

 BerryDunn

**ELEVATE**

Annual Commercial  
Summit | 2024



# Enterprise Risk Management

Presenter: Tina Bode

 BerryDunn

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# Presenter



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Prosci®, CCP



# Agenda

- ▲ **01** Introduction to Enterprise Risk Management
- ▲ **02** Perceptions and Benefits
- ▲ **03** Process
- ▲ **04** Closing and Questions

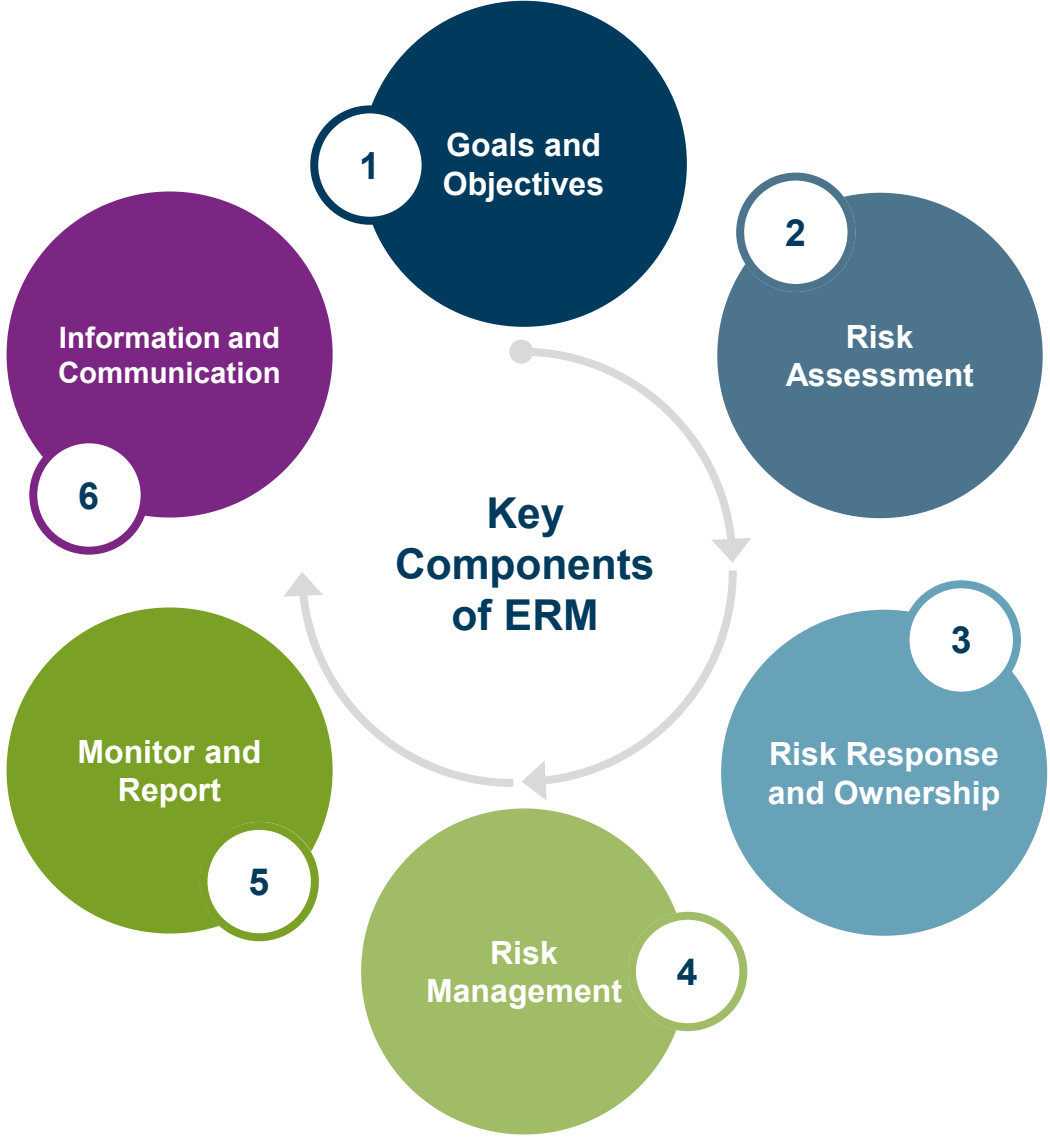


# Learning objectives



- ▲ Understand what is enterprise risk management
- ▲ Examine the importance of enterprise risk management to support your growth
- ▲ Identify opportunities to improve your strategic planning efforts
- ▲ Integrate risk-based thinking to help accomplish your strategic goals
- ▲ Build a risk-based tool kit to support your leadership teams

