



# Navigating Risk: Strategies for Successful Risk Management

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# At the End of this Session, You Will Be Able to:

Identify

- Identify different types of risk such as business, operational, and financial risks

Understand

- Recall the latest trends in cybersecurity risk management

Learn

- Recognize how identifying risks can improve operations and efficiencies

Identify

- Identify the role forensics plays in responding to risk



# Today's Presenters



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# What is Risk?



## Definition of risk:

Exposure to situations/factors that could lower profits/value, disrupt operations, or impair reputation



## Does your organization understand the risks it faces?

Is management aligned?

Current events that could impact the business



## Areas for risk:

Operational

Financial

Technology

Compliance

Strategic



# Impact of Risk

- Once identified
  - What is the likelihood and impact?
  - Areas of impact
    - Financial
    - Legal
    - Strategic
    - Reputation
  - How do you measure the impact?
  - How do you want to manage/mitigate the risk?
    - Think about risk and its effects at every level and turn

# Benefits in Addressing Risk



## Risk is not all negative

What do you accept, what do you avoid  
and what do you mitigate?



## Reducing risk can

- Increase business value
- Improve profits
- Maintain/grow operational activity
- More agile workforce





*We'll get you there.*

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# Types of Risk

# Operational

Definition

Do you have inefficient operations/divisions?

Are your processes more manual where you can implement technology for further leverage?

What can go wrong?

- Transaction processing errors
- Lawsuits from employees
- Controls not performing as intended
- Inability to implement price increases in response to inflation
- Inability to respond to red flag indicators
- Outgrowing capacity
- Business disruptions due to cyberattacks





# Financial

Definition

Is the accounting/finance department well staffed?

Are there adequate segregation of duties?

What can go wrong?

- Erroneous financial reporting
- Fraudulent financial reporting
- Loss of key relationships
- Inaccurate inventory records

Examples



# Compliance

Definition

Organization's ability to meet business needs, comply with laws and regulations, etc.

How fast are regulations/laws changing?

What can go wrong?

- Non-compliance with regulations (fines, penalties)
- Damage to reputation
- Lack of awareness of changing regulations/laws
- New state nexus (sales/income tax)
- Inability compete / bid in certain industries



# Technology

Definition

Are automated workflows available used versus a manual process?

Is access based on job roles with defined processes for granting/changing/removing access?

What can go wrong?

- Technology not capable of accommodating growth
- Fraudulent vendors or employees created
- Controls circumvented
- Cyber attack

Examples



# Cybersecurity

## Upward trending of cyber attacks and data breaches

- Ransomware as an industry
- Exfiltration and double-extortion
- Critical infrastructure
- “Patching your people”

## Continued Adoption of Cloud and As-A-Service

- Hybrid is becoming the norm
- Convergence of Cloud Environments
- Additional Layers of Security
- Opportunities for

## Regulations

- GLBA and FTC Safeguards Rule
- Cybersecurity Maturity Model Certification (CMMC)
- DFARS and NIST SP800-171

## Artificial Intelligence Going Rogue

- Automation, predictive analytics
- Big data
- Interactive AI (ChatGPT)
- Many are calling for a pause



# Strategic Risk



## Definition



## What can go wrong?

- Loss of an owner or key member of management
- External factors not planned for
- Lack of sufficient resources
- Inability to attract and retain talent
- Loss of key customer or vendor



## Examples

- Succession planning
- Strategic business plan
- Synergistic acquisitions
- Strong culture

# Internal Control

Internal control is:

- A process consisting of ongoing tasks and activities (procedures) supporting management's expectations (policies)
- Effected by people (Board, management, personnel)
- Able to provide reasonable assurance, not absolute assurance
- Geared to the achievement of objectives (operations, reporting, and compliance)
- Adaptable to size and complexity of an organization

Strong processes and internal controls will help us mitigate:

- **Operational Risks** - effectiveness and efficiency of operations
- **Compliance Risks** - compliance with applicable laws, regulations, other
- **Financial Risks** - reliability of financial reporting and misappropriation of assets
- **Technology risks** – general controls, cybersecurity



# Current Events

- Open discussion on some recent events in the news where risk has impacted a business
  - What lessons were learned?



# Additional Considerations



Risk assessment cadence



Keep pulse on regulatory environment



Economic and industry changes







# Questions?

Please type any questions or feedback you have in the chat!

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