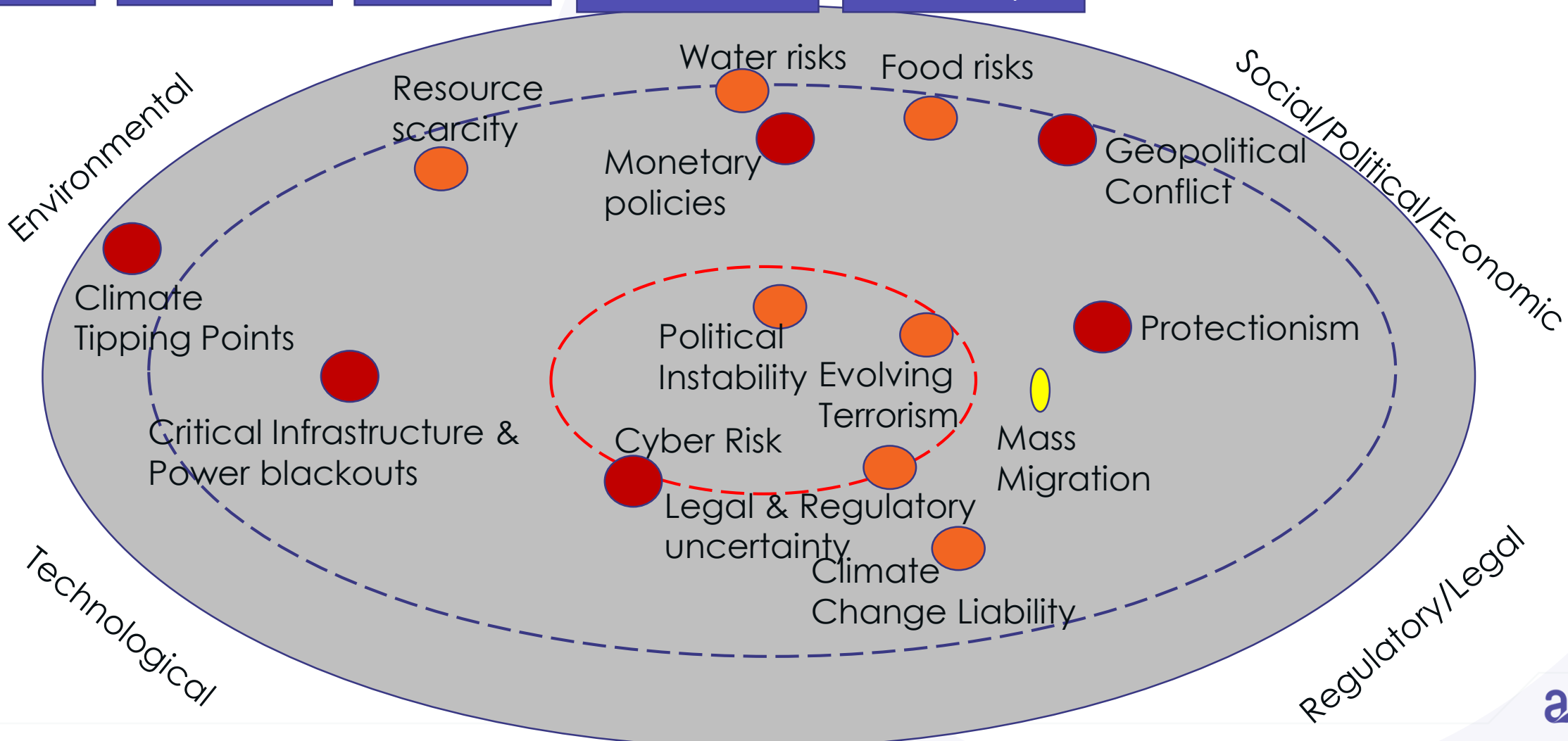

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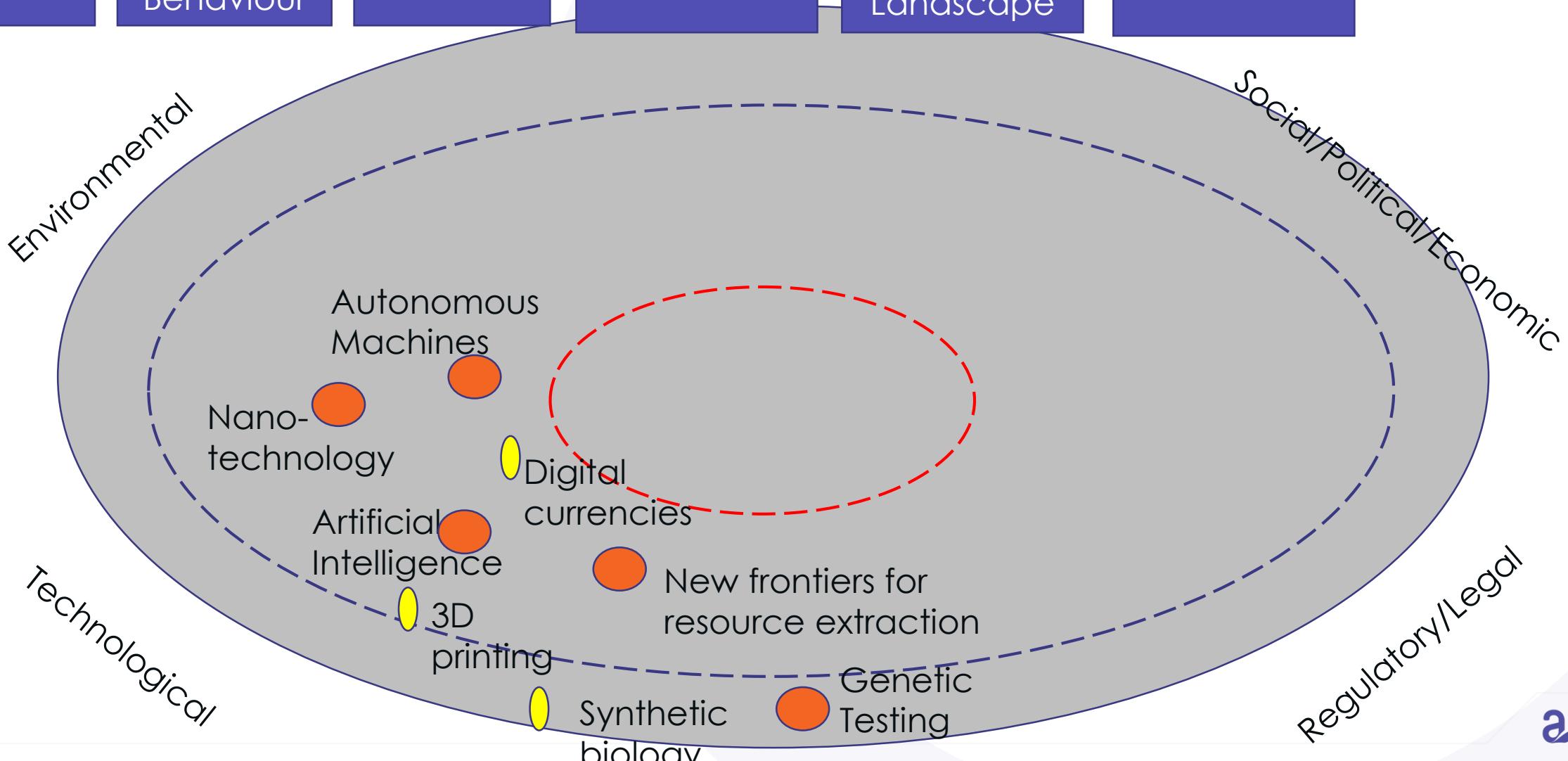
- Technological Developments