# ERM Overview





## 2024 AICPA ERM Study

- ▲ Risk volumes, complexities are increasing
- ▲ Organizations facing pressures from growing stakeholders to provide more risk information
- ▲ Effective risk management a top priority for leadership
- ▲ Most organizations do not provide training and guidance on risk management

Two thirds of organizations do not have a “complete ERM program” in place.

# Polling question #1



# 2024 AICPA ERM Study Barriers

- ▲ Competing priorities – 48% ↑
- ▲ Insufficient resources – 47% ↑
- ▲ Lack of perceived value – 30% ↓
- ▲ Perception ERM adds bureaucracy – 25% ↓
- ▲ Lack of board or senior leadership – 22% ↓
- ▲ Legal or regulatory barriers – 6% ↔

\*Indicates the trending change since 2018







## State of ERM Maturity

- ▲ Progress is being made in maturing risk management
- ▲ Competing priorities
- ▲ Reactive vs. proactive risk management
- ▲ Disconnect between risk culture and maturity of ERM
- ▲ Viewed as compliance not strategic

Less than half of the organizations surveyed have a formal ERM process in place.

# Chat prompt #1

- ▲ How does your organization approach risk management today?
- ▲ How does your leadership team anticipate emerging issues?



# Benefits of ERM



Achievement of Objectives



Informed Decision Making



Shared Vision of Priorities



Expands Accountability and Transparency



Adds Value and Confidence

# ERM and Strategic Planning



# Polling question #2





# ERM process



## Goals and Objectives

- ▲ **Tone at the top**
- ▲ **Culture and values of the organization**
- ▲ **Strategic plans**
- ▲ **KPIs and KRIs**



## Risk Assessment

*The process to identify and analyze risks to the achievement of business objectives.*

- ▲ Forms a basis for determining how risks should be managed
- ▲ Enterprise process, but also situational
- ▲ Can be formal or informal
- ▲ Results drive informed decisions



## Chat prompt #2

- ▶ Who is engaged in your organization's process for identifying risks?
- ▶ Do you have sufficient representation (internal and external perspectives)?





