Operational Risk Management mit IBM OpenPages

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Business Analytics software

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Agenda

- **Was bedeutet GRC**
- **Wer ist IBM OpenPages**
- **Herausforderungen für die Unternehmen bei der Bewältigung von GRC Anforderungen**
- **Die Lösung OpenPages GRC Plattform**
  - **Use Cases**
  - **Funktionalität und Kernkompetenz**
  - **5 Module**
  - **Screen Shots**
- **Questions and Answers**

Source If Applicable

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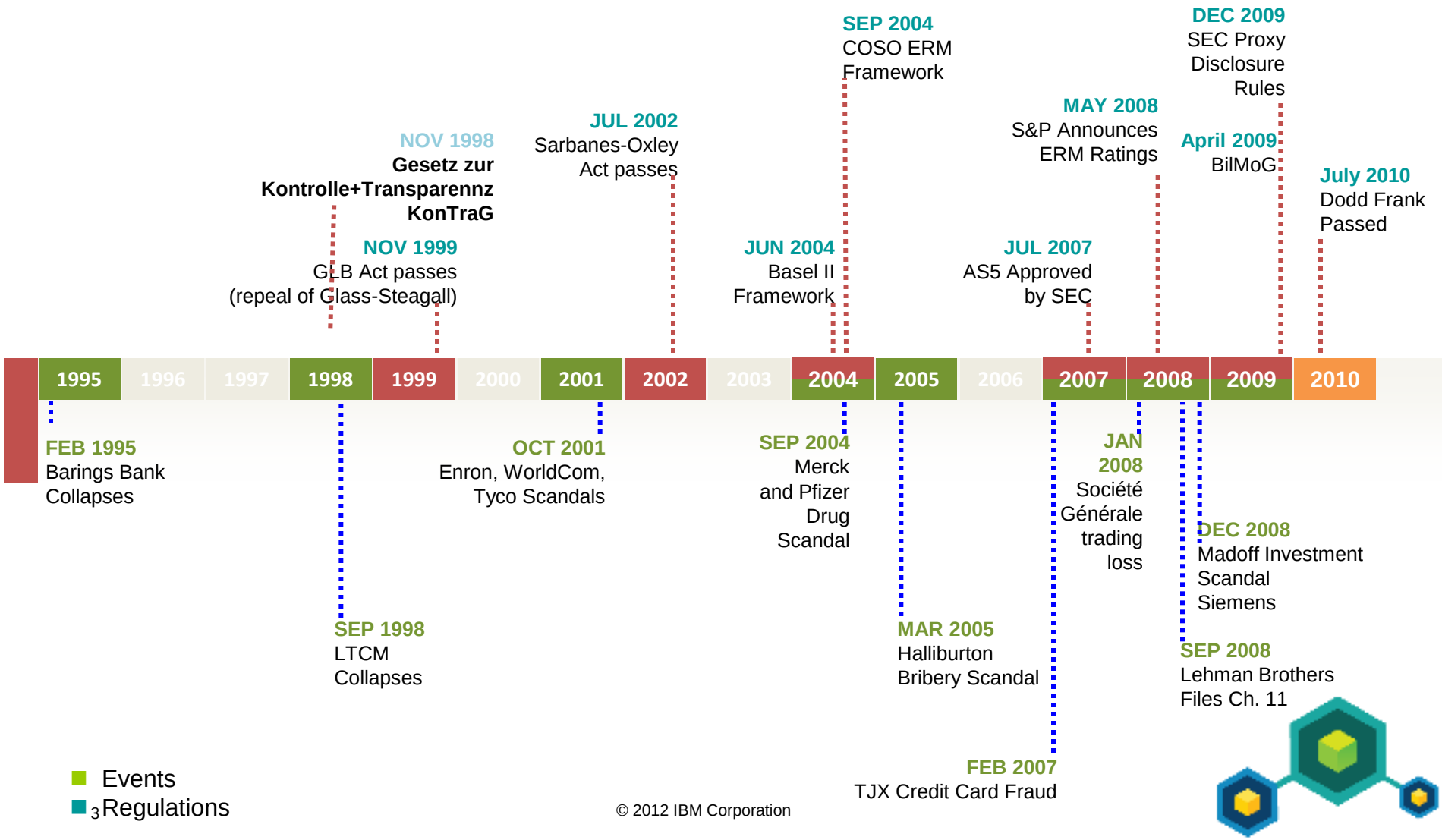
Anzahl der Gesetze und Regularien steigen mit der Häufigkeit der Bilanz- und Korruptionsskandale



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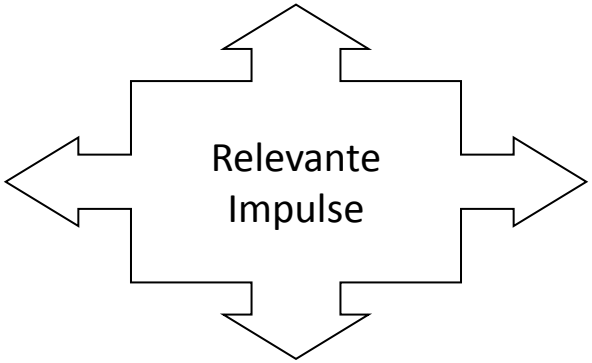
Wichtige gesetzliche und institutionelle Impulse zur Vertrauenssteigerung

4. 7. 8. EU Direktive

- Ziel: verlorene Integrität der Kapitalmärkte sowie die Qualität der Rechnungslegung und Überwachung wieder herzustellen

Corporate Governance Kodex

- Verhaltensnormen in der Beziehung zwischen Eigentümern und Management
- In Deutschland:
  Deutscher Corporate Governance Kodex



Risikomanagementinitiativen

- national:
  KonTraG seit 27. April 1998
- International z.B.
  - COSO-Risikomanagement Modell (USA)
  - Code of Best Practices (GB)

Eigenkapitalrichtlinie (1. Säule, Basel II)

- ab 2007 Kreditvergabe nur nach Rating
- Kreditkonditionen abhängig von Bonität der Kreditnehmer

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IBM OpenPages

OpenPages ist der führende Anbieter für Governance, Risiko und Compliance Management Software für internationale Unternehmen.

