



# THE STATE OF RISK OVERSIGHT

AN OVERVIEW OF ENTERPRISE RISK MANAGEMENT PRACTICES  
15TH EDITION | 2024

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# Executive Summary

Organizations operate in a global environment where myriad uncertainties can arise and trigger risks impacting an organization’s strategic success. Organizations with a robust, enterprise-wide and strategically focused approach to managing risks increase the odds that these risks can be managed proactively so that key strategic initiatives stay on track.

We have partnered over the past 15 years with the American Institute of Certified Public Accountants (AICPA) Management Accounting - Business, Industry, and Government Team to survey business leaders to learn more about their current enterprise-wide risk management approach and status.

## ORGANIZATIONS SURVEYED

This report provides an overview of the current state of risk oversight practices by providing key data about the risk oversight practices in 377 organizations. In addition to providing detailed analysis of important components of risk management processes for the full sample, this 15th Edition of our report also highlights key findings for the subgroups of organizations shown in the table at the right.

148	large organizations (those with revenues greater than \$1 billion)
99	publicly traded companies
109	financial services entities
95	not-for-profit organizations, including governmental agencies

(Note: some organizations are included in more than one category, therefore the sum of these exceeds 377)

## KEY AREAS OF FOCUS

This report summarizes insights from our survey data to address 10 key areas of focus surrounding these overarching questions about the state of risk oversight practices:

KEY AREAS OF FOCUS	KEY QUESTIONS EXPLORED
1. Risk Environment	How do executives view the state of risk in the business environment today?
2. Maturity of Risk Management Practices	What is the maturity of risk management practices among organizations today?
3. Strategic Value of Risk Management	To what extent are risk management practices providing insights for strategic advantage?
4. Processes to Identify Risks	When and how are entities identifying risks to their organization?
5. Techniques to Prioritize and Monitor Risks	How do organizations prioritize risks that are most important to the organization’s future and monitor those risks over time?
6. Approaches to Communicating Risk Insights	How are insights about enterprise-wide risks communicated to executive leadership and the board of directors?
7. Chief Risk Officers and Management-Level Risk Committees	To what extent are organizations appointing individuals to lead the risk management process, including both chief risk officers and management-level risk committees?
8. Board Oversight of Risks	What are boards of directors doing to fulfill their risk governance responsibilities?
9. Expectations for Enhanced Risk Management	To what extent are expectations for more robust enterprise risk management processes changing?
10. Barriers Limiting Risk Management Maturity	What barriers might be limiting an organization’s progress towards more strategic risk management?



## FORMAT OF THE REPORT

For each of these questions this report provides the following:

- An overview of the overarching question and its relevance
- Key insights from the survey data
- Suggested topics that leaders can use to prompt discussion among management and board about your organization’s risk management process
- Tables and bar chart graphs highlighting responses related to the overarching question

## KEY FINDINGS

Key themes emerging from this year’s study:

<b>1</b>	Executives perceive the overall volume of risks in the business environment to be complex and increasing.	<b>6</b>	While management dashboards highlight key performance indicators, most dashboards do not have robust sets of key risk indicators to monitor changes in risk conditions.
<b>2</b>	While organizations have advanced the maturity of their risk management processes, the progress that has been made is relatively slow with most respondents indicating their risk management processes are not yet mature or robust.	<b>7</b>	Over the past 15 years, the percentages of organizations appointing an individual to serve as a chief risk officer or creating a management-level risk committee have steadily increased, with most risk committees meeting monthly or quarterly.
<b>3</b>	Organizations continue to struggle to connect their risk management efforts with their strategic planning processes, with only a small percentage of respondents indicating their risk management processes provide significant strategic advantage.	<b>8</b>	Most boards are delegating their risk oversight responsibilities to a subcommittee of the board, which is typically the audit committee except for financial services organizations that delegate to risk committees of the board.
<b>4</b>	Most organizations engage in formal risk identification processes on an annual basis, focusing on operational, compliance and financial risk issues with emerging strategic market risks given the least attention.	<b>9</b>	Pressure from the board and external parties continues to be placed on senior executives to increase their involvement in risk oversight activities.
<b>5</b>	Numeric scales are generally provided to guide executives in their assessment of a risk’s likelihood and impact.	<b>10</b>	Despite progress in advancing risk management activities over time, barriers continue to exist within organizations that limit such progress.

We conclude this report with a summary of next steps that business leaders might consider in order to evaluate how improvements might be made to their risk oversight efforts.

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*The ERM Initiative in the Poole College of Management at North Carolina State University provides thought leadership on enterprise risk management (ERM) and its integration with strategic planning and corporate governance, with a focus on helping boards of directors and senior executives gain strategic advantage by strengthening their oversight of all types of risks affecting the enterprise. Our website ([www.erm.ncsu.edu](http://www.erm.ncsu.edu)) includes an ERM library that contains summaries of over 600 ERM resources. Additional ERM resources are also available at [www.aicpa-cima.com](http://www.aicpa-cima.com).*



# Risk Environment

Given the potential for rapid speed of change that exists in our interconnected global economy, there is ample opportunity for unexpected risks to emerge that require executive action.



**How do executives view the state of risk in the business environment today?**

We asked respondents to share their perspectives about the volume and complexities of risks today relative to five years ago and we asked about the extent their organization has experienced a significant operational surprise over the last five years. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

<p>A strong majority of executives perceive the evolving landscape of risks as complex and increasing and that belief remains consistent across time. This suggests the nature of risks is not getting simpler over time regardless of type of entity.</p>	<p>Recent geopolitical events are impacting business models and strategic plans, especially for large organizations and public companies.</p>
<p>Risk events are occurring that are leading to unexpected operational surprises for all types of organizations. Surprises occur when risks are not anticipated. This is especially notable for public companies.</p>	<p>Risk management is not getting easier with new risks continually arising.</p>

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. How rapidly is our organization’s business environment changing and how difficult is it for our leadership team to anticipate emerging issues?
2. What significant surprises have management and the board faced that they did not sufficiently anticipate? Why were we surprised by these occurrences?
3. How often does our management team or the board seem to be in a “fire-fighting” mode that distracts our management team from important strategic initiatives?
4. What should management do to enhance the organization’s preparedness to navigate a sudden, unexpected risk event?
5. How are recent geopolitical events (both nationally and internationally) likely to impact our business?

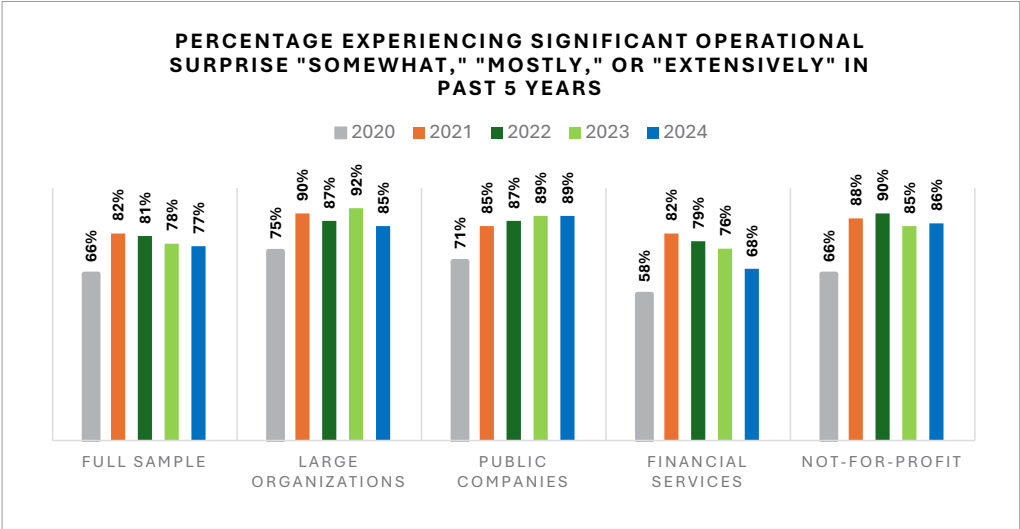


We asked participants the following questions. The bar charts reflect their responses over the past five years. These questions allowed a response on a five-point scale ranging from “One – Not at All” to “Five – Extensively.”

To what extent has the volume and complexity of risks increased for your organization over the past 5 years?



To what extent has your organization faced a significant operational surprise in the past 5 years?



To what extent is uncertainty triggered by ongoing geopolitical events impacting the organization’s business model and new strategic initiatives?

	Percentage of Respondents				
	Not at All	Minimally	Somewhat	Mostly	Extensively
<b>To what extent is uncertainty triggered by ongoing geopolitical events impacting the organization’s business model and new strategic initiatives?</b>					
Full sample	7%	31%	40%	16%	6%
Large organizations	3%	29%	39%	22%	7%
Public companies	1%	24%	45%	23%	7%
Financial Services	11%	37%	39%	10%	3%
Not-for-Profit Organizations	7%	32%	40%	17%	4%



# Maturity of Risk Management Practices

Robust risk management processes should help management and boards anticipate risks before they fully emerge.



What is the maturity of risk management practices among organizations today?

We asked respondents to describe the maturity of their organization’s risk management process including insights about whether their process is enterprise-wide or siloed within functional areas or business units. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

<p>While many organizations have a formal policy statement about their enterprise risk management approach, fewer than half of our respondents describe their organization’s risk management oversight as mature or robust. That’s true even for large organizations and public companies.</p>	<p>Just over one-fourth (27%) of organizations have no enterprise-wide view of risks.</p>
<p>There has been a slow steady embrace of enterprise risk management (ERM) as a formal risk management practice over the past 15 years of our study. However, across the full sample, less than one-half of organizations report having a complete formal enterprise-wide risk management process in place.</p>	<p>Larger organizations and public companies are more likely to have embraced ERM as their risk management approach.</p>

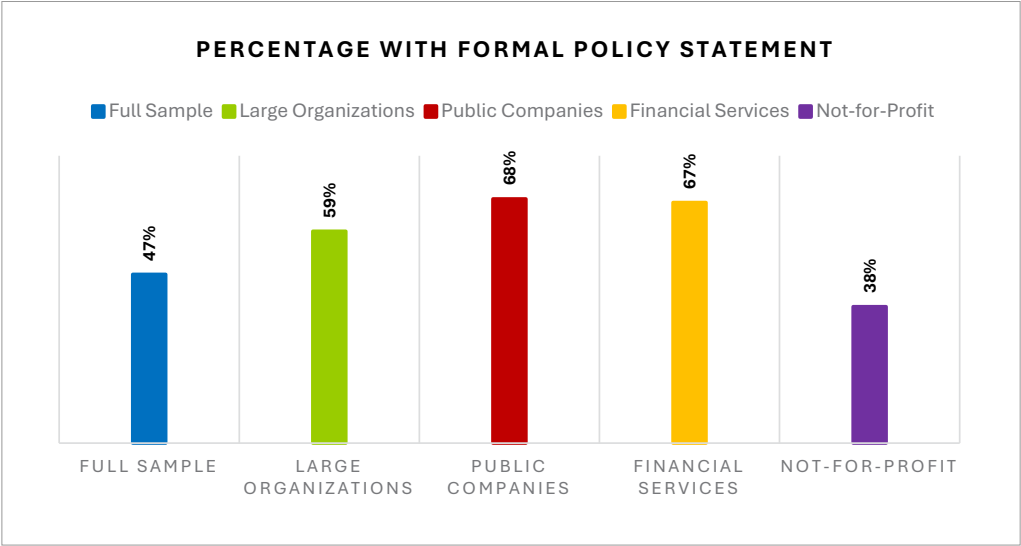
### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1.	If asked to describe “risk management” at our organization, how would executives and board members respond? Would those responses be consistent across different leaders?
2.	In light of the risk environment for our organization, has the maturity of our risk management process kept pace with our risk realities?
3.	What major events have management had to suddenly address and why were those events not more fully anticipated by our risk management processes?
4.	To what extent are our executives and boards discussing and evaluating our organization’s approach to managing risks?
5.	Where is our organization most vulnerable if we continue with our status quo approach to risk management?

