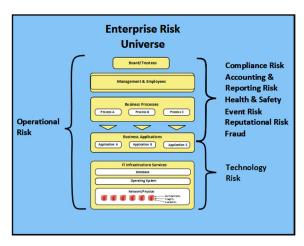# Enterprise Risk Management and Technology

Governance and risk management are highly interdependent. Good governance requires effective risk management, and effective risk management requires good governance. The Board or Trustees for an enterprise need to monitor the effectiveness of the risk management program and comprehensiveness of that program in relation to the enterprise's operations.

Most enterprises these days have implemented an Enterprise Risk Management (ERM) program. These programs enable management to identify the risks associated with the operation of the enterprise and to develop, document and implement the processes and practices put in place to manage those risks.

Looking closely at the operations of an enterprise we can identify the business processes established by the enterprise to achieve it's objectives.

ERM programs have typically focussed on the risks depicted in the top section of the diagram to the left and ignored the technology layer depicted in the lower section of the diagram.

The reliance on technology that most enterprises have these days increases the risk faced by the enterprise as it introduces a number of new business processes related to the implementation and operation of the technology. These business processes have their own risk profiles and controls that can be implemented to reduce those risks.

These risks have always been present. They may have been effectively managed by the technology function, with enterprise management and the board remaining unaware of those risks or the processes and practices that the technology function has implemented to address those risks. Or it may just have been "Good Luck".

Any risks associated with the ownership and operation of the technology infrastructure should be reflected in the overall ERM program, otherwise that program does not provide a comprehensive record of the management of risk in the enterprise.

More recently, there has been a marked increase in the number of reported Cyber incidents. The connection of the enterprise network to the internet provides a convenience for the enterprise stakeholders, but access to the internet also means that the world potentially has access to the internal networks and data of the enterprise. Cyber-security should be considered as part of the ERM. Directors need to ask the right questions of IT Management so that they have confidence in the enterprise's cyber resilience.

Does your ERM include appropriate recognition of the role played by technology in the operations of your enterprise?

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