

Implementing ERM Technology and Avoiding the Pitfalls

Local Government
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Fundamentals of a Successful ERM Program

- **Enterprise Risk Management according to COSO**

“a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”
- **The fundamentals of a successful ERM program**
 - Commitment: Senior management & stakeholders
 - Culture: management of risk is “part of DNA”
 - Dedicated resources: Plan > Do > Track > Report
 - Effective processes: Integrated, applied in practice
 - Efficient processes: Quick, easy to apply

Does today's technology help or hinder?



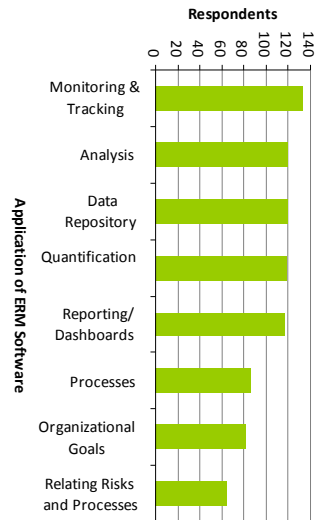
What is ERM Technology

- **What is information technology**

“the development, implementation, and maintenance of computer hardware and software systems to organize and communicate information electronically”
Dictionary.com
- **Opportunities for technology applied in ERM**
 - Record, analyse and report risks & controls
 - Record, analyse and report incidents
 - Identity and track compliance
 - Business continuity management
 - Conduct audits & attestations (risk based)
 - Communicate
- **Types of information technology used in ERM**
 - Desktop software - Spreadsheets, Word documents
 - Purchased ERM software - Off the shelf, configurable
 - Custom ERM software - Custom-built



How is ERM Technology Used?

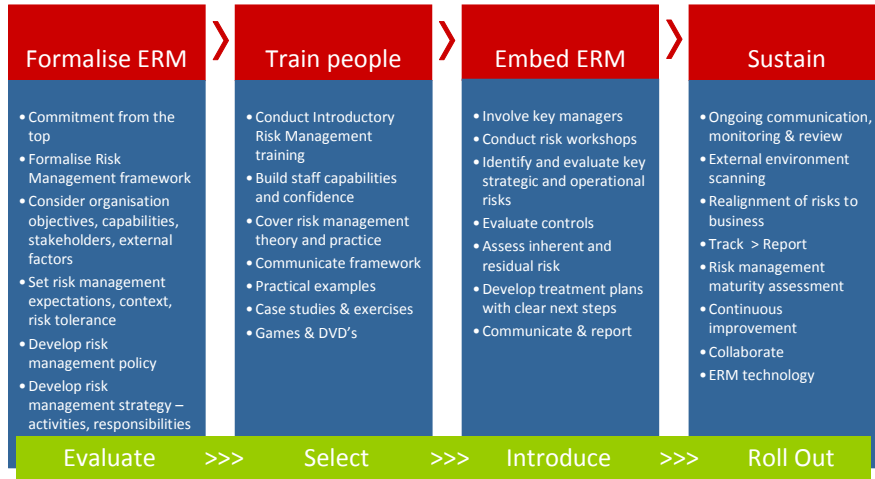


Source: RIMS 2009

Benefits & Limitations of Different Types of ERM Technology

| | Desktop | Purchased | Custom |
|----------------------------------|--|---|--|
| Benefits | Cheap Fast Easy to change | Choice Price Fast/Web-based Configurable Scalability Audit trail Collaborate Automate processes Reporting | Tailored (almost same as purchased) |
| Limitations | Scalability Version control Track trends Monitoring Hidden costs Collaboration Reporting | Single purpose (some) Support Future development Vendor risk | Tailored Development time Costly Documentation Loss of key staff |
| Popular <small>RIMS 2009</small> | 52% | 38% | 10% |

ERM Technology: Road Map to implementing a 'purchased' system?



Avoiding the Pitfalls

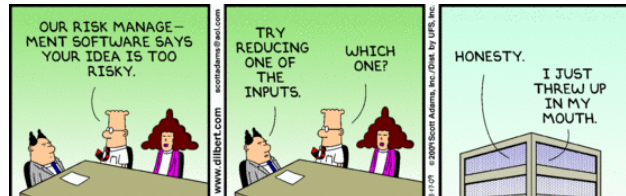


What can go wrong

- Value for money/'bang for bucks'
- Implementation cost blow out
- System does not meet requirements
- Lack of user buy in
- Low usability
- Poor quality data
- Poor quality reports
- RM framework 'outgrows' system
- Poor vendor support



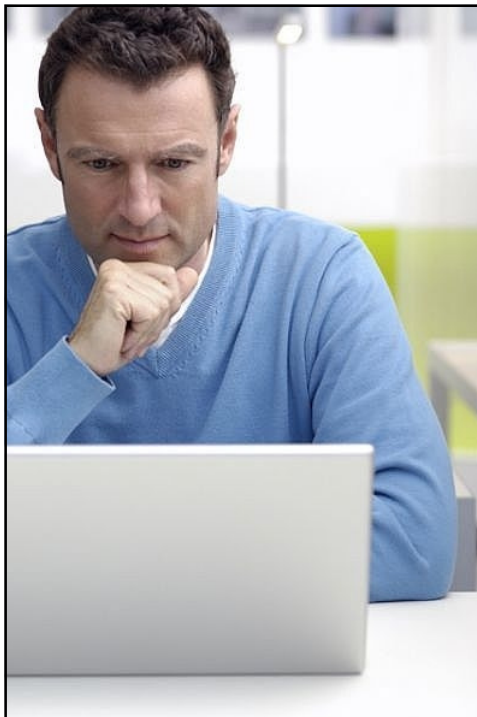
Final Thoughts



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Thank you

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