- ***Marktführer in unternehmensweiter GRC Software und integrierten Risiko Management Lösungen***
  - Zentrale in Waltham, MA mit 140 Mitarbeiter
  - Eine hohe Reputation für Thought Leadership, Innovation und erfolgreiche Kunden
- ***Bewährte Lösungen bei fast 200 Kunden über alle Branchen***
  - Kunden - Allianz, Aviva, Barclays, BMO, Bayer, CardinalHealth, Carnival, Duke Energy, FirstRand, Lloyds, MasterCard, Mizuho, Old Mutual, ORX, Russell, State Street, Swiss Re and Williams
  - Akquiriert durch IBM im Oktober 2010

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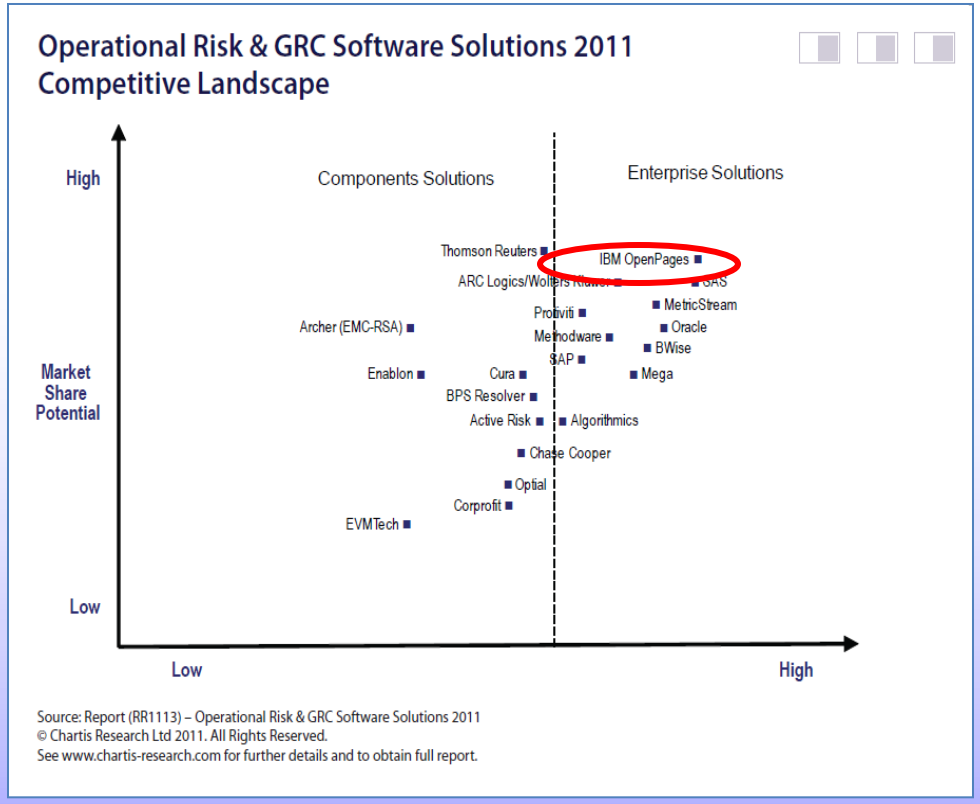

Gartner

Magic Quadrant for EGRC Platforms
October 2011

CHARTIS Research

Chartis Risk & GRC Software Solutions
2011

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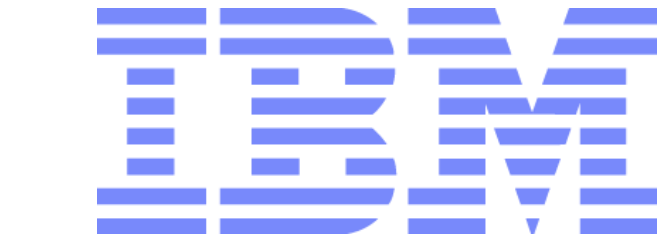