## How to Conduct a Risk Assessment

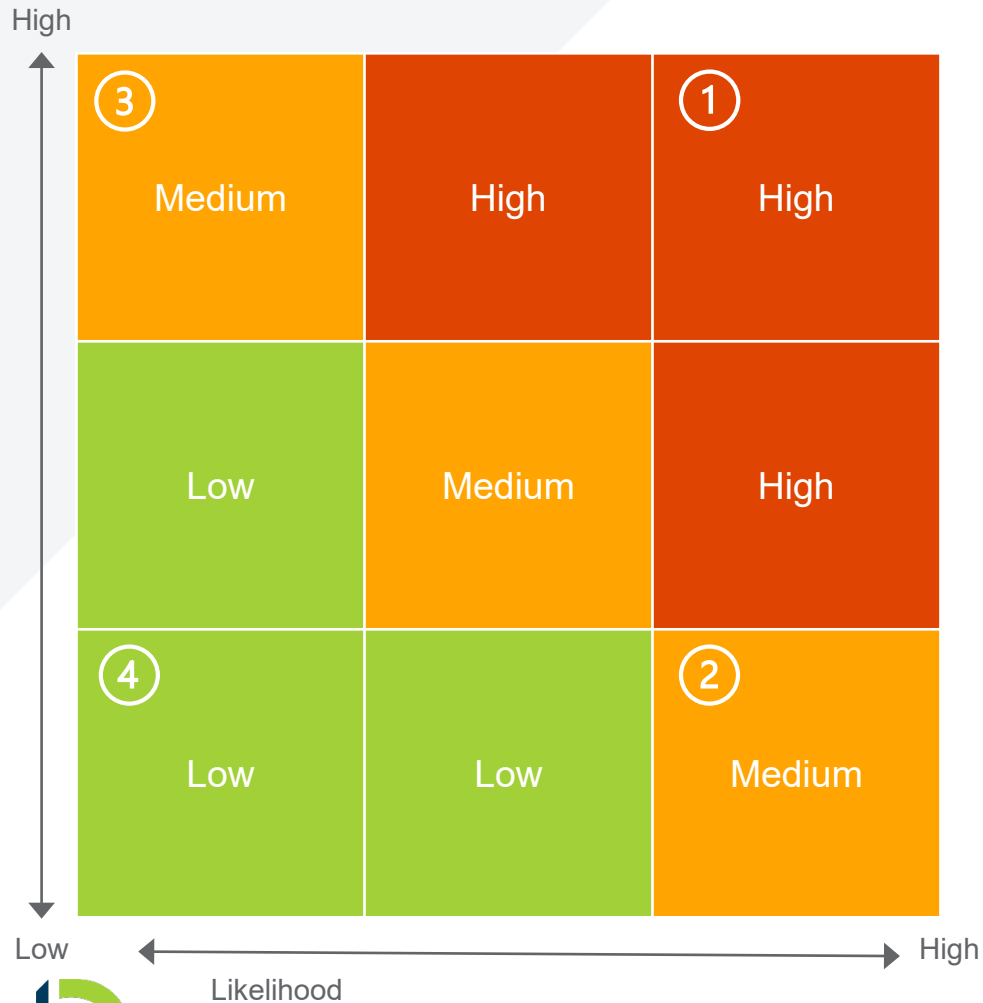
- ▲ Collaborative and representative process
- ▲ Identify and inventory all risks (internal and external)
- ▲ Have consistent scoring (qualitative or quantitative)
- ▲ Leverage for informed decision-making
- ▲ Enterprise, IT, situational, etc.

# Examples of Risk

- ✓ Regulatory and Compliance
- ✓ Technology
- ✓ Cybersecurity
- ✓ Organizational
- ✓ Financial
- ✓ Operational
- ✓ Legal
- ✓ Strategic
- ✓ Reputational
- ✓ Environmental
- ✓ Third-parties



# Risk Prioritization



1: Key Risks	
Critical risks that potentially threaten achievement of business	<ul style="list-style-type: none"> <li>• Frequent evaluation</li> <li>• Must be mitigated</li> <li>• Continuous monitoring cycle</li> </ul>
2: Secondary Risks	
More likely to occur but lesser impact	<ul style="list-style-type: none"> <li>• Frequent reassessments</li> <li>• Evaluate mitigation strategies</li> <li>• Regular monitoring cycle</li> </ul>
3: Secondary Risks	
Less likely to occur but could have significant impact	<ul style="list-style-type: none"> <li>• Periodic evaluation</li> <li>• Evaluate mitigation strategies</li> <li>• Regular monitoring cycle</li> </ul>
4: Low Priority Risks	
Unlikely and lower impact risks should they occur	<ul style="list-style-type: none"> <li>• Periodically reassess</li> <li>• Accept risk</li> <li>• Significant monitoring not required</li> </ul>

## Chat prompt #3

- ▲ What is the biggest impact you could see ERM having on your organization?



# Risk Response & Ownership

Determine HOW to respond and assign individuals WHO will own the policies, procedures, controls, and systems to address the risks.



## Avoid

Decide not to proceed with the project or activity.



## Accept

Accept loss when it occurs.



## Mitigate

Reduce probability or impact.



## Transfer

Move or spread the risk to other parties.



## Enhance/Exploit

Use potential occurrence to benefit.



# Risk Management Activities

Policies, procedures, controls, and systems that you will implement to mitigate the risks you choose to address.

- ▲ Control activities
- ▲ Sponsorship and support
- ▲ Risk management objectives
- ▲ Performance measurements and tracking
- ▲ Culture
- ▲ Policies and procedures

# Monitor and Report

Ongoing evaluations to ensure your risk management activities are functioning as intended and taking corrective action as needed.



