

ENTERPRISE RISK MANAGEMENT A MORDERN DAY APPROACH TO ORGANIZATIONS RISK MANAGEMENT

DEFINITION

ERM is a top-down strategy that identifies, assesses, and prepares for potential **risks** that may affect an organization's operations and objectives. Enterprise Risk Management (ERM) can also be defined as a holistic approach to managing risk across an organization. It involves identifying, assessing, and mitigating risks that could impact the organization's objectives, reputation, or bottom line.

ERM(ENTERPRISE RISK MANAGEMENT FRAMEWORK)

A typical Enterprise Risk Management will involve:

1. **Risk Identification:** Identifying potential risks that could impact the organization.
2. **Risk Assessment:** Evaluating the likelihood and potential impact of each identified risk.
3. **Risk Prioritization:** Prioritizing risks based on their likelihood and potential impact.
4. **Risk Mitigation:** Implementing strategies to mitigate or manage identified risks.
5. **Risk Monitoring:** Continuously monitoring risks and updating the risk management plan as needed.
6. **Risk Reporting:** Reporting risk management activities and results to stakeholders.

COMPONENTS OF ENTERPRISE RISK MANAGEMENT

1. **Risk Governance:** Establishing a risk management framework, policies, and procedures.
2. **Risk Culture:** Fostering a risk-aware culture within the organization.
3. **Risk Identification and Assessment:** Identifying and assessing risks through various techniques, such as risk workshops and surveys.
4. **Risk Mitigation and Control:** Implementing controls and mitigation strategies to manage identified risks.
5. **Risk Monitoring and Review:** Continuously monitoring and reviewing risks to ensure effective risk management.

BENEFITS OF ENTERPRISE RISK MANAGEMENT

1. **Improved Risk Management:** ERM helps organizations identify and manage risks more effectively.
2. **Enhanced Decision-Making:** ERM provides a framework for making informed decisions that take into account potential risks.
3. **Increased Transparency:** ERM promotes transparency and accountability within the organization.
4. **Better Compliance:** ERM helps organizations comply with regulatory requirements and industry standards.
5. **Improved Stakeholder Confidence:** ERM demonstrates an organization's commitment to managing risk, which can enhance stakeholder confidence.

...to be continued!

Internal Control, Compliance and Risk Department.

Helping you understand risk management...