



# Enterprise Risk Management Seminar

Topic: Risk Maturity Assessment

Friday 22<sup>nd</sup> October 2021

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# Focus Areas



- Risk maturity assessment models
- Proposed risk models for the future

*“After what we have experienced with Covid-19 and the specificities of this crisis, the acceleration of digitalized risk modeling is a necessity.”*

*Sadia Ricke,  
Group Chief Risk Officer, Societe  
Generale.*

# Risk maturity



An evolution towards full development, application and continuously improving risk management processes, with formality of risk activities (RIMS)

- *A concept that has largely developed outside of academic realms,*
- *the concept is hinged on the field of quality management, tracing back to 1970s during quality revolution.*

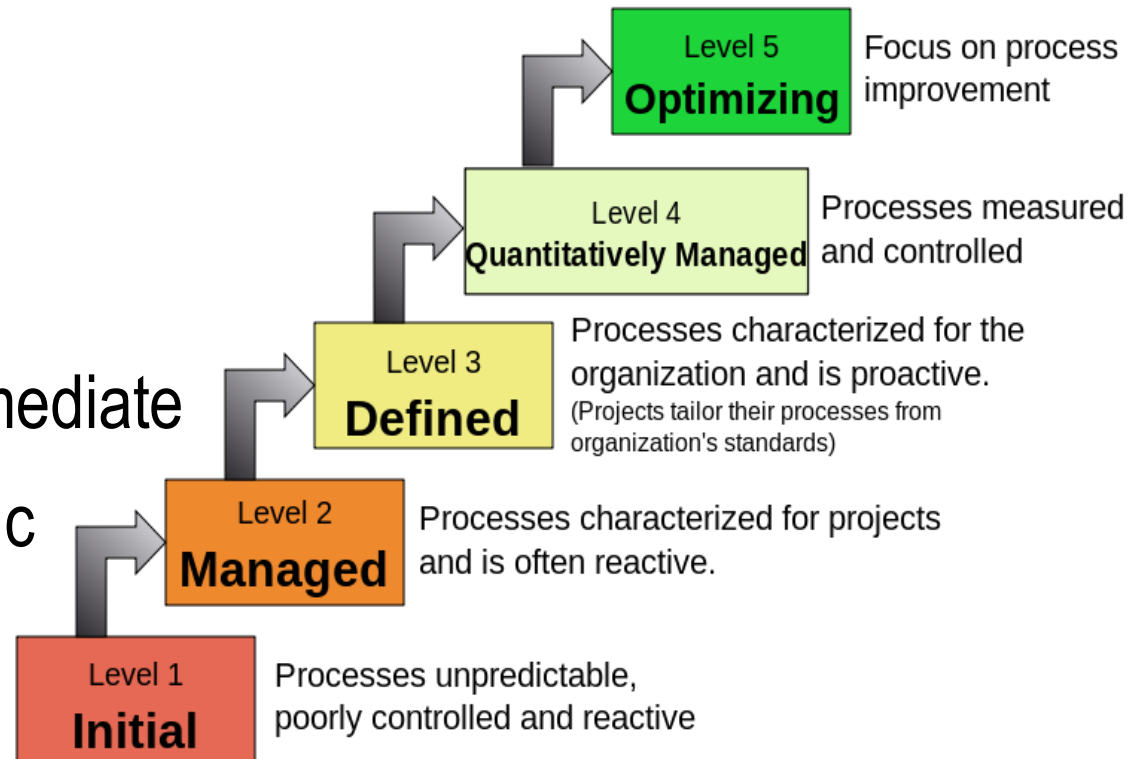
# Risk maturity Levels



## Generic Maturity levels:-

- Level 5 – Optimizing
- Level 4 – Advanced/  
Quantitatively Managed
- Level 3 – Defined/ Intermediate
- Level 2 – Managed/ Basic
- Level 1 – Initial
- Level 0 – Non-existent

## Characteristics of the Maturity levels



# Maturity Assessment. Why?



the measure adopted by organizations to help them better understand their overall risk positions including the value created.