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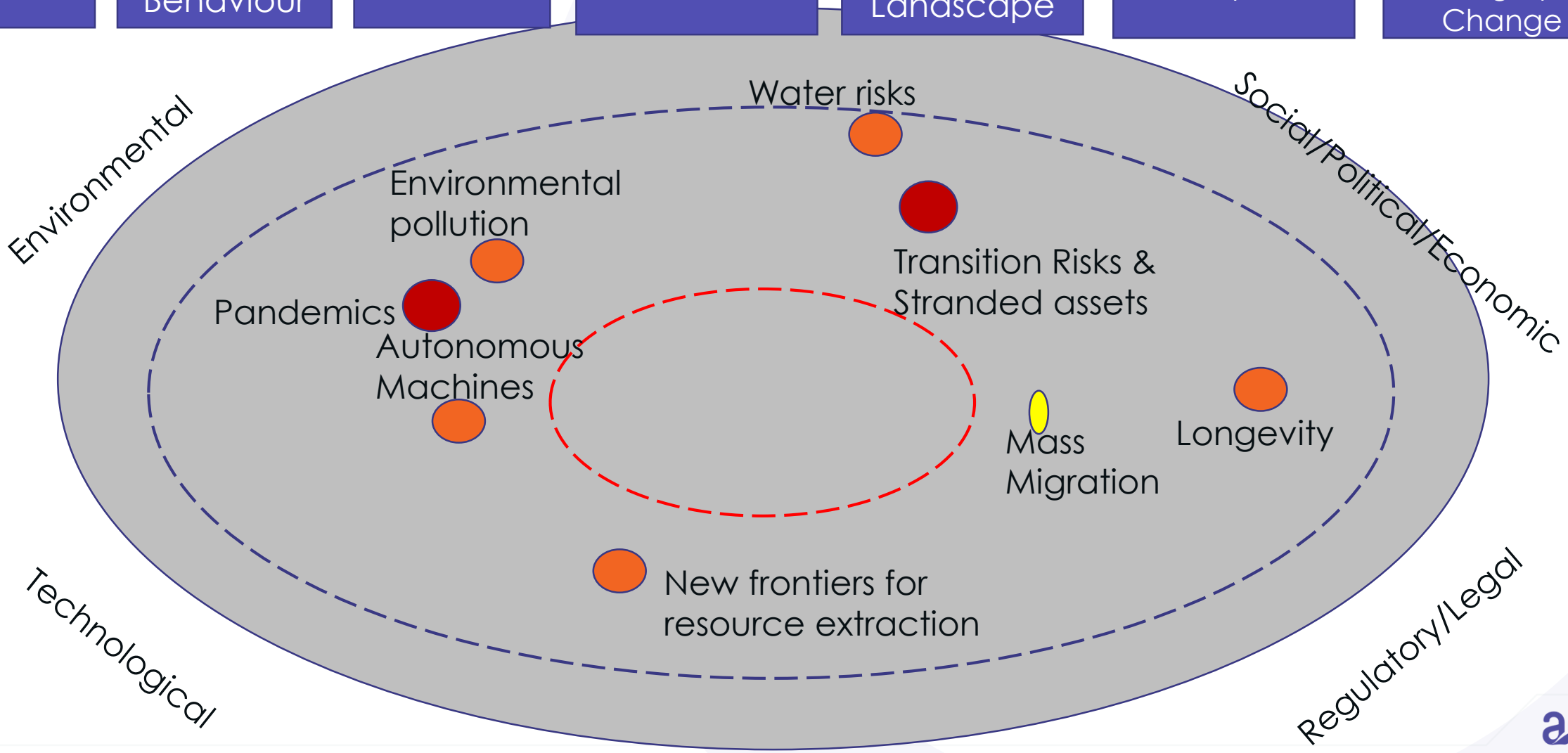
- Urbanisation and Demographic Change



