



THE ENTERPRISE RISK MANAGEMENT SEMINAR

Date: 21st to 22nd October 2021

Facilitator



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1. Definition of term
2. Enterprise Risk Management components
3. Implementing ERM Frameworks for Organizations
4. Benefits of Effective Enterprise Risk Management

Definitions



- ✓ **COSO defines ERM as follows:** The **culture**, capabilities, and practices, **integrated** with strategy-setting and its performance, that organizations rely on to manage risk in creating, preserving, and realizing value.

ERM Components Summary



GOVERNANCE & CULTURE

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops and Retains Capable Individuals



STRATEGY & OBJECTIVE-SETTING

6. Analyzes Business Context
7. Defines Risk Appetite
8. Evaluates Alternative Strategies
9. Formulates Business Objectives



PERFORMANCE

10. Identifies Risk
11. Assesses Severity of Risk
12. Prioritizes Risks
13. Implements Risk Responses
14. Develops Portfolio View



REVIEW & REVISION

15. Assesses Substantial Change
16. Reviews Risk and Performance
17. Pursues Improvement in Enterprise Risk Management



INFORMATION, COMMUNICATION, & REPORTING

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture and Performance

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ERM Components



Context of mission, vision, core values, and as a driver of an entity's overall direction and performance.

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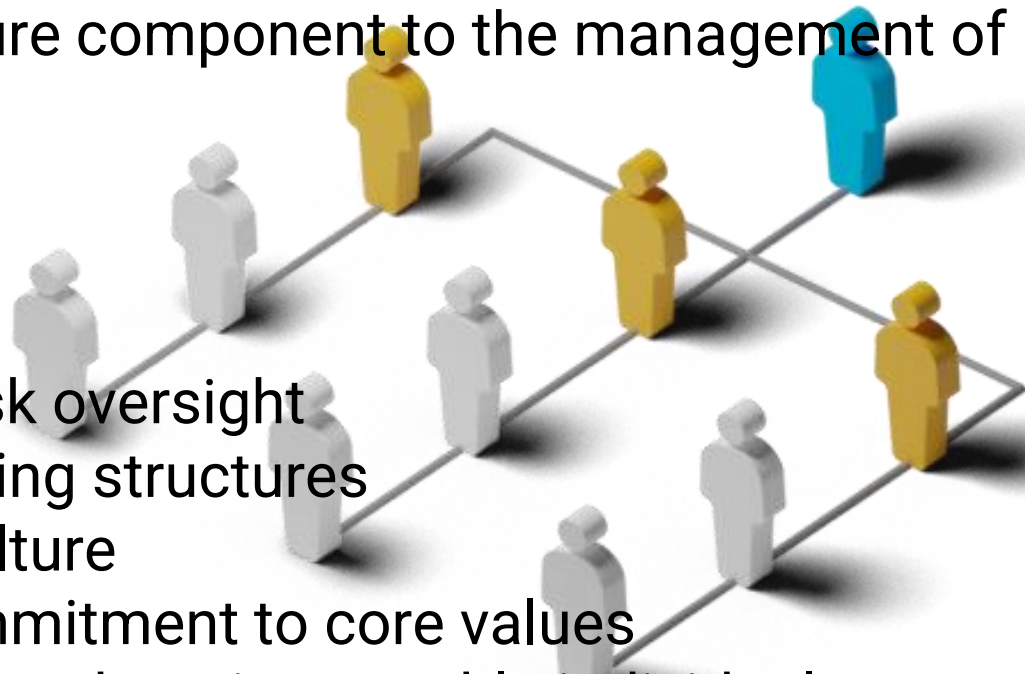
ERM Components



1. Governance and Culture - It describes the application of the governance and culture component to the management of enterprise risk

Principles

1. Exercises board risk oversight
2. Establishes operating structures
3. Defines desired culture
4. Demonstrates commitment to core values
5. Attracts, develops, and retains capable individuals



ERM Components



2. Strategy and Objective Setting - Establishes the boundaries for what the organization's effort must focus on

Principles

6. Analyzes business context
7. Defines risk appetite
8. Evaluates alternative strategies
9. Formulates business objective



ERM Components



3. Performance - Policies, Procedures and mechanisms that management's response to reduce risks identified during the risk assessment process is carried out.