- *understanding the degree of sophistication, reliability and effectiveness of risk management initiatives*
- *Measuring progress between implementation levels against standards and for benchmarking*
- *Involves self/ internal or external assessment processes*

# Risk Maturity Models



tools that represents and describes an evolutionary path towards achieving the risk management objectives for the desired and all previous levels

- *the models helps measure progress and identify areas of improvement in the risk management process and initiatives*
- *leverage optimization to minimizing costs and improve profitability/ sustainability*
- *Two early maturity models are Nolan's model and Crosby's Quality Management Maturity Grid (QMMG).*

# Risk Maturity Models



Many other models exist, a few will be discussed. Despite the differences all RMMs, possess two similarities thus;

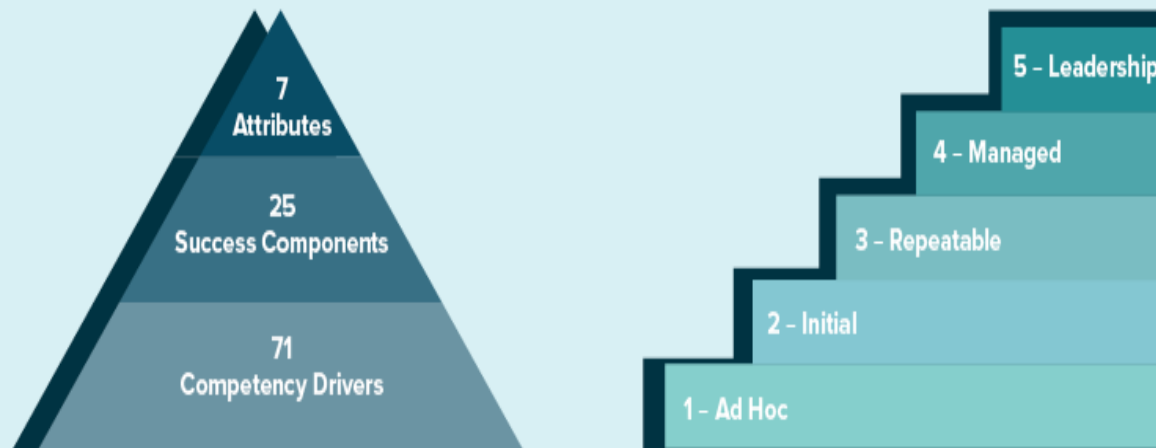
- *all define a set of levels, which are connected and present sequential and hierarchical progression.*
- *All have measured objects; capabilities or attributes which define criteria for measurement such as conditions, processes, and application targets*

# 1. RIMS model



This model is based on the CMMI framework and has 7 sections evaluating each of the core attributes, namely:

1. Adoption of ERM-based Approach;
2. ERM Process
3. Performance
4. Resilience and Sustainability;
5. Risk Appetite
6. Root Cause Discipline;
7. Uncovering Risks