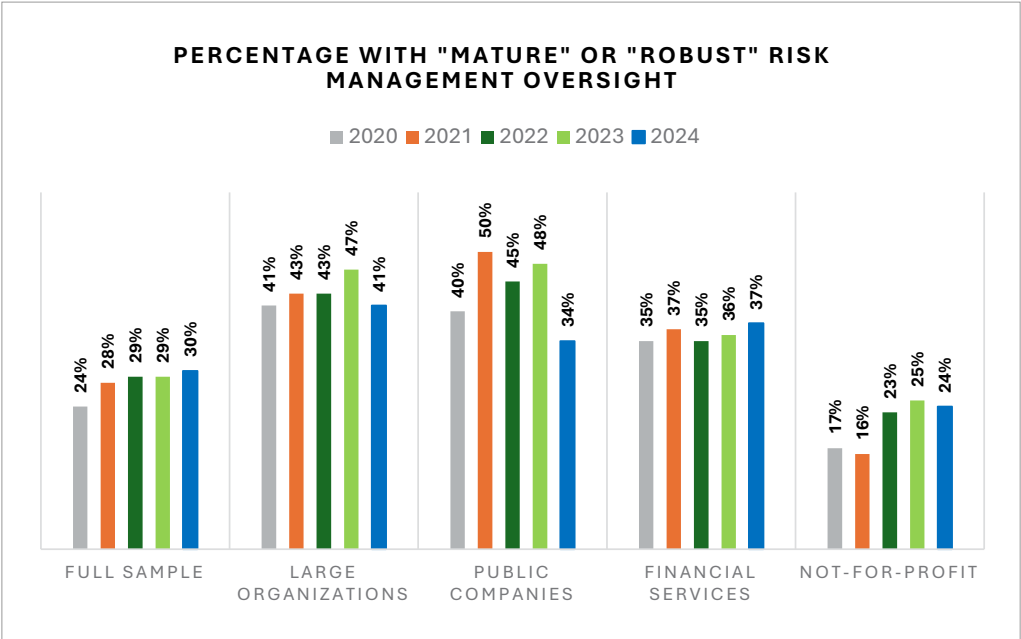


We asked participants the following questions. The bar charts reflect their responses over the past five years and the tables provide more details about current year responses:

Does your organization have a formal policy statement regarding its enterprise-wide approach to risk management?



What is the level of maturity of your organization's risk management oversight?



Here is a breakdown of their responses:

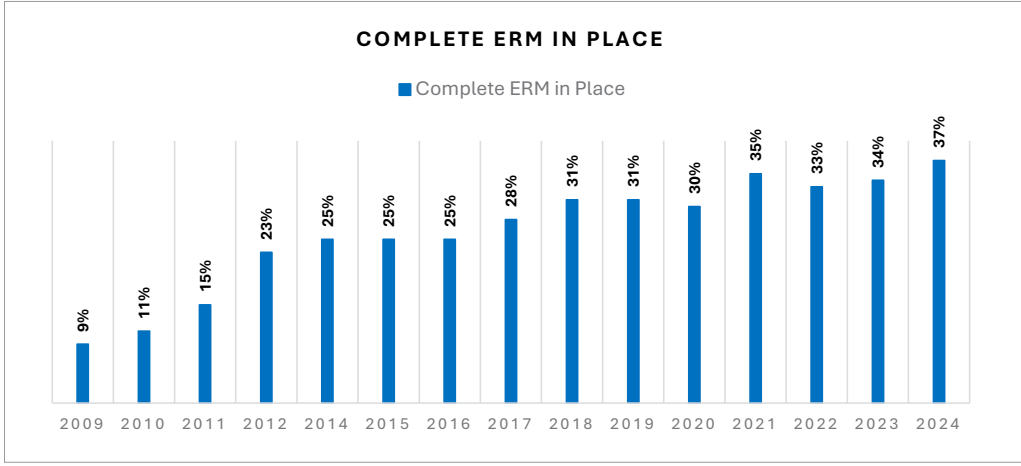
What is the level of maturity of your organization's risk management oversight?	Percentage of Respondents				
	Very Immature	Developing	Evolving	Mature	Robust
Full sample	11%	18%	41%	25%	5%
Large organizations	5%	13%	41%	33%	8%
Public companies	5%	14%	47%	26%	8%
Financial Services	5%	14%	44%	31%	6%
Not-for-Profit Organizations	12%	26%	38%	19%	5%



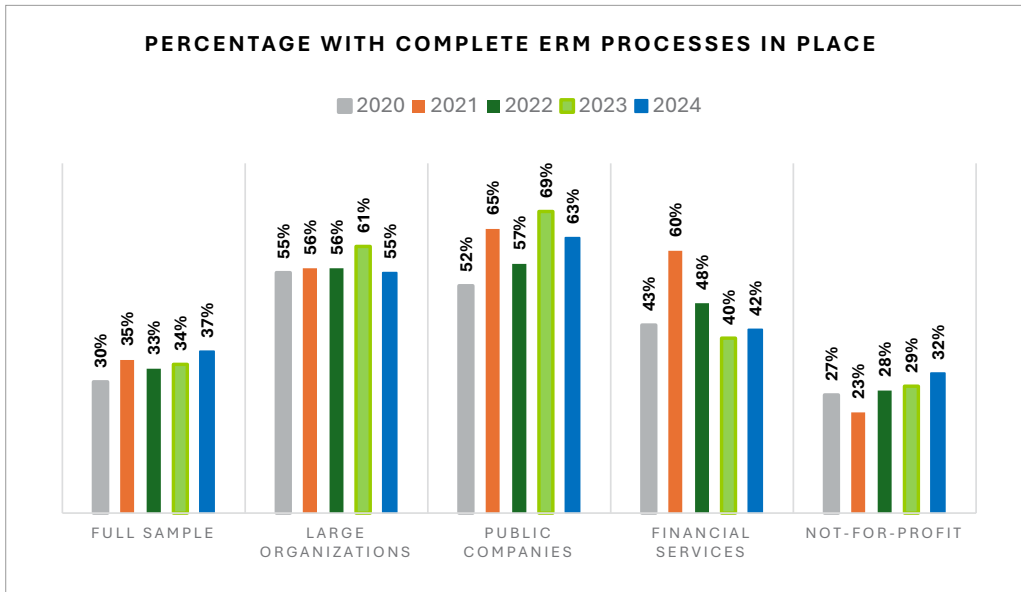


## Which of the following best describes your organization's current state of risk management implementation?

Over the past 15 years.



Over the past five years by type of organization.



Here is a breakdown of their responses:

Description of the State of ERM Currently in Place	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
No enterprise-wide management process in place	13%	1%	2%	6%	8%
Currently investigating concept of enterprise-wide risk management, but have made no decisions yet	7%	4%	2%	5%	10%
No formal enterprise-wide risk management process in place, but have plans to implement one	7%	6%	1%	9%	7%
Partial enterprise-wide risk management process in place (i.e., some, but not all, risk areas addressed)	36%	34%	32%	38%	43%
Complete formal enterprise-wide risk management process in place	37%	55%	63%	42%	32%



# Strategic Value of Risk Management

To generate higher performance returns, organizations must be willing to take risks. That suggests insights about risks should be important when designing and executing strategies.



**To what extent are risk management practices providing insights for strategic advantage?**

Given that risk and return are interconnected (you cannot have one without the other) we asked participants about the extent to which their organization’s risk management processes are providing strategic advantage. We are particularly interested in the extent to which risk considerations are factored into important strategic decisions. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

Organizations appear to be struggling to integrate their risk management and strategic decision-making processes.	While all new strategic initiatives face risks of some kind, only about half of the organizations substantively consider risk exposures when evaluating new strategic initiatives.
Most organizations do not view their risk management processes as providing strategic advantage.	Just over one-third of organizations consider risk exposures when making capital allocation decisions.

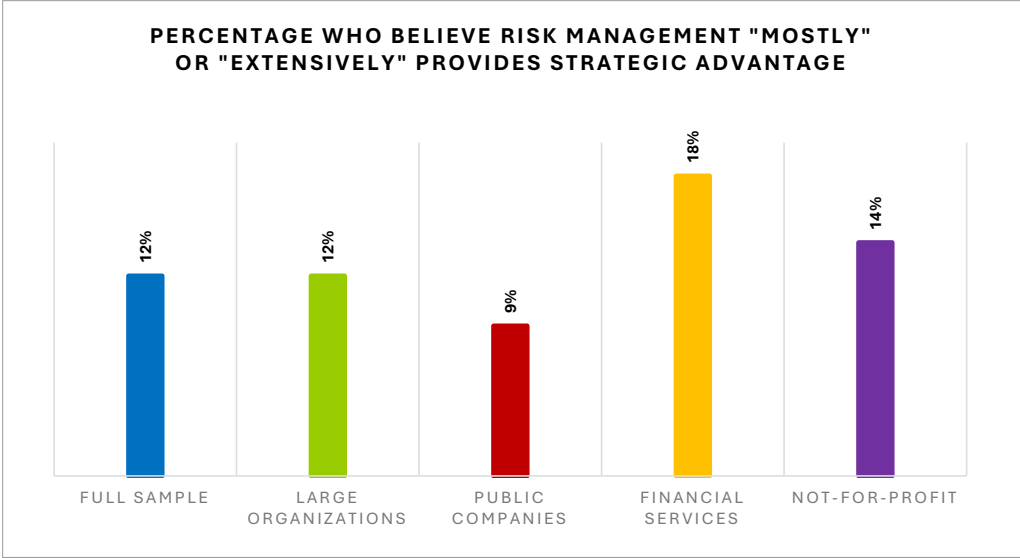
### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

- To what extent is the output of our risk management process an important input to strategic planning?
- What is the level of interaction and engagement between our risk management leaders and those making important strategic decisions? Are all the right people included in our strategic planning process?
- How clear is the mapping of our enterprise’s top risks to our key business drivers and strategic initiatives? Which drivers or initiatives are most exposed to key risks?
- What could be done to improve our strategic planning process to more formally embed risk considerations into our strategic planning and decision-making?
- When budget allocation decisions are made across the organization, to what extent are differences in risk conditions informing our resourcing decisions?



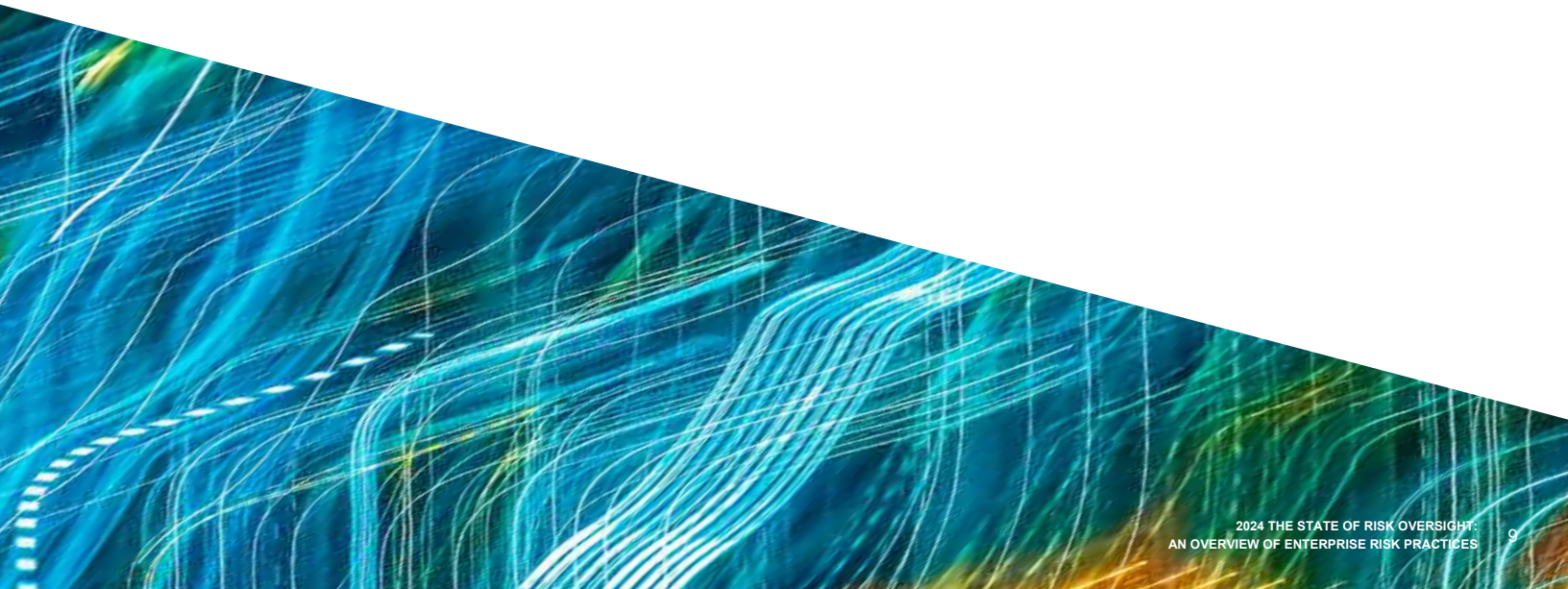
We asked participants the following questions. The bar charts and tables provide more details about current year responses:

To what extent is the organization's risk management process a proprietary strategic tool that provides unique competitive advantage?



