

# ERM and Internal Audit:

Anticipating & Addressing Risks

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# Learning Objectives

1. Learn how to assess your risk management posture.
2. Learn how to address your ERM needs, once identified.
3. Discover how the ongoing digital transformation is permanently altering the way teams should manage risk.



# Dynamic Risk is the New Normal

# Polling Question

**Which of the following risks is a key focus over the next 12 months?**

1. Cybersecurity and data privacy
2. Regulatory changes
3. Third - party risk
4. Financial resilience
5. Digital transformation / AI
6. Talent recruiting and retention
7. Other

# Dynamic Environment

## — External

- Natural Disasters
- Economic Concerns
- Political Changes
- Regulatory Changes
- Innovations & Industry Disruptions
- Expectations on Social Responsibilities for Organizations



# Dynamic Environment — Internal

- Financial Resilience
- New Products
- Use of Automation (Machine Learning & Artificial Intelligence)
- Remote Workplace
- Workplace Safety
- Third Party Disruptions





# ERM Will Be More Important Than Ever



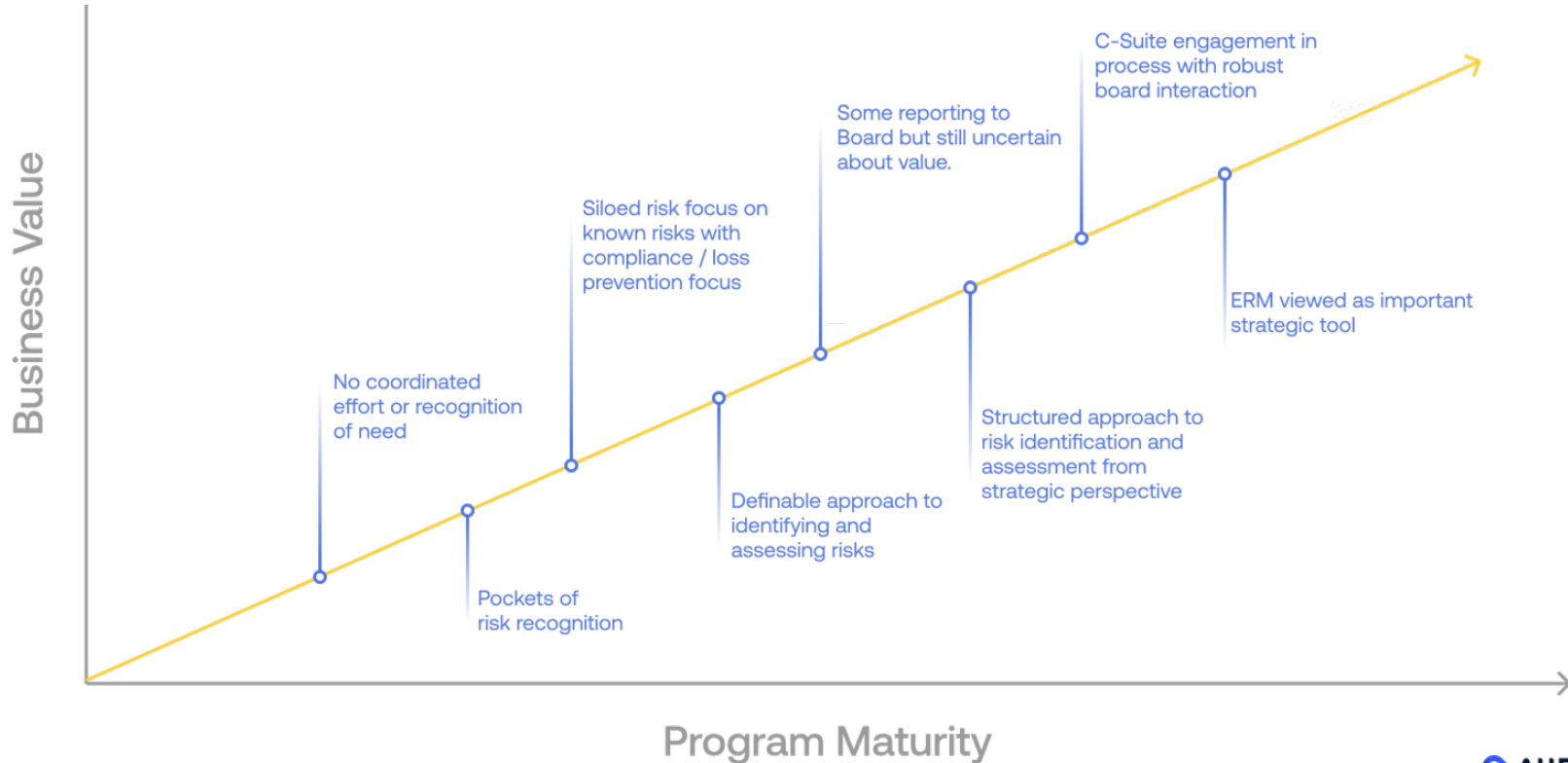
# Polling Question

Do you have an enterprise risk management program in place?

