

ENTERPRISE RISK MANAGEMENT (ERM) MASTER CLASS

Theme: Demystifying the ERM implementation requirements for success

Risk Governance

19th - 21st May 2021

CIA, CPA Muondu Daniel, CFE, CISA

Outcome



- 1. Risk & Corporate Governance
 - Importance
 - Practices
 - Tools
- 2. Risk & Strategy Implementation



Risk Governance-Tone at the Top



Monitor risk taking

Board Charter

- Role defined
 - Strategic Planning
- Performance evaluation

Approving Risk Appetite

Integration policies

Part of Governance Committee Delegation

with other

Risk Management **Policy**

- **Audit** Committee
- **Risk Committee**
 - Other Committees

Governance 3 Lines of Defense



GOVERNING BODY

Accountability to stakeholders for organizational oversight

Governing body roles: integrity, leadership, and transparency



MANAGEMENT

Actions (including managing risk) to achieve organizational objectives

First line roles:

Provision of products/services to clients; managing risk

Second line roles:

Expertise, support, monitoring and challenge on risk-related matters



INTERNAL AUDIT

Independent assurance

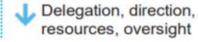
Third line roles:

Independent and objective assurance and advice on all matters related to the achievement of objectives

EXTERNAL ASSURANCE PROVIDERS

KEY:







Alignment, communication coordination, collaboration

Risk Culture

CPAK

Uphold Public Interest

- Board
- Management
- Frequency & Nature

Same understanding of "risk"

• Board & Committee

Management Committee

Chief Risk Officer

Monitoring & Reporting

Attitudes+ Perception

Behaviour

- KPI & KRI Linkage
- JobDescription
- Performance management (target & incentive)

Integrated with Performance

Risk
Appetite &
Tolerance

Tone at the

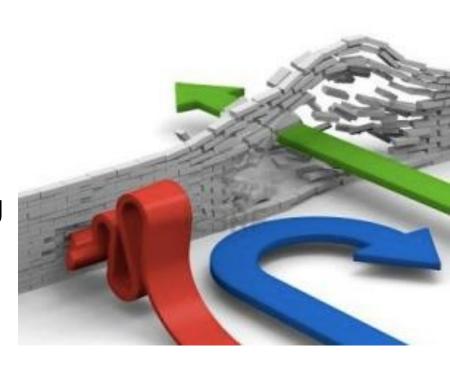
Top

- Averse
- Neutral
- Seeking/Aggr essive

Risk Governance Challenges

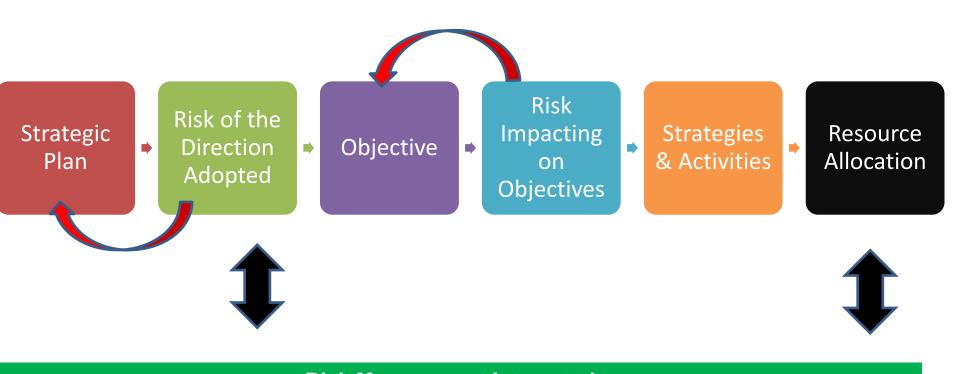


- 1. Lack of Board leadership
- 2. Lack of management leadership
 - 1. Management Committee
 - 2. Membership
 - 3. Frequency of meeting
 - 4. CRO-existence and reporting
- 3. Lack of prioritization
- 4. Lack of perceived value
- 5. Insufficient resourcing
- 6. Perceived as another bureaucracy
- 7. Insufficient & irregular capacity building



Risk Management & Strategy





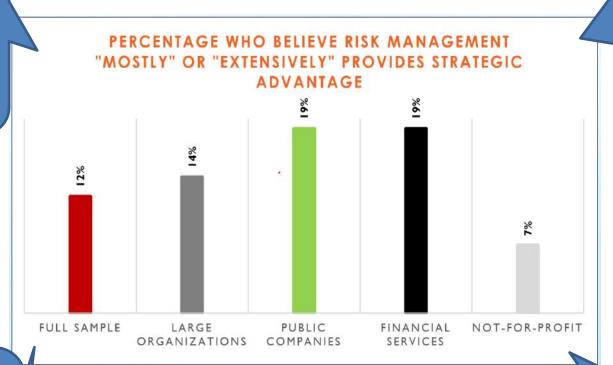
Risk Management Integrated

ERM as Strategy Tool

CPAK

Uphold Public Interest

Considering risks during strategy review and approval



Risk Appetite &
Risk tolerance
being part of
strategy
development &
implementatio
n

Risk
Management
to be
integrated
with resource
allocation

Graph: Poole College of Management, North Carolina State University

Risk
Management
reporting
integrated with
strategy
reporting

END



Thank you



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