Here is a breakdown of their responses:

To what extent do you believe the organization's risk management process is a proprietary strategic tool that provides unique competitive advantage?	Percentage of Respondents				
	Not at All	Minimally	Somewhat	Mostly	Extensively
Full sample	36%	29%	23%	9%	3%
Large organizations	30%	33%	25%	9%	3%
Public companies	29%	35%	27%	7%	2%
Financial Services	26%	33%	23%	15%	3%
Not-for-Profit Organizations	41%	22%	23%	10%	4%

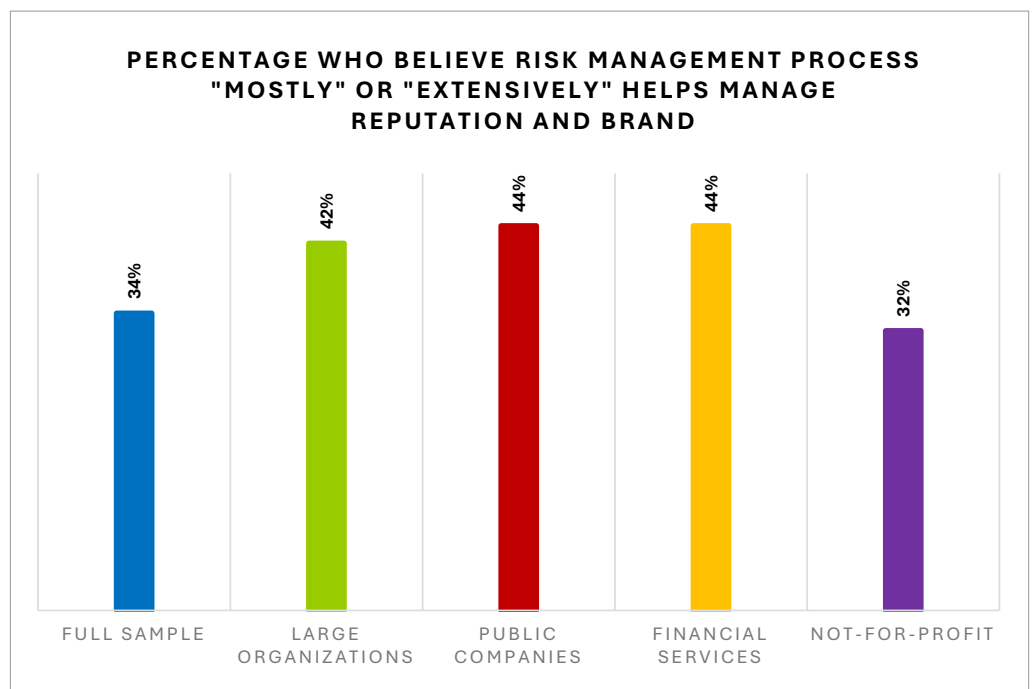




We asked three questions about the integration of risk management considerations in the context of strategic decision making and report the percentage of responses of “mostly” or “extensively”.

Percentage of respondents who selected “mostly” to “extensively” to the following statements	Percentage of Respondents Saying “Mostly” or “Extensively”				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Information generated by the organization’s risk management process is formally discussed when the board discusses the organization’s strategic plan	26%	30%	37%	33%	23%
Existing risk exposures are considered when evaluating possible new strategic initiatives	46%	43%	41%	58%	43%
Risk exposures are considered when making capital allocations to functional units	33%	30%	30%	42%	25%

To what extent does your organization’s ERM process help management identify and manage a significant risk event impacting your organization’s reputation and brand?





## Processes to Identify Risks

While business leaders likely think about various types of risks as they engage in day-to-day activities, there is value in employing an organized structured approach to identify risks so that management is more likely to move risks from an “unknown” to “known” state.



### When and how are organizations identifying risks for their organization?

We asked a series of questions to better understand the process of how management actively seeks to identify potential risks on the horizon, including the frequency and scope of those activities. The findings are shown in the bar graphs and tables that follow.

#### INSIGHTS FROM DATA

Over the past 15 years of this study, there has been a steady increase in the percentage of organizations that maintain an inventory of risks at the enterprise level (versus merely at the functional level). That is especially true for large organizations and public companies.

Among the different types of risks most frequently identified, emerging, strategic, market risks are least likely to be considered in the risk identification process. Most of the risk focus is on IT, operational, financial, and legal/compliance risks.

Most organizations have a standardized template that they use to identify risks, suggesting that the risk identification processes for those organizations are more structured than *ad hoc*.

Over one-half have formally defined the term “risk” with the majority of those defining risk to be about both “upside” (risk opportunities) and “downside” (threats to the organization) risks.

Most organizations follow a dedicated process to identify risks on an annual basis, with just under one-third doing so more frequently than once a year.

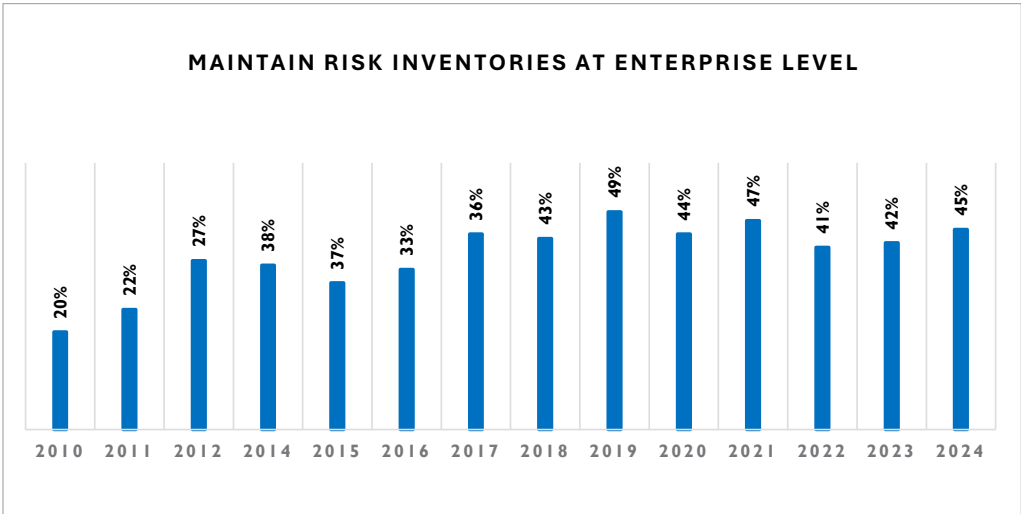
Most organizations do not have formal processes in place to prompt executives to consider long-term risks (e.g., risks five to ten years in the future).

#### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. To what extent are the techniques used by our organization to engage management in the identification of risks effectively prompting our leadership team to identify emerging risks?
2. Do we need to alter our approaches to risk identification to help us think “outside the box” about potential risks on the horizon?
3. To what extent are the right individuals engaged in the process for identifying risks? Do we have sufficient representation of individuals who serve on the board of directors, executive team, middle management, and others (potentially key suppliers or customers)?
4. What can be done to increase our organization’s risk identification focus on emerging, strategic, market risks?
5. How can our organization enhance the risk identification process to also consider longer-term risks in addition to short-term risks?



At what level within your organization are inventories of key risks maintained?



**Note:** We did not issue a report in 2013. And, we did not ask this question in our 2009 survey (thus no 2009 data).

Here is a breakdown by type of organization for 2024:

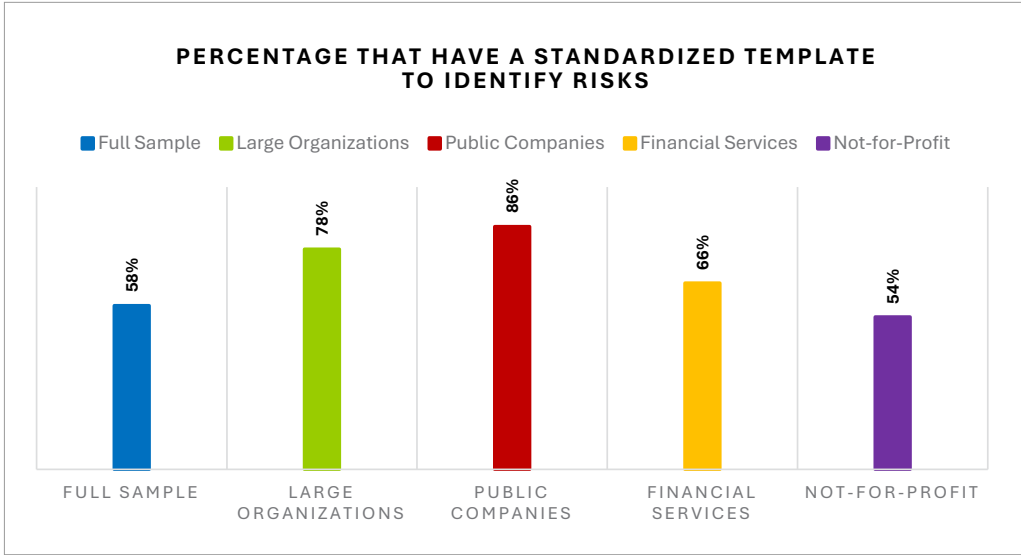
	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Percentage that maintain risk inventories at enterprise level	45%	64%	60%	55%	44%

How frequently does your organization go through a dedicated process to update its key risk inventories?

Frequency of Going Through Process to Update Key Risk Inventories	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Annually	49%	67%	67%	48%	45%
Semi-Annually	6%	6%	7%	9%	3%
Quarterly	16%	15%	18%	19%	19%
Monthly, Weekly, or Daily	8%	7%	5%	10%	8%
Not at all	21%	5%	3%	14%	25%



Does your organization have a standardized template for identifying and assessing risks?



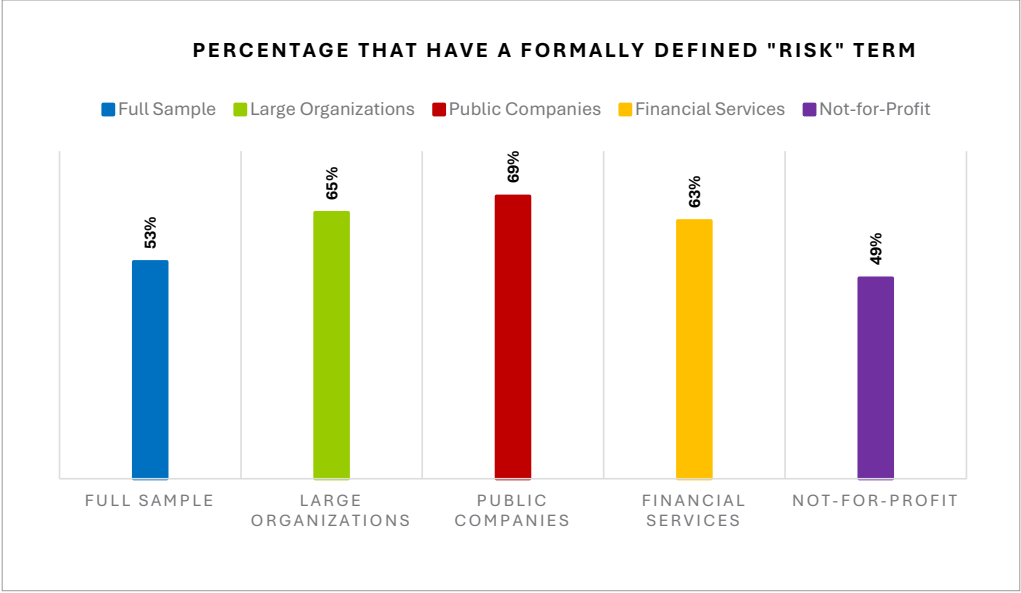
To which extent does your organization's ERM process "mostly" to "extensively" formally consider each of the following risk categories?

To what extent does your organization's ERM process "mostly" to "extensively" formally consider these risk categories?	Percentage of Respondents Indicating Extent as "Mostly" to "Extensively"				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Information Technology System Risks	75%	89%	92%	75%	74%
Legal Regulatory/ Compliance Risks	68%	85%	87%	79%	64%
Financing/Investing/ Financial Reporting Risks	59%	75%	82%	66%	61%
Operational/Supply Chain/ Process Risks	54%	77%	80%	58%	48%
Reputational/Political Risk	49%	62%	57%	52%	56%
Emerging Strategic/ Market/Industry Risks	44%	54%	54%	52%	44%





Has your organization formally defined the meaning of the term “risk” for employees to use when identifying and assessing key risks?



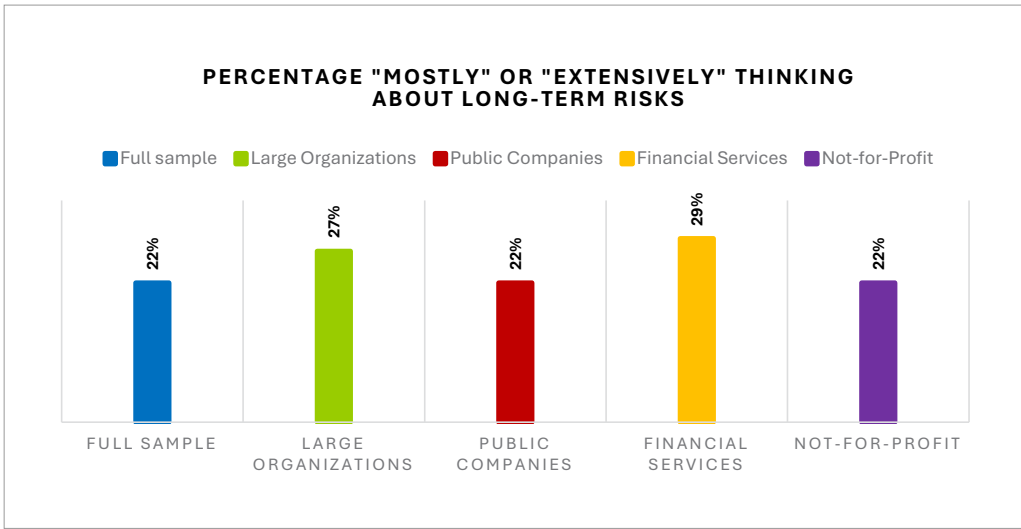
For those organizations that have formally defined the term “risk,” what is the nature of that definition?