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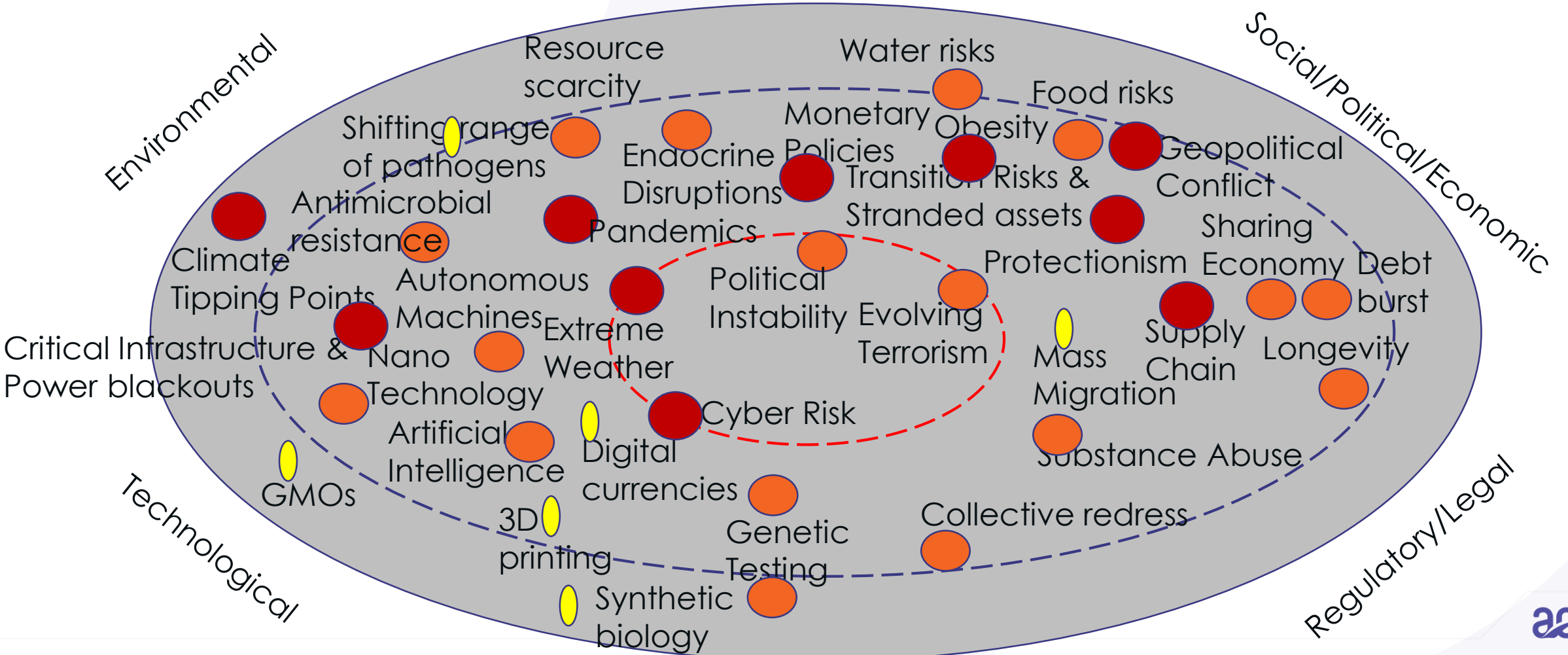
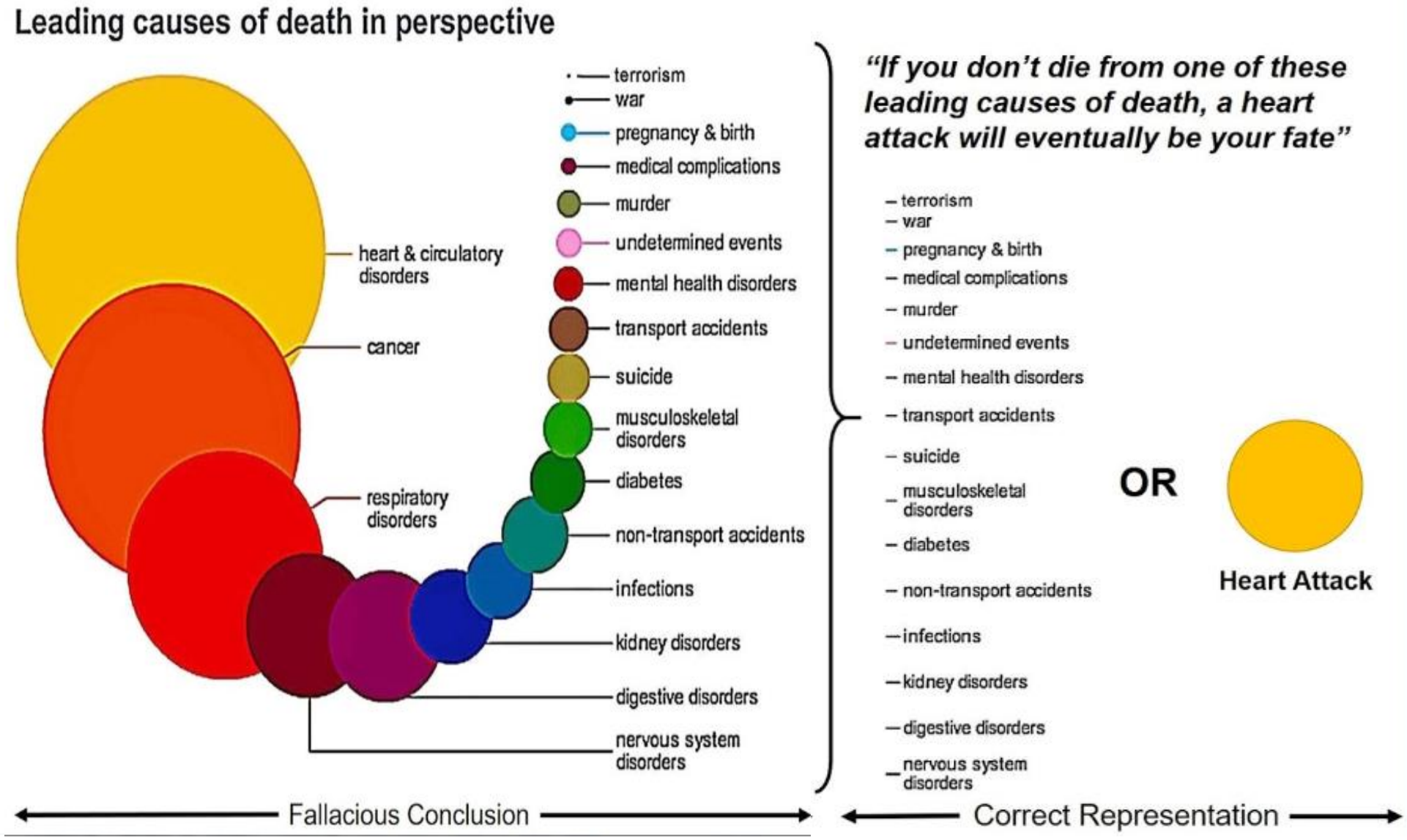


Deluge of solutions – homegrown?