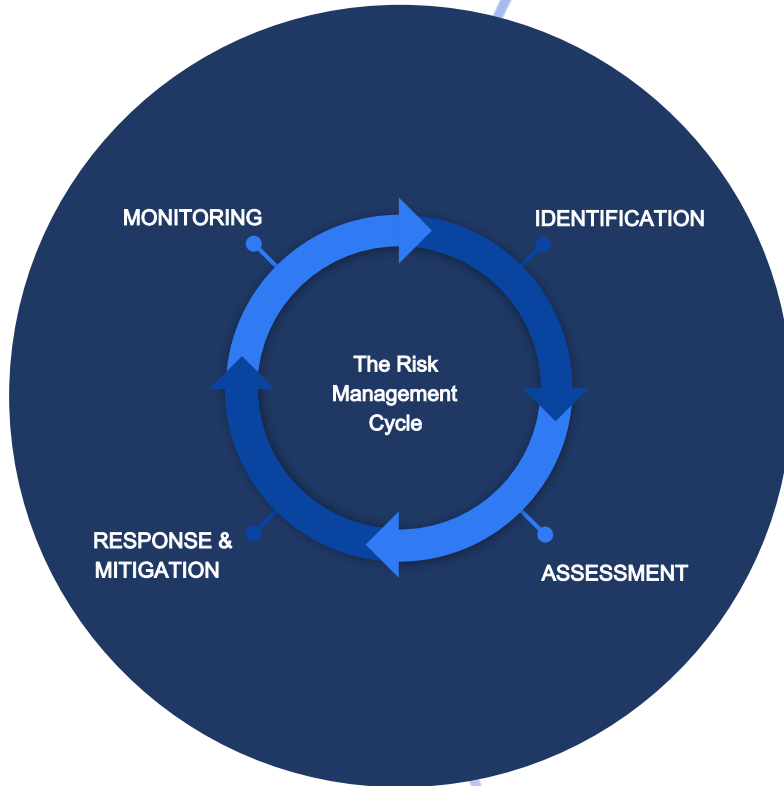
1. Yes
2. No
3. We have one started, but it needs more work
4. Unsure

# Enterprise Risk Management

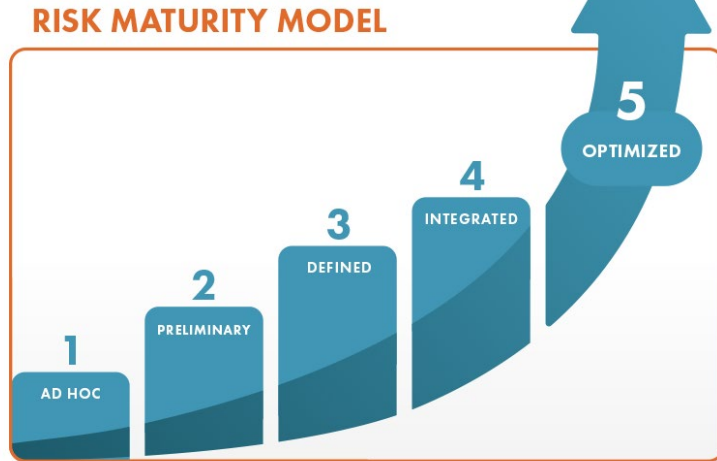
## Maturity Evolution



## Challenges in Managing Risk Today




- Organizations don't have access to timely and accurate risk data across the enterprise.
- Performing risk assessments is time consuming and complex.
- Lack of visibility into risk trends, falling behind the pace of business.
- Limited visibility into the status of mitigating strategies.



## What is Risk Maturity

- A way to evaluate the maturity of your Risk Management Program
- A few different models
- ISO  
(<https://www.iso.org/iso-31000-risk-management.html>)
- Risk Management Society  
(<https://www.rims.org/resources/strategic-enterprise-risk-center/risk-maturity-model>)
- AON  
(<https://aon.com/risk-maturity-index>)
- Maturity is usually evaluated using a number of criteria.