The definition of “risk” focuses	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Both on “upside” risks (risk opportunities) and “downside” risks (threats to the organization)	60%	60%	53%	67%	70%
Only on “downside” of risks (threats to the organization)	38%	40%	46%	30%	30%
Neither	2%	0%	1%	3%	0%

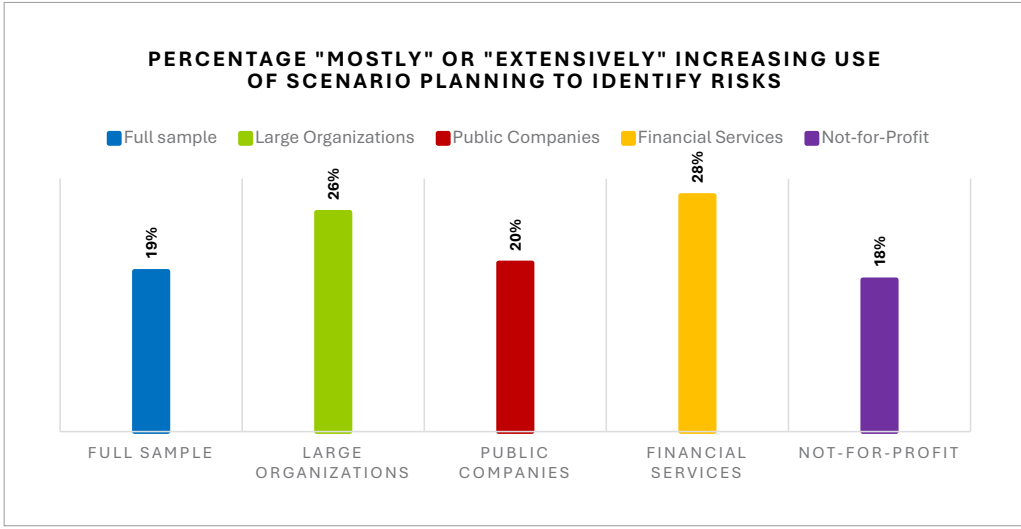




To what extent is the organization's risk management process explicitly engaging management in thinking about long-term risks (e.g., risks at least 5-10 years out)?



To what extent will your organization increase its use of formalized scenario planning to anticipate future risks?





## Techniques to Prioritize and Monitor Risks

There is no shortage of risks in today's business environment. The challenge for management is agreeing on those risks that are most likely to have a significant impact on the organization's business model and strategic plan.



**How do organizations prioritize risks that are most important to the organization's future and monitor them over time?**

We asked a series of questions to understand how organizations determine which risks are most critical to their organization out of the multitude of risks that might be in their organization's risk universe. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

Organizations typically develop both likelihood and impact scales to provide guidelines for executives to rank order risks.

Most approaches used by entities to prioritize risks are more qualitative than quantitative, with few organizations mainly using quantitative approaches to assess risk probabilities and consequences.

Few organizations have robust reporting of key risk indicators (KRIs) that management can use to monitor shifts in risk conditions over time.

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. How effective is our organization's approach to prioritizing our most important risks?
2. What challenges does our leadership team face in prioritizing our most important risks? For example, for those organizations that use scales to prioritize risk likelihood and impact, are those scales well understood and helpful?
3. Beyond considering likelihood and impact, how might our organization also consider other risk dimensions (i.e., speed of change, level of preparedness, interconnectedness to other risks) to prioritize risks?
4. To what extent are differences in risk prioritizations across various levels of management and the board considered to identify differing views of potential risk exposures?
5. What enhancements to our management dashboard do we need to make to provide metrics to effectively track changes in risks over time (i.e., key risk indicators)?



We asked participants the following questions about how they prioritize risks. The bar charts and tables provide more details about current year responses:

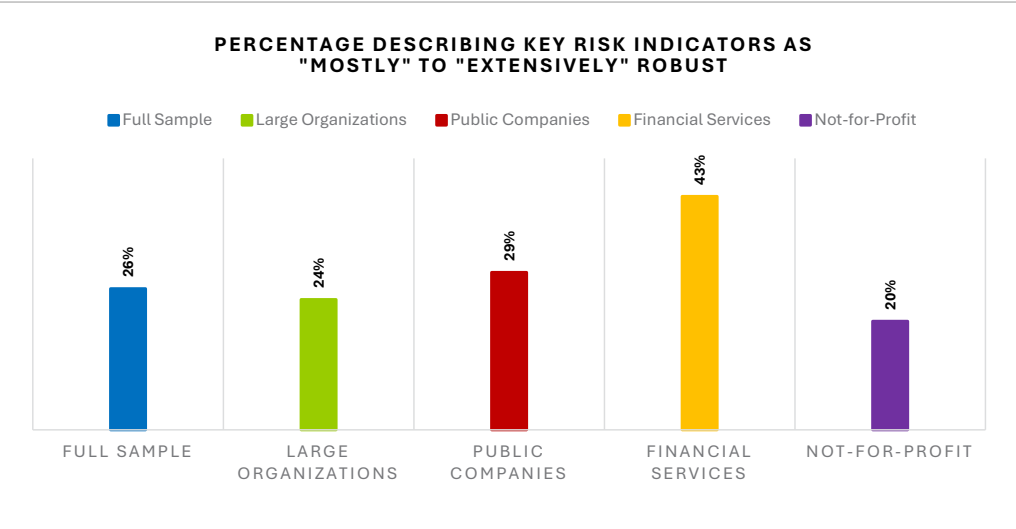
Has your organization provided explicit guidelines or measures to business unit leaders on how to assess the probability and impact of a risk event?

Percentage that Provide Guidelines to Assess Risk	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Probability	49%	69%	77%	61%	48%
Impact	49%	70%	76%	60%	44%

To what extent does your organization employ quantitative or qualitative techniques to assess risks?

Quantitative Versus Qualitative Approach to Risk Assessment	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Mostly Quantitative Assessment (Models)	3%	1%	3%	3%	3%
A Blend, But More Quantitative	17%	15%	17%	23%	17%
A Blend, But More Qualitative	41%	54%	49%	47%	36%
Mostly Qualitative Assessments	18%	24%	27%	10%	21%
N/A – No Formal Assessment Done	21%	6%	4%	17%	23%

How robust is the nature and extent of reporting of key risk indicators to senior executives regarding the entity's top risk exposures?





# Approaches to Communicating Risk Insights

An effective risk management program is one that generates robust conversations about potential risk concerns, including discussion about the effectiveness of risk responses. Accurate and substantive communication of information about enterprise-wide risks and the related responses is necessary for robust dialogue to occur.



## How are insights about enterprise-wide risks communicated to executive leadership and the board of directors?

Timely and meaningful communications about risk information to key decision makers is where the value of an enterprise-wide approach to risk management can be significantly enhanced. We asked a series of questions to gain insights about the method and frequency of risk communications. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

Over the 15 years of this study, we have seen a steady increase in the percentage of organizations that provide a formal report of top risk exposures to the board at least annually. Almost two-thirds of the full sample and about 90% of large organizations and public companies do so at least annually, with just under half doing so quarterly.	Just under one-half of organizations prepare a formal written report about top risk exposures for senior executive review.
Most organizations report between 5 and 19 risks to the board as part of its formal report about top risks.	About one-third of organizations schedule agenda time at management meetings to discuss key risks communicated to senior executives.

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. How effective is the reporting about top risks to our executive leadership and the board of directors?
2. Is the nature and type of information about top risks communicated to management and the board helpful in making strategic decisions?
3. When risk information is communicated to executive leadership and the board is it generating robust discussion and dialogue about risk conditions?
4. Should the format of our reports about risks be adjusted to include more visualization of data and/or to include different analyses of that data?
5. Is the communication of top risks effectively linking risks to key strategies of the organization so that executive leadership and the board better understand the strategic significance of top risks?

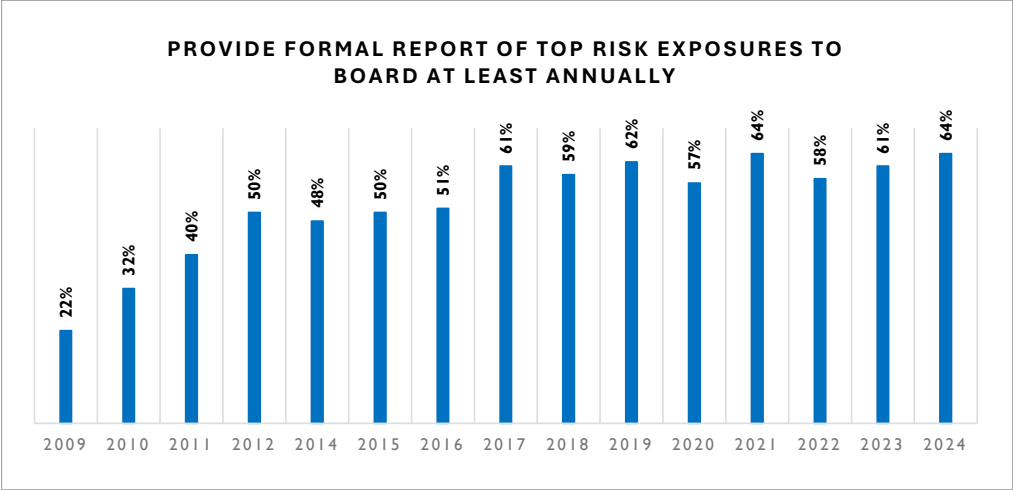




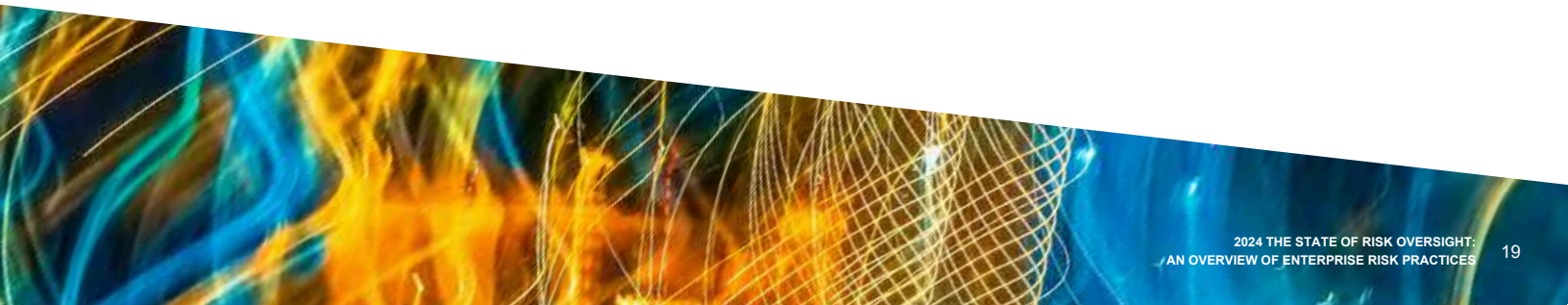
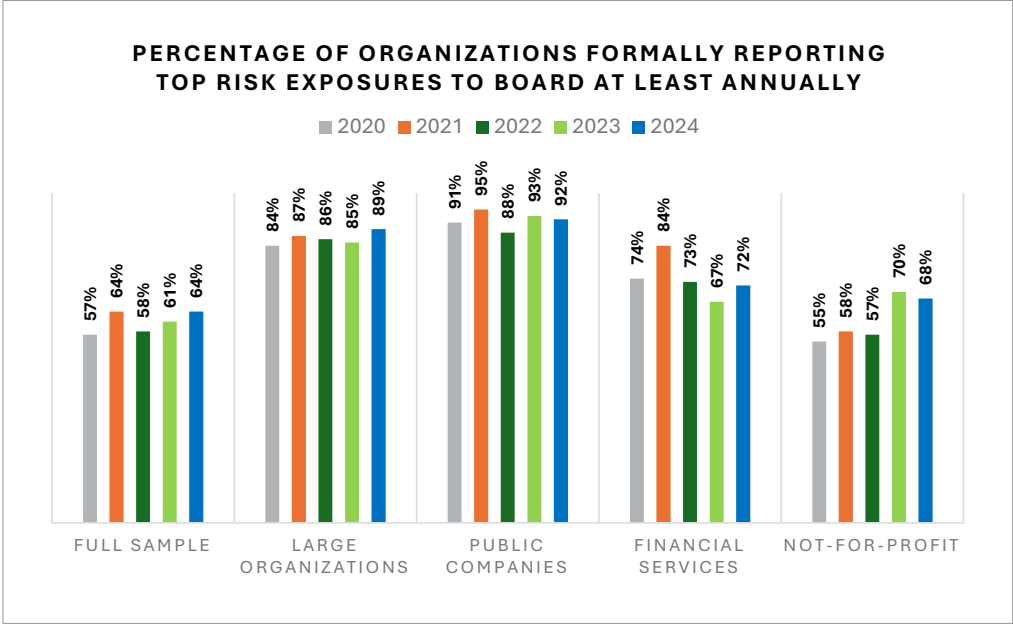
We asked participants the following questions about their communications of risk information to the executive leadership team and the board of directors. The bar charts and tables provide more details about current year responses:

Does management provide a formal report describing the entity’s top risk exposures to a committee of the board of directors or the full board at least annually?

