

THE STATE OF RISK OVERSIGHT

AN OVERVIEW OF ENTERPRISE RISK MANAGEMENT PRACTICES
16TH EDITION | 2025

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Executive Summary

Organizations increasingly operate in a global environment where a myriad of uncertainties can lead to risks that can derail their strategic priorities. 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 16 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. This report provides an overview of the current state of risk oversight practices in 273 surveyed organizations.

FIVE KEY AREAS OF FOCUS

This report summarizes findings from our analysis of survey data that addresses five key risk oversight areas:

1. **Integrating Enterprise-Level Risks with Strategic Decision Making**
2. **Communicating Risk Information for Key Decision-Maker Consideration**
3. **Investing in Leadership to Support Effective Risk Oversight**
4. **Strengthening Risk Management Fundamentals**
5. **Continuing the Journey Towards Enhanced Risk Management**

A DEEPER DIVE

In addition to providing detailed analysis of important components of risk management processes for the full sample of 273 organizations, this 16th Edition of our report also highlights key findings for the following subgroups of organizations (Note: some organizations are included in more than one category, therefore the sum of these exceeds 273):

76 | large organizations
(those with revenues
greater than \$1 billion)

61 | publicly traded
companies

76 | financial services
entities

66 | not-for-profit
organizations, including
governmental agencies



KEY HIGHLIGHTS

Key highlights emerging from this year's study related to each of these five areas are captured below:

Integrating Enterprise-Level Risks with Strategic Decision Making

There are significant opportunities for organizations to better integrate risk insights into their strategic planning and day-to-day decision-making processes. Information about important risk exposures is often not an explicit component of strategic decision-making activities. This is in large part likely because most organization's risk management process is not viewed as sufficiently robust or mature.

Communicating Risk Information for Key Decision-Maker Consideration

Most respondents believe the risk landscape is growing in volume and complexity, including risks related to geopolitics. Many organizations, especially large organizations and publicly traded companies, are providing formal reports on top risk exposures to their boards of directors at least annually. However, a large percentage of organizations communicate risk information to executives mostly through *ad hoc* discussions with management versus meetings explicitly focused on top risk concerns. Generally, those reports highlight between five and 19 top risks.

Investing in Leadership to Support Effective Risk Oversight

Ownership of an organization's risk management process is often assigned to an individual who is formally designated as the chief risk officer (or equivalent). Most organizations are now creating management-level risk committees to oversee the organization's risk management process and the top risks identified by that process. Boards of directors commonly delegate risk oversight tasks to one of its subcommittees, which is most often the audit committee, except for financial services organizations whose boards tend to delegate to risk committees.

Strengthening Risk Management Fundamentals

Most organizations follow a dedicated process to identifying risks on an annual basis, with the most attention given to IT, compliance, and operational risks. Unfortunately, emerging strategic/market/industry risks receive the least attention relative to other risk areas. While the use of templates to rate risk probabilities and impacts is common, those judgments are mostly based on qualitative versus quantitative assessments. Entities are still seeking to strengthen metrics they use to monitor shifts in emerging risks, and this process is unlikely to be focused on long-term risks.

Continuing the Journey Towards Enhanced Risk Management

Despite progress in advancing risk management activities over time, barriers continue to exist within organizations that limit such progress. Many respondents indicate that investments in risk management activities compete with other more important priorities and require resources vital for other organizational priorities. Leaders need to develop strategies to counter this resistance so that others within the organization recognize the value that risk insights can provide for strategic decision making. Changes are likely to be made given key stakeholders, including CEOs and boards of directors, continue to call for more enhanced risk management processes.



DISCUSSION QUESTIONS

Each focus area of our analysis concludes with a list of suggested discussion questions. We encourage executives and boards of directors to engage in discussions to pinpoint opportunities to strengthen the value of the organization's approach to risk management. These questions will hopefully help increase awareness of the need and opportunities to proactively manage risks as strategic decisions are made throughout the organization.

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) includes an ERM library that contains summaries of over 600 ERM resources. Additional ERM resources are also available at www.aicpa-cima.com.



FOCUS AREA 1

INTEGRATING ENTERPRISE-LEVEL RISKS WITH STRATEGIC DECISION MAKING

This section addresses these overarching questions:

1. What is the perceived strategic value of risk management?
2. What is the level of robustness of risk management processes?



INTEGRATING ENTERPRISE-LEVEL RISKS WITH STRATEGIC DECISION MAKING

Uncertainties in the business environment continually lead to risks that can impact an organization's strategic success. Identifying and understanding risks before they become significant will provide invaluable intelligence that management and boards can use for strategic value. The more management can integrate risk insights into a key strategic decision, the more they can identify mitigation strategies to proactively manage risks.

To learn more about how organizations are obtaining strategic value from their risk management efforts we asked a number of questions about how risk considerations are factored into important strategic decisions. Our analysis on the pages that follow highlights data related to these two overarching questions:

1. **What is the perceived strategic value of risk management?**
2. **What is the level of robustness of risk management processes?**

KEY FINDINGS

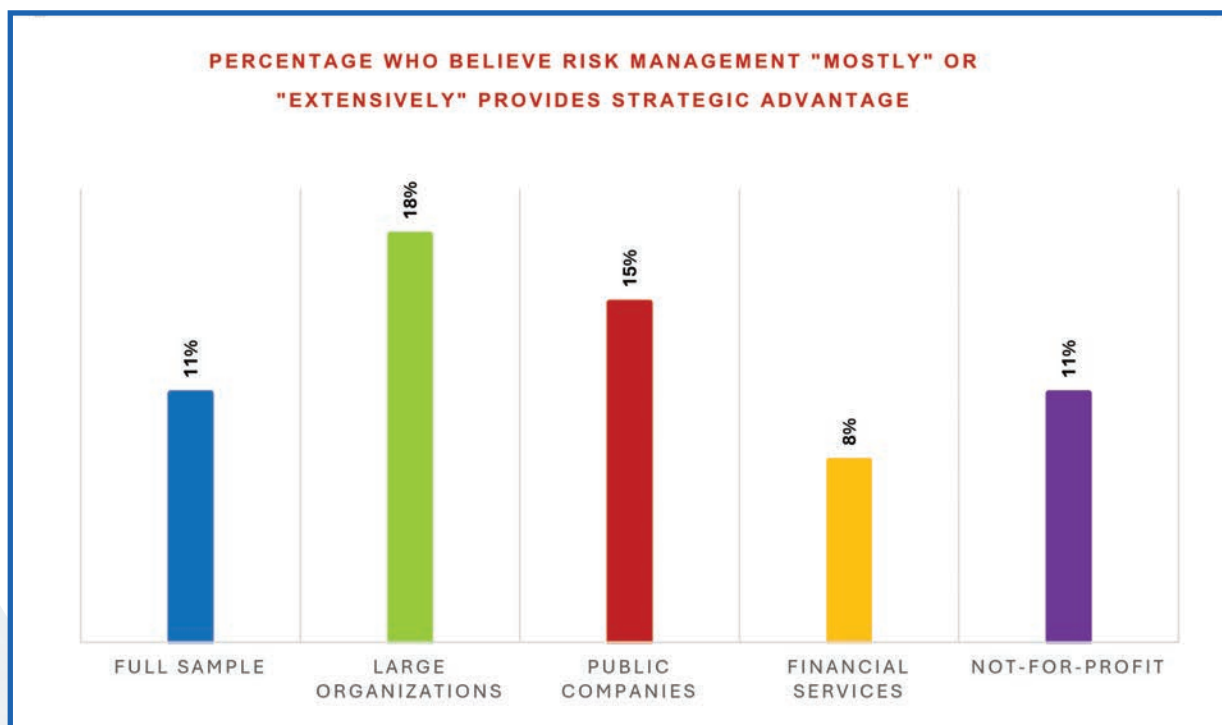
Most organizations do not view their risk management processes as providing strategic advantage. Organizations appear to be struggling to integrate their risk management and strategic decision-making processes.	Fewer than half of our respondents describe their organization's risk management oversight as mature or robust. That's true even for large organizations and public companies.
Information about important potential risk exposures is not a common component of their strategic planning activities for about one-half of most organizations.	While most large organizations (those with revenues greater than \$1 billion) and public companies indicate their organizations have a complete enterprise risk management (ERM) process in place, other organizations are much less likely to have invested in ERM.

The findings are highlighted in the bar graphs and tables that follow.



Strategic Value of Risk Management

In light of the reality that risk and return are interrelated, we are particularly interested in understanding the extent to which an organization's processes surrounding risk management are an important contributor to strategic decisions being made by executives and their board of directors. We asked participants several questions about the perceived benefits derived from the organization's risk management efforts. The bar charts and tables provide more details about the responses we received this year:



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



Breakdown of responses



Percentage of Respondents					
To what extent do you believe the organization's risk management process is a proprietary strategic tool that provides unique competitive advantage?	Not at All	Minimally	Somewhat	Mostly	Extensively
Full sample	39%	25%	25%	10%	1%
Large organizations	26%	30%	26%	15%	3%
Public companies	19%	33%	33%	12%	3%
Financial Services	35%	32%	25%	5%	3%
Not-for-Profit Organizations	42%	24%	23%	9%	2%

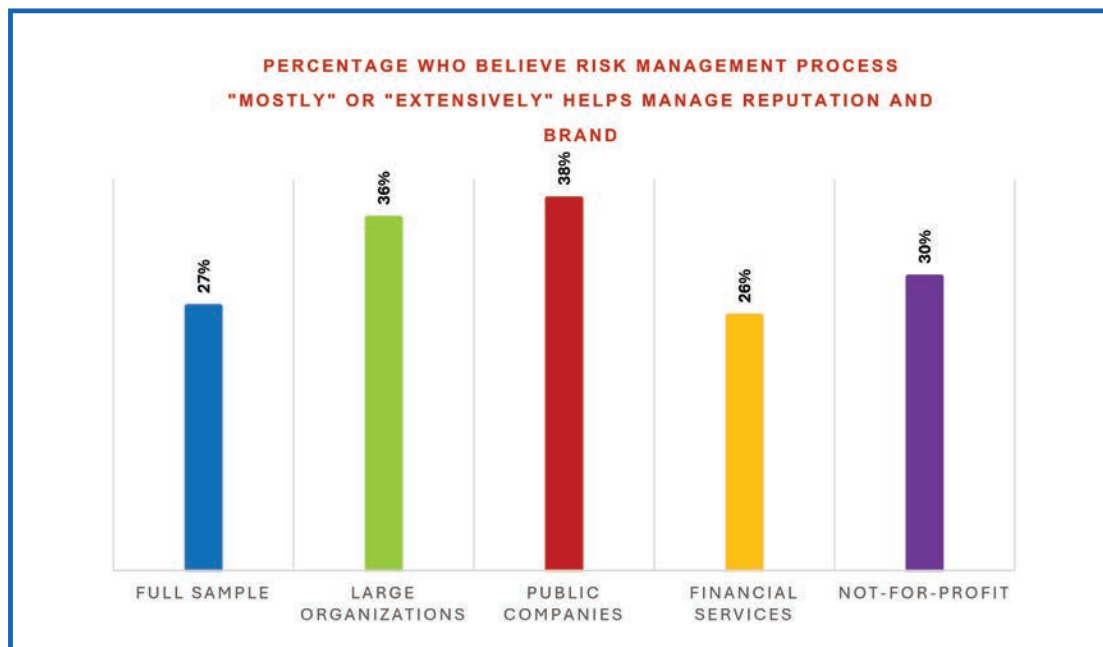


We asked three questions about the integration of risk management considerations in the context of strategic decision making and report the percentage of responses of "mostly" or "extensively".

Percentage of Respondents Saying "Mostly" or "Extensively"					
Percentage of respondents who selected "mostly" to "extensively" to the following statements	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	23%	25%	38%	25%	21%
Existing risk exposures are considered when evaluating possible new strategic initiatives	48%	47%	54%	47%	50%
Risk exposures are considered when making capital allocations to functional units	36%	30%	33%	34%	38%

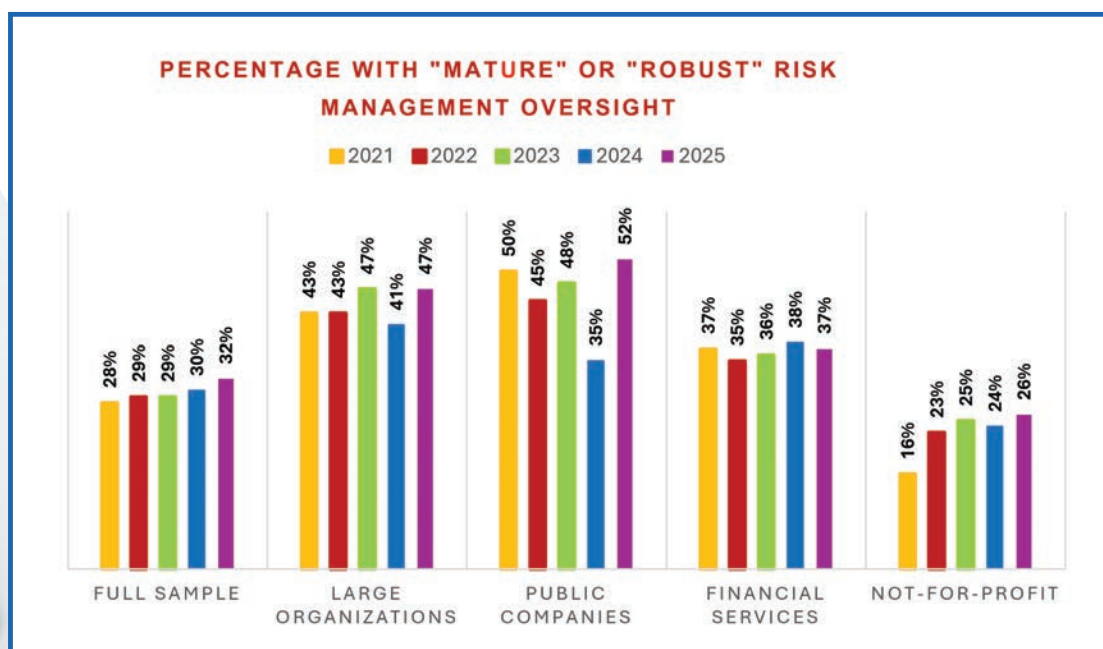


To what extent does your organization's ERM process help management identify and manage a significant risk event impacting your organization's reputation and brand?



Robustness of Risk Management Processes

We asked participants the following questions. The bar charts reflect their responses over the past five years, and the tables provide more details about 2025 responses:



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



Percentage of Respondents					
What is the level of maturity of your organization's risk management oversight?	Very Immature	Developing	Evolving	Mature	Robust
Full sample	12%	20%	36%	30%	2%
Large organizations	1%	16%	36%	43%	4%
Public companies	4%	8%	36%	49%	3%
Financial Services	8%	13%	42%	34%	3%
Not-for-Profit Organizations	12%	20%	42%	23%	3%

Breakdown of responses



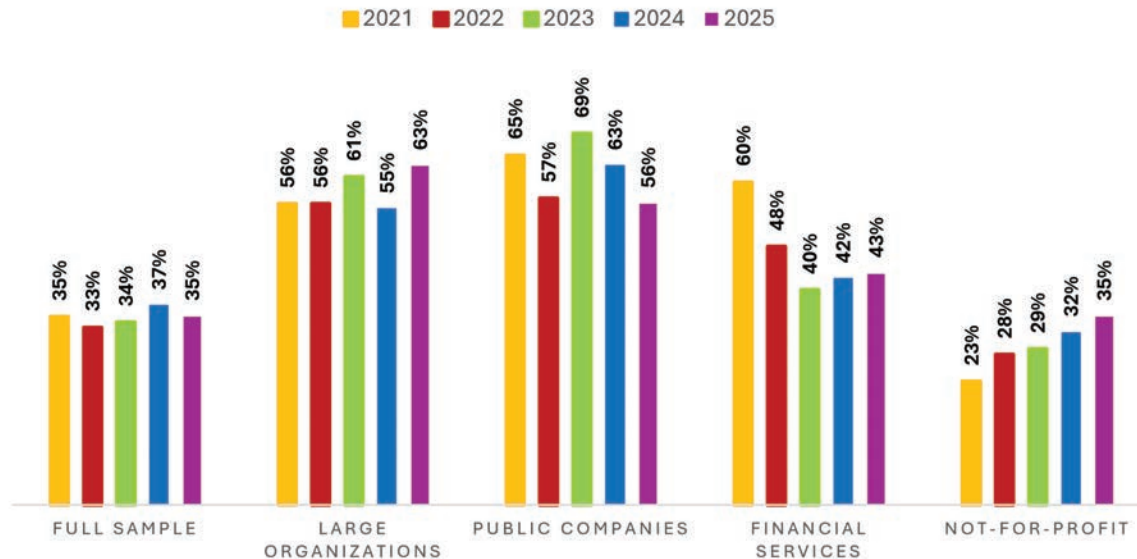
Percentage of Respondents Saying "Mostly" or "Extensively"					
Description of the State of ERM Currently in Place	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
No enterprise-wide management process in place	21%	4%	2%	18%	15%
Currently investigating concept of enterprise-wide risk management, but have made no decisions yet	6%	0%	0%	1%	12%
No formal enterprise-wide risk management process in place, but have plans to implement one	6%	3%	8%	8%	5%
Partial enterprise-wide risk management process in place (i.e., some, but not all, risk areas addressed)	32%	30%	34%	30%	33%
Complete formal enterprise-wide risk management process in place	35%	63%	56%	43%	35%



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



PERCENTAGE WITH COMPLETE ERM PROCESSES IN PLACE



Over the past five years
by type of organization



DISCUSSION TOPICS REGARDING EVALUATING YOUR ORGANIZATION'S INTEGRATION OF ENTERPRISE-LEVEL RISKS WITH STRATEGIC DECISION MAKING

Engage your leadership team in dialogue surrounding these topics:

1. To what extent is the output of our risk management process an important input to strategic planning?
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?
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?
4. What could be done to improve our strategic planning process to formally embed risk considerations into our planning and decision making?
5. When budget allocation decisions are made across the organization, to what extent are differences in risk conditions informing our resourcing decisions?



FOCUS AREA 2

COMMUNICATING RISK INSIGHTS FOR KEY DECISION-MAKER CONSIDERATION

This section addresses these overarching questions:

1. **How does the current environment reveal a need for risk information to be elevated to executives and boards?**
2. **What methods are used to escalate risk information to decision makers?**



COMMUNICATING RISK INSIGHTS FOR KEY DECISION-MAKER CONSIDERATION

The escalation of risk insights to C-Suite executives and boards of directors is critical for risk intelligence to inform key strategic decisions. 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.

We asked a series of questions to gain insights into the need for and method and frequency of risk communications. Our analysis on the pages that follow highlights data related to these two overarching questions:

1. **How does the current environment reveal a need for risk information to be elevated to executives and boards?**
2. **What methods are used to escalate risk information to decision makers?**

KEY FINDINGS

Most executives recognize the reality that risks are becoming more complex over time. The majority of respondents perceive that the volume and complexity of risks in 2025 are significantly greater than they were five years ago. This suggests information about risk is vital for their organizations' success.	In light of the changing risk landscape and the need for risk information, 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. Over one-half of the full sample and 84% of large organizations and 92% of public companies do so at least annually, with just under half doing so quarterly.
Unmanaged risks are significantly disrupting operations, along with escalating geopolitical risks that are impacting the organization's business model and strategies. Executives can benefit from better risk information.	However, the escalation and communication of risks to senior executives is mostly occurring through <i>ad hoc</i> discussions versus meetings formally devoted to risk discussions.
Most organizations report between 5 and 19 risks to the board as part of their formal report about top risks.	

The findings are shown in the bar graphs and tables that follow.



The Need to Elevate Risk Insights

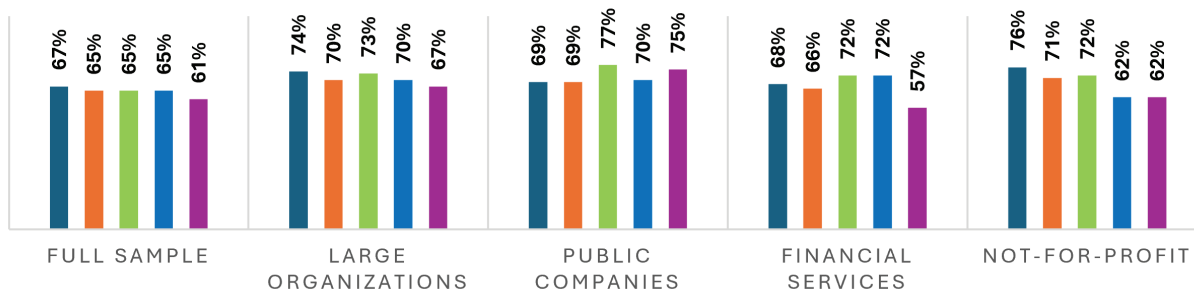
To learn more about how executives view the impact of the current risk environment on their day-to-day oversight and leadership of the organization, we asked participants questions about how they view the current risk landscape. The bar charts reflect their responses over the past five years. These findings suggest that risks are real and evolving, thereby creating a need for findings ways to keep executives informed of their changing conditions. These questions allowed a response on a five-point scale ranging from "Not at All" to "Extensively."



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

VOLUME & COMPLEXITIES OF RISKS INCREASING "MOSTLY" OR "EXTENSIVELY" IN PAST 5 YEARS

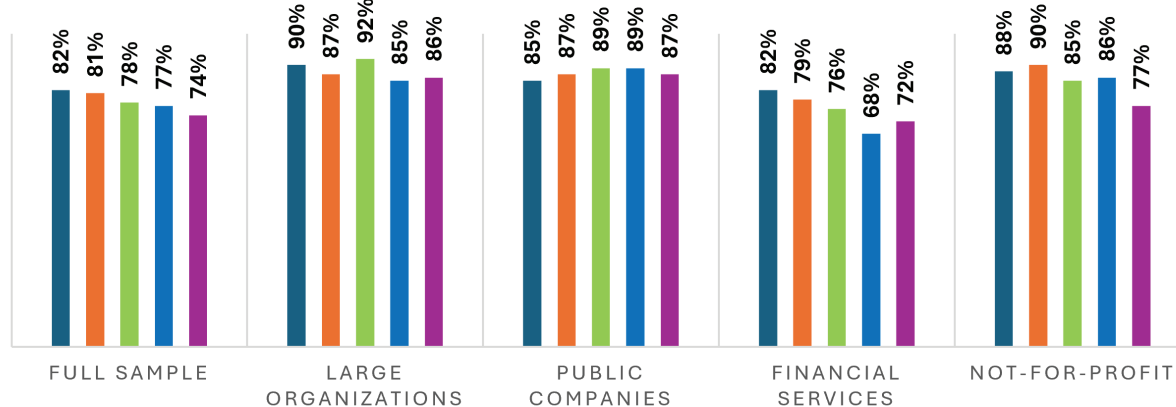
2021 2022 2023 2024 2025



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

PERCENTAGE EXPERIENCING SIGNIFICANT OPERATIONAL SURPRISE "SOMEWHAT," "MOSTLY," OR "EXTENSIVELY" IN PAST 5 YEARS

2021 2022 2023 2024 2025





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

Percentage of Respondents					
To what extent is uncertainty triggered by ongoing geopolitical events impacting the organization's business model and new strategic initiatives?	Not at All	Minimally	Somewhat	Mostly	Extensively
Full sample	5%	18%	37%	28%	12%
Large organizations	1%	14%	33%	36%	16%
Public companies	0%	8%	43%	34%	15%
Financial Services	6%	21%	33%	26%	14%
Not-for-Profit Organizations	3%	14%	36%	35%	12%

Methods for Escalating Risk Information to Decision-Makers

We asked participants the following questions about their communication of risk information to the executive leadership team and the board of directors. The following bar charts and tables provide more details about 2025 responses:

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
Ad hoc discussions at management meetings	61%	42%	33%	57%	62%
Scheduled agenda discussion at management meetings	32%	38%	41%	39%	36%
Monthly written risk report submitted by management	5%	9%	11%	7%	5%
Quarterly written risk report submitted by management	22%	34%	48%	37%	11%
Annual written risk report submitted by management	21%	33%	25%	22%	29%

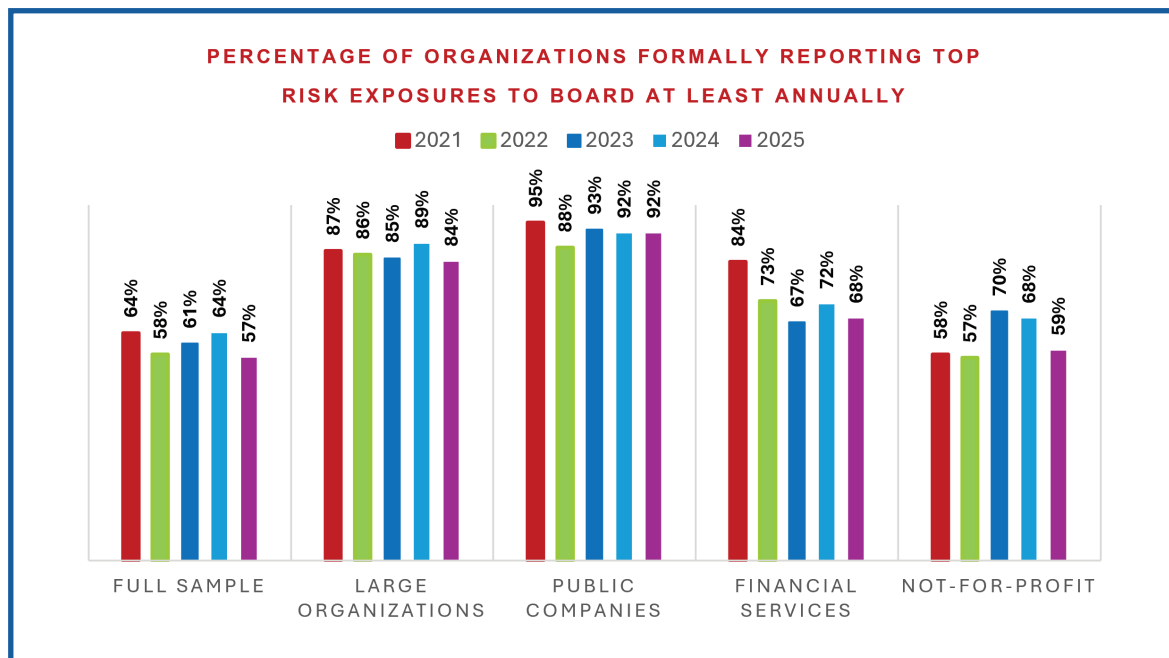


How are key risks communicated by business units or by the office of the Chief Risk Officer (or equivalent) to senior executives?

[Note: More than one approach could be selected.]



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 across types of organizations for the past five years



Below are the responses for 2025.



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	43%	7%	7%	29%	41%
Between 5 and 9 risks	26%	38%	38%	24%	33%
Between 10 and 19 risks	28%	51%	47%	46%	24%
20 or more risks	3%	4%	8%	1%	2%



DISCUSSION TOPICS REGARDING COMMUNICATING RISK INSIGHTS FOR KEY DECISION-MAKER CONSIDERATION

Engage your leadership team in dialogue surrounding these topics:

1. How rapidly is our organization's business environment changing and how difficult is it for our leadership team to anticipate emerging risk issues, such as impacts to our business from geopolitical shifts?
2. What risks emerge that continue to surprise management? What kinds of information would enhance management's preparedness to navigate a sudden, unexpected risk event?
3. How effective is the reporting about top risks to our executive leadership team and the board of directors? Is the nature and type of information about top risks communicated to management and the board helpful in making strategic decisions?
4. When risk information is communicated to executive leadership and the board is it generating robust discussion and dialogue about risk conditions?
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?



FOCUS AREA 3

INVESTING IN LEADERSHIP TO SUPPORT EFFECTIVE RISK OVERSIGHT

This section addresses these overarching questions:

1. **How often are organizations using chief risk officers and management-level risk committees to advance their risk management process?**
2. **How are boards of directors providing risk leadership?**



INVESTING IN LEADERSHIP TO SUPPORT EFFECTIVE RISK OVERSIGHT

In a number of organizations certain executives, including some boards of directors, are reluctant to invest time and resources to enhance their approach to risk oversight. Often that reluctance is based on a lack of leadership and tone at the top that reinforces the need for and value of more robust, enterprise-wide risk management.

We asked several questions about the organization's leadership and culture that may drive an organization's focus on overseeing its risk management activities. We first examine leadership components within the C-suite and then we examine the level of engagement from the board of directors. Our analysis highlights data related to these two questions:

1. **How often are organizations using chief risk officers and management-level risk committees to advance their risk management process?**
2. **How are boards of directors providing risk leadership?**

KEY FINDINGS

In recent years, there has been a steady increase in the percentage of organizations appointing an individual to serve as chief risk officer (or senior executive equivalent), with just under two-thirds of large organizations and publicly traded companies appointing someone to serve in that role.	Over three-fourths of large organizations and public companies have a management-level risk committee, with most management-level risk committees meeting quarterly followed by about one-fourth of organizations whose committees meet monthly.
Most boards of directors have delegated responsibility for overseeing management's risk management processes to a subcommittee, which generally is the audit committee.	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 75% of public companies.
Except for financial services organizations, only about one-quarter of organizations have formally articulated their appetite for taking risks.	

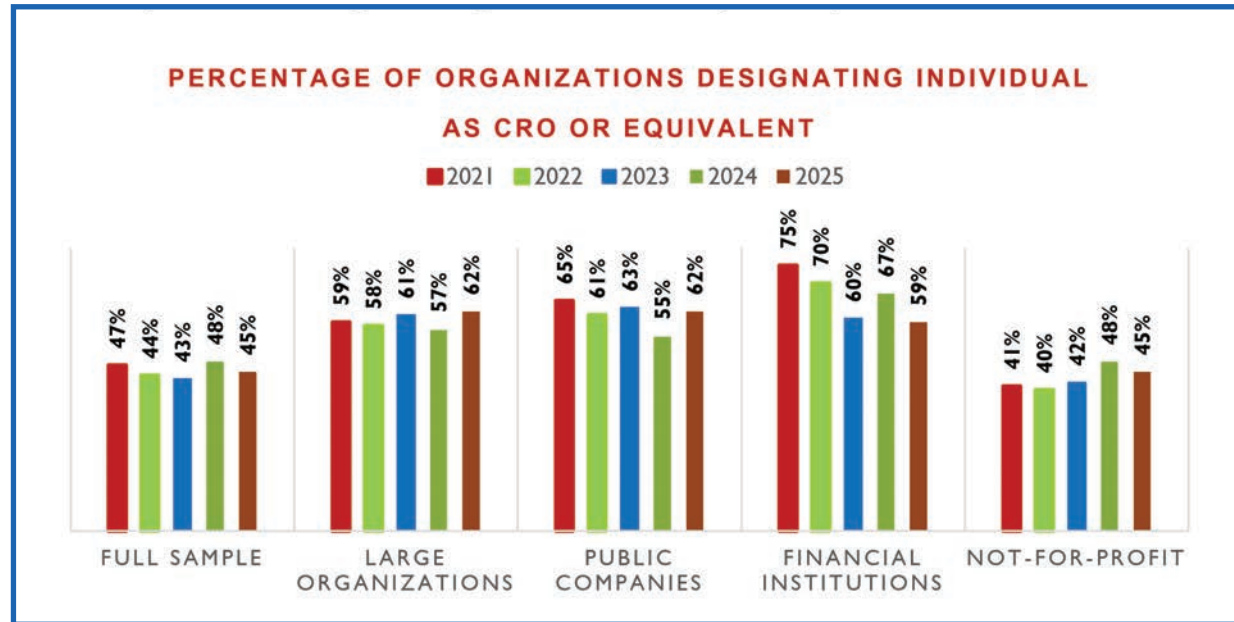
The findings are shown in the bar graphs and tables that follow.



Chief Risk Officers and Management-Level Risk Committees

For advances to be made in an organization's risk management process, leadership is needed to help motivate and advise executives about risk management processes across an enterprise. We asked respondents to provide information about who among management is responsible for leading the enterprise-wide risk management program. The findings are shown in the bar graphs and tables that follow.

Below are responses across types of organizations for the past five years.



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

Below are responses across types of organizations for 2025.

Percentage of Respondents					
To Whom Does the CRO Formally Report?	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Board of Directors or Committee of the Board	23%	13%	16%	16%	14%
Chief Executive Officer or President	45%	45%	50%	62%	30%
Chief Financial Officer	13%	21%	11%	11%	23%
General Counsel	11%	17%	13%	7%	23%
Chief Operating Officer	4%	2%	5%	2%	7%
Other "C-Level" Officer	4%	2%	5%	2%	3%

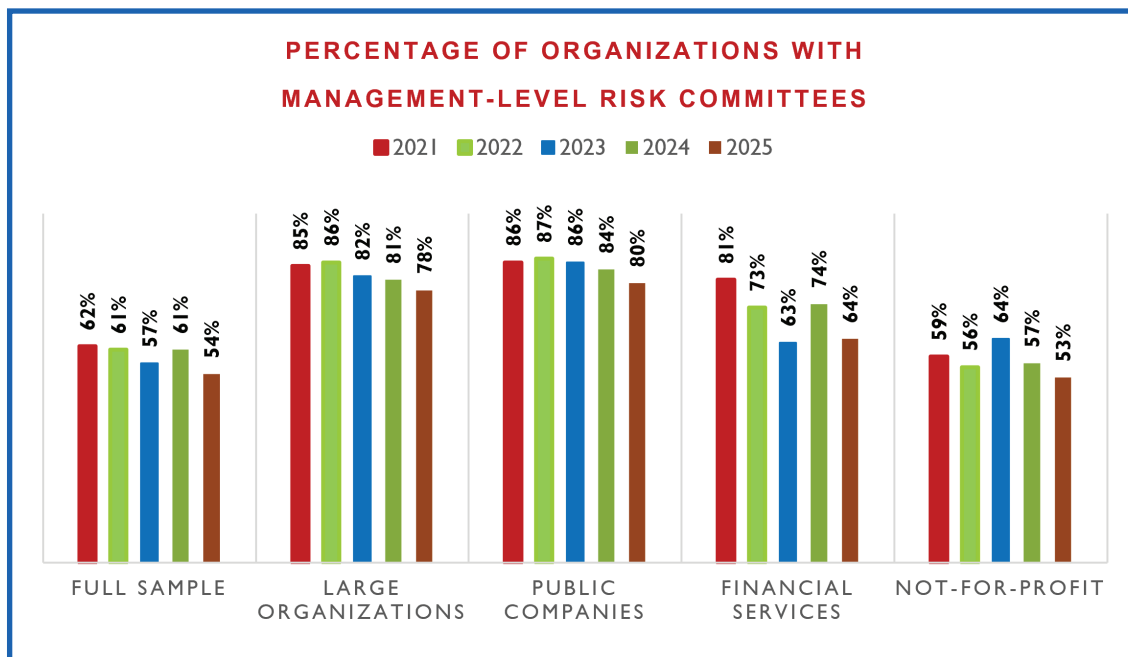


For those organizations that have formally designated an individual to serve as CRO, to whom does that person report?



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?

Below are responses across types of organizations for the past five years.



Below are responses across types of organizations for 2025.

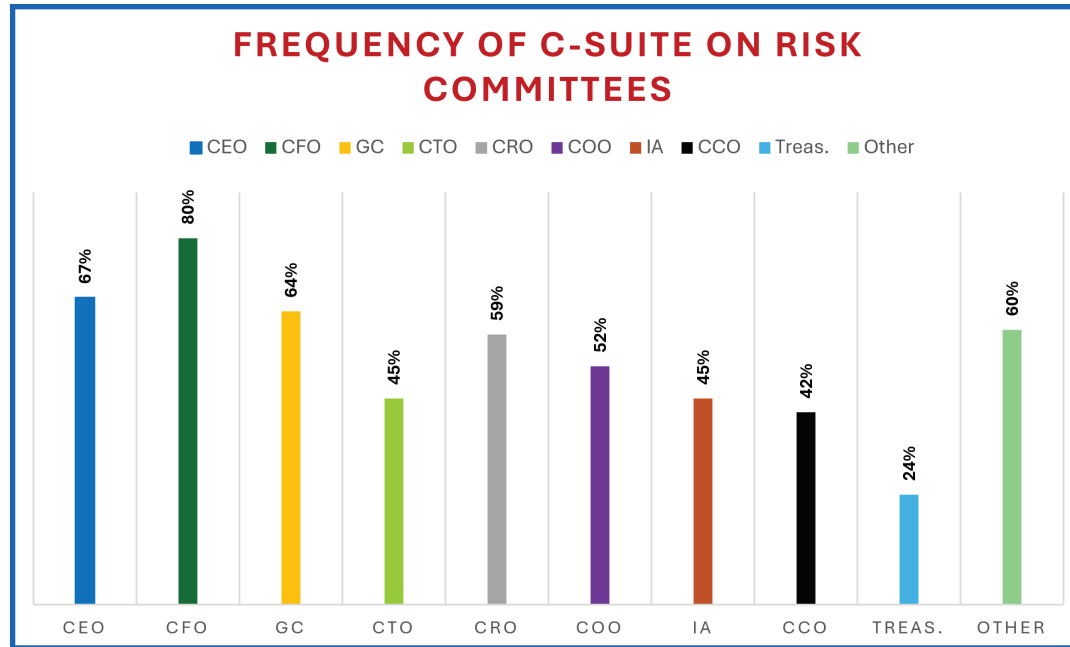


If your organization has a management-level risk committee, how often does it formally meet?

Percentage of Respondents					
How Frequently Does the Management Level Risk Committee Meet?	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Annually	5%	2%	0%	0%	14%
Semi-Annually	10%	8%	6%	8%	14%
Quarterly	49%	56%	63%	57%	37%
Monthly	29%	29%	27%	31%	26%
Daily/Weekly/Bi-Weekly	7%	5%	4%	4%	9%



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

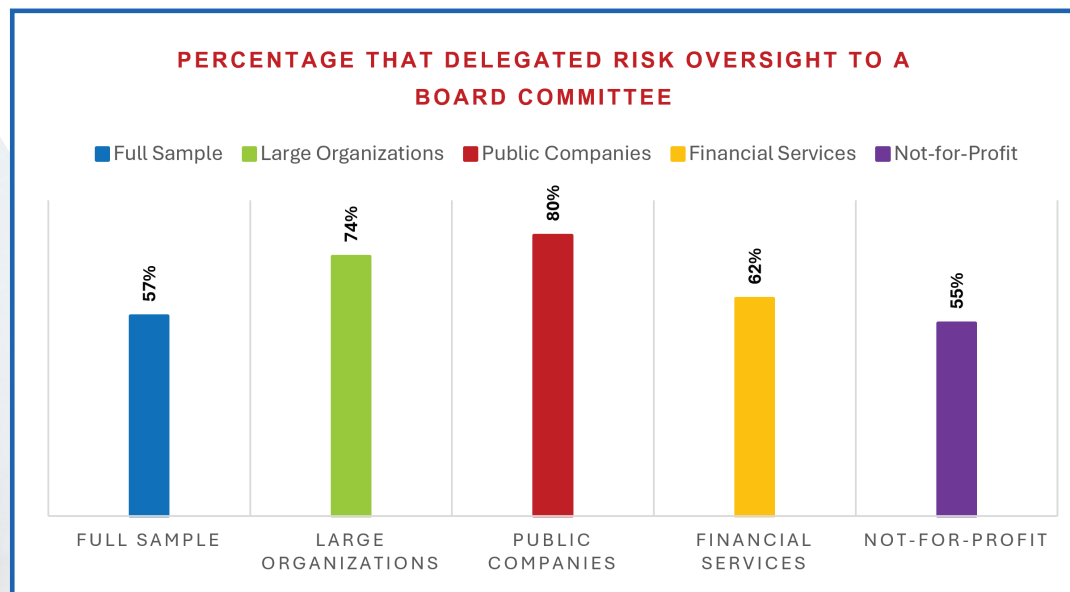


LEGEND

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

Board of Director Risk Leadership

Boards play a primary role in establishing an appropriate tone at the top about the importance of risk management for an organization. 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 2025 responses:



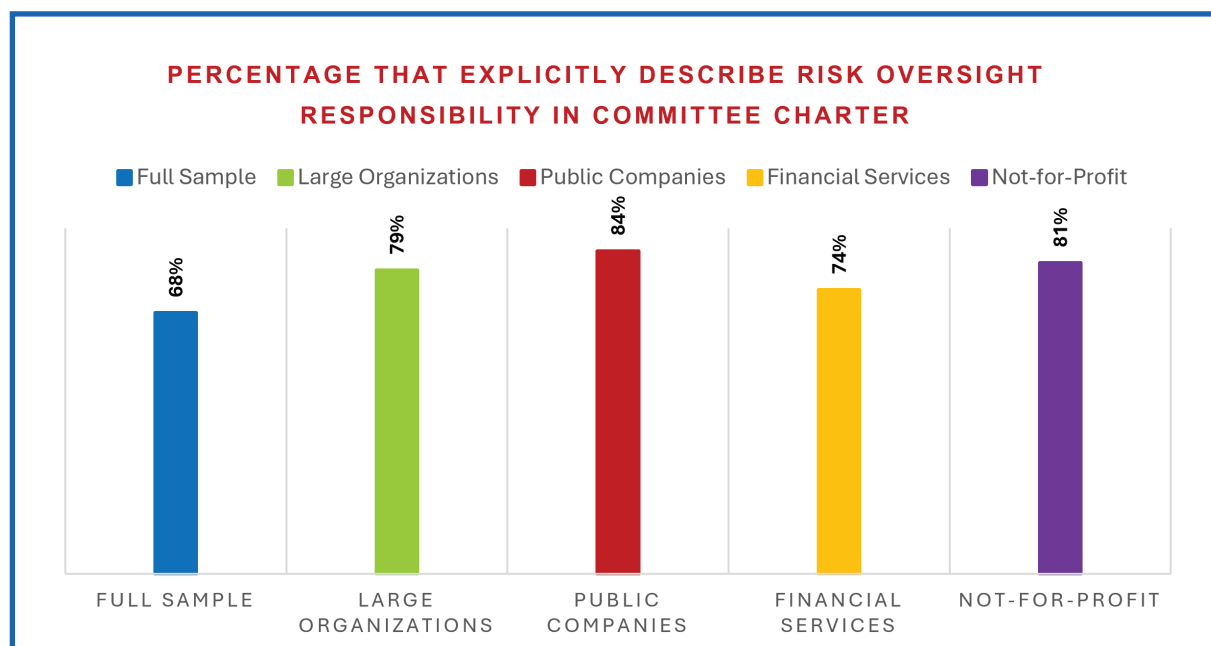
Has the board of directors assigned to one of its board committees formal responsibility for overseeing management's risk assessment and risk management processes?



Percentage of Respondents					
If board delegates formal responsibility of risk oversight to a subcommittee, which committee is responsible?	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Audit Committee	42%	53%	51%	19%	64%
Risk Committee	33%	36%	45%	60%	14%
Executive Committee	15%	9%	2%	17%	14%
Corporate Governance Committee	5%	2%	2%	2%	3%
Other	5%	0%	0%	2%	5%



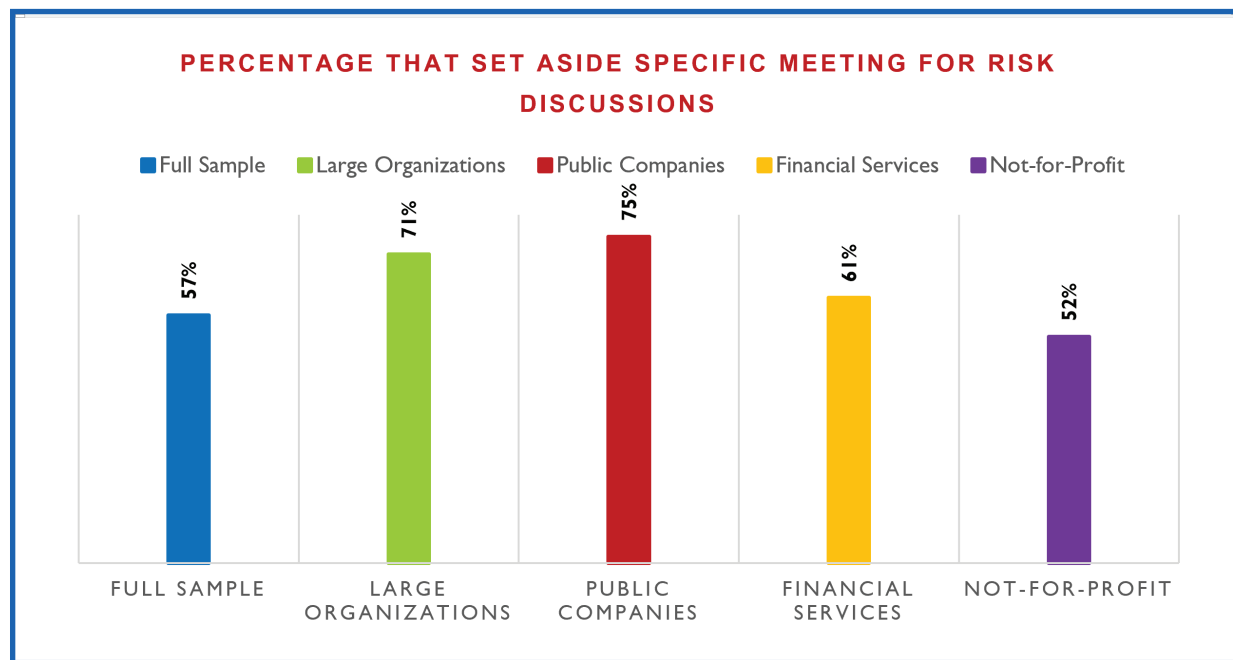
For those organizations whose board of directors has assigned formal responsibility for overseeing management's risk assessment and risk management processes to a subcommittee, to which committee of the board has the formal assignment been made?



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					
Percentage of espondents who selected “mostly” to “extensively” to the following statements	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Organization has articulated its appetite for or tolerance of risks in the context of strategic planning	35%	29%	39%	41%	35%



DISCUSSION TOPICS REGARDING INVESTING IN LEADERSHIP TO SUPPORT EFFECTIVE RISK OVERSIGHT

Engage your leadership team in dialogue surrounding these topics:

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 and are they at the right level within the organization?
2. 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. How does our board of directors evaluate the effectiveness of management’s risk management processes?
4. 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?
5. 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?



FOCUS AREA 4

STRENGTHENING RISK MANAGEMENT FUNDAMENTALS

This section addresses these overarching questions:

1. **What processes are used to identify risks on the horizon?**
2. **What techniques are used to prioritize and monitor risks?**



STRENGTHENING RISK MANAGEMENT FUNDAMENTALS

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.

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. Our analysis on the following pages highlight data related to these two questions:

1. **What processes are used to identify risks on the horizon?**
2. **What techniques are used to prioritize and monitor risks?**

KEY FINDINGS

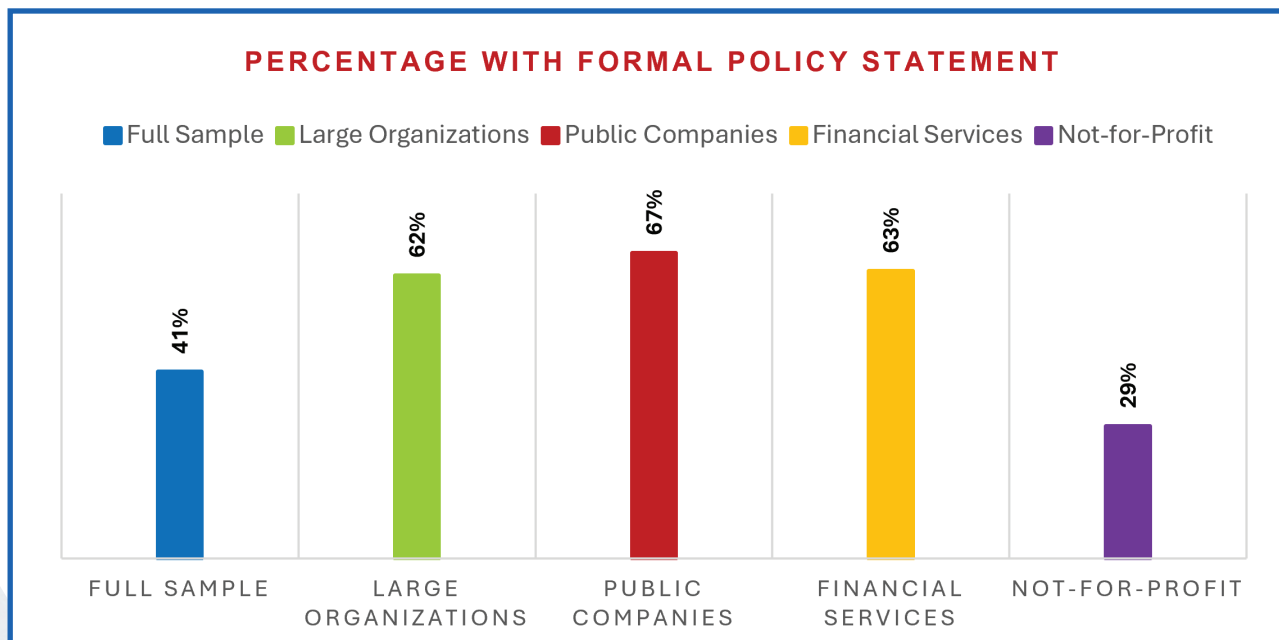
Most organizations engage in a dedicated process to identify risks on an annual basis, with just under one-third doing so more frequently than once a year. Large organizations and public companies are most likely to maintain risk inventories at an enterprise level.	Among the different types of risks 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, legal/compliance, or operational risks. Interestingly, emerging/strategic/market, or industry risks are least likely to be the focus of the organization’s risk management process.
Organizations often 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.	Most risk management processes are not geared towards identifying long-term risks.

The findings are shown in the bar graphs and tables that follow.



Processes Used to Identify Risks on the Horizon

We asked participants the following questions. The bar charts and tables reflect details about 2025 responses:



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

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	43%	75%	74%	45%	46%



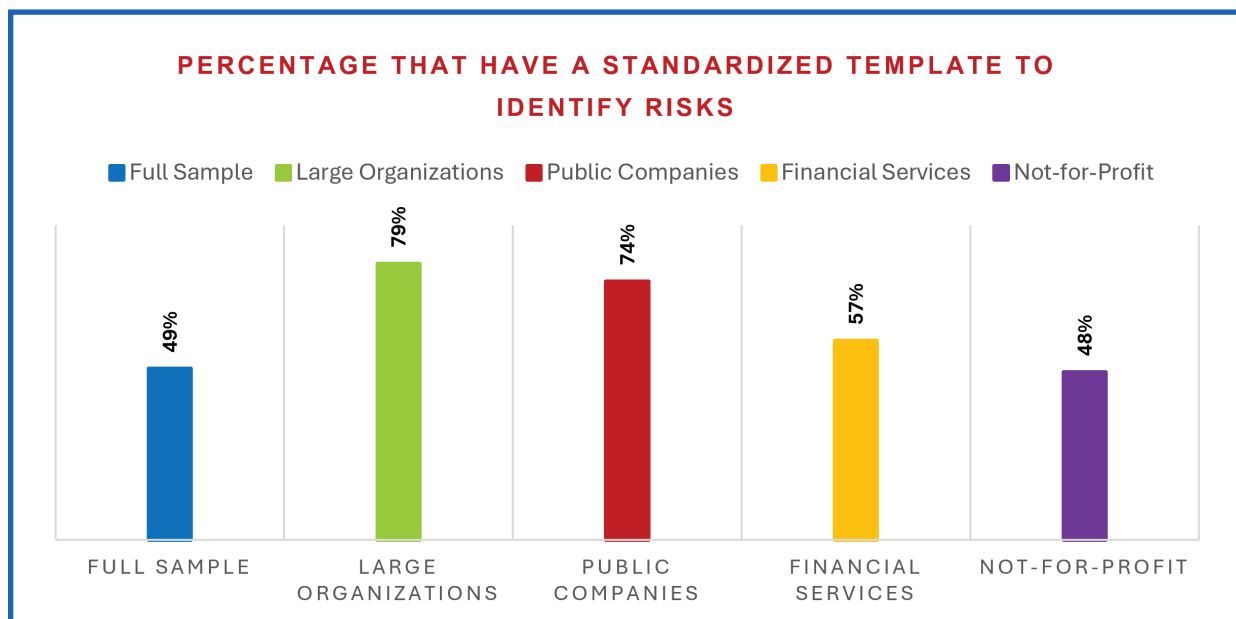
At what level within your organization are inventories of key risks maintained?



Percentage of Respondents					
Frequency of Going Through Process to Update Key Risk Inventories	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Annually	42%	58%	48%	45%	44%
Semi-Annually	9%	7%	11%	7%	7%
Quarterly	16%	24%	28%	17%	17%
Monthly, Weekly, or Daily	6%	5%	5%	8%	3%
Not at All	27%	6%	8%	23%	29%



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



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

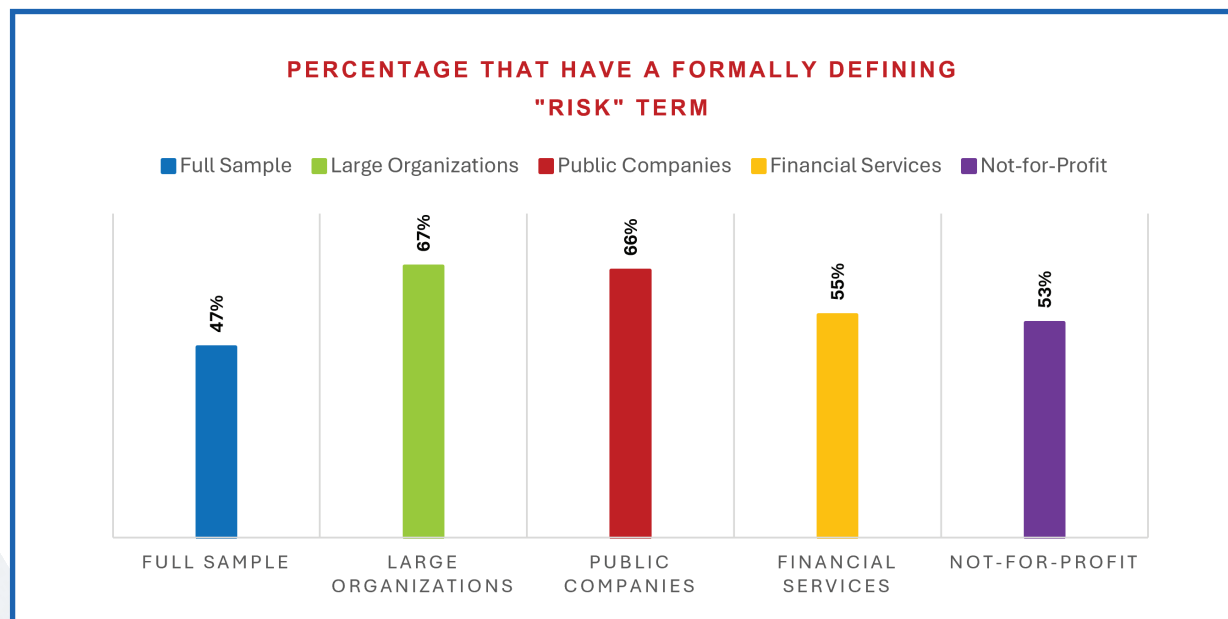


To which extent does your organization's ERM process "mostly" to "extensively" formally consider each of the following risk categories?

Percentage of Respondents Indicating Extent as "Mostly" to "Extensively"					
To what extent does your organization's ERM process "mostly" to "extensively" formally consider these risk categories?	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Information Technology System Risks	66%	88%	85%	71%	61%
Legal Regulatory/ Compliance Risks	58%	87%	82%	71%	53%
Financing/Investing/ Financial Reporting Risks	52%	80%	79%	62%	52%
Operational/Supply Chain/Process Risks	41%	67%	77%	43%	33%
Reputational/Political Risk	46%	67%	67%	49%	50%
Emerging Strategic/ Market/Industry Risks	43%	64%	67%	45%	45%



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



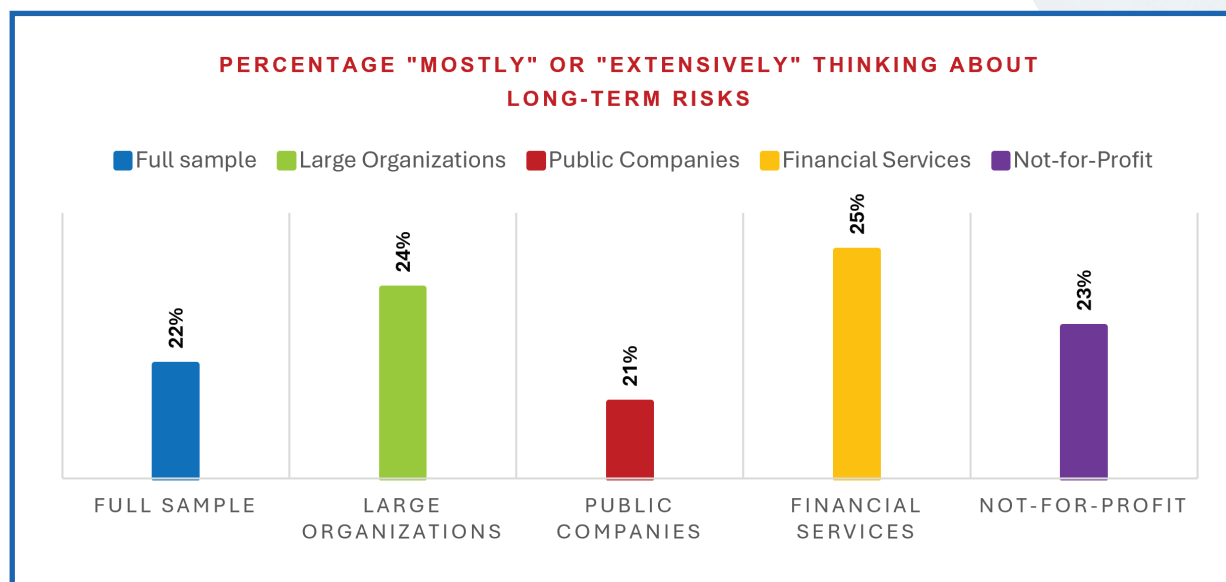


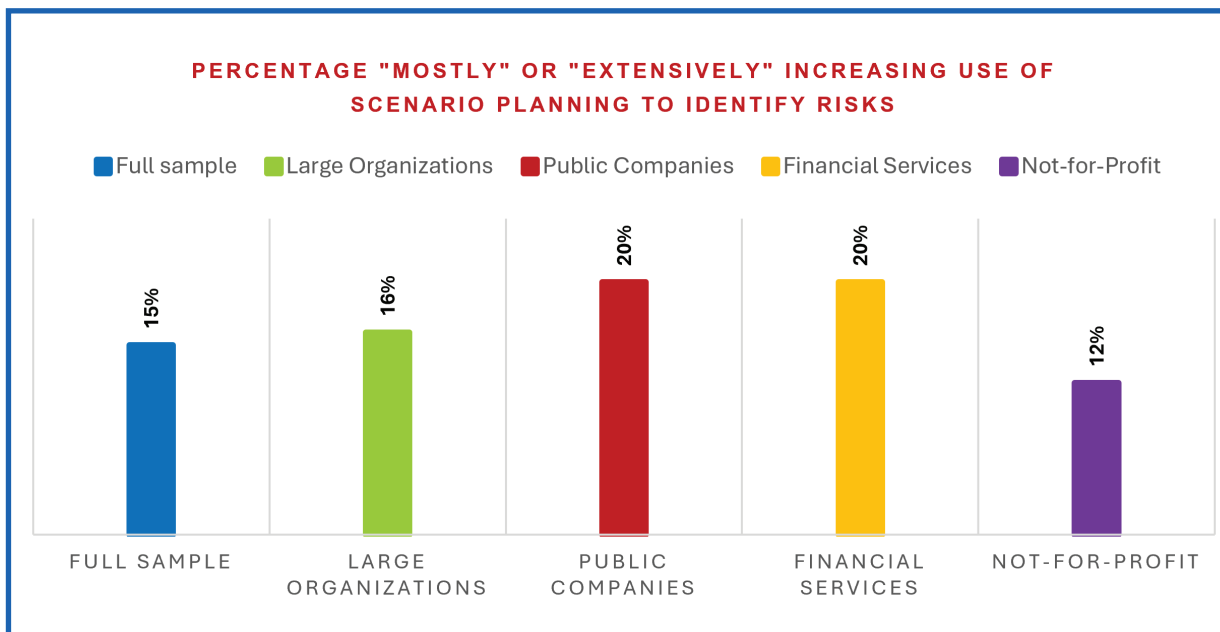
For those organizations that have formally defined the term “risk,” what is the nature of that definition?

Percentage of Respondents					
The definition of “risk” focuses	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Both “upside” risks (risk opportunities) and “downside” risks (threats to the organization)	63%	71%	70%	52%	71%
Only on “downside” of risks (threats to the organization)	34%	29%	28%	43%	29%
Neither	3%	0%	2%	5%	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 to reach agreement on those risks that are most likely to have a significant impact on the organization's business model and strategic plan. 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.

We asked participants the following questions about how they prioritize risks. The bar charts and tables provide more details about 2025 responses:

Percentage of Respondents					
Percentage that provide guidelines to assess risk	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Probability	39%	62%	66%	51%	33%
Impact	38%	58%	61%	49%	32%



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

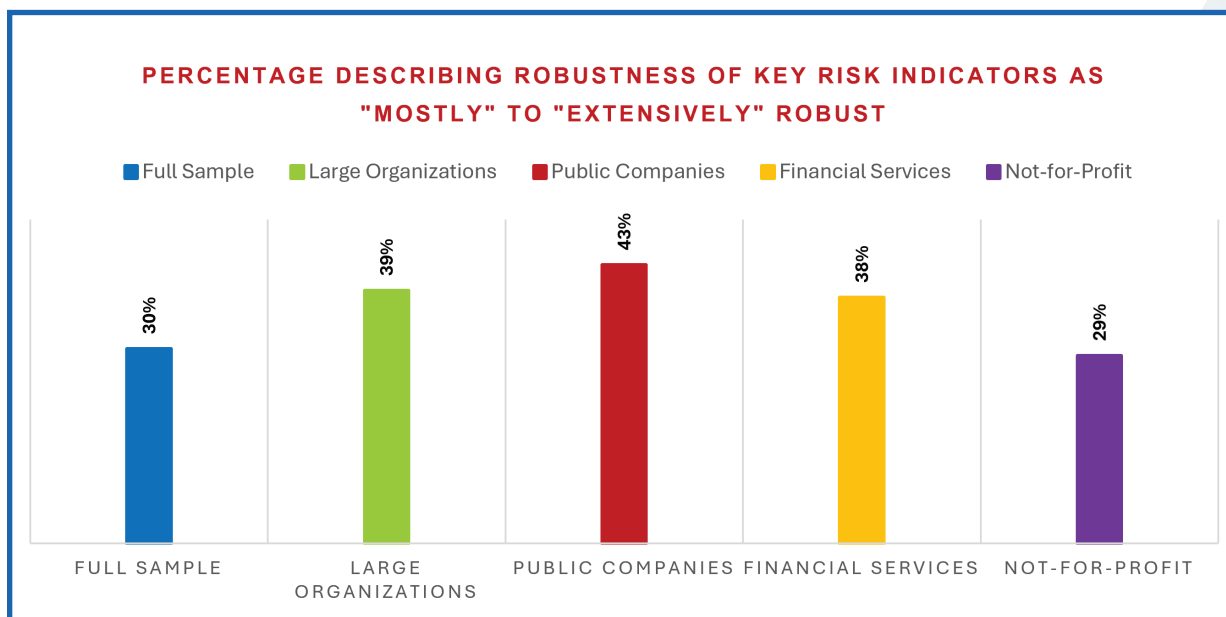


To what extent does your organization employ quantitative or qualitative techniques to assess risks?

Percentage of Respondents					
Quantitative Versus Qualitative Approach to Risk Assessment	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Mostly Quantitative Assessment (Models)	3%	3%	3%	5%	3%
A Blend, But More Quantitative	15%	20%	25%	29%	11%
A Blend, But More Qualitative	38%	53%	51%	35%	42%
Mostly Qualitative Assessments	20%	18%	18%	11%	21%
N/A – No Formal Assessment Done	24%	6%	3%	20%	23%



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





DISCUSSION TOPICS REGARDING STRENGTHENING RISK MANAGEMENT FUNDAMENTALS

Engage your leadership team in dialogue surrounding these topics:

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 new types of emerging risks? What can be done to increase our organization's risk identification focus on emerging, strategic, and market risks?
2. How can our organization enhance the risk identification process to prompt more "out of the box" thinking about risks and to help us consider longer-term risks on the horizon in addition to short-term risks?
3. 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?
4. 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?
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)?



FOCUS AREA 5

CONTINUING THE JOURNEY TOWARDS ENHANCED RISK MANAGEMENT

This section addresses these overarching questions:

1. What factors are creating resistance to engaging in risk management?
2. How are key stakeholder expectations for enhanced risk oversight changing?



CONTINUING THE JOURNEY TOWARDS 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. We asked several questions about how key stakeholder expectations may be increasing for more involvement of senior executives in risk management. Our analysis on the following pages highlight data related to these two questions:

1. What factors are creating resistance to engaging in risk management?
2. How are key stakeholder expectations for enhanced risk oversight changing?

KEY FINDINGS

There are several reasons why leaders may not be motivated to embrace a more holistic approach to enterprise-wide risk management, with some concluding that risks are already managed effectively in other ways.	Perceptions that there are more important competing priorities is limiting the attention and engagement in risk management processes for many organizations. For some, there is a perception that the required investments needed to make improvements do not outweigh the benefits.
External stakeholders, particularly those related to publicly traded companies, are putting more pressure on senior executives to provide more information about risks impacting the organization.	Expectations are shifting, given CEOs, boards of directors and their audit committees are all asking for more senior executive involvement in risk oversight for their organizations.
Part of that increased interest in more senior executive focus on risk management activities is triggered by 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.	Emerging best practices and corporate governance requirements are also incentivizing greater engagement of senior leaders in risk management activities.
CEOs are also calling for increased senior executive involvement in risk management.	

The findings are shown in the bar graphs and tables that follow.



Addressing Resistance to Engaging in Risk Management

Before real progress can be made in strengthening an organization's approach to risk management, C-suite executives and boards of directors need to identify cultural elements within an organization that may represent resistance to efforts to improve its approach to risk management. We asked participants the following questions about factors that are holding organizations back from advancing the effectiveness of their risk management processes. The bar charts and tables provide more details about 2025 responses:

Percentage of Respondents Indicating Extent as "Mostly" to "Extensively"					
Percentage of respondents who indicate that each of the following "mostly" to "extensively" is impeding risk management progress	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Risks are monitored in other ways besides ERM	25%	26%	27%	25%	22%
Too many pressing needs	15%	22%	20%	14%	18%
No requests to change our risk management approach	23%	19%	27%	19%	26%
Do not see benefits exceeding costs	11%	7%	7%	6%	8%
No one to lead effort	14%	19%	13%	22%	18%
Would overcomplicate what can be best done <i>ad hoc</i>	12%	7%	6%	14%	8%



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

Percentage of Percentage Saying Identifying Each as Impediment to ERM Implementation					
Percentage of respondents who describe each of the following as being a "barrier" or "significant barrier" to effective ERM	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Competing priorities	41%	46%	41%	43%	41%
Insufficient resources	41%	45%	46%	42%	41%
Lack of perceived value	29%	28%	21%	28%	42%
Perception ERM adds bureaucracy	24%	21%	18%	28%	26%
Lack of board or senior executive ERM leadership	21%	20%	16%	20%	30%
Legal or regulatory barriers	8%	5%	3%	9%	6%



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



Recognizing Changing Key Stakeholder Expectations for Enhanced Risk Oversight

We asked participants the following questions. The bar charts and the tables provide details about 2025 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 Indicating Extent as “Mostly” to “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	32%	45%	54%	41%	23%



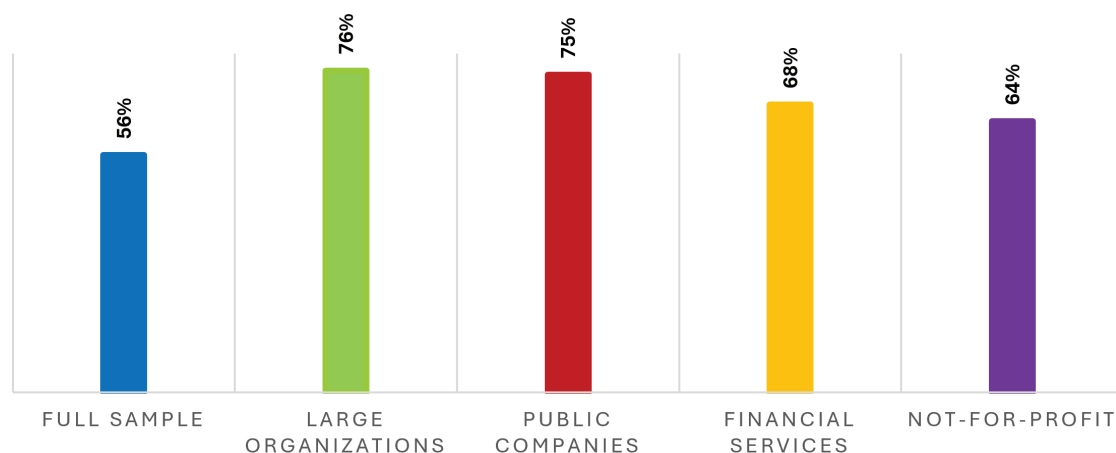
To what extent have each of the following parties “mostly” to “extensively” asked for increased senior executive involvement in risk oversight?

Percentage of Respondents Indicating Extent as “Mostly” to “Extensively”					
Which external parties are asking “Mostly” or “Extensively” for increases senior executive involvement in risk oversight?	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Board of Directors	32%	34%	44%	29%	38%
Audit Committee or Other Board Committee	33%	43%	49%	34%	41%
Key Stakeholders	15%	16%	8%	16%	12%
Regulators	25%	26%	34%	37%	21%



**PERCENTAGE INDICATING CEO CALLING "SOMEWHAT," "MOSTLY,"
OR "EXTENSIVELY" FOR INCREASED SENIOR EXECUTIVE
INVOLVEMENT IN RISK MANAGEMENT**

■ Full sample ■ Large Organizations ■ Public Companies ■ Financial Services ■ Not-for-Profit



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

Percentage of Respondents Indicating Extent as "Mostly" to "Extensively"

Factors "Mostly" or "Extensively" Leading to Increased Senior Executive Focus on Risk Management Activities	Full Sample	Largest Organizations (Revenues > \$1B)	Public Companies	Financial Services	Not-for-Profit Organizations
Unanticipated risk events affecting organization	36%	47%	43%	36%	41%
Unanticipated risk events affecting competitors	18%	25%	26%	20%	15%
Emerging best practice expectations	27%	20%	25%	24%	32%
Emerging corporate governance requirements	23%	20%	31%	22%	22%



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



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

Percentage of Respondents					
To what extent do you believe significant changes are warranted for your organization's approach to business continuity and crisis management?	Not at All	Minimally	Somewhat	Mostly	Extensively
Full sample	6%	29%	32%	24%	9%
Large organizations	8%	29%	29%	24%	10%
Public companies	6%	23%	30%	31%	10%
Financial Services	7%	44%	30%	14%	5%
Not-for-Profit Organizations	4%	20%	29%	29%	18%

DISCUSSION TOPICS REGARDING CONTINUING THE JOURNEY TOWARDS ENHANCED RISK OVERSIGHT

Engage your leadership team in dialogue surrounding these topics:

1. What cultural barriers are limiting senior executives from recognizing the importance of a more strategic approach to understanding and managing enterprise-wide risks? What can our organization do to raise awareness of the importance and need for effective enterprise-wide risk management?
2. How are risks being managed by our organization today and why does that approach make sense considering today's fast-changing business environment?
3. What are the risk-oversight expectations of our key stakeholders and how well are we meeting those expectations? How are best practices related to enterprise-wide risk governance changing?
4. What vulnerabilities in our risk management process have been revealed by recent unexpected events affecting our organization or peers in our industry?
5. What does our organization need to do to be better prepared to navigate an unexpected crisis?



NEXT STEPS

This 16th Edition of The State of Risk Oversight report provides extensive data about the current level of risk management capabilities in 273 organizations in 2025. 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 16 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 the data provided in this report along with the suggested discussion questions within each of the five focus areas we addressed will help management teams and boards pinpoint opportunities to enhance their understanding of emerging risks that may affect their organization's strategic success. We encourage management teams to engage in further dialogue about ways they can increase their ability to anticipate and more capably manage risks before they emerge.

TEN QUESTIONS TO CONSIDER

1	How rapidly is our organization's business environment changing and how difficult is it for our leadership team to anticipate emerging issues so that we aren't constantly in a "fire-fighting" or "all-hands-on-deck" mode that distracts our management team from important strategic initiatives?	6	What cultural barriers are limiting our senior executives' ability to recognize the importance of a more strategic approach to understanding and managing enterprise-wide risks?
2	Where is our organization most vulnerable if we continue with our status quo approach to risk management?	7	What can our organization do to raise awareness of the importance and need for effective enterprise-wide risk management?
3	To what extent is the output of our risk management process an important input to strategic planning, and are we clearly mapping our enterprise's top risks to our key business drivers and strategic initiatives?	8	When risk information is communicated to executive leadership and the board, is it generating robust discussion and dialogue about risk conditions?
4	What can be done to alter our approaches to risk identification to help us think "outside the box" about potential risks on the horizon, particularly those related to emerging, strategic, and market risks and those that have a longer-term impact?	9	What are the risk oversight expectations of our key stakeholders and how well are we meeting those expectations?
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)?	10	Do we have the right leaders engaged in overseeing the enterprise portfolio of risks on an ongoing basis?



Taking time 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.

This is the 16th year we have conducted this study to identify trends across a large number of organizations related to



APPENDIX: OVERVIEW OF RESPONDENT DEMOGRAPHICS

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). 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)).

Data was collected during the first half of 2025 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 273 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 16 editions of the surveys that we have conducted each year from 2009-2025.

A variety of executives participated in our survey, with 23% serving as chief financial officer (CFO), 14% having the title of chief risk officer (CRO), 9% leading internal audit, and 6% serving as controller, with the remainder representing numerous other executive positions.

The respondents represent a broad range of industries. The most common industries represented in this year's survey were finance, insurance, and real estate (28%) and services (27%). About 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.

The respondents represent a variety of sizes of organizations. As shown in the table on the next page, 41% of organizations have revenues of \$100 million or lower while 28% have revenues over \$1 billion. So, there is nice variation in organization size in our sample. Almost all (92%) of the organizations are based in the United States.

INDUSTRY (SIC CODES)	PERCENTAGE OF RESPONDENTS
FOR-PROFIT ENTITIES:	
Finance, Insurance, Real Estate (SIC 60-67)	28%
Services (SIC 70-89)	27%
Manufacturing (SIC 20-39)	9%
Transportation (SIC 40-49)	3%
Agriculture, Forestry, Fishing (SIC 01-09)	2%
Construction (SIC 15-17)	2%
Retail (SIC 52-59)	2%
Wholesale/Distribution (SIC 50-51)	2%
Mining (SIC 10-14)	1%
NOT-FOR-PROFIT (SIC N/A):	
Government Agencies, Universities, Non-Profits	24%



Throughout this report, we highlight selected findings that are notably different for the 76 largest organizations in our sample, which represent those with revenues greater than \$1 billion. Additionally, we also provide selected findings for the 61 publicly traded companies, 76 financial services entities, and 66 not-for-profit organizations included in our sample.

RANGE OF REVENUES IN MOST RECENT FISCAL YEAR	PERCENTAGE OF RESPONDENTS
Less than \$10 million	25%
Between \$10 million and \$100 million	16%
Between \$100 million and \$500 million	15%
Between \$500 million and \$1 billion	10%
Between \$1 billion and \$2 billion	8%
Between \$2 billion and \$10 billion	12%
Greater than \$10 billion	8%
Not reported	6%

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.



Author Bios

Both authors serve in leadership positions within the Enterprise Risk Management (ERM) Initiative at NC State University (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. He also recently served as 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, 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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NC STATE Poole College of Management
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