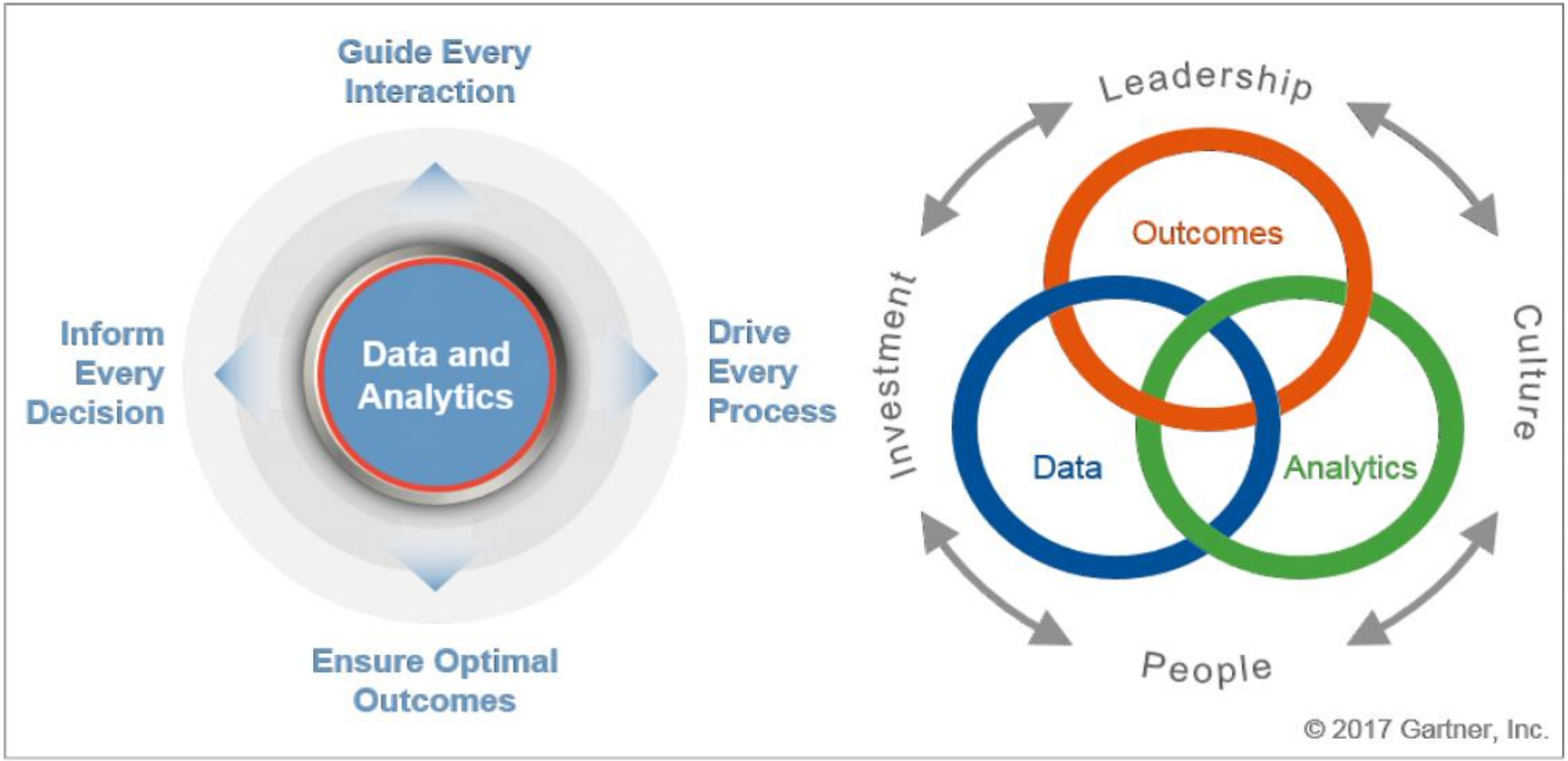
1. Poor governance,
2. A lack of infrastructure and power,
3. Protectionist tariffs and non-tariff barriers,
4. A plethora of taxes and duties,
5. Inefficient bureaucracies,
6. Corrupt officials,
7. Overzealous but poorly implemented regulation,
8. Weak legal systems,
9. Currency risk,
10. Exorbitant property rentals and
11. Insecurity of tenure.

Leveraging Data – new value

Data Driven Risk Management



Data and Analytics Enable Everything in the Enterprise

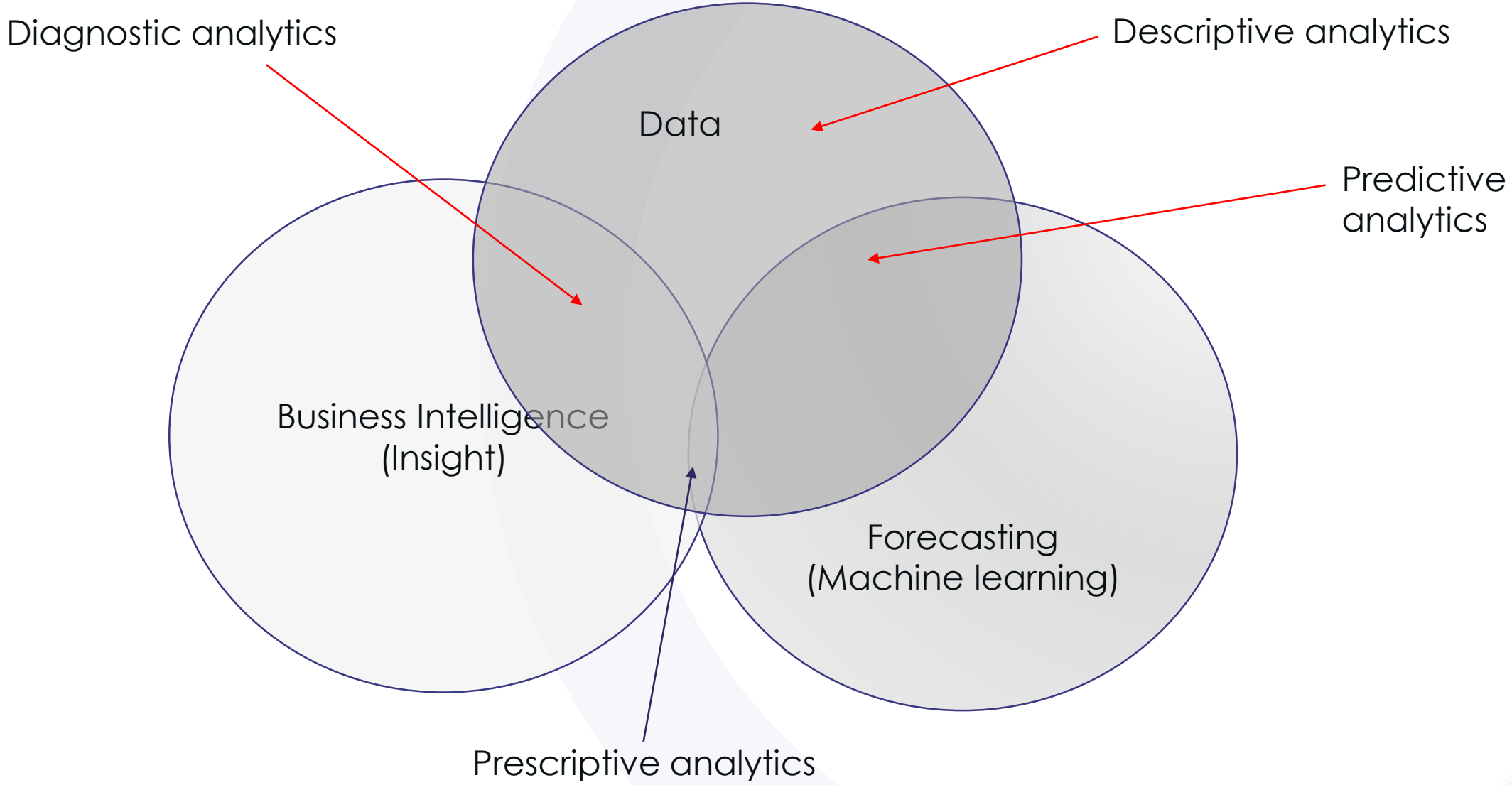


Source: Gartner (June 2017)

