

# The Devolved Units – ERM Implementation Challenges

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# **KES1.4 Trillion**

43,000 Staff

7 Minutes





# What proportion of money laundering is detected and stopped?

a. 21.7%

b. <1%

c. 13.4%

# **Hypothesis:**

- Weak ERM is a global and growing problem
- Criminals exploit weak ERM approaches for money and critically depend on profession facilitators – lawyers, accountants, bankers
- Putting the 'E' back in ERM can make a difference
- Big data, advanced analytics, Artificial Intelligence and new Public Private Partnerships are the future







Counterfeiting \$923 billion to \$1.13 trillion

Drug trafficking \$426 to \$652 billion

Human slavery & trafficking \$150.2 billion

Illegal logging \$52 – \$157 billion

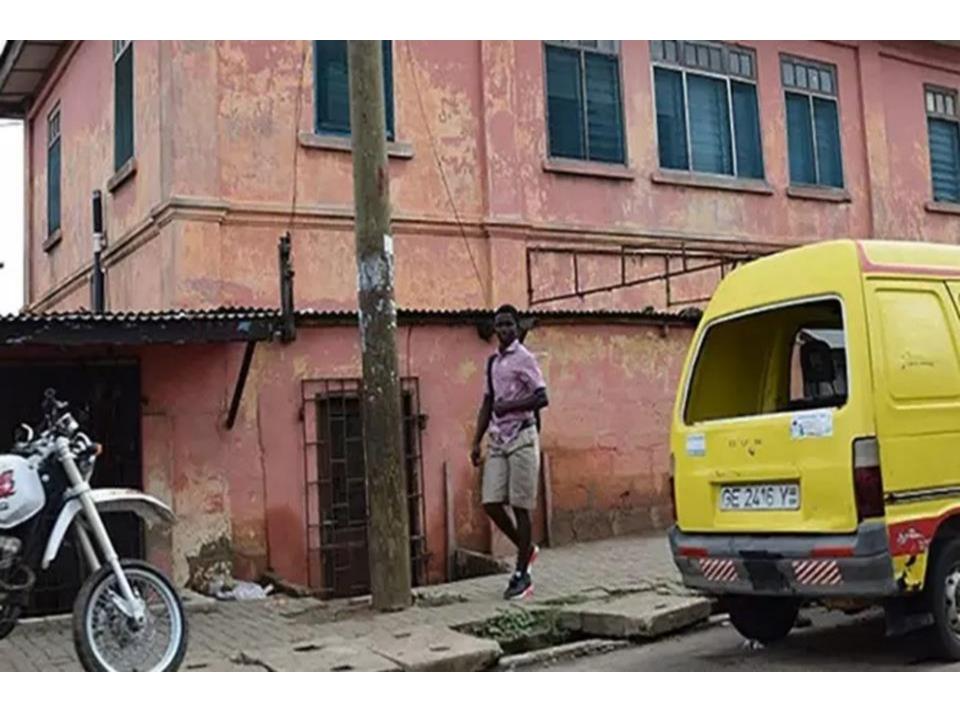
Illegal fishing \$15.5 – \$36.4 billion

Illegal mining \$12 – \$48 billion

Crude oil theft \$5.2 – \$11.9 billion

Illegal wildlife trade \$5 – \$23 billion

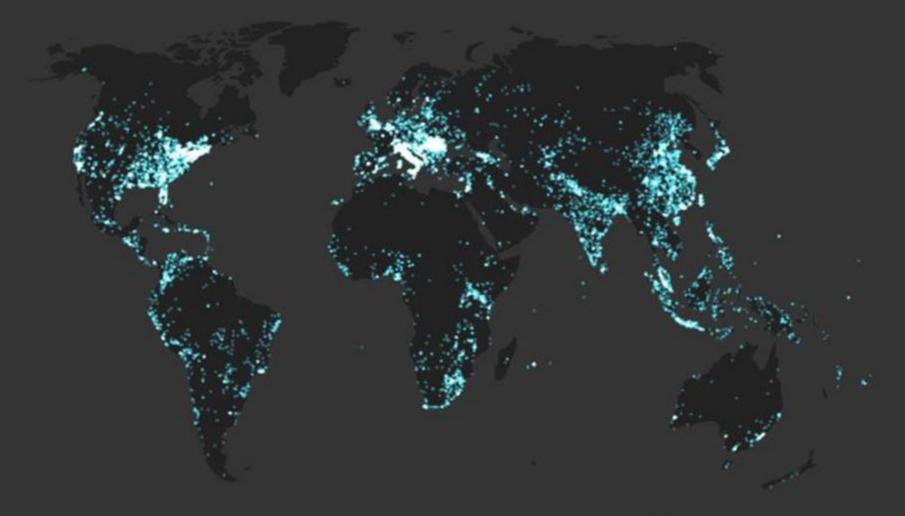
\$1.6 to \$2.2 Trillion





## Bribery and Corruption by Location

This map shows 13,310 unique locations of individuals and **entities** in Thomson Reuters World-Check identified as connected with bribery and corruption.