Principles

10. Identifies risk
11. Assesses severity of risk
12. Prioritize risks
13. Implements risk responses
14. Develops portfolio view



ERM Components



4. Review and Revision - By reviewing entity performance, an organization can consider how well the enterprise risk management components are functioning over time and in light of substantial changes, and what revisions are needed.

Principles

- 15. Assesses substantial change
- 16. Reviews risk and performance
- 17. Pursues improvement in enterprise risk management



ERM Components



5. Information, Communication and Reporting - involves capturing, processing and communicating timely and relevant information to identify risks that could affect strategy and business objectives

Principles

18. Leverages information and technology
19. Communicates risk information
20. Reports on risk, culture, and performance

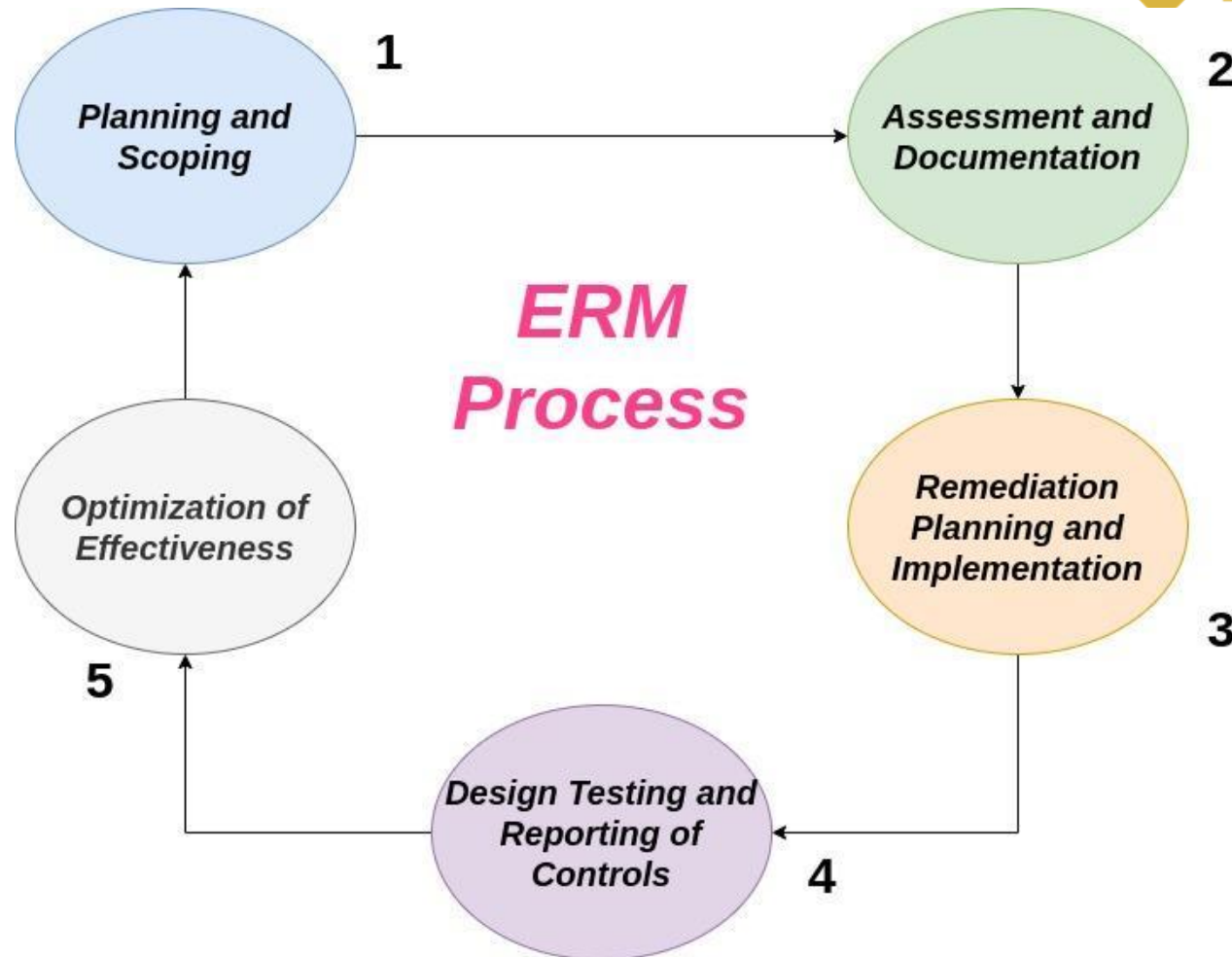




Implementing ERM Frameworks for Organizations: The Process

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The ERM Process Summary



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The ERM Process



Phase one: Planning and Scoping

- ❖ Orientation
- ❖ Planning
- ❖ Scoping
- ❖ Meeting with external Auditors
- ❖ communicating the plan



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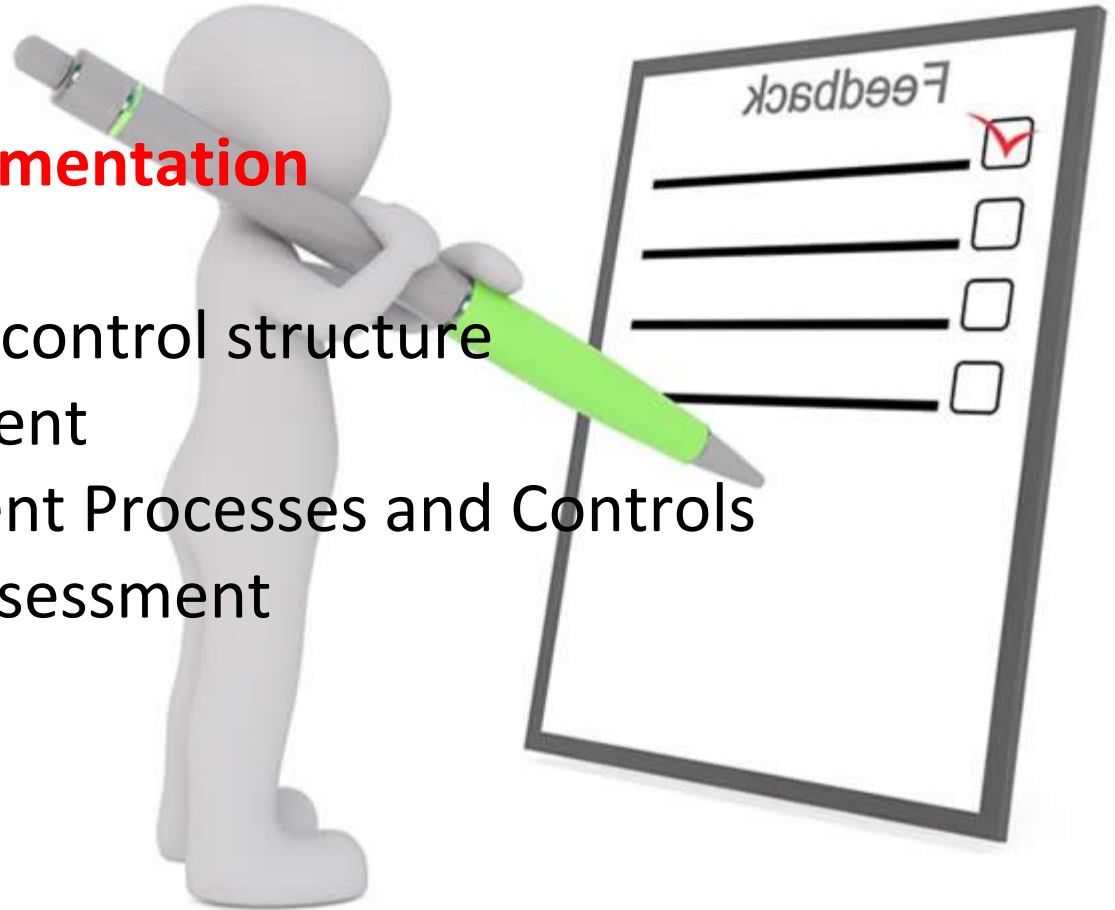
The Process Cont...