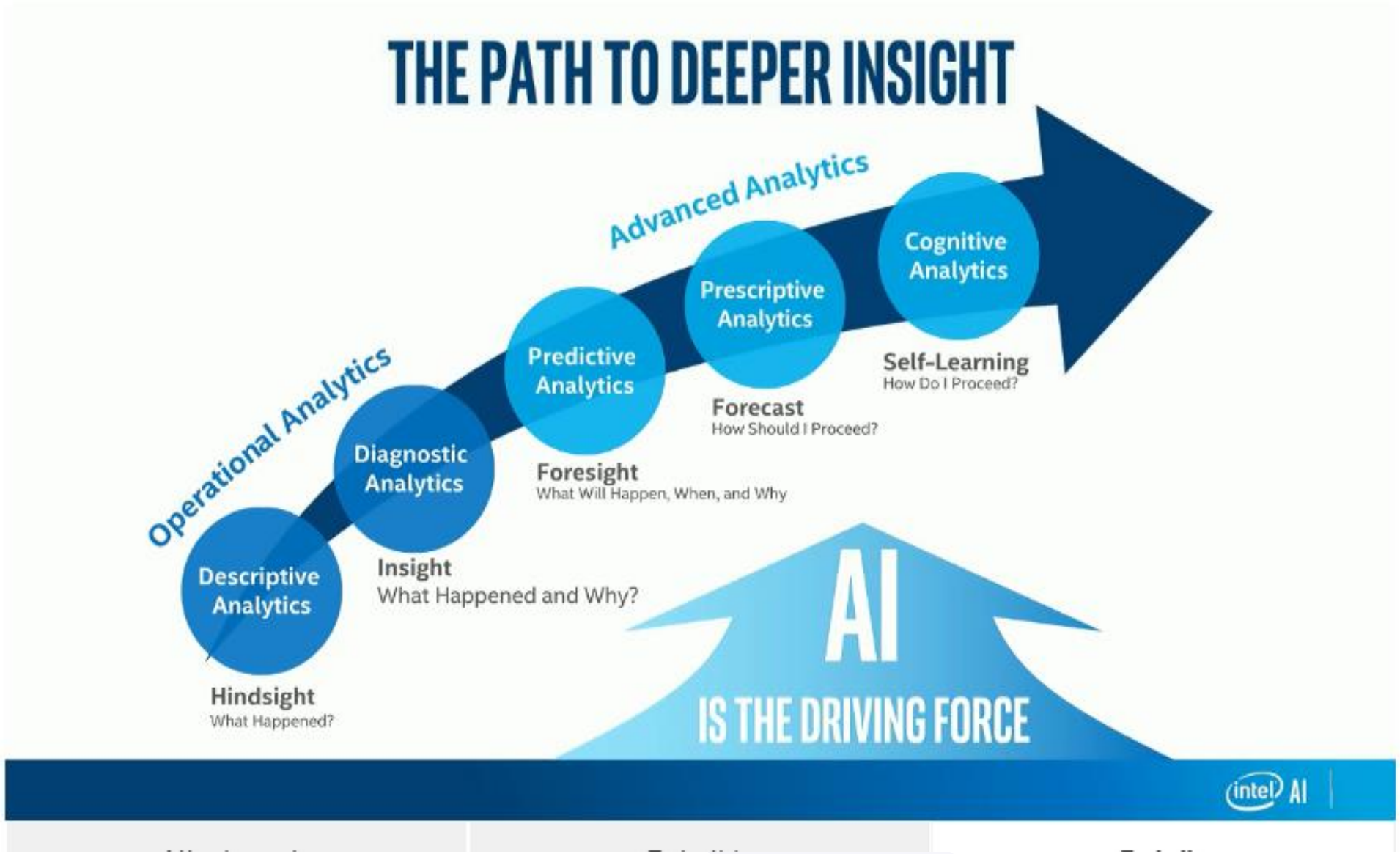
Enablers of the Data Analytics Revolution

1. Artificial Intelligence (AI)
2. Natural language processing
3. Information as a corporate asset
4. Smart devices that produce and consume IoT data
5. Trust – digital ethics frameworks

Data Analysis Capability

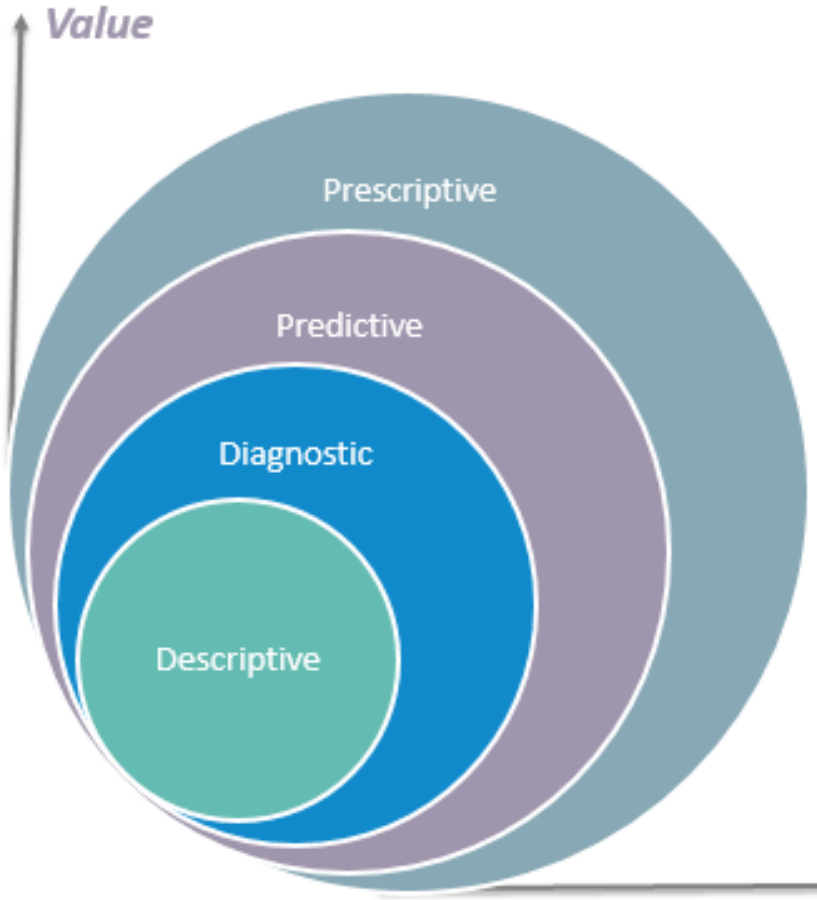


Technological and assurance process changes



Technological and assurance process changes

4 types of Data Analytics



What is the data telling you?