Responses for the full sample over the 15 years of this study



Responses across types of organizations for the past five years





How often is the report of top risk exposures formally presented to a committee of the board of directors or the full board of directors?

	Percentage of Respondents				
How often is the report of top risks reported to the board?	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Annually	44%	48%	42%	33%	49%
Quarterly	42%	39%	44%	51%	40%
At every meeting	14%	13%	14%	16%	11%

How are key risks communicated by business units or by the office of the Chief Risk Officer (or equivalent) to senior executives?

	Percentage of Respondents				
How are key risks communicated to senior executives?	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
<i>Ad hoc</i> discussions at management meetings	34%	20%	18%	30%	33%
Scheduled agenda discussion at management meetings	27%	33%	31%	25%	34%
Monthly written risk report submitted by management	6%	6%	5%	10%	3%
Quarterly written risk report submitted by management	19%	22%	26%	21%	15%
Annual written risk report submitted by management	14%	19%	20%	14%	15%

How many top risk exposures are formally presented to a committee of the board of directors or to the full board of directors?

	Percentage of Respondents				
Percentage of organizations reporting the following number of risk exposures to the board of directors or one of its committees:	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Less than 5 risks	36%	12%	11%	30%	31%
Between 5 and 9 risks	26%	30%	27%	33%	27%
Between 10 and 19 risks	33%	50%	53%	30%	38%
20 or more risks	5%	8%	9%	7%	4%



# Chief Risk Officers and Management-Level Risk Committees

Effective risk management will not occur without internal leadership in place to help design and implement a risk management process that engages key leaders at an enterprise-wide level. Without strong guidance and an organized process, most enterprise risk management programs fail to meet their designed potential.



**To what extent are organizations appointing individuals to lead the risk management process, including both chief risk officers and management-level risk committees?**

We asked respondents to provide information about who is responsible for leading the enterprise-wide risk management program. The findings are shown in the bar graphs and tables that follow.

## INSIGHTS FROM DATA

Over the 15 years we have conducted this study, there has been a steady increase in the percentage of organizations appointing an individual to serve as chief risk officer (or senior executive equivalent). Interestingly, an even higher percentage of organizations have created management-level risk committees over that same period.	Over three-fourths of large organizations and public companies have a management-level risk committee.
Financial services organizations are most likely to have appointed someone to serve as chief risk officer. Just over one-half of large organizations and public companies have done so.	Most management-level risk committees meet quarterly followed by about one-fourth of organizations whose committees meet monthly.
Most commonly, CROs report formally to the CEO or CFO.	Individuals representing a variety of senior executive leadership positions serve on the risk committee.

## DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

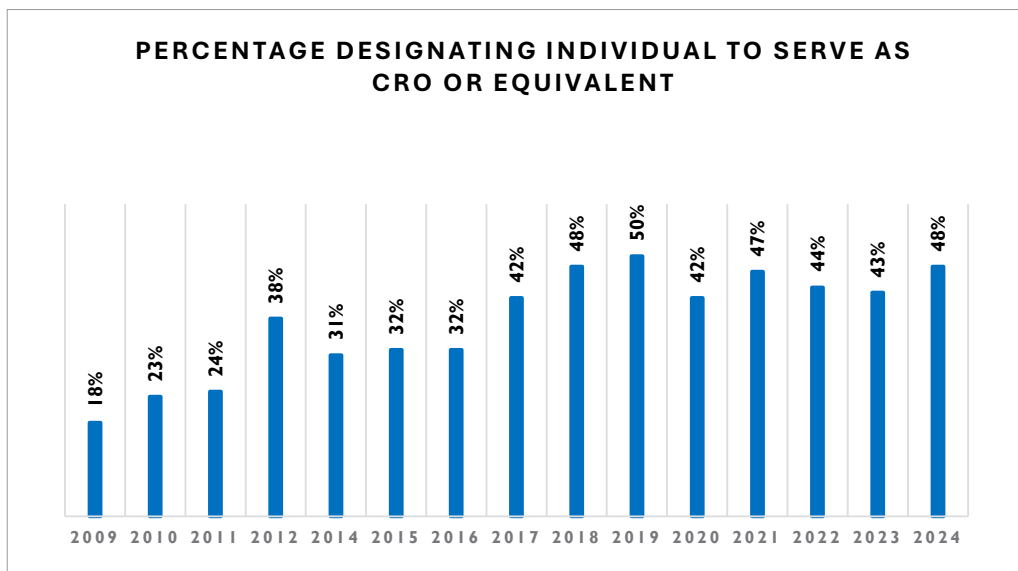
1.	What individual “owns” the design and implementation of our organization’s approach to risk management? Is that the most effective person for this kind of leadership position?
2.	Is the individual responsible for leading our organization’s risk management process at the right level within the organization? Does that individual have access to our CEO and board?
3.	For those organizations without a management-level risk committee, is there an already existing executive level committee (e.g., executive committee) that could serve also as the risk committee with regularly scheduled agenda time to discuss risks?
4.	For those organizations with a management-level risk committee, how could the risk committee meetings be improved to enhance dialogue about top risks? What can be done to enhance the substance of risk committee meetings?
5.	Do we have the right leaders engaged in overseeing the enterprise portfolio of risks on an ongoing basis?



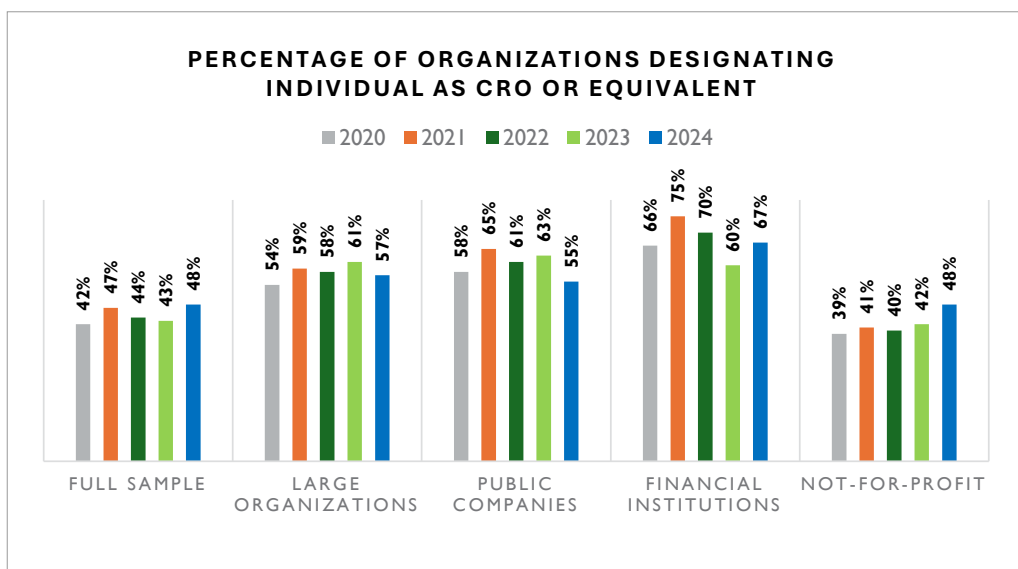
We asked participants the following questions about the leadership of the organization’s enterprise-wide risk management approach. The bar charts and tables provide more details about current year responses:

### Has your organization formally designated an individual to serve as the Chief Risk Officer (CRO) or senior risk executive equivalent?

Responses for the full sample over the 15 years of this study.



Responses across types of organizations for the past five years.

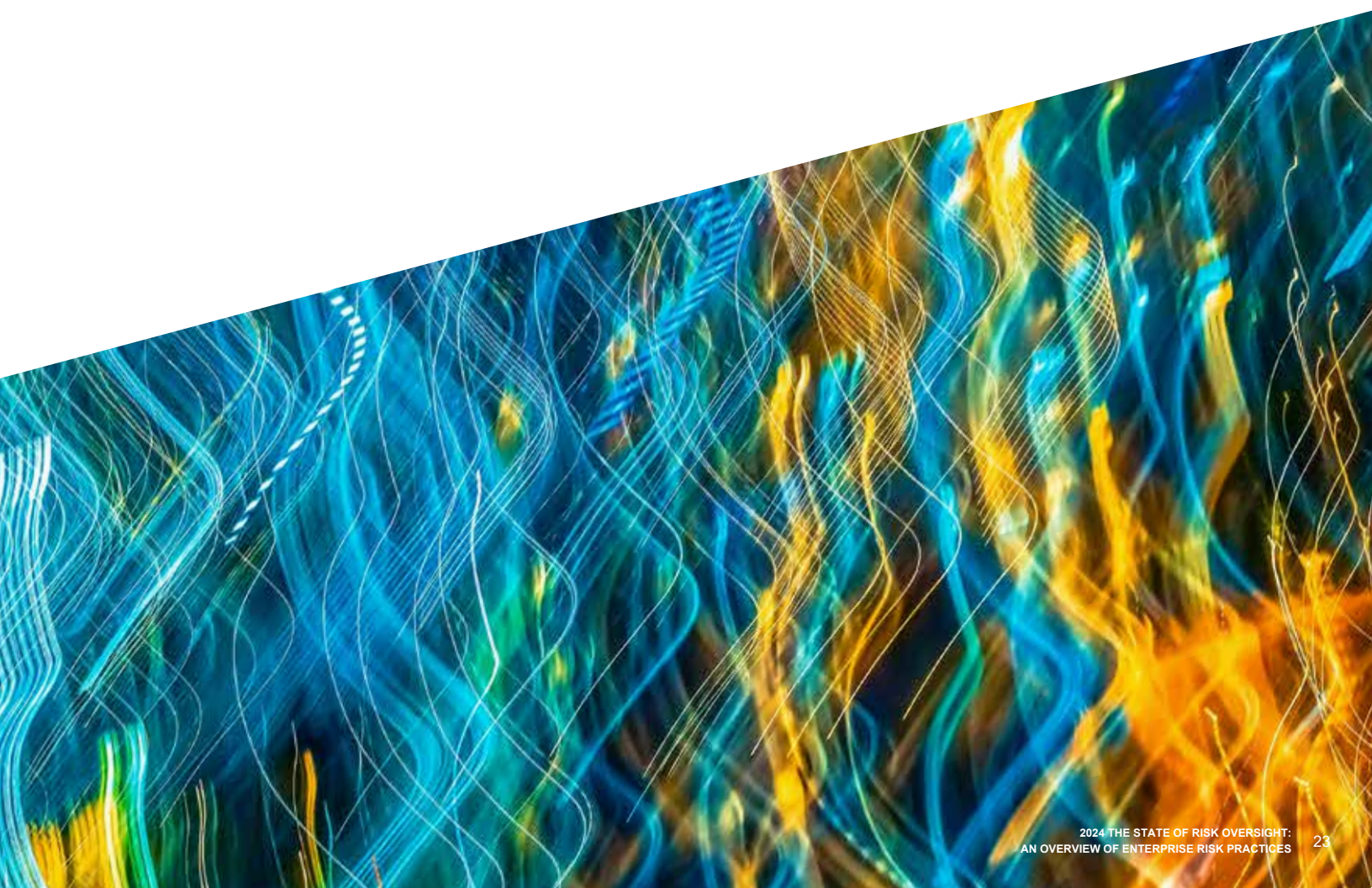






For those organizations that have formally designated an individual to serve as CRO, to whom does that person report?