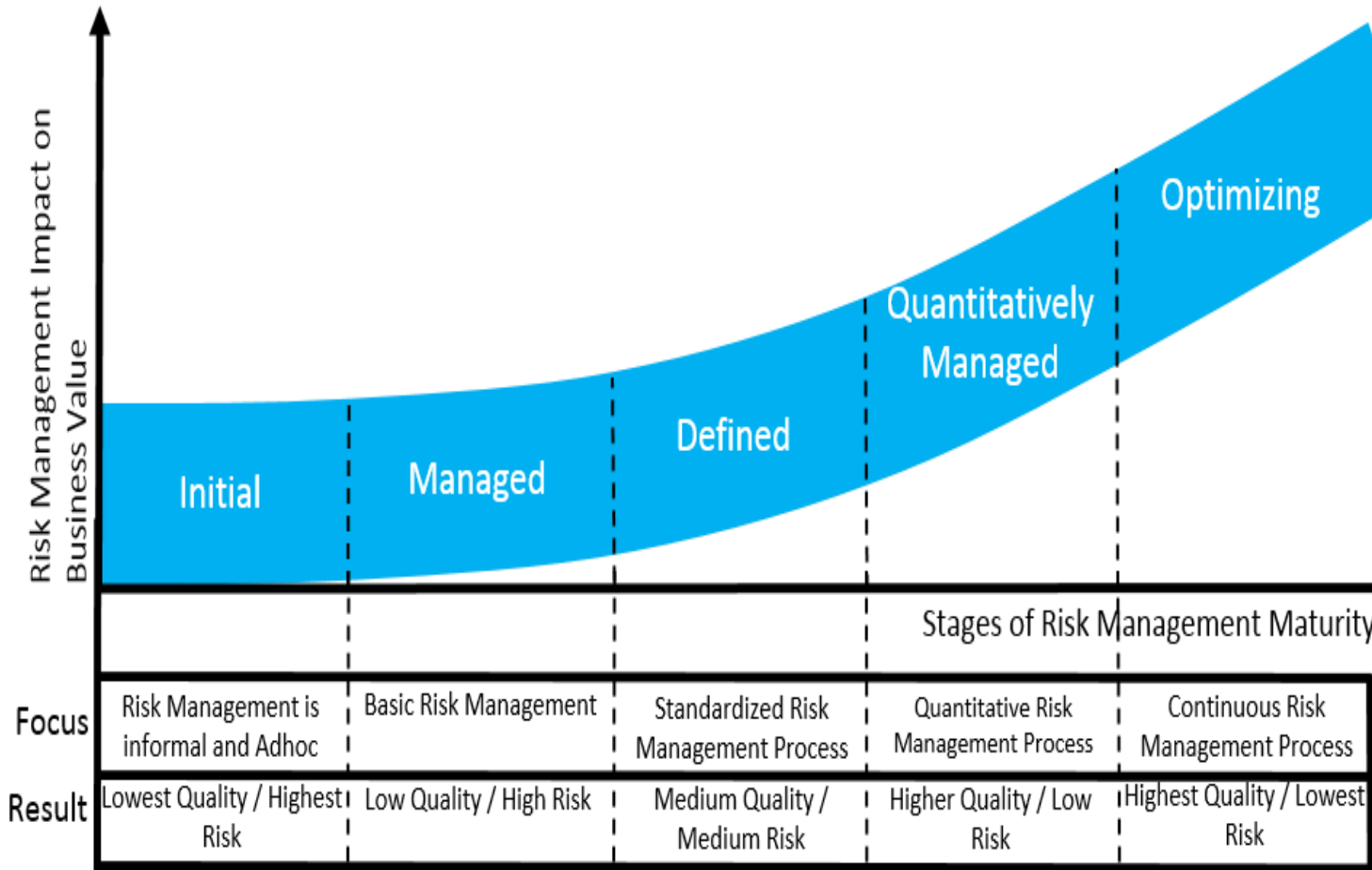


## Is your ERM Program Sufficient?

The RMM assessment consists of 7 attributes broken down by 71 competency drivers. This ranks the success and maturity of your ERM program from ad hoc efforts all the way to leadership initiatives.

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# 2. ISO31000 based model



RM based on ISO 31000 – Maturity Curve  
 ISO 31000 is recognized as a consensual frameworks created to help organizations, manage risk more efficiently.