Phase two:

Assessment and Documentation

- ❖ Assess the existing control structure
- ❖ Fraud risk Assessment
- ❖ Documenting current Processes and Controls
- ❖ Performing GAP Assessment



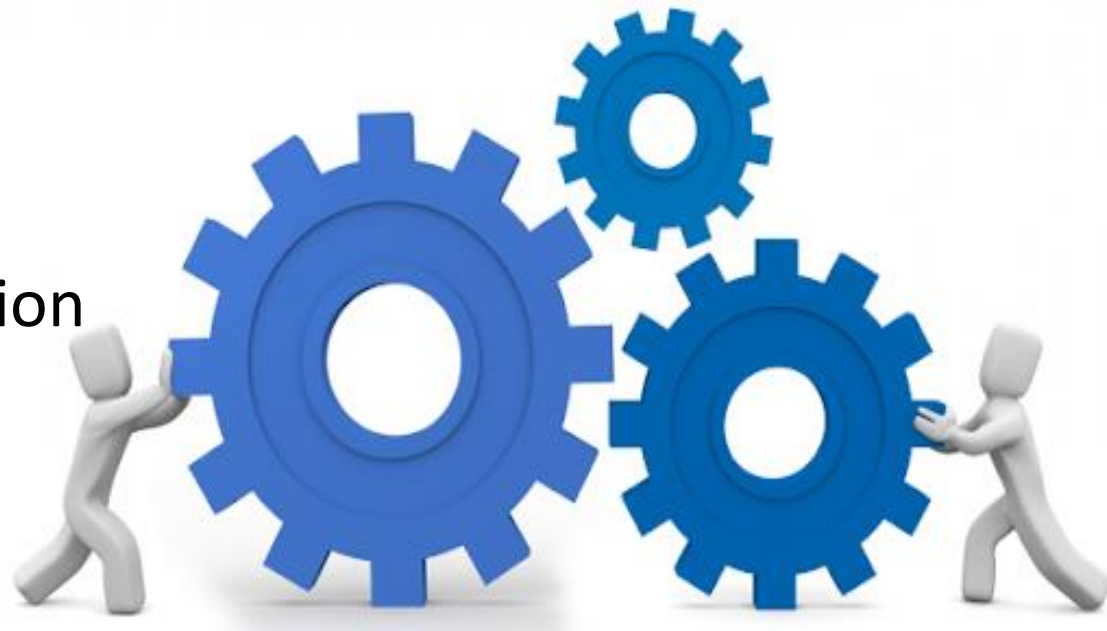
The Process Cont...



Phase three:

Remediation planning and Implementation

- ❖ Designing plans
- ❖ Remediation Implementation



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The Process Cont ...



Phase four:

Design testing and reporting of controls

- ❖ Select Controls for Testing
- ❖ Design tests for Controls
- ❖ Perform test of controls and reporting



The Process Cont...



Phase five:

Optimization of effectiveness of Internal Control

- ❖ Alignment of risk and controls to the strategy and objectives of the organization
- ❖ Continuous monitoring



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Benefits of Effective Enterprise Risk Management



1. **Increasing the range of opportunities** - optimising on the positive and avoiding the negative.
2. **Identifying and managing risk entity-wide** - Achieve improved performance.
3. **Increasing positive outcomes and advantage while reducing negative surprises** - proactive identification and management of risk.
4. **Reducing performance variability** - through anticipating - anticipation and management of performance risks
5. **Improving resource deployment** - optimized allocation of finite resources in risk mitigation.
6. **Enhancing enterprise resilience** - anticipate and respond to change



The End



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