Assign responsibility and accountability for monitoring and reporting activities

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On-going risk program management and aligning with organizational strategies

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Risk program oversight, validating priorities, risk tolerance and key risk indicators

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## Information and Communication

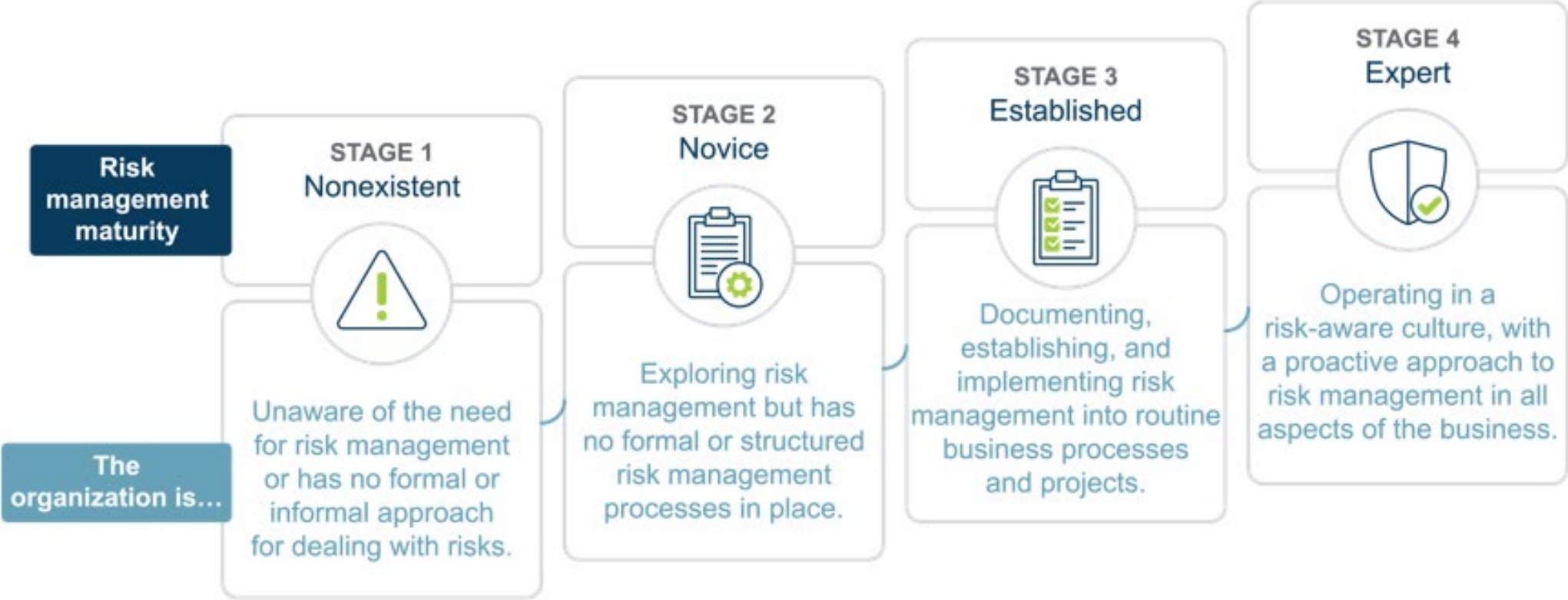
The practices you'll implement to help ensure that people are informed and empowered when it comes to risk management.

- ▲ Management reporting structure
- ▲ New hire orientation
- ▲ Periodic education updates throughout the organization on all levels
- ▲ Newsletters, email briefs
- ▲ A culture of employee buy-in, informed decision-making and continued improvement

# Polling question #3



# The Maturity Continuum: Where are you now?



How effectively is your organization managing risk?

Take our maturity survey to understand how your ERM practices score.



# Questions?

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[www.berrydunn.com/services/enterprise-risk-management](http://www.berrydunn.com/services/enterprise-risk-management)



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# Break

## Next session:

Navigate Sunsetting Tax Laws  
and Post-Election Impacts

Begins at

## Presenter:



Jesse Marshik