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# 3. iia IPPF based model

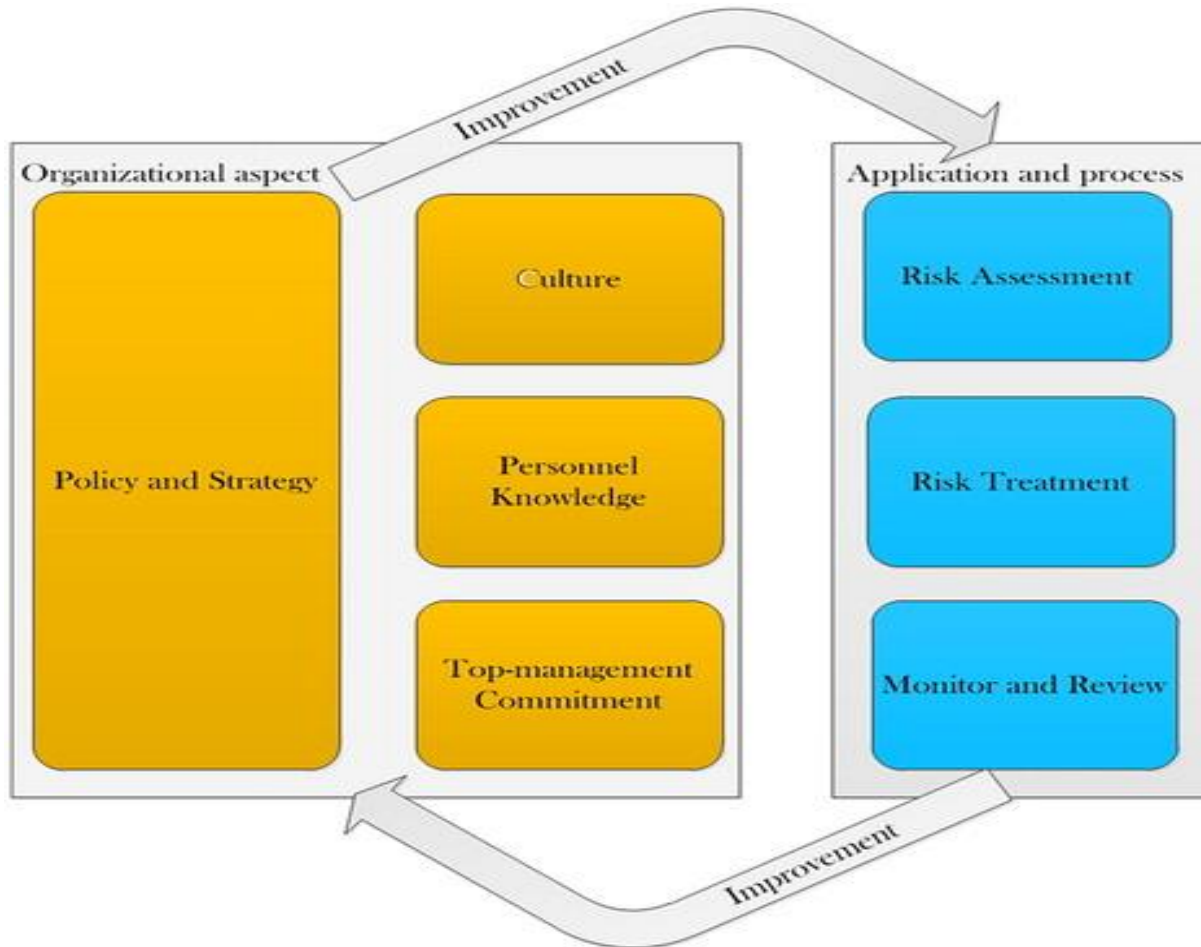


Stage	Culture	Governance	Process
1 Initial	Risk belongs to the internal audit activity.	CAE/audit committee chair.	Risk-based auditing.
2 Repeatable	Risk is considered on an as-needed basis.	Business managers.	As-needed risk and control self-assessment process.
3 Defined	Risk information is shared among internal audit and control functions.	C-suite/board members.	Common risk language and risk assessment process are used by internal audit and control functions.
4 Managed	Risk is integrated into strategic planning; risk appetite is stated and communicated.	All levels of management and the board.	Common risk language and consistent risk assessment process are in place throughout organization.
5 Optimized	Risk is integrated into all decision-making, compensation, and goals.	Total participation.	Common risk language and aggregated risk reporting are established throughout organization.

Internal auditors may use a maturity model to appropriately tailor each engagement to the maturity of the element under review

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# 4. Generic GRMM model



The generic Risk Management Model GRMM is based on sound theoretical and empirical bases;

1. Policy and Strategy
2. Culture
3. Personnel Knowledge
4. Top-management Commitment (Leadership)

Further assess on Risk Assessment, Treatment, Monitoring and Review

# Proposed future for Risk Modeling



## Modernizing/Automating risk modeling (Tools)

- ✓ Agile risk-modeling workflows aligned to emerging risks
- ✓ Analyze large/diverse/alternate data sets
- ✓ Consider emerging tech and automation
- ✓ Focus on quick wins rather than large-scale
- ✓ Scenario-based risk analytics platforms
- ✓ Modeling-as-a-service
- ✓ Enterprise-wide data analytics platforms
- ✓ Real-time risk management

# Poll, Q & A and Wrap up!



Which aspects of risk-modeling modernization have you started, if any?

- Data preparation
- Model development
- Model validation
- Model deployment
- Model monitoring

Further Questions and Feedback Sessions

# Further reading & References



*Some established maturity guidelines/ frameworks include; ISO 31000 2018, COSO the COSO ERM 2017, IIA's IPPF framework, COBIT, CMMI, PMI*

[www.oecd.org/tax/forum-on-tax-administration/publications-and-products/enterprise-risk-managementmaturity-model.htm](http://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/enterprise-risk-managementmaturity-model.htm)

[Full article: Developing a generic risk maturity model \(GRMM\) for evaluating risk management in construction projects \(tandfonline.com\)](#)

<https://www.rims.org/resources/strategic-enterprise-risk-center/risk-maturity-model>

*On determining roles and responsibilities for risk management, see IIA Practice Guide "Coordination and Reliance: Developing an Assurance Map."*