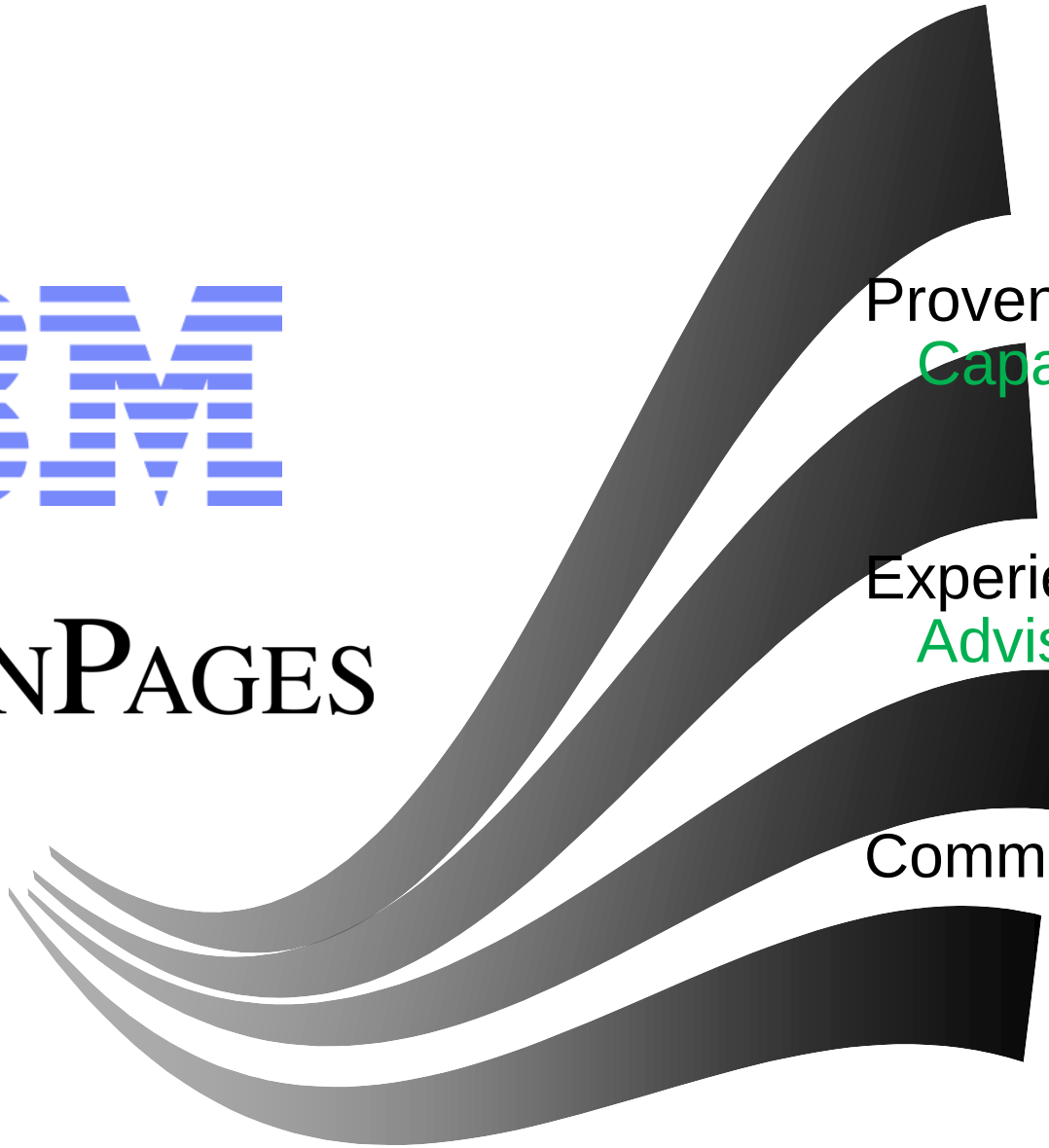

Proven
Capabilities

Experienced
Advisor

Committed Partner

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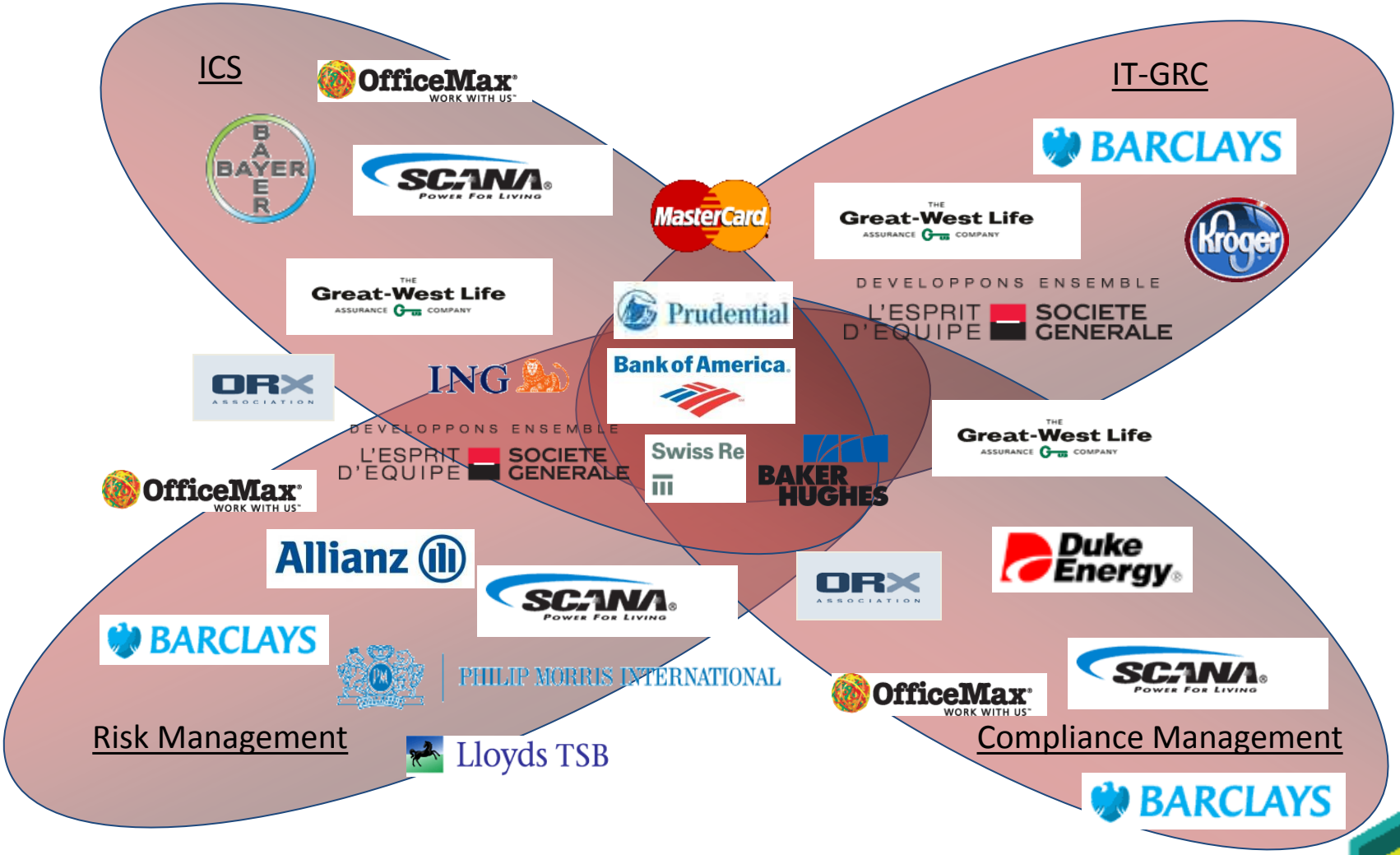
References



