

Risk

“ Risk comes from not knowing what you are doing”

- Warren Buffet

Integrated Risk Management: Driving Corporate Sustainability in a Post-Pandemic Worlds

Integrated Risk Management (IRM) refers to a set of practices designed to help organizations understand and manage the full scope of risks facing their enterprises, with much more agility than governance, risk & compliance (GRC) and traditional risk management programmes. It is particularly suited to helping organisations get on top of new risks stemming from digital transformation and other digital business activities.

Integrated Risk Management is the glue that binds a company, linking everything from strategy to regulation to controls and risk appetite. As we emerge from the crisis, IRM will enable companies to not only survive but prosper in their risk-taking.

Integrated Risk management is a critical aspect of an organization enterprise architecture, and the fabric that binds internal and external stakeholders across all these activities.

A high-level overview of an enterprise business architecture is made up of transaction system, customer portals, customer relationship management, enterprise resource planning and the IRM capabilities that bind the collaboration.

The IRM endgame is to remove the silos that inhibit collaboration and agility, via digitization of internal support processes.

The integrated risk management high level architecture takes into consideration the Business Architecture, Data Architecture & Platform Architecture.

It is important to note that nothing about IRM is necessarily technology dependent – but technology can help achieve process efficiencies, data integrity and collaboration. Where humans are the weakest link, automation can help achieve overhead benefits and cultural collaboration.

The integrated risk management platform architecture comprises of Users (Internal & External), Capabilities and Data.

GRC technology and process implementation gives room for layers in the IRM platform to be separated, yet tightly integrated. Here are some of the key layers of a modular IRM architecture, which allows for “plug and play” of the best-of-breed capability.

- Users will be full-time and part-time employees, third parties and customers.

- *Authentication and Authorization*

- *Central User Interface*

- **IRM Capabilities** : This starts with risk assessment, which can be top-down or bottom-up. A top-down approach to integrated risk management requires the executives and

management layer to source accurate information and view it in a consistent manner to make appropriate decisions. In contrast, an operational, or bottom-up, approach tends to value having each and every business unit taking responsibility for risk management. Joining these two is the crucial element of an integrated risk management approach.

- *Control Assessment and Testing*

- *Audit and Assurance*

- *Obligation Management*

- *Obligation Change Management*

- *Document Management*

- *Regulator Engagement Management*

- *Threat and Vulnerability Management*

- *Quality, or Nonconformance, Management*

- *Operational Resilience and Business Continuity*

- *Metrics*

- *Business Rules*

- *Data Layers*

- *Event, Case, Incident, Corrective Action and Issue Management*

Benefits of an integrated risk management programme

- Increase the range of opportunities.

- Identify and manage risk entity-wide.

- Reduce negative surprises and increase gains.

- Reduce performance variability.

- Improve resource deployment

Conclusion

It's hard to turn a global pandemic into an opportunity. The real economy will be fundamentally different when we re-emerge. The same is true for the companies that support it. An integrated risk management platform is the single biggest infrastructure change for driving sustainability, through acknowledged risk-taking and a coordinated response. Risk managers have built a strong foundation; now is the time to lead the transition.

Source: RIMAN, Wikipedia, AICPA, GARP

RIMAN Upcoming Programmes

Managing Risk Associated with COVID-19 Business/Events cancellation	27 th of August, 2020
Anti Money Laundering/CFT	3 rd – 4 th of September