To Whom Does the CRO Formally Report?	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Board of Directors or Committee of the Board	16%	12%	13%	14%	13%
Chief Executive Officer or President	47%	41%	48%	66%	30%
Chief Financial Officer	17%	24%	15%	12%	24%
General Counsel	11%	16%	18%	3%	17%
Chief Operating Officer	3%	0%	2%	4%	7%
Other "C-Level" Officer	3%	5%	2%	0%	7%
Other – Below "C-Level"	3%	2%	2%	1%	2%



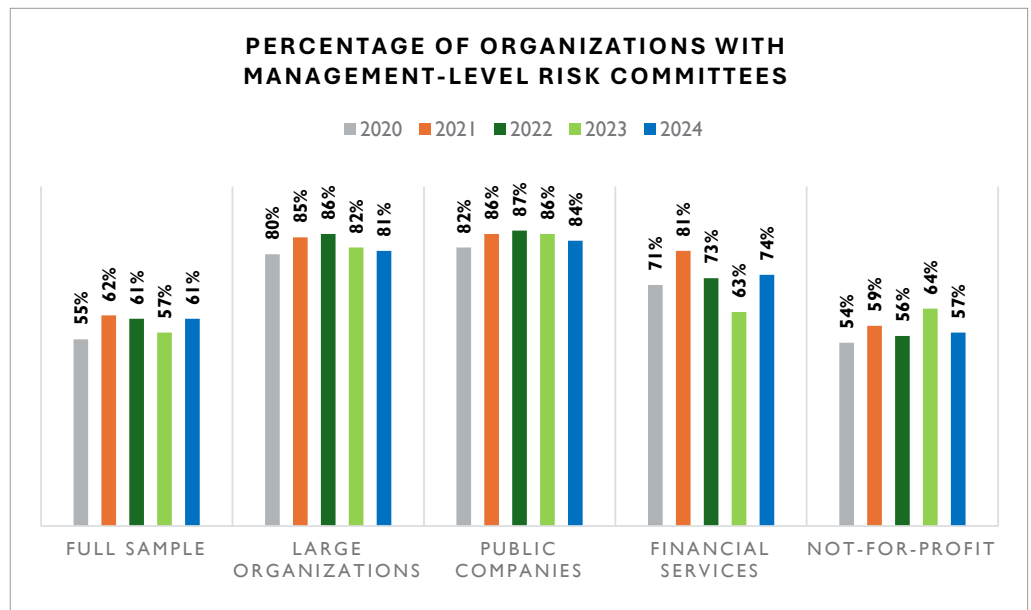


Does your organization have a management-level risk committee or equivalent committee consisting of (at least some of) the entity's senior executives that formally discusses enterprise level risks?

Responses for the full sample over the 15 years of this study.



Responses across types of organizations for the past five years.



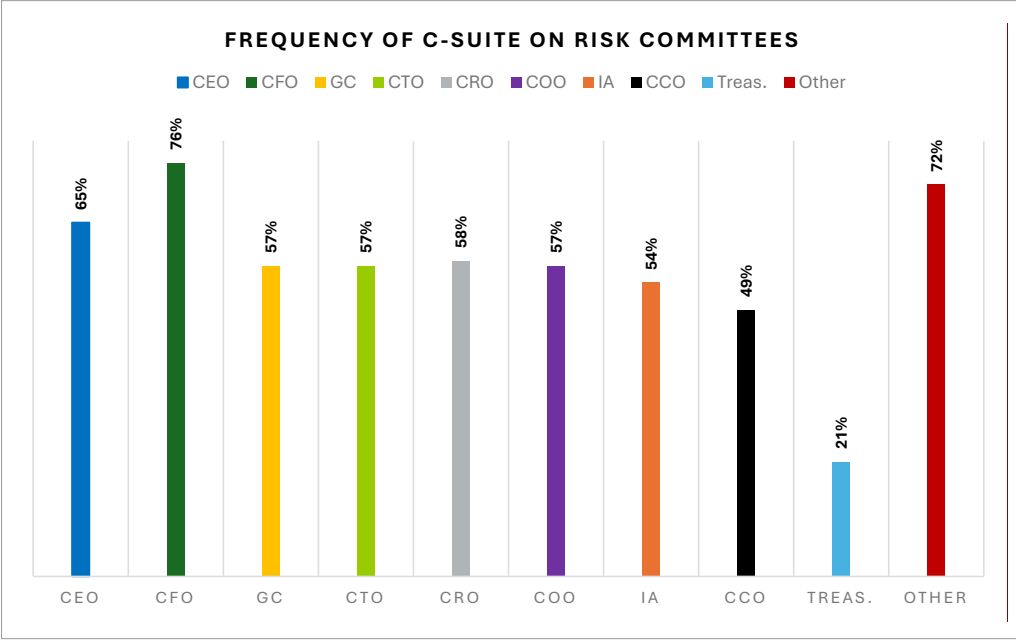




If your organization has a management-level risk committee, how often does it formally meet?

How frequently does the management-level risk committee meet?	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Annually	4%	3%	5%	2%	6%
Semi-Annually	6%	8%	7%	5%	4%
Quarterly	55%	58%	65%	44%	57%
Monthly	28%	28%	18%	38%	31%
Daily/Weekly/Bi-weekly	7%	3%	5%	11%	2%

If your organization has a management-level risk committee, who serves on the committee?



**LEGEND**

CEO	Chief Executive Officer	CTO	Chief Technology Officer	IA	Head of Internal Audit
CFO	Chief Financial Officer	CRO	Chief Risk Officer	CCO	Chief Compliance Officer
GC	General Counsel	COO	Chief Operating Officer	TREAS	Treasurer



# Board Oversight of Risks

The board of directors is ultimately responsible for the organization’s risk governance. To fulfill that responsibility, the board needs to be knowledgeable of management’s process for identifying and responding to risks and they need to be comfortable that the risks the organization is taking are within stakeholder appetite.



## What are boards doing to fulfill their risk governance responsibilities?

We asked several questions about processes the board uses to oversee management’s risk-taking activities. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

<p>Most boards of directors have delegated responsibility for overseeing management’s risk management processes to a subcommittee.</p>	<p>Most boards pinpoint a specific meeting to discuss an aggregate list or report describing the top risk exposures facing the organization. That is done in over 80% of public companies.</p>
<p>When boards delegate risk oversight to a subcommittee, it is most likely to the audit committee except for financial services organizations that delegate to a risk committee of the board.</p>	<p>A large majority of board of directors explicitly describe risk oversight responsibilities in the committee’s charter.</p>
<p>Except for financial services organizations, only about one-quarter of organizations have formally articulated its appetite for taking risks.</p>	

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

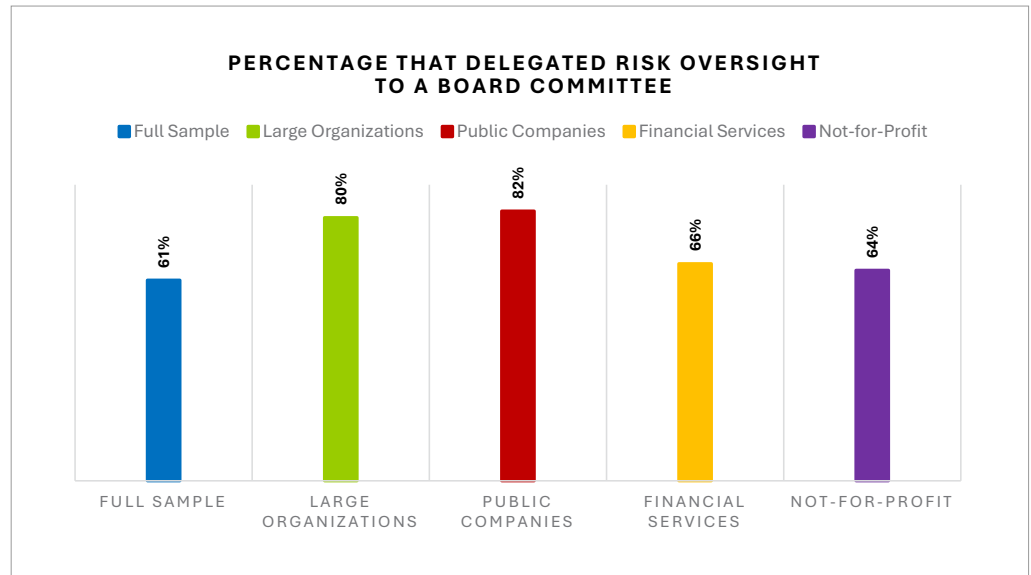
1.	<p>Would individual members who serve on the board of directors be able to consistently and accurately describe management’s risk management process?</p>
2.	<p>How does our board of directors evaluate the effectiveness of management’s risk management processes?</p>
3.	<p>Would individual members who serve on the board of directors be able to consistently identify the top risks identified by management’s risk management process? Is board discussion about risks sufficiently robust and is there a consensus understanding of the most important risks to the organization?</p>
4.	<p>How does the board of directors validate the appropriateness of management’s identification of top risks? Does the board compare management’s report of our top risks to external sources about top risks facing other organizations?</p>
5.	<p>How does the board determine the levels of risk appetite among key stakeholders for different risks facing the organization?</p>





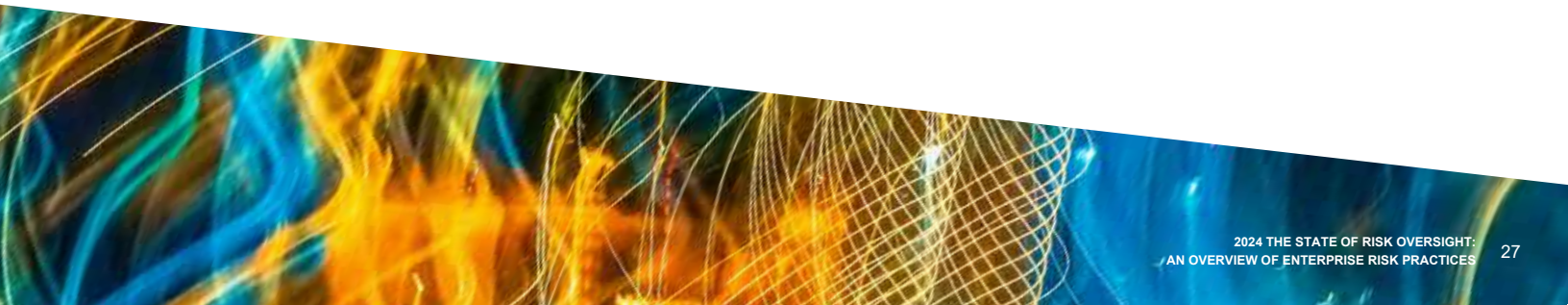
We asked participants the following questions about the board’s level of engagement in risk oversight activities. The bar charts and tables provide more details about current year responses:

Has the board of directors assigned to one of its board committees formal responsibility for overseeing management’s risk assessment and risk management processes?



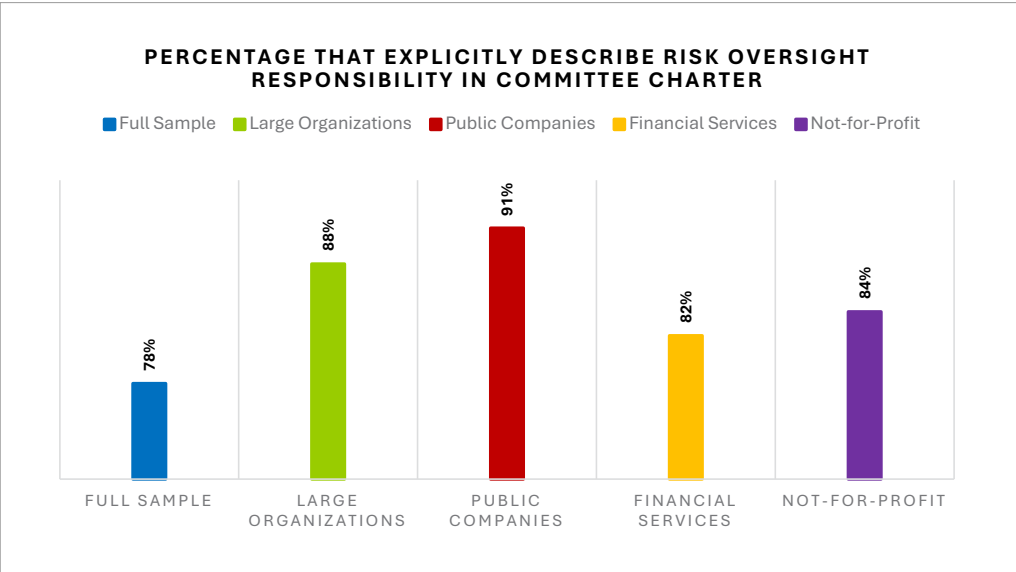
For those organizations whose board of directors has assigned formal responsibility for overseeing management’s risk assessment and risk management processes to a subcommittee, to which committee of the board has the formal assignment been made?

If board delegates formal responsibility of risk oversight to a subcommittee, which committee is responsible?	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Audit committee	51%	57%	53%	35%	62%
Risk Committee	30%	32%	36%	46%	23%
Executive Committee	11%	6%	2%	14%	7%
Corporate governance committee	3%	3%	5%	1%	2%
Other	5%	2%	4%	4%	6%

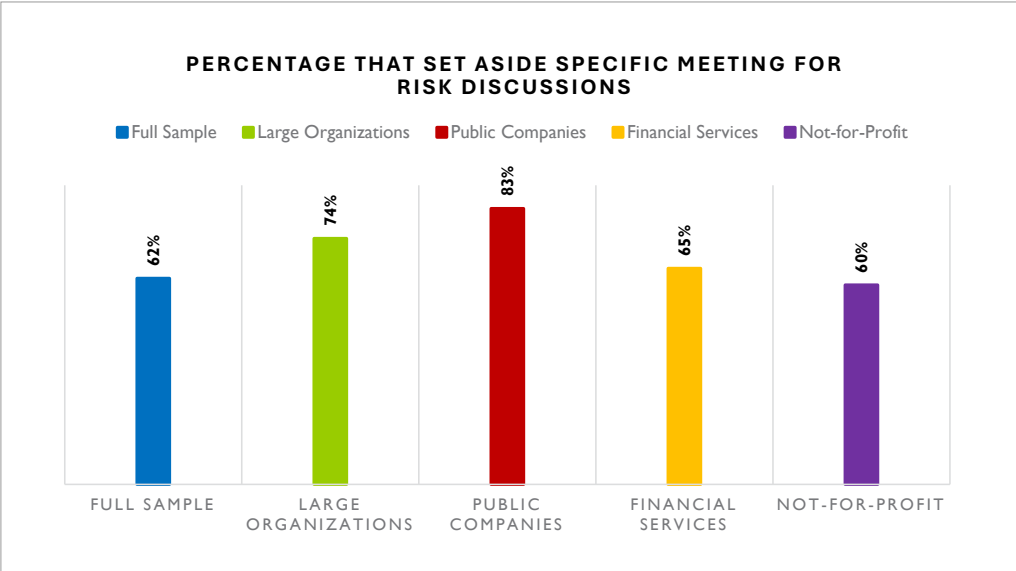




Is the formal risk oversight responsibility explicitly noted in that committee's charter?



