

Enterprise-wide Risk Policy

The Assignment

The client, a chemicals manufacturing organization in India, needed to implement an enterprise-wide risk management policy to identify potential events, manage risk to be within its risk appetite, and to gain a clear view of its overall risk level.

Our Solution

In order to establish an ERM framework we recommended the following:

Establishment of Risk management steering committee to establish a senior management level committee to provide oversight of the implementation of the ERM Framework.

Delineation of roles and responsibilities for risk management. These included the definition of roles for Board of directors & CEO, senior management, business units, support functions (i.e. Legal, HR, IT, etc.), Internal Audit & Compliance and risk management

Definition of ERM methodology of the company - Definitions of key risk terms, descriptions of roles and responsibilities, and clear procedures for risk identification, assessment, measurement, mitigating, monitoring, and reporting.

Risk appetite statement formalization to accommodate the client's strategic direction and objectives and clearly outline the firm's capacity to take risk and its tolerance for potential loss

Risk identification via risk control self-assessment (RCSA) approach; coordinated by risk management and conducted with subject-matter-experts to identify applicable risks, inherent risk levels, quality of internal controls, and residual risk levels.

Risk prioritization – The results of the RCSA for each business unit were used to prioritize key risks based on the residual risk levels

Risk mitigation plans were established by taking a risk-based approach to address the areas with the greatest control weaknesses and largest potential for loss.

Takeaways for the Client

- After establishment of the ERM framework, the client was able to gain a clear picture of its overall exposure to risk and improve firm-wide understanding of risks and controls.
- There was better alignment of risk appetite and strategy and more efficient use of resources.
- Board and senior management oversight was facilitated wrt risk management and internal control was enhanced with the reporting results of monitoring and assessment activities, establishing a culture of risk awareness.

ASSIGNMENT DETAILS

- ▲ **SECTOR**
MANUFACTURING
- ▲ **DOMAIN**
RISK MANAGEMENT
- ▲ **GEOGRAPHY**
INDIA
- ▲ **PROJECT DURATION**
12 Months