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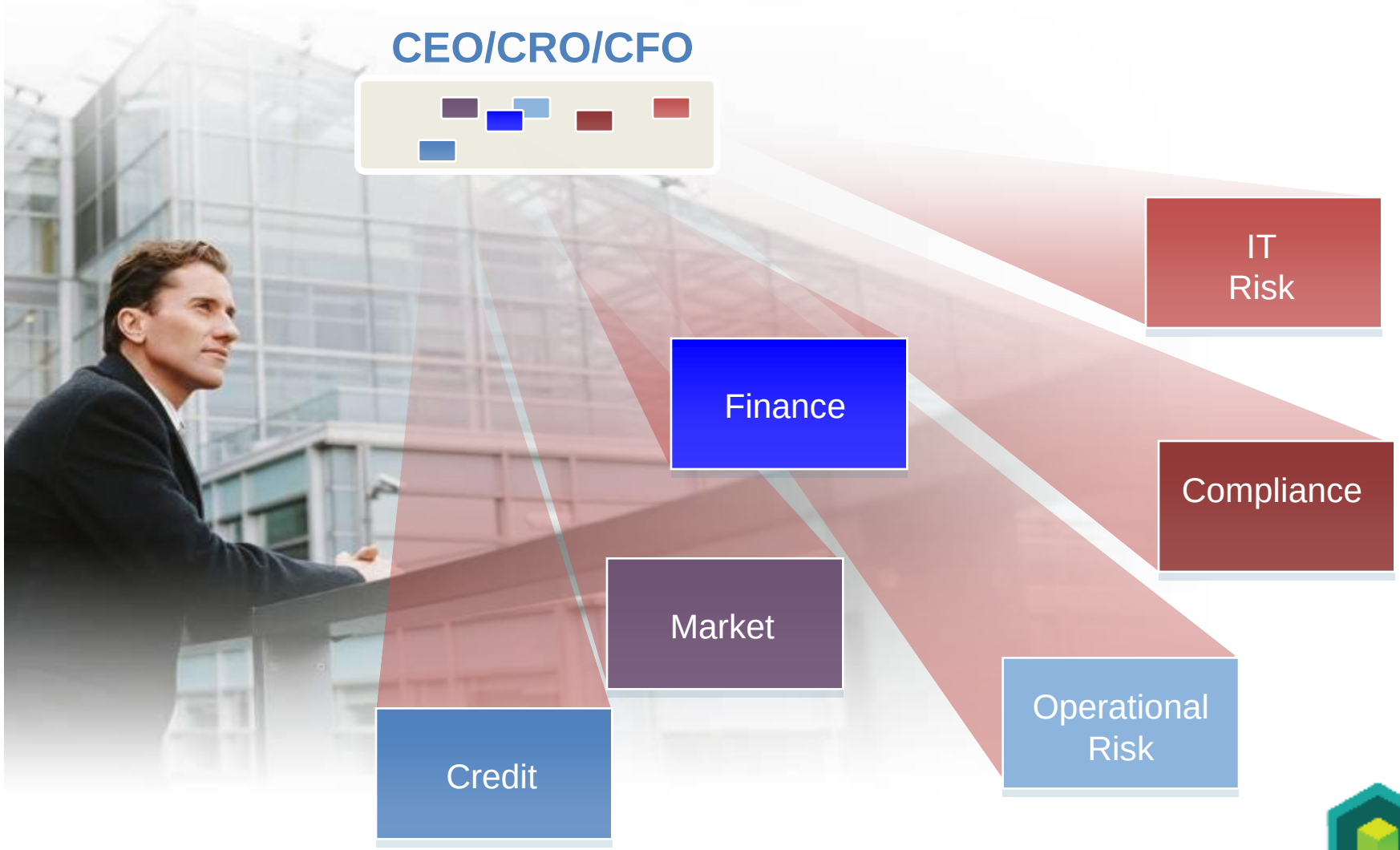
•Companies Struggling with Risk and Compliance Information Fragmentation



