Enterprise risk evolved: A holistic approach to integrated assurance

As an organization’s approach to risk management changes, so do the challenges they face. In the second annual Deloitte Risk CIO Index survey, more than 4,000 Deloitte clients across the three lines of defense—audit, risk, and compliance—articulated their views on current risk management challenges and enterprise risk management (ERM).

What do you see as your organization’s biggest barrier to transforming its risk management? (3% responded “Don’t know or N/A,” based on 3,316 responses received)

- Lack of organizational alignment to transform risk management
  - 38% responded “Don’t know or N/A,” based on 2,171 responses received
- Talent—Lack of specialized skills or training
  - 21% responded “Don’t know or N/A,” based on 2,171 responses received
- Technology—Lack of tools and capabilities
  - 21% responded “Don’t know or N/A,” based on 2,171 responses received
- Process—Poor design and alignment of risk management processes and controls
  - 20% responded “Don’t know or N/A,” based on 2,171 responses received

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

- High-impact operating model:
  - 33% responded “Don’t know or N/A,” based on 2,171 responses received
- Leveraging and deploying digital capabilities:
  - 28% responded “Don’t know or N/A,” based on 2,171 responses received
- Controls modernization:
  - 21% responded “Don’t know or N/A,” based on 2,171 responses received
- Assurance transformation:
  - 28% responded “Don’t know or N/A,” based on 2,171 responses received

Deloitte surveyed more than 4,000 CIOs across 11 industries and 15 roles in the first Deloitte CIO Index in April 2020. Deloitte then asked CIOs to discuss the current state of risk management, the impact of digital transformation, and potential solutions.

Here’s what they had to say.

Leveraging and deploying digital capabilities: There are a number of benefits to leveraging and deploying digital capabilities. The increased use of analytics, automation, and artificial intelligence (AI) is helping to drive a more proactive and integrated risk management approach and with data-driven insights, CIOs can reduce compliance and operational risks, identify and mitigate risks proactively, and develop more effective risk scenarios.

Controls modernization: Beyond identifying controls, opportunities for improvement may be found in the audit methodology, organizational design, and infrastructure of internal and external controls. CIOs can look to these areas for potential improvements.

High-impact operating model: When it comes to risk, CIOs can build a high-impact operating model: Leveraging and deploying digital capabilities throughout the risk management lifecycle, including but not limited to:• Reporting and communication • Remediation management • Education and training • Assurance strategy • Methodology, tools, and technology • Value creation: Optimized oversight and process automation aligned to compliance and overall business strategy

Leveraging and deploying digital capabilities: To build a high-impact operating model:• Reporting and communication • Remediation management • Education and training • Assurance strategy • Methodology, tools, and technology • Value creation: Optimized oversight and process automation aligned to compliance and overall business strategy

There is a need for change across the landscape, but this year, external events and pressures are likely to add fuel to the fire.

Deloitte CIO Index 2021

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

- Assurance strategy
  - 38% responded “Don’t know or N/A,” based on 3,720 responses received
- Methodology, tools, and technology
  - 11% responded “Don’t know or N/A,” based on 3,720 responses received
- Reporting and communication
  - 9% responded “Don’t know or N/A,” based on 3,720 responses received
- Remediation management
  - 9% responded “Don’t know or N/A,” based on 3,720 responses received
- Education and training
  - 9% responded “Don’t know or N/A,” based on 3,720 responses received

What influence is your organization’s risk management?

- Operational awareness and employee buy-in
  - 38% responded “Don’t know or N/A,” based on 3,720 responses received
- Leveraging and deploying digital capabilities
  - 21% responded “Don’t know or N/A,” based on 3,720 responses received
- Controls modernization
  - 21% responded “Don’t know or N/A,” based on 3,720 responses received
- Assurance transformation
  - 28% responded “Don’t know or N/A,” based on 3,720 responses received

What impact has the COVID-19 pandemic had on your organization’s risk management?

- Time or resources
  - 9% responded “Don’t know or N/A,” based on 2,171 responses received

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

- High-impact operating model:
  - 21% responded “Don’t know or N/A,” based on 2,171 responses received
- Leveraging and deploying digital capabilities:
  - 21% responded “Don’t know or N/A,” based on 2,171 responses received
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A transformational effort requires moving from status and shared strategies, but there is a leadership, leveraging of digital capabilities, and the ability to achieve these, digital uplift.

Risk management has become a business transformation powerful capability.