Does the full board review and discuss in a specific meeting an aggregate list or report describing the top risk exposures facing the organization?



We also asked whether the organization has articulated its appetite or tolerances of risks in the context of strategic planning.

Percentage of respondents who selected "mostly" to "extensively" to the following statement:	Percentage of Respondents				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Our organization has articulated its appetite for or tolerance of risks in the context of strategic planning	28%	25%	20%	44%	21%



# Expectations for Enhanced Risk Management

Today’s approach to risk management is likely not going to be sufficient for tomorrow’s risks, requiring continuous improvement in an organization’s approach to risk management.



**To what extent are expectations for more robust enterprise risk management processes increasing?**

We asked several questions about how key stakeholder expectations may be increasing for more involvement of senior executives in risk management. The findings are shown in the bar graphs and tables that follow.

## INSIGHTS FROM DATA

Expectations, particularly from boards of directors and their audit committees, are increasing for more senior executive involvement in risk oversight for their organizations.

Additionally, emerging best practices and corporate governance requirements are also incentivizing greater engagement of senior leaders in risk management activities.

Part of that increased interest in more senior executive focus on risk management activities is triggered from unanticipated risk events that have impacted the organization. In fact, over one-third of organizations believe the organization needs to “mostly” to “extensively” enhance its approach to business continuity and crisis management.

In light of these expectations CEOs are also calling for increased senior executive involvement in risk management.

## DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. **What are the risk oversight expectations of our key stakeholders and how well are we meeting those expectations?**
2. **How are best practices related to enterprise-wide risk governance changing?**
3. **What vulnerabilities in our risk management process have been revealed by recent unexpected events affecting our organization or peers in our industry?**
4. **How robust is our organization’s business continuity plan and is it well understood across the organization?**
5. **What does our organization need to do to be better prepared to navigate an unexpected crisis?**



We asked participants the following questions. The bar charts reflect their responses over the past five years and the tables provide more details about current year responses:

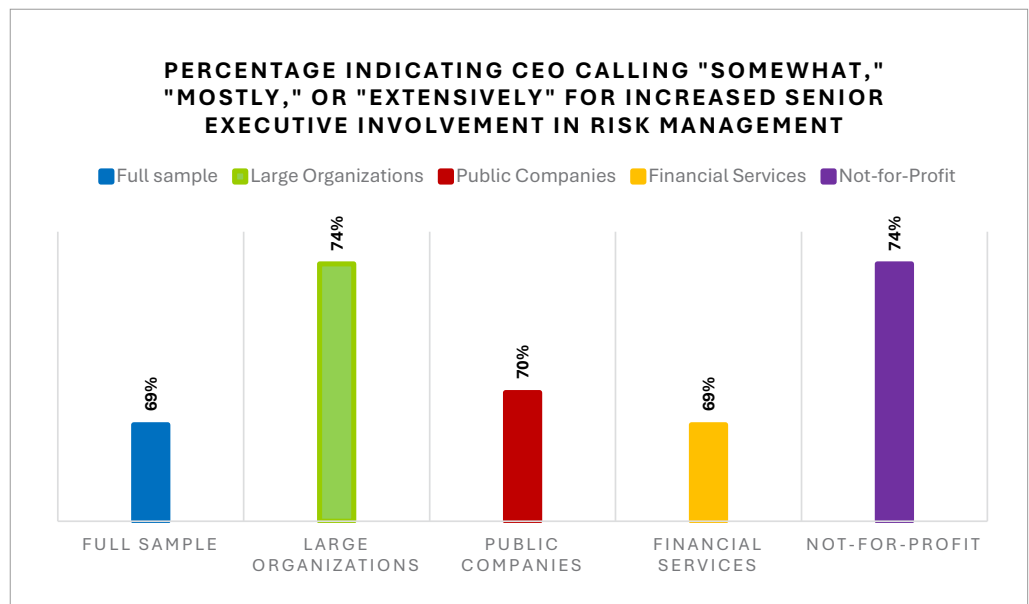
To what extent are external parties (i.e., investors, rating agencies, emerging best practices, etc.) applying pressure on senior executives and/or the board of directors to provide more information about risks affecting your organization?

	Percentage of Respondents Selecting "Mostly" or Extensively"				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Extent that external parties are "mostly" to "extensively" applying pressure on senior executives to provide more information about risks affecting the organization	31%	43%	41%	36%	25%

To what extent have each of the following parties "mostly" to "extensively" asked for increased senior executive involvement in risk oversight?

	Percentage of Respondents Selecting "Mostly" or Extensively"				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Which external parties are asking "Mostly" or "Extensively" for increased senior executive involvement in risk oversight?					
Board of directors	36%	41%	44%	32%	47%
Audit committee or other board committee	42%	53%	56%	41%	53%
Key stakeholders	20%	20%	21%	24%	17%
Regulators	26%	27%	30%	42%	19%

To what extent is the CEO (president) asking for increased senior executive involvement in risk oversight?







To what extent are each of the following factors “mostly” to “extensively” increasing senior executives’ focus on risk management related activities?

Factors “Mostly” or “Extensively” Leading to Increased Senior Executive Focus on Risk Management Activities	Percentage of Respondents Selecting “Mostly” or Extensively”				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Unanticipated risk events affecting organization	37%	47%	43%	37%	41%
Unanticipated risk events affecting competitors	15%	16%	14%	17%	13%
Emerging best practice expectations	30%	26%	25%	39%	30%
Emerging corporate governance requirements	28%	29%	31%	33%	24%

To what extent do you believe significant changes are warranted for your organization’s approach to business continuity planning and crisis management?

To what extent do you believe significant changes are warranted for your organization’s approach to business continuity and crisis management?	Percentage of Respondents Selecting “Mostly” or Extensively”				
	Not at All	Minimally	Somewhat	Mostly	Extensively
Full sample	6%	22%	33%	27%	12%
Large organizations	5%	19%	34%	29%	13%
Public companies	7%	24%	32%	23%	14%
Financial services	8%	24%	30%	23%	15%
Not-for-Profit organizations	2%	17%	37%	35%	9%



# Barriers Limiting Risk Management Progress

Organizations that open their doors on a given day are managing risks. All organizations have some form of risk management activities in place. That understanding can lead to some executives and boards to be less interested in investing time and energy to enhance an organization’s risk management processes. They fail to recognize the need for enhancements in risk management.



**What barriers might be limiting an organization’s progress towards more strategic risk management?**

We asked several questions about current obstacles preventing an organization from improving its risk management capabilities. The findings are shown in the bar graphs and tables that follow.

### INSIGHTS FROM DATA

<p>There are several reasons why leaders are not motivated to embrace a more holistic approach to enterprise-wide risk management, with some concluding that risks are already managed effectively in other ways.</p>	<p>Leaders are often reluctant to change how their organization approaches risk management because they fail to see the need for change, or they don’t have individuals to lead the effort.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Perceptions that there are more important competing priorities that require senior executive attention other than risk management is at the top of the list in regard to barriers limiting risk management progress.

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

1. What cultural barriers are limiting senior executive embrace of the importance of a more strategic approach to understanding and managing enterprise-wide risks?
2. What can our organization do to raise awareness of the importance and need for effective enterprise-wide risk management?
3. How are risks being managed today and why does that approach make sense considering today’s fast-changing business environment?
4. What has our organization done to educate our leadership team and board about emerging risk management practices?
5. How comfortable are we to be lagging advanced risk governance practices?



We asked participants the following questions about factors that are holding organizations back from advancing the effectiveness of their risk management processes. The tables provide more details about current year responses:

For those organizations that have not yet implemented an enterprise-wide risk management (ERM) process, what are the primary reasons?

Percentage of respondents indicating that each of the following “mostly” to “extensively” is impeding risk management progress	Percentage of Respondents Selecting “Mostly” or Extensively”				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Risks are monitored in other ways besides ERM	27%	20%	21%	30%	19%
Too many pressing needs	21%	22%	26%	18%	26%
No requests to change our risk management approach	13%	12%	11%	13%	16%
Do not see benefits exceeding costs	15%	22%	16%	17%	13%
No one to lead effort	14%	17%	21%	11%	18%
Would overcomplicate what can be best done <i>ad hoc</i>	10%	7%	5%	11%	8%

To what extent are the following factors creating barriers for your organization’s implementation of an effective enterprise-wide risk management process?

Percentage of respondents who describe each of the following as being a “barrier” or “significant barrier” to effective ERM	Percentage Saying Identifying Each as Impediment to ERM Implementation				
	Full Sample	Largest Organizations (Revenues >\$1B)	Public Companies	Financial Services	Not-For-Profit Organizations
Competing priorities	48%	47%	52%	44%	53%
Insufficient resources	47%	50%	53%	44%	48%
Lack of perceived value	30%	28%	28%	24%	38%
Perception ERM adds bureaucracy	25%	21%	21%	25%	27%
Lack of board or senior executive ERM leadership	22%	18%	14%	16%	28%
Legal or regulatory barriers	6%	3%	4%	8%	2%



# Next Steps

This 15th Edition of **The State of Risk Oversight** report provides extensive data about the current level of risk management capabilities in 377 organizations in 2024. This data provides important insights into opportunities to strengthen the value of risk information to assist strategic decision making.

Given the speed of change and rapidly developing innovations in today’s fast-paced global business environment, it is our conclusion that risk management is not getting easier, but more critical. The data summarized in this report suggests that while there have been steady improvements in overall risk management practices over the 15 years we have conducted this study, business leaders still struggle to recognize and embrace the benefits that proactive and robust risk management can provide for creating strategic value for the organization.

It is our hope that this report might stimulate executive leadership teams and boards of directors to seek opportunities to strengthen the strategic value of their organization’s risk management processes. We encourage readers of our report to consider the following next steps:

### ACTION ITEMS

- |    |                                                                                                                                                                                                                                                                                                                               |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Review the 10 key areas of focus that are at the heart of this report and pinpoint one-to-three areas that appear to be the greatest opportunity for risk management enhancements for your organization.                                                                                                                      |
| 2. | Convene individuals who are part of the executive leadership team and use the questions in the <b>Discussion Items for Management and Board Consideration</b> for the key areas of focus you selected in step 1 above to have a robust and honest conversation about your organization’s current approach to risk management. |
| 3. | Develop a list of action items that your organization can take to address opportunities for improvements in your organization’s risk management capabilities.                                                                                                                                                                 |
| 4. | Assign owners to the action items and ask them to create <i>ad hoc</i> working teams to help them address their assigned tasks. Set deadlines for owners to report back to the executive team about progress made.                                                                                                            |
| 5. | Keep things simple and try to not overcomplicate processes, always linking risk conversations to the strategy of the organization.                                                                                                                                                                                            |

Taking these simple steps to engage your organization’s leadership in a substantive discussion about opportunities to strengthen risk management before significant events emerge will better position the organization to be ready for risk management challenges as they emerge. Proactively navigating risks can generate insights that can create strategic advantage.

NC State ERM Initiative’s web site and the AICPA’s ERM website provide many resources to help executives and boards understand their responsibilities for risk oversight and effective tools and techniques to help them in those activities. We encourage executives and boards to take advantage of those resources provided.





## APPENDIX A: OVERVIEW OF RESPONDENT DEMOGRAPHICS

This is the 15th year we have conducted this study to identify trends across a number of organizations related to their enterprise risk management (ERM) processes. This study was conducted by research faculty who lead the Enterprise Risk Management Initiative (the ERM Initiative) in the Poole College of Management at North Carolina State University (for more information about the ERM Initiative please see [www.erm.ncsu.edu](http://www.erm.ncsu.edu)). The research was conducted in conjunction with the American Institute of Certified Public Accountants' (AICPA) Management Accounting - Business, Industry, and Government Team (Management Accounting & Finance | AICPA & CIMA ([aicpa-cima.com](http://aicpa-cima.com))).

Data was collected during the first few months of 2024 through an online survey instrument sent to members of the AICPA's Business and Industry group who serve in chief financial officer or equivalent senior executive positions. In total, we received 377 fully completed surveys. This report summarizes our findings.

### DESCRIPTION OF RESPONDENTS

Respondents completed an online survey consisting of over 40 questions that sought information about various aspects of risk oversight within their organizations. Most of those questions have been the same across all 15 editions of the surveys that we have conducted each year from 2009-2024.