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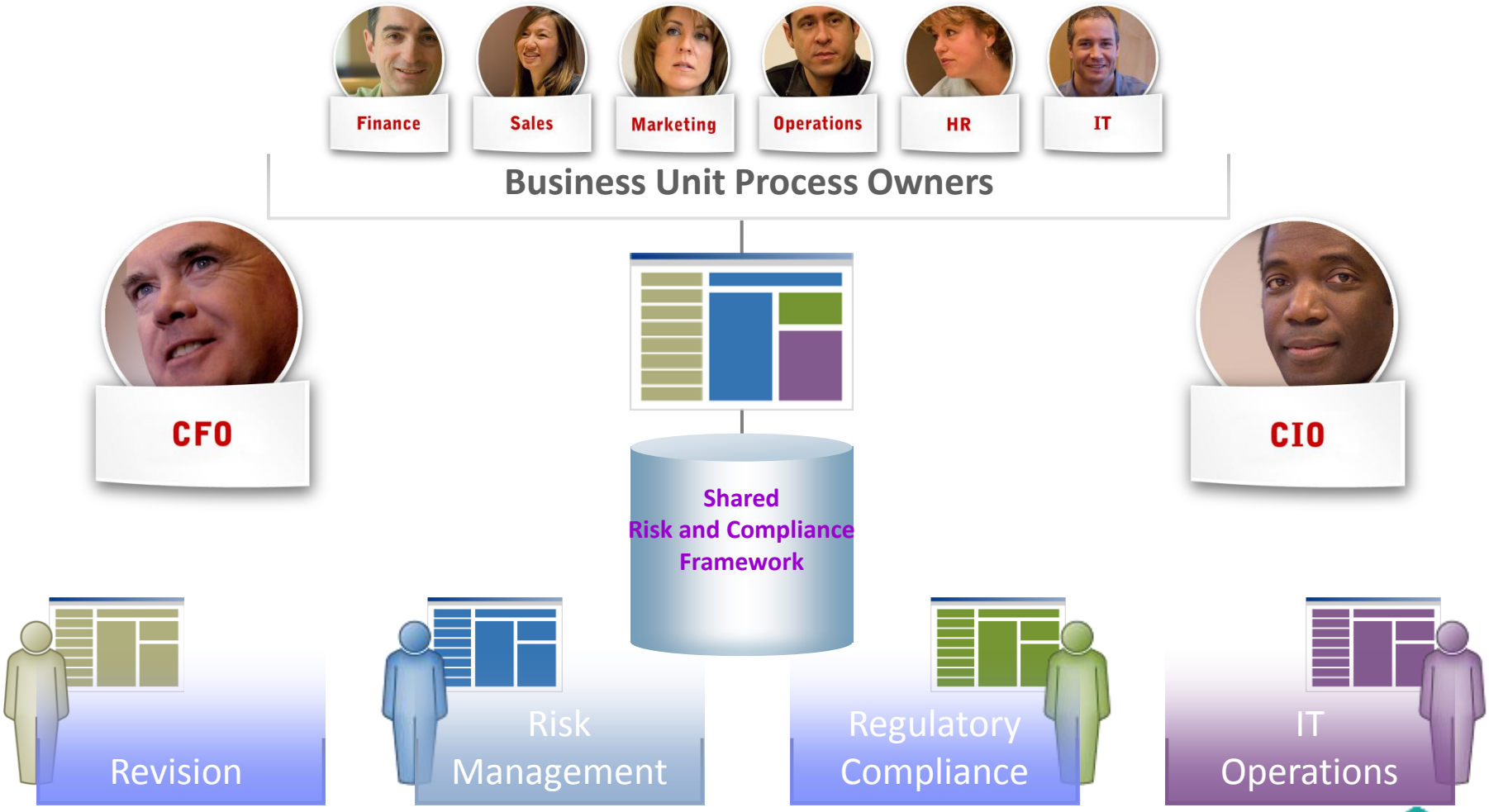
•Huge Efficiencies and Business Process Improvement Through Convergence



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- **Where did they come from**
  - SOX compliance processes were not highly automated – process was seen as overly complex
  - Documentation and testing of controls was based on electronic files - Excel and Word
  - Different tools used in organization – much time and resources spend for reconciling
  - Unify controls management across vast, multinational corporation
  - Overcome user resistance to centralized system
  - Complete implementation in time for annual self-assessment process
- **Implementation**
  - Out-of-the-box readiness with OpenPages FCM
  - Adapt to existing processes with minimal customization
  - Convert more than 3,000 controls documents from Word and Excel
- **Engagement**
  - Partnership approach was clear
  - Trusted Advisor
- **Benefits**
  - Users find OpenPages FCM intuitive and easy to move around in
  - Project completion prior to peak period
  - New reporting capabilities wins adherents throughout the organization

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Allianz Insurance

.Conforming to the regulator's demands

Solution: OpenPages ORM

- About Allianz
  - The Allianz Group is one of the leading integrated financial services providers worldwide.
  - Allianz is the market leader in the German market and has a strong international presence
- The Problem
  - German regulator can audit at any time – at Allianz's cost.
  - Lack of evidence to support operational risk and control.
  - Lack of standardization across the group.

- Scenario Analysis
- KRI's
- Capture evidence.

Tangible Benefits

- Improved standardization of processes across the group.
- Reduce the regulatory burden
  - Better depth of information.
  - Audit trail and documentary evidence.
  - Less frequent audits.
- Better and easier consolidation of information.

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Integrated Financial Controls Management

Business Challenge

- Multiple Databases holding ICS data throughout the operation
- High manual consolidation efforts to reach a control efficiency status
- Difficult review and monitoring of risks and controls due to de-centralized databases

Solution

- Single system, highly configurable
- Integrated reporting
- Powerful workflow to automate data collection process

Business Benefits

- Reduced cost, improved efficiency and effectiveness
- Better overall view of risk and compliance posture and the dependencies between them
- Used extensively by the business, particularly when completing risk and control assessments

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CSO
CEO · CFO
Board director

Admin
Application
Administrator

EA
Internal Auditor

IA
Internal Auditor

•Reporting

Attachment

GRC Platform

LSO
Location Sign-Off
(Review, attesters assessment)

BPO
Business Process Owner
(Create, Modify BP Trees)