Descriptive: *What's happening in my business?*

- Comprehensive, accurate and live data
- Effective visualisation

Diagnostic: *Why is it happening?*

- Ability to drill down to the root-cause
- Ability to isolate all confounding information

Predictive: *What's likely to happen?*

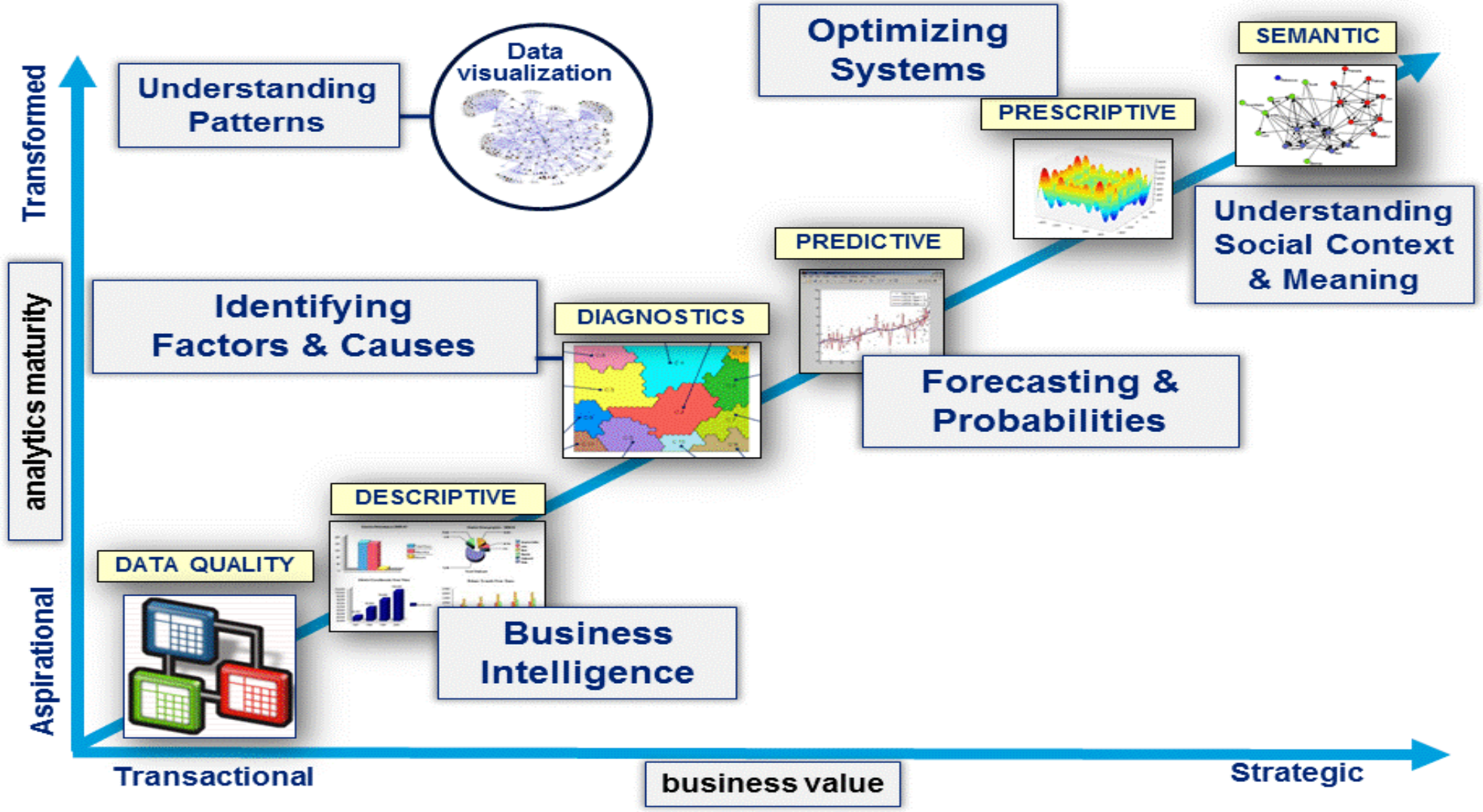
- Business strategies have remained fairly consistent over time
- Historical patterns being used to predict specific outcomes using algorithms
- Decisions are automated using algorithms and technology