# **ERM disaster - Consequences**

#### **Government:**

- Termination
- Transfer / Arrest
- Loss of lives

### Private sector:

- Shut down
- Reputational damage
- Arrest





# **ERM** challenges

Information discrepancy:

- Management -> all is well. Operations -> No Risk is viewed on a project basis:
- New cyber risk requirements
- New AML laws
- New procurement regulations, etc.

## **Budget:**

Training and systems acquisition

Management buy-in is lacking





# What can we do?

## What can we do?

Put 'E' back into ERM

- Framework to bundle all risks.
- Adopt ISO / COSO Risk frameworks

Management support

- Management ownership of risk
- Build structures
   e.g. Internal
   Audit dept. and
   committees

Build a Risk
Culture

- We are in this together.
- No blame game.
- Everyone has risks





## What can we do?

Staff training on ERM

- Train all staff
   on new and
   emerging risks.
- Focus on knowledge retention.

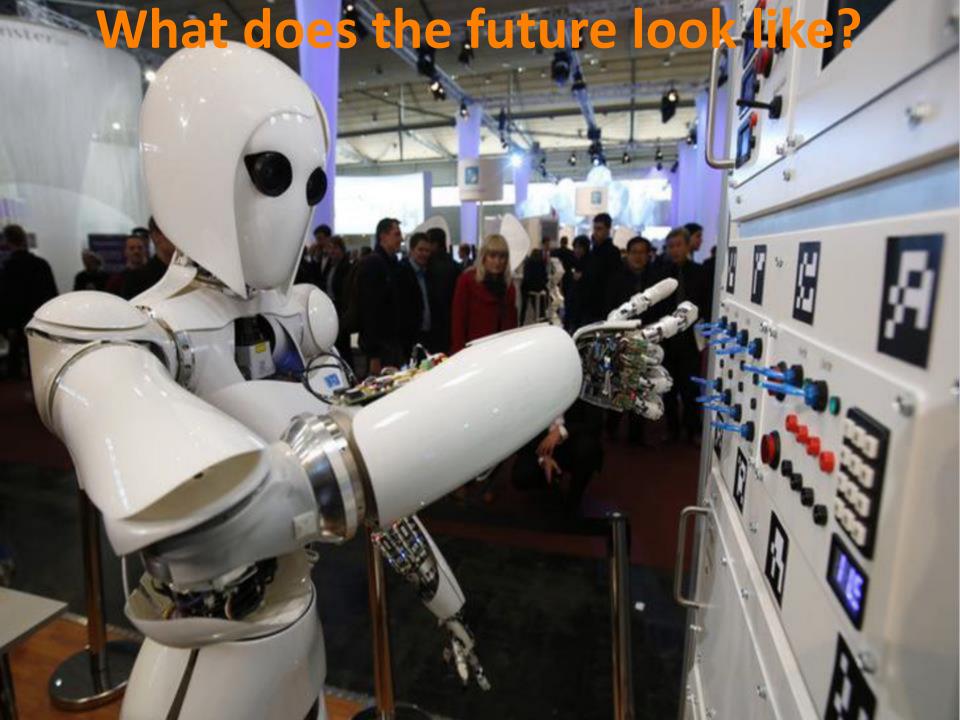
IT Systems for ERM

- Invest in IT systems for ERM e.g. Connected Risk.
- Public Private
   Partnerships

Information sharing

- Sharing between agencies / gvts
- Between management and operations





# SIMPLIFIED AI LANDSCAPE

#### **Chat Bots**

Natural Language

Processing

#### Personal Assistants (Siri, Alexa)

Natural Language Processing + Speech Processing + Machine Learning

#### Tay by Microsoft

Natural Language Processing + Machine Learning

#### **Automated Insights**

Machine Learning + Natural Language Processing (with structed data)

#### Autopilot by Tesla

Machine Learning (with unstructured data and situational awareness)

#### Deep Dream

Machine Learning (Neural Network)

#### Einstein

Machine Learning (with structured data)

#### Watson

Machine Learning + Speech Processing (with structured and unstructured data)

#### latural Language

#### AlphaGo

Machine Learning (Neural Network)