Attester
Attest a controls

- Test instruction
- RCM
- workflow

Business Units

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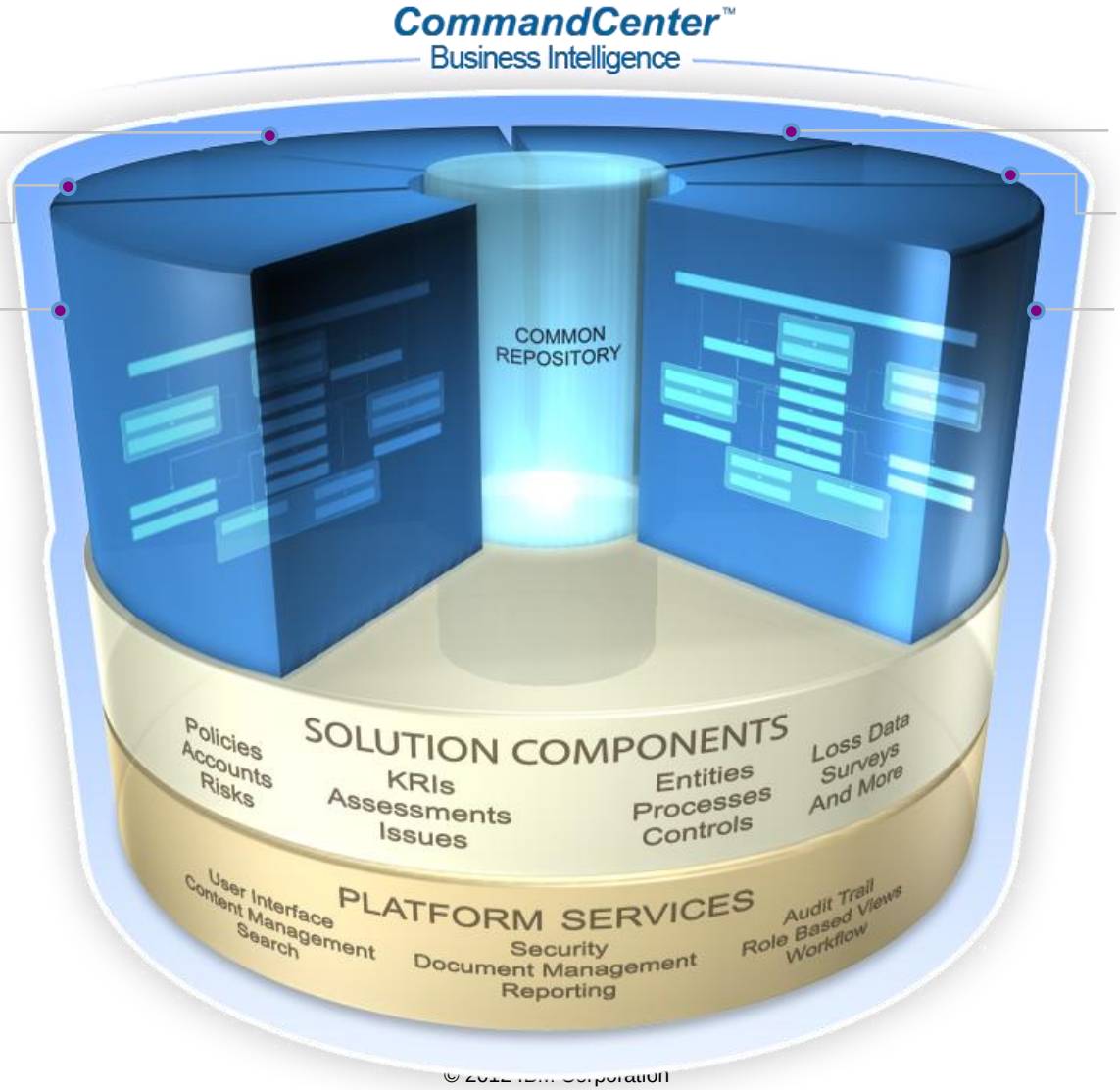
OpenPages Platform Provides an Integrated Approach to Risk Management

Internal Audit Management

Financial Controls Management

IT Risk & Compliance Management



Operational Risk Management

Policy & Compliance Management

Other Platform Extensions (Service Offerings)

- **Data Privacy**
- **BCM**

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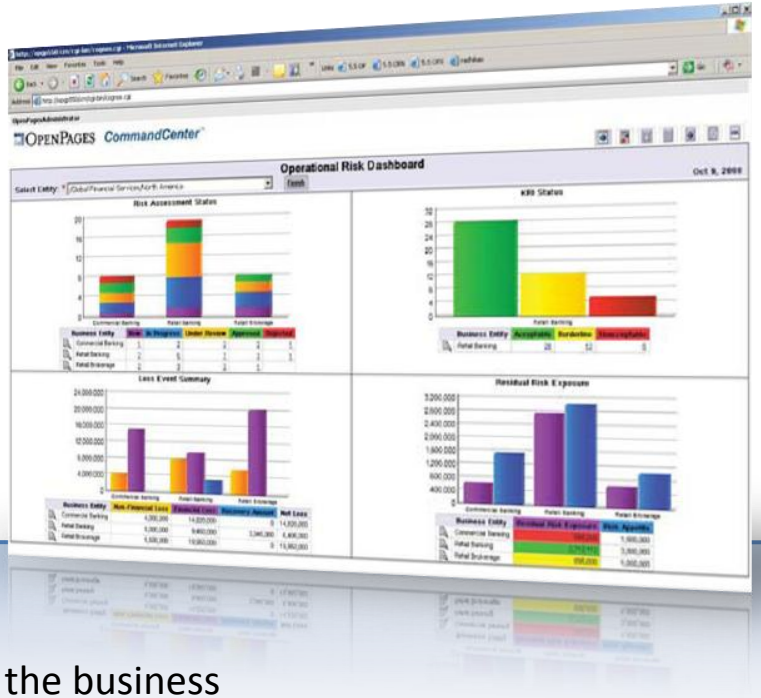
OpenPages ORM
Provides an Integrated Operational Risk Management Solution

Key Features

- Enterprise Operational Risk Management to identify, manage, monitor and report on operational risks across the enterprise
  - Basel II AMA
  - Board Reporting
  - Business Line decision making
- Fully integrated Operational Risk capabilities
  - Risk Control Self Assessments (RCSA)
  - Scenario Analysis
  - Key Risk Indicators (KRIs)
  - Loss Event database (Internal & External)