Prescriptive: *What do I need to do?*

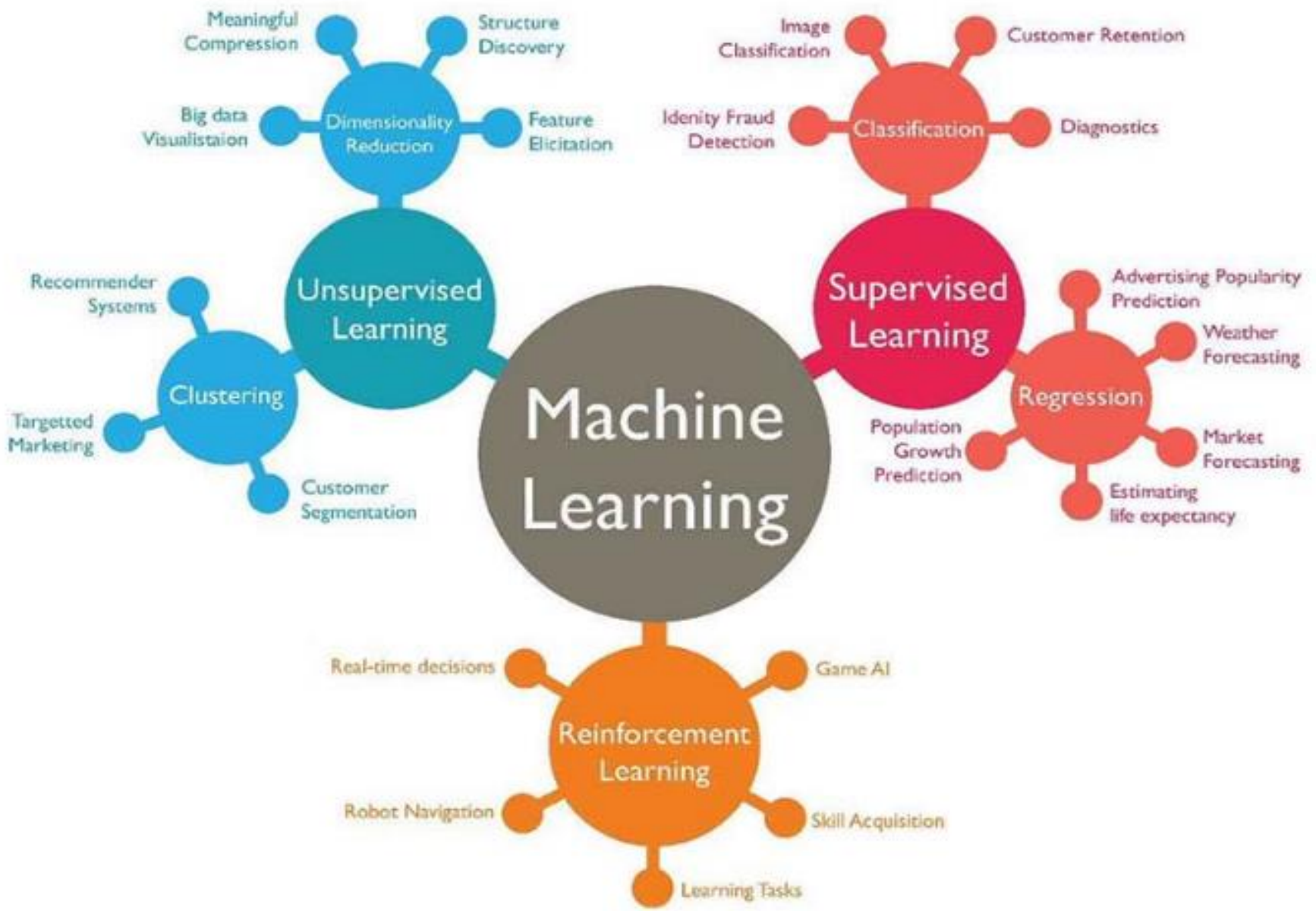
- Recommended actions and strategies based on champion / challenger testing strategy outcomes
- Applying advanced analytical techniques to make specific recommendations

Principa
www.principa.co.za

Analytics Maturity



Types of Machine Learning



A) Data collection absent – manual systems
B) Historical data absent
C) Engaging process and system design
    A) Risk factors and dimensions
    B) KPI identification and metric specification
D) Culture - Principled Performance?
E) Skills

Example of a Key Risk Indicator

KRI Name	Customer Complaints				
Description	To measure the change in complaints: a significant change may indicate an impact on our strategic risks				
Frequency	Monthly				
Business Unit	Support				
Metric 1	**Name**	**Type**	**Upper/Lower**	**Threshold**	**Amber Threshold**
	% in change in complaints	Percentage	Upper	5%	3%

Example of a KRI used to measure fraud appetite

KRI Name	Internal Fruad Losses				
Description	To measure the fraud losses in previous 6 months				
Frequency	Monthly				
Business Unit	Support				
Metric 1	**Name**	**Type**	**Upper/Lower**	**Threshold**	**Amber Threshold**
	Total fraud lossses in previous 6 months	Currency	Upper	250k	100k

Quantitative Risk Management

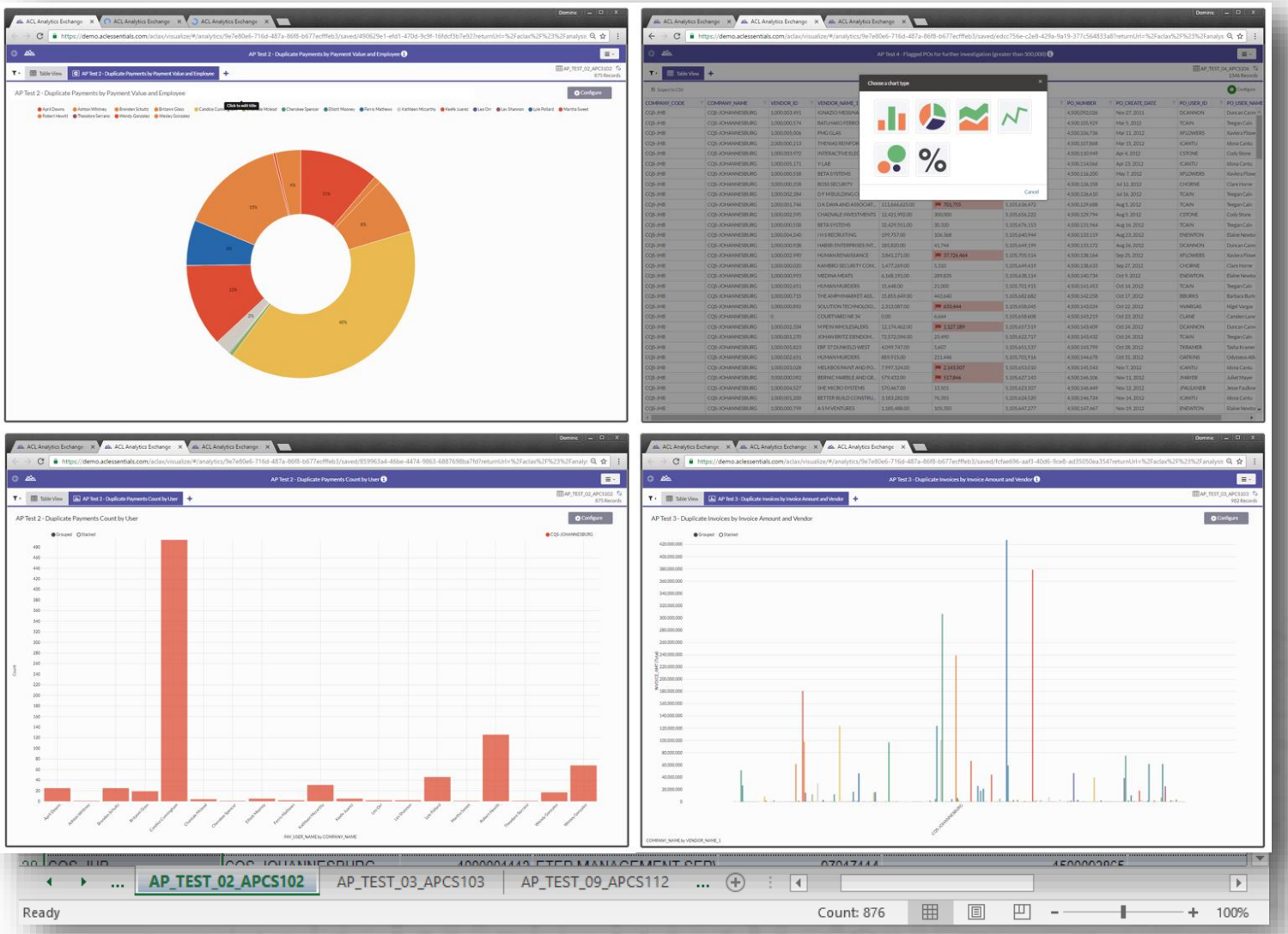
Example of a historical recording of KRI

ACL GRC

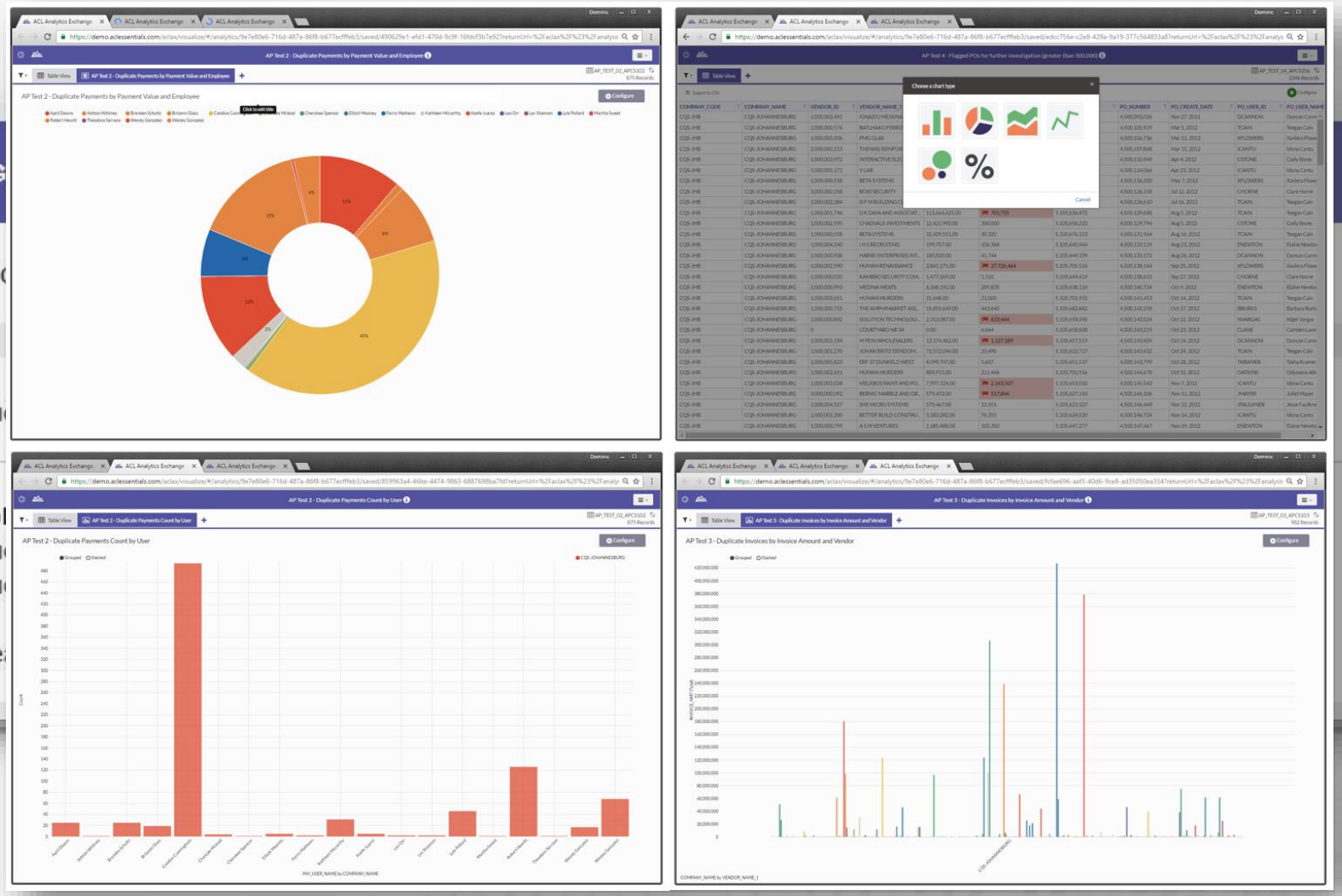
Continuous Auditing (On premise)

Excel

Data Visualizations



Continuous Monitoring (Cloud)



TRIGGERS SURVEYS NOTIFICATIONS TRACKING VISUALIZATIONS

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Q & A

What they all have in common – and why we're different?

GRC 1.0	Data-driven GRC 2.0
Forms and workflow driven	Significantly less manual work, event and exception driven activity
Large, monolithic and expensive	Lightweight, quick time to value, flexible and modular approach
Qualitative, point in time assessments	Data driven, continuous and quantitative
Significant burden on 1st line business	Increased assurance whilst reducing business burden
Difficult to integrate	Open architecture, happy to coexist

What they all have in common – and why we're different?

Difficult to integrate	Open architecture, happy to coexist
No single GRC domain model, difficult to have combined assurance	Single, unified domain model supporting REAL GRC.
Complex, ugly, challenging to use and implement	Beautiful, simple to use, easy to enable and roll out.
Constrained by pre-defined process	Data allows us tap into existing processes
No interface with operational systems – limited confidence.	100% assurance end-to-end.

Head of Risk

(Thor)

Thor has 3 key responsibilities

Designing and implementing an overall risk management framework for the organisation, which includes the categorization, assessment and mitigation of risks and opportunities.

Supporting the business (1st Line) with the identification and assessment of *their* risks.

Producing and propagating risk reporting tailored to the relevant audience. (Educating the board of directors about the most significant risks to the business; ensuring business heads understand the risks that might affect their departments; ensuring individuals understand their own accountability for individual risks)

- Policy, process and reporting ownership
- Internal consultancy and support
- Senior stakeholder engagement

IRM and Performance – our value

ACL provides a fully integrated manual and KRI driven solution that facilitates risk quantification as well as automated monitoring of low priority risks. Leaving management more time to focus on those that are material.

Improve

The tool reduces the burden and duplication of work in heavyweight legacy solutions through a simple unified domain model with configurable control frameworks.

Reduce

The mapping and aggregation of strategic risks to business objectives ultimately drives improved risk based decision making. *Improve*

IRM and Performance – our differentiators

Extensive native data connectors allows ACL to integrate with any enterprise data source to facilitate continuous KRI and KCI driven risk assessments.

Improve

Rich executive storyboards provide real time performance reporting – in the context of the organisations strategic risk framework.

Improve

Our unique ‘Risk Assurance’ metric normalizes and aggregates risk assurance across various processes.

Improve