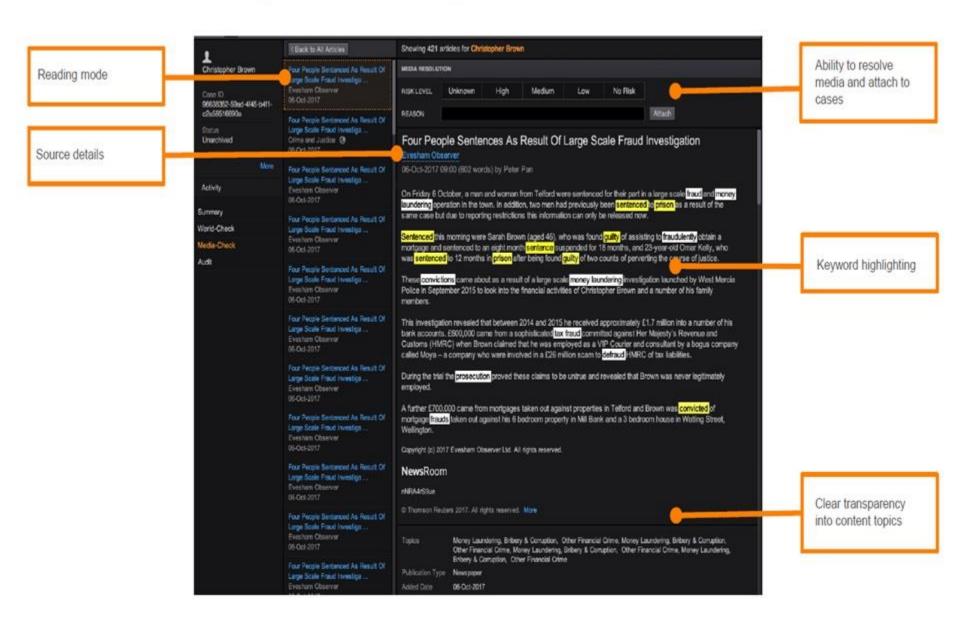
Narrow Al (basic/rote tasks)

MASS ADOPTION APPLICATION

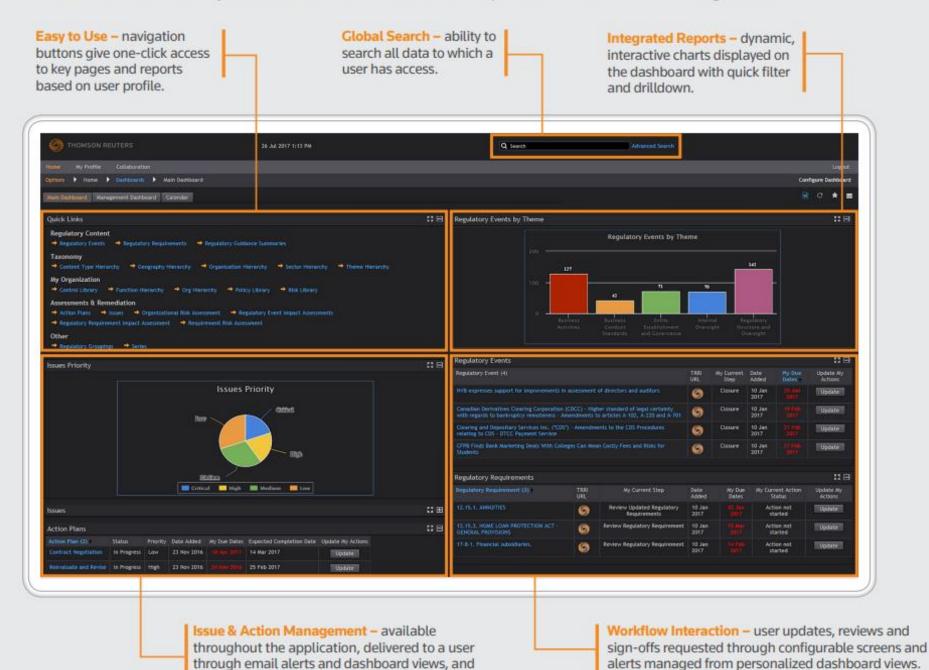
SOPHISTICATION

Deep Al (continually learning/aware)

### WORLDCHECK ONE | MEDIA-CHECK | DOCUMENTS



#### Connected Risk serves as a platform for all critical risk information, both inside and outside the organization.



reported by any dimension.



## **Contact**



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## Note

The information in these slides is intended as a guide only and not a comprehensive summary of Enterprise Risk Management issues relating to local and county governments. While all reasonable care has been taken in the preparation of these slides, Thomson Reuters accepts no responsibility for any errors they may contain.



