

ENTERPRISE RISK MANAGEMENT



ERM: The New Corporate Benchmark

As per the Corporate Governance Regulations Issued by the Board of the Capital Market Authority, listed companies in KSA are primarily responsible for risk management that would contribute to the achievements of the company's strategic objectives.

There are two well-known frameworks that consolidate current thinking on enterprise risk management:



The COSO - Enterprise Risk Management (ERM) Framework; and



The ISO 31000 - Risk Management Framework

Aspects of Risk Management

1. **Is risk awareness embedded into the organization culture?**
Interests and needs of the key stakeholders are identified and communicated across the organization to align the business objectives with the strategic objectives of the entity.
2. **Which risk management framework is optimal for an entity?**
Suitable framework for the risk management process involves identifying core business areas, setting priorities and defining requirements for risk assessment.
3. **Is the entity able to timely identify significant risks?**
Potential internal and external events that might have an adverse impact on the achievement of the entity's strategic objectives needs to be determined.

Insights paving your path

Let Insights be your consultancy partner for the design and development of a comprehensive **Risk Strategy** directed towards achievement of the entity's objectives.

Insights will help in establishing the context of the framework based on tailored requirements of the entity and provide a deliverable in the form of **Risk Management Framework**.

Insights will perform risk identification over the entity's operations based on factors such as market research, strategic plans and provide deliverable in the form of a **Risk Register**.

ERM: The New Corporate Benchmark (Contd.)

Aspects of Risk Management

4. Are identified risks appropriately analyzed by the entity?

Risks are assessed in order to determine the significance of the event, the probable likelihood of the risks and the means available for managing the risk.

5. How risks are evaluated using risk management process?

The effects of risk analysis with risk criteria/ benchmark are compared in order to decide the tolerance level of residual risk.

6. How risks are managed in risk management process?

Appropriate risk responses are selected and implemented in order to align risks with the risk appetite of the entity.

7. What is the role of monitoring, review and reporting in improving effectiveness of risk management process?

There exists adequate reporting and communication channels across the entity to ensure that relevant risk information is timely communicated to the key stakeholders.

Insights paving your path

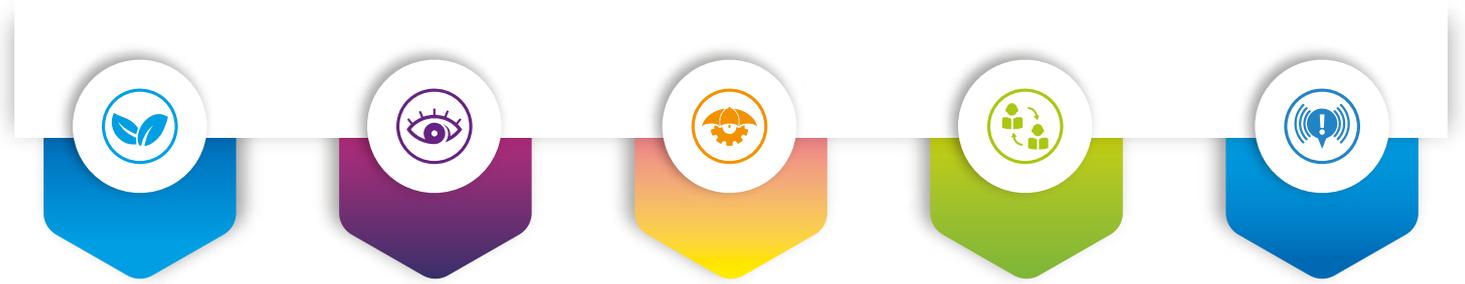
Insights will perform risk analysis over the risks identified based on appropriate methodology tailored to the needs of the entity and provide a deliverable in the form of a **Risk Matrix**.

Insights will evaluate the risks based on severity levels in order to determine residual risk and provide the deliverable in the form of a **Gap Assessment**.

Insights will recommend appropriate risk response strategies in order to manage the risks up to tolerable levels and provide deliverable in the form of a **Risk Treatment Plan**.

Insights will perform periodic reviews in respect of framework, risks, internal/ external factors in order to keep the risk at minimum level and provide deliverable in the form of a **Post Evaluation Report**.

Elements of Enterprise Risk Management



Oversight & Environment	Entity's Mission & Vision	Risk Management	Change Management	Dissemination of Information
<ul style="list-style-type: none"> • Culture and tone of leadership • Establishing Oversight Responsibilities • Adherence to Ethical and Core Values • HR skills and competencies 	<ul style="list-style-type: none"> • Analyzing Business Environment • Determining approach to risk taking • Evaluating Suitable Policies • Devising Business Objectives 	<ul style="list-style-type: none"> • Recognizing Risks • Measuring Significance of Risks • Ranking Risks • Risk response strategies • Developing Entity Level Risk Portfolio 	<ul style="list-style-type: none"> • Evaluating Significant Variations in Risk Profile • Risk and Performance Review • Promotes organizational Improvement 	<ul style="list-style-type: none"> • Information & Technology management • Reporting relevant information regarding risk management

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