# Strengthening the ERM Program

# Polling Question

How would you rate the maturity of your ERM program?

1. Optimized
2. Integrated
3. Defined
4. Preliminary
5. Ad hoc
6. We do not have a program

# ERM Education / Discussion Sessions

- ❑ Conduct ERM education and discussion sessions with the Board and senior management
- ❑ Establish that the objective of ERM is to help the organization achieve its strategic goals
- ❑ Communicate the importance of embedding ERM into strategy

# Discuss ERM Strategies, Objectives, and Expectations

- ❑ Identify an executive or Board member to drive ERM initiatives
- ❑ Establish an executive - level risk committee to support the risk leader
- ❑ Develop a formal risk management charter that includes a risk appetite statement



# Strategic Risk Assessment

- ❑ Identify key strategies
- ❑ Identify risks related to key strategies
- ❑ Identify external and emerging risks
- ❑ Develop an action plan
- ❑ Communicate with the Board and senior management

# Leveraging Technology

- ❑ Centralize risk management
- ❑ Facilitate collaboration between different risk management stakeholders
- ❑ Integrate risk activities to create greater alignment between audit, risk, and compliance groups and improve decision making
- ❑ Automate the risk assessment process
- ❑ Provide visibility into risk trends and mitigation activities

# Actively Measure and Monitor Risks

- ❑ Key Risk Indicators
  - ❑ Measurable
  - ❑ Quantifiable
  - ❑ Set Tolerances for KRI's (Red Yellow & Green)
  - ❑ Inline with Strategic Objectives
  
- ❑ Lagging Indicators
  
- ❑ Leading Indicators
  
- ❑ Tie the KRI to a Risk and Strategic Objective



# Risk Becomes a Performance Enabler

## Polling Question

**Does your organization use cloud - based technology to help manage risk?**

1. Yes
2. No, but we use other tools
3. No
4. Unsure

## Disruptive Business Models

- Driving the Need for Increased Risk - Taking

## Analytics Capabilities

- Helping Leaders Link Risk to Performance



- Smart Devices
- Computing Capabilities
- Communications
- Automation in Controls

# Summary

- Dynamic risk is the new normal.
- ERM will be more important than ever so it's important for you to help your organization build and strengthen it.
- It is our job to educate key stakeholders and innovate risk management.
- Use KPI's & KRI's to measure and monitor risks.
- Think outside the box and look for opportunities to enable performance with risk.



# Questions & Answers



# The Modern Connected Risk Platform

Elevate your audit, risk, and compliance teams with the intelligent, collaborative, connected risk management platform.

## RiskOversight

### Risk Management Centralized

Integrate and elevate every element of your risk management program.

## ESG

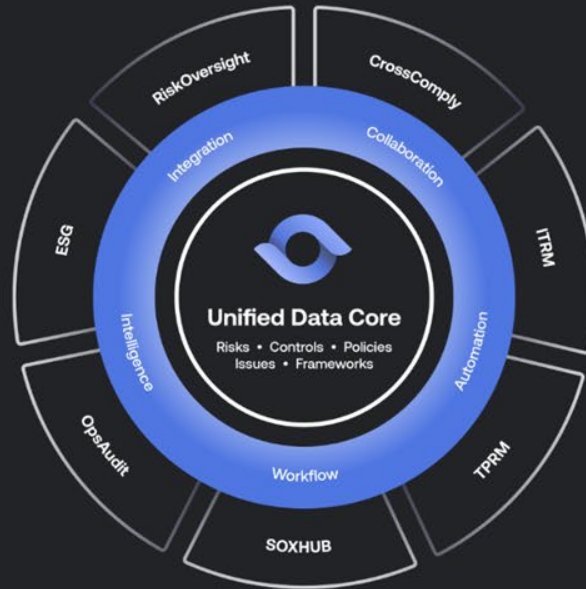
### ESG & Sustainability Operationalized

Streamline ESG program management and ensure audit-ready data.

## OpsAudit

### Internal Audit Streamlined

Drive greater strategic impact and productivity at every step of your audit program.



## SOXHUB

### SOX Management Simplified

Tackle SOX compliance and controls management with ease and precision.

## CrossComply

### Compliance Management Unified

Accelerate cross-framework compliance, including SOC, ISO, NIST, PCI, and more.

## ITRM

### IT Risk Management Transformed

Understand your threat landscape, quantify risks, and improve cyber resilience.

## TPRM

### Vendor Risk Management Modernized

Visualize, assess, and mitigate the third-party IT risks facing your organization.

Thank you.