A variety of executives participated in our survey, with 20% having the title of chief risk officer (CRO), 14% serving as chief financial officer (CFO), 10% leading internal audit, and 3% serving as controller, with the remainder representing numerous other executive positions.

The respondents represent a broad range of industries. The most common industries responding to this year's survey were finance, insurance, and real estate (29%) and services (24%). One-quarter of the respondents work in not-for-profit organizations. The mix of industries is generally consistent with the mix in our previous reports.

INDUSTRY (SIC CODES)	PERCENTAGE OF RESPONDENTS
<b>FOR-PROFIT ENTITIES:</b>	
Finance, Insurance, Real Estate (SIC 60-67)	29%
Services (SIC 70-89)	24%
Manufacturing (SIC 20-39)	8%
Retail (SIC 52-59)	5%
Wholesale/Distribution (SIC 50-51)	3%
Transportation (SIC 40-49)	3%
Construction (SIC 15-17)	1%
Mining (SIC 10-14)	1%
Agriculture, Forestry, Fishing (SIC 01-09)	1%
<b>NOT-FOR-PROFIT (SIC N/A):</b>	
Government Agencies, Universities, Non-Profits	25%

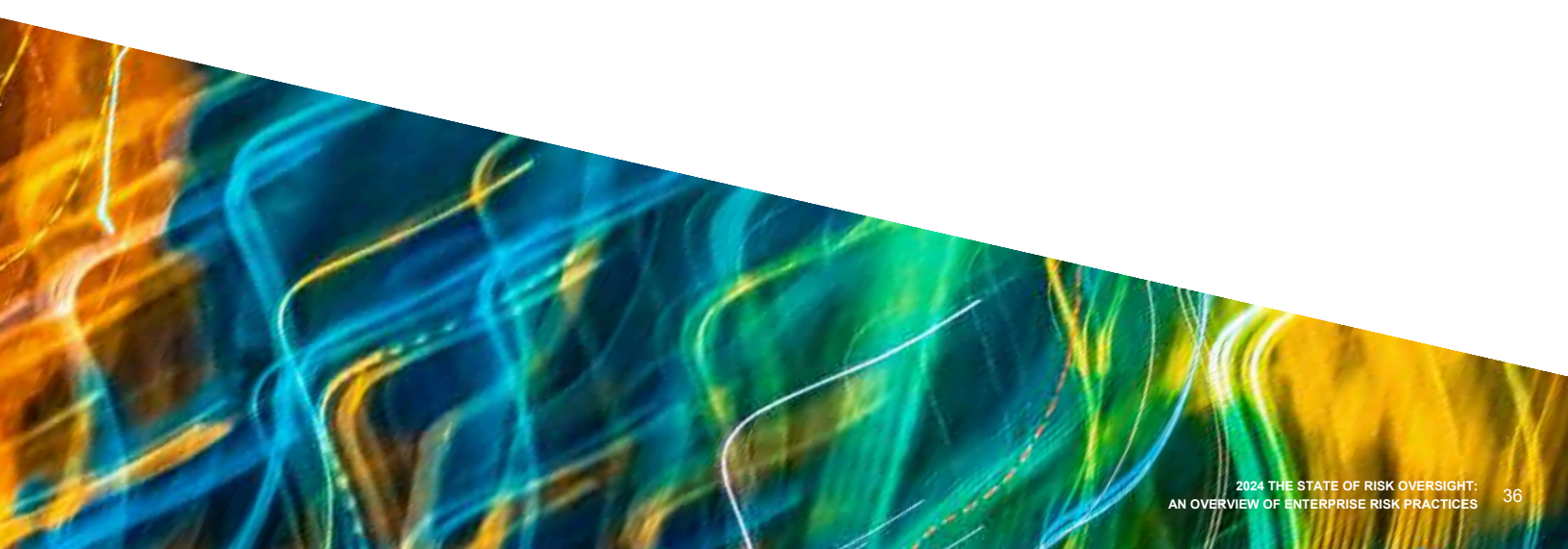


The respondents represent a variety of sizes of organizations. As shown in the table below, 33% of organizations have revenues \$100 million or lower while 39% have revenues over \$1 billion. So, there is nice variation in organization size in our sample. Almost all (89%) of the organizations are based in the United States.

RANGE OF REVENUES IN MOST RECENT FISCAL YEAR	PERCENTAGE OF RESPONDENTS
Less than \$10 million	20%
Between \$10 million and \$100 million	13%
Between \$100 million and \$500 million	14%
Between \$500 million and \$1 billion	7%
Between \$1 billion and \$2 billion	9%
Between \$2 billion and \$10 billion	17%
Greater than \$10 billion	13%
Not reported	7%

Throughout this report, we highlight selected findings that are notably different for the 148 largest organizations in our sample, which represent those with revenues greater than \$1 billion. Additionally, we also provide selected findings for the 99 publicly traded companies, 109 financial services entities, and 95 not-for-profit organizations included in our sample.

Because the completion of the survey was voluntary, there is some potential for bias if those choosing to respond differ significantly from those who did not respond. Our study's results may be limited to the extent that such bias exists. Furthermore, there is a high concentration of respondents representing financial reporting roles. Possibly, there are others leading the risk management effort within their organizations whose views are not captured in the responses we received. Despite these limitations, we believe the results reported herein provide useful insights about the current level of risk oversight maturity and sophistication and highlight many challenges associated with strengthening risk oversight in many different types of organizations.





## APPENDIX B: AGGREGATED LIST OF DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

For each of the 10 key areas of focus, this report includes five **Discussion Items for Management and Board Consideration**. This Appendix aggregates all of these suggested discussion topics into one list, as shown below.

### DISCUSSION ITEMS FOR MANAGEMENT AND BOARD CONSIDERATION

#### RISK ENVIRONMENT

1. How rapidly is our organization's business environment changing and how difficult is it for our leadership team to anticipate emerging issues?

---

2. What significant surprises have management and the board faced that it did not sufficiently anticipate? Why were we surprised by these occurrences?

---

3. How often does our management team or the board seem to be in a "fire-fighting" mode that distracts our management team from important strategic initiatives?

---

4. What should management do to enhance the organization's preparedness to navigate a sudden, unexpected risk event?

---

5. How are recent geopolitical events (both nationally and internationally) likely to impact our business?

#### MATURITY OF RISK MANAGEMENT PRACTICES

1. If asked to describe "risk management" at our organization, how would executives and board members respond? Would those responses be consistent across people?

---

2. In light of the risk environment for our organization, has the maturity of our risk management process kept pace with our risk realities?

---

3. What major events have management had to suddenly address and why were those events not more fully anticipated by our risk management processes?

---

4. To what extent are our executives and boards discussing and evaluating our organization's approach to managing risks?

---

5. Where is our organization most vulnerable if we continue with our status quo approach to risk management?

#### STRATEGIC VALUE OF RISK MANAGEMENT

1. To what extent is the output of our risk management process an important input to strategic planning?

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2. What is the level of interaction and engagement between our risk management leaders and those making important strategic decisions? Are all the right people included in our strategic planning process?

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3. How clear is the mapping of our enterprise's top risks to our key business drivers and strategic initiatives? Which drivers or initiatives are most exposed to key risks?

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4. What could be done to improve our strategic planning process to more formally embed risk considerations into our planning and decision making?

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5. When budget allocation decisions are made across the organization, to what extent are differences in risk conditions informing our strategic resourcing decisions?

#### PROCESSES TO IDENTIFY RISKS

1. To what extent are the techniques used by our organization to engage management in the identification of risks effectively prompting our leadership team to identify emerging risks?

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2. Do we need to alter our approaches to risk identification to help us think "outside the box" about potential risks on the horizon?

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3. To what extent are the right individuals engaged in the process for identifying risks? Do we have sufficient representation of individuals who serve on the board of directors, executive team, middle management, and others (potentially key suppliers or customers)?

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4. What can be done to increase our organization's risk identification focus on emerging, strategic, market risks?

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5. How can our organization enhance the risk identification process to also consider longer-term risks in addition to short-term risks?



TECHNIQUES TO PRIORITIZE AND MONITOR RISKS	APPROACHES TO COMMUNICATING RISK INSIGHTS
1. How effective is our organization's approach to prioritizing our most important risks?	1. How effective is the reporting about top risks to our executive leadership and the board of directors?
2. What challenges does our leadership team face in prioritizing our most important risks? For example, for those organizations that use scales to prioritize risk likelihood and impact, are those scales well understood and helpful?	2. Is the nature and type of information about top risks communicated to management and the board helpful in making strategic decisions?
3. Beyond considering likelihood and impact, how might our organization also consider other risk dimensions (i.e., speed of change, level of preparedness, interconnectedness to other risks) to prioritize risks?	3. When risk information is communicated to executive leadership and the board is it generating robust discussion and dialogue about risk conditions?
4. To what extent are differences in risk prioritizations across different levels of management and the board considered to identify differing views of potential risk exposures?	4. Should the format of our reports about risks be adjusted to include more visualization of data and/or to include different analyses of that data?
5. What enhancements to our management dashboard do we need to make to provide metrics to effectively track changes in risks over time (i.e., key risk indicators)?	5. Is the communication of top risks effectively linking risks to key strategies of the organization so that executive leadership and the board better understand the strategic significance of top risks?

CHIEF RISK OFFICERS AND MANAGEMENT-LEVEL RISK COMMITTEES	BOARD OVERSIGHT OF RISKS
1. What individual "owns" the design and implementation of our organization's approach to risk management? Is that the most effective person for this kind of leadership position?	1. Would individual members who serve on the board of directors be able to consistently and accurately describe management's risk management process?
2. Is the individual responsible for leading our organization's risk management process at the right level within the organization? Does that individual have access to our CEO and board?	2. How does our board of directors evaluate the effectiveness of management's risk management processes?
3. For those organizations without a management-level risk committee, is there an already existing executive level committee (e.g., executive committee) that could serve also as the risk committee with regularly scheduled agenda time to discuss risks?	3. Would individual members who serve on the board of directors be able to consistently identify the top risks identified by management's risk management process? Is board discussion about risks sufficiently robust and is there a consensus understanding of the most important risks to the organization?
4. For those organizations with a management-level risk committee, how could the risk committee meetings be improved to enhance dialogue about top risks? What can be done to enhance the substance of risk committee meetings?	4. How does the board of directors validate the appropriateness of management's identification of top risks? Does the board compare management's report of our top risks to external sources about top risks facing other organizations?
5. Do we have the right leaders engaged in overseeing the enterprise portfolio of risks on an ongoing basis?	5. How does the board determine the levels of risk appetite among key stakeholders for different risks facing the organization?





**EXPECTATIONS FOR ENHANCED RISK MANAGEMENT**

**BARRIERS LIMITING RISK MANAGEMENT MATURITY**

1. What are the risk oversight expectations of our key stakeholders and how well are we meeting those expectations?

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2. How are best practices related to enterprise-wide risk governance changing?

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3. What vulnerabilities in our risk management process have been revealed by recent unexpected events affecting our organization or peers in our industry?

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4. How robust is our organization's business continuity plan and is it well understood across the organization?

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5. What does our organization need to do to be better prepared to navigate an unexpected crisis?

1. What cultural barriers are limiting senior executive embrace of the importance of a more strategic approach to understanding and managing enterprise-wide risks?

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2. What can our organization do to raise awareness of the importance and need for effective enterprise-wide risk management?

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3. How are risks being managed today and why does that approach make sense considering today's fast-changing business environment?

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4. What has our organization done to educate our leadership team and board about emerging risk management practices?

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5. How comfortable are we to be lagging advanced risk governance practices?



# Author Bios

Both authors serve in leadership positions within the Enterprise Risk Management (ERM) Initiative at NC State University ([www.erm.ncsu.edu](http://www.erm.ncsu.edu)). The ERM Initiative provides thought leadership about ERM practices and their integration with strategy and corporate governance. Faculty in the ERM Initiative frequently work with boards of directors and senior management teams helping them link ERM to strategy and governance.

**Mark S. Beasley**, CPA, Ph.D., is the Alan T. Dickson Distinguished Professor of Accounting and Director of the ERM Initiative at NC State University. He specializes in the study of enterprise risk management, corporate governance, financial statement fraud, and the financial reporting process. He completed over seven years of service as a board member of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has served on other national-level task forces related to risk management issues. Currently, he is a member of the United Nation’s Internal Control Advisory Group. He consults with boards and senior executive teams on risk governance issues, is a frequent speaker at national and international levels, and has published over 100 articles, research monographs, books, and other thought-related publications. He earned his Ph.D. at Michigan State University.

**Bruce C. Branson**, Ph.D., is an Alumni Distinguished Professor of Accounting and Associate Director of the ERM Initiative in the Poole College of Management at NC State University. His teaching and research is focused on enterprise risk management and financial reporting, and includes an interest in the use of derivative securities and other hedging strategies for risk reduction/risk sharing. He also has examined the use of various forecasting and simulation tools to form expectations used in financial statement audits and in earnings forecasting research. He earned his Ph.D. at Florida State University.

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