OpenPages ORM dashboards deliver actionable reporting on current state of risk



Business Benefits

- Understand and proactively manage the risks that can impact the business
- Improve Operational Risk processes by integrating key risk data (e.g. loss events with RCSA)
- Standardize risk reporting across the enterprise

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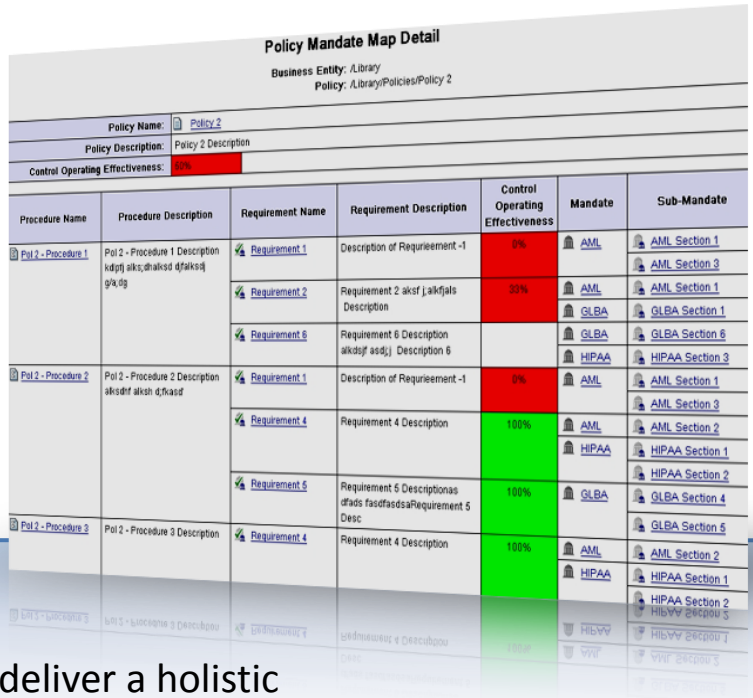
OpenPages PCM
Sustain Compliance Across Multiple Regulatory Mandates

Executive dashboards provide visibility, control and decision support required for regulatory compliance and to optimize business performance.

Key Features

- Integrated solution for managing regulatory and policy compliance
- Assess enterprise compliance requirements at the business unit, process or local level
- Policy and procedure mgt.
- Training and communication
- Support for the regulatory certification and audit process



Business Benefits

- Standardize compliance across regulations to reduce cost and deliver a holistic understanding of all compliance risk
- Provide confidence that compliance is achieved, risks are mitigated and corporate policies and procedures are enforced

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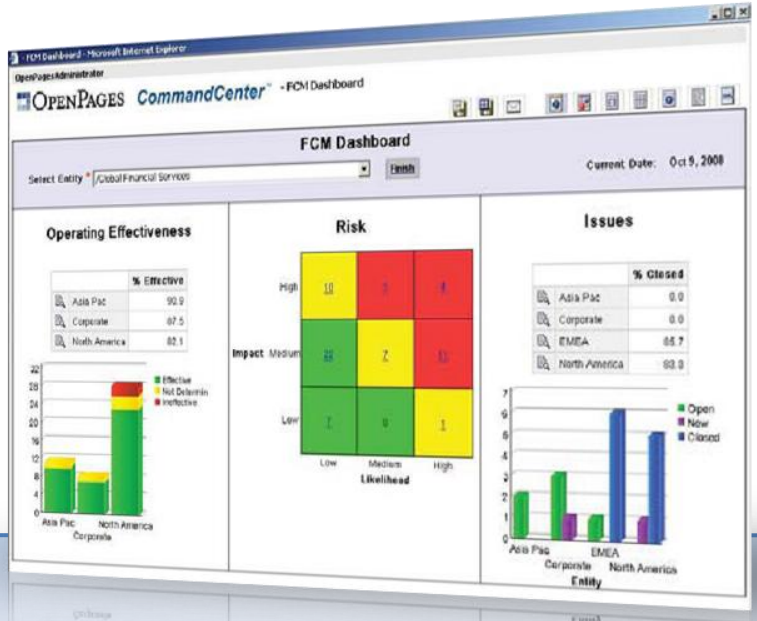
OpenPages FCM
Market-leading Solution for Managing Financial Reporting Risk

Key Features

- Automated compliance lifecycle
  - Design and documentation through test, review, approval and certification
- Central repository
  - Document compliance policies and procedures, capturing full audit trails and approvals
- Issues management
  - Automate SOX control issues notification and remediation
  - Report against critical issues from dashboard
- 302 and 404 certification
  - Reduce costs and streamline efforts with OpenPages InteliClose™ enabling progressive closing

OpenPages FCM dashboards, charts and reports deliver views on the state of financial reporting and compliance.



Business Benefits

- Secure and centralized management of all financial compliance data
- Provides executive management with assurance into the state of compliance
- Ensures quick issue remediation

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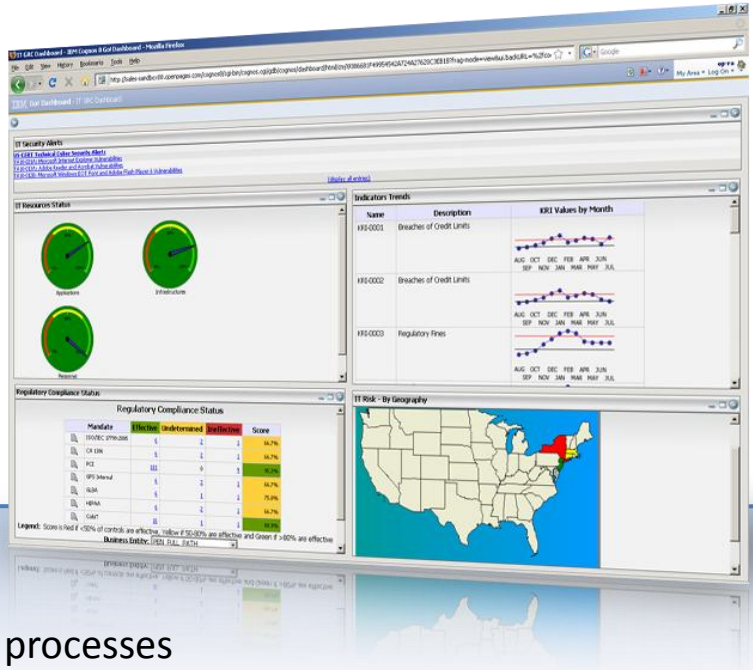
OpenPages ITG
Aligning IT risk and operations management with business objectives

Key Features

- Integrated solution for managing IT Risk and compliance
  - Assess IT risk in context of business
  - Identify key risks, controls and/or gaps
- Support for the regulatory certification and audit process
- Optimize your control environment
- Track and manage common requirements across laws, regulations, standards and policies
- Integrated with UCF, the industry's most comprehensive IT compliance database

OpenPages ITG delivers a policy-driven, process-centric way to manage IT risk and compliance.



Business Benefits

- Manage internal IT controls and risk according to the business processes they support
- Unites multiple silos of IT risk and compliance to deliver improved visibility, better decision support, and enhanced corporate performance

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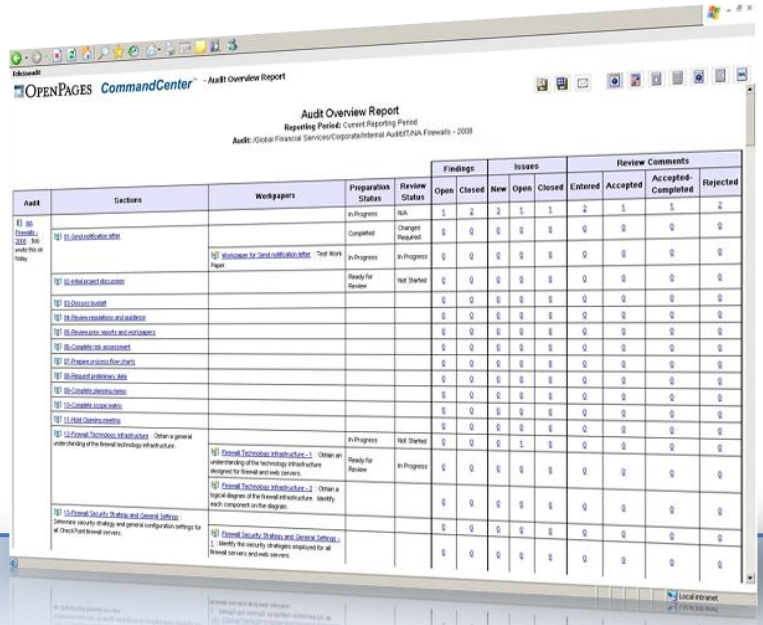
OpenPages Internal Audit Management

Providing independent assurance to the business

Key Features

- Integrated solution for audit management
- Define, plan, execute and report on audits across the business
  - Track and manage audits, audit phases, workpapers and allocations
- Automate operations through fully configurable reporting and workflow
- Risk rank audit universe, configured according to the audit methodology

OpenPages Internal Audit Management enables organizations to plan, execute, report and review their audit universe.



Business Benefits

- Empowers internal audit departments to champion risk management, acting as a strategic partner to management
- Delivers an integrated, closed loop approach to risk management, driving visibility and confidence in organizational risk posture

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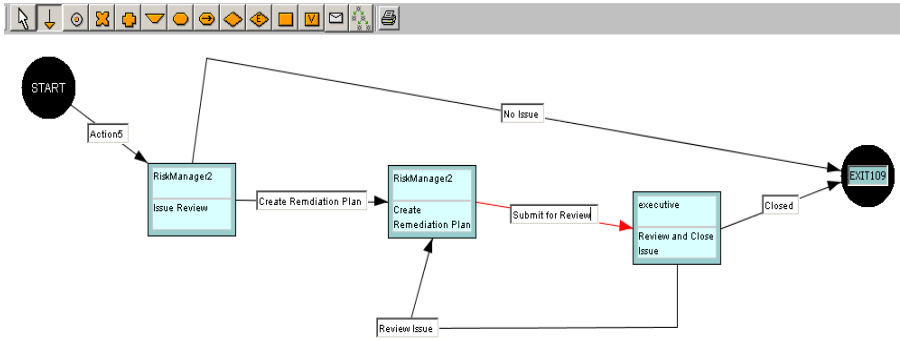
Key Product Capabilities

Automation

- **Workflow Engine**
  - Automation of notifications



Decision Support

- **Command Center**
  - Scheduled reports
  - Views with updateable links
  - Ad hoc querying

Traceability

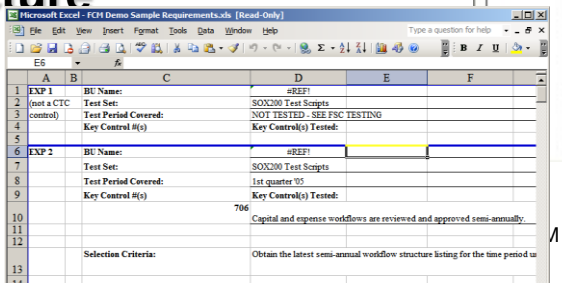
- **Document Management**
  - Locking, revisions and audits
  - Surveys

Flexibility

- **Configurability**
  - Easy to change
  - Enforce security
  - Upgradeable

Integration

- **Open Architecture**



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Key Aspects of Operational Risk

- Risk Assessments
  - Is a