

Enterprise risk evolved: A holistic approach to integrated assurance

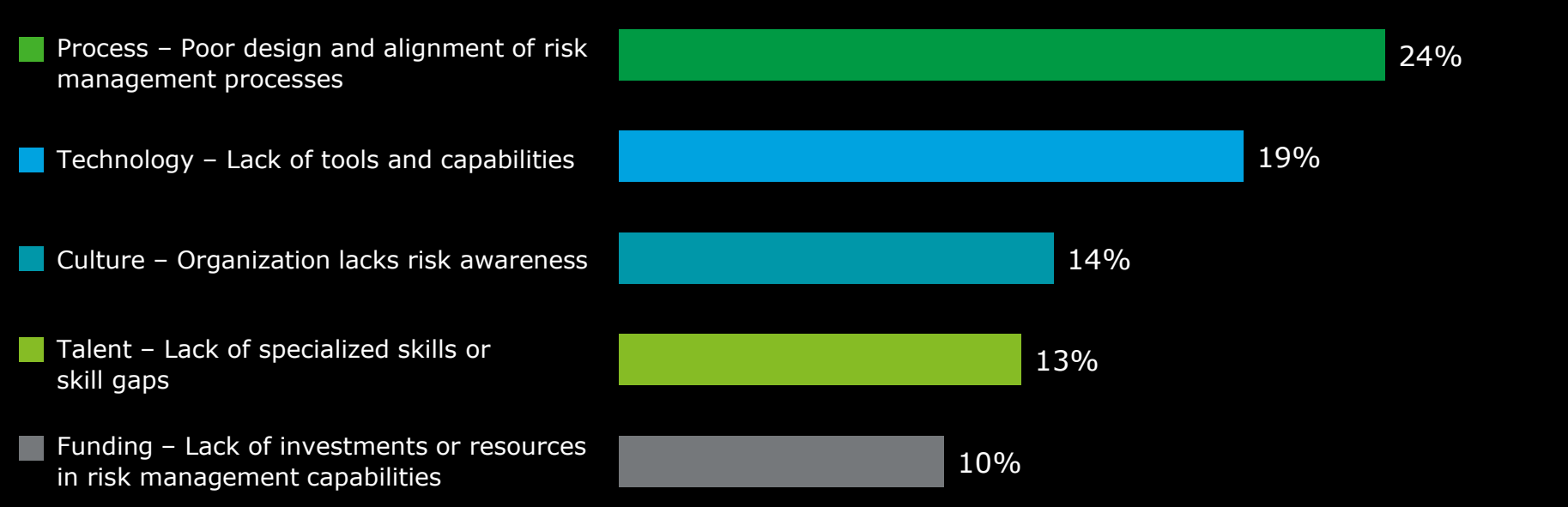


As digital technologies proliferate and change the nature of businesses, a new age of risk management is dawning. How will emerging capabilities challenge traditional risk management assumptions and operating models across the three lines of defense?

During an April 2020 Dbriefs webcast, Deloitte surveyed more than 4,000 professionals to gain insights into their views on current risk management capabilities and opportunities, including assurance and compliance models, use of digital capabilities, and high impact operating models. Here's what they had to say.



What do you see as your organization's biggest challenge with risk management?



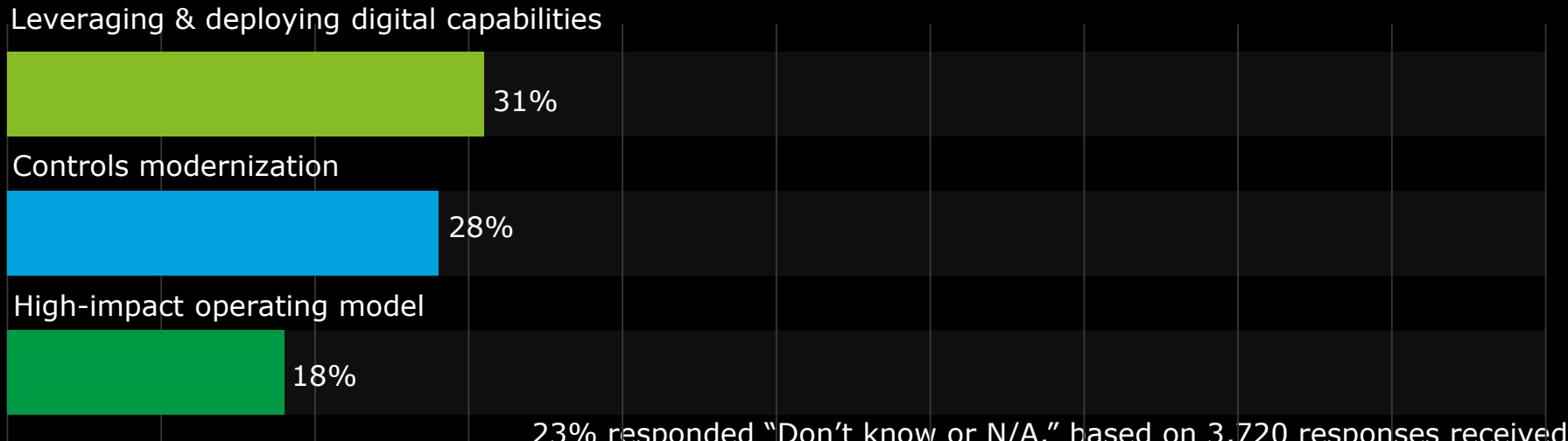
Results of the polling support the reality that risk management challenges are spread across multiple influencing factors within an organization – with more than 40% of the largest challenges attributed to operating models and lack of institutionalized or suboptimal use of enabling digital capabilities.

A transformation effort requires a strong vision and sound strategy, buy-in from senior leadership, leveraging of digital capabilities, enhancements to controls, and a high-impact operating model:



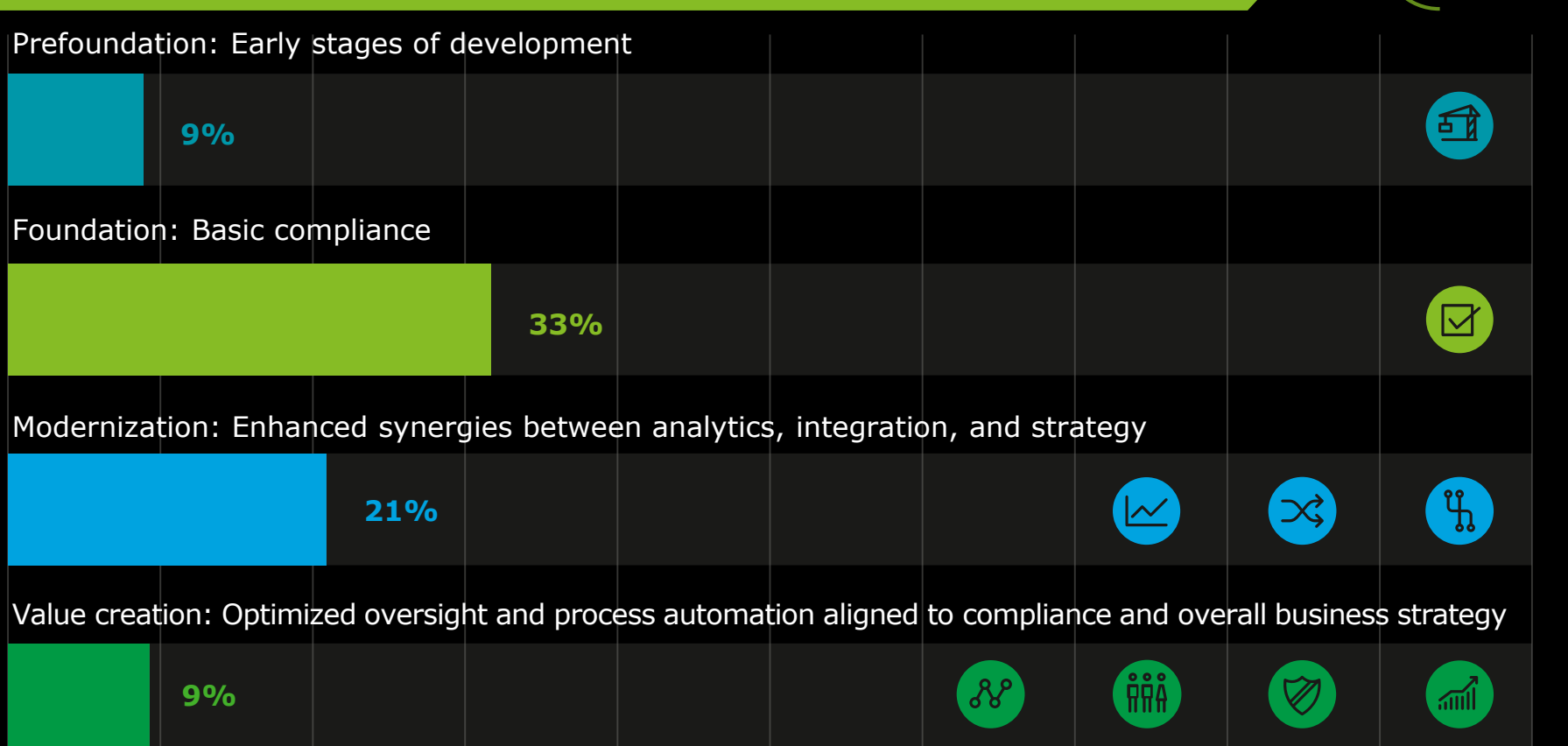
- Leveraging and deploying digital capabilities:** There are a number of benefits to deploying digital solutions throughout the risk management lifecycle, including but not limited to a dynamic and more responsive risk assessment and audit plan, broader risk coverage, deeper insights, and enhanced employee and stakeholder engagement.
- Controls modernization:** Beyond rationalization of controls, opportunities for intelligent automation, digitization, and enhancement of control management across the three lines of defense.
- High-impact operating model:** Shifts the operating model to service and delivery orientation creating impact and value, reduces the total cost of operation, enhances operational awareness and employee buy-in.

Which aspect of assurance transformation do you see driving the most value?



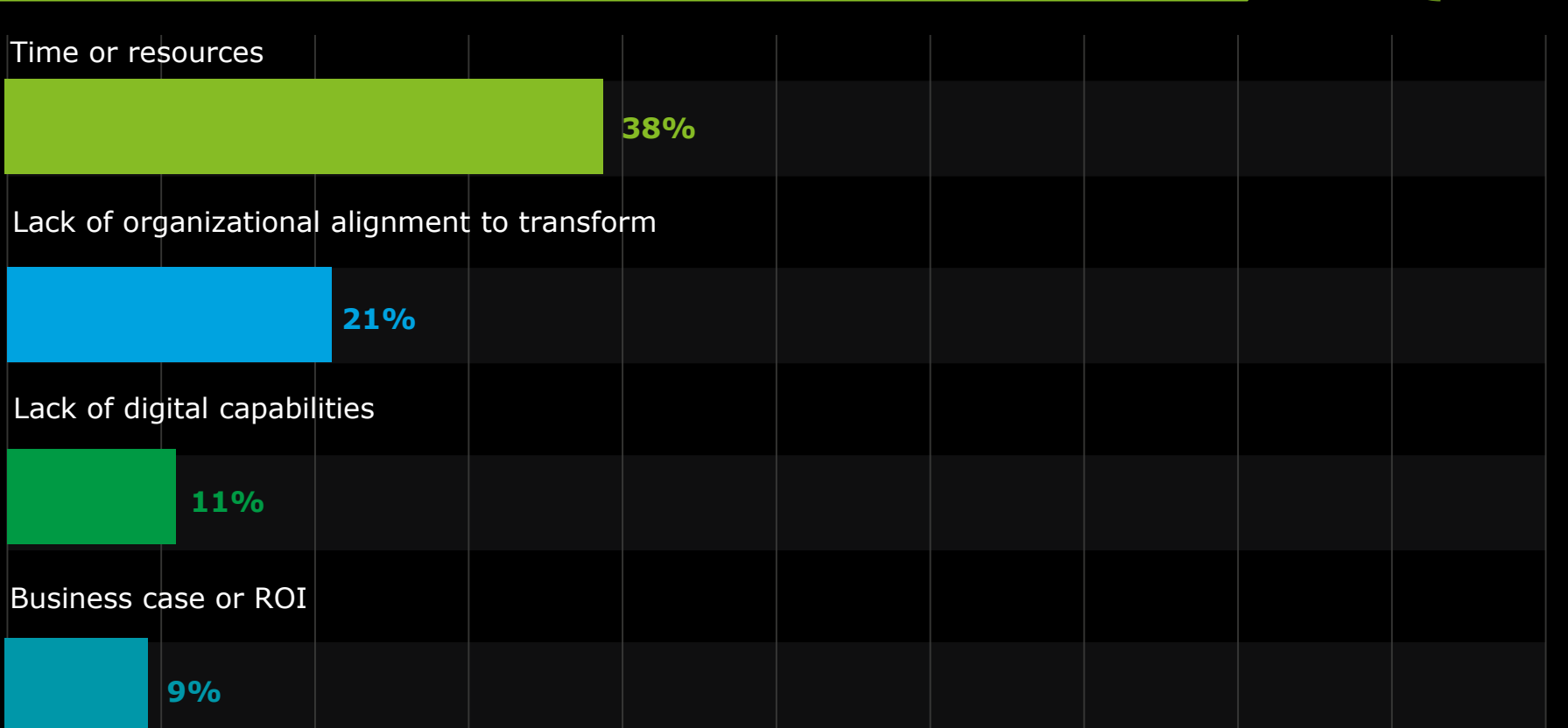
With nearly a quarter of respondents indicating they don't know or N/A in terms of which area could drive the most value, it seems that a clear vision on challenges and how best to handle them is lacking. This is where a [Connect, Modernize, Digitize \(CMD\)](#) approach comes into play. Less manual and more intelligent, a CMD paradigm optimizes risk performance by going beyond automation to foster connection and efforts across the three lines of defense. To build resilience in your organization, a strategic approach to all three of these assurance transformation aspects must be taken – particularly as companies seek to capitalize on the value technology brings by maximizing the productivity of limited highly skilled professionals while simultaneously delivering greater ROI from the risk, compliance and assurance functions.

How mature is your organization's risk management?



With only 9% of respondents in the value creation phase, the most optimized and aligned of the four phases, we see significant opportunity for advancement along the maturity scale – toward risk mitigation, compliance modernization, alignment with overall business strategy, and tangible value articulated through measurable KRI results (ROI).

What is your organization's biggest barrier to transforming its risk management capabilities?



The challenge of time or resources as the biggest barrier to risk management transformation is not all that unexpected. When time and resources are limited—a situation most, if not all, organizations can relate to—there are methods that can be applied to manage risk quickly and efficiently. We suggest starting by reexamining your current pain points and challenges within the risk management and assurance landscape, including potential duplication of activities and potential assurance gaps. It would then be critical for the key risk leaders to align on a joint vision and expectations for collaboration across key domains such as:

- Assurance strategy
- Methodology, tools, and technology
- Reporting and communication
- Remediation management
- Education and training

There is case for change and the time to act is now. Take command of your risk management today.

Visit www.deloitte.com/us/cmd for more information.



This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2020 Deloitte Development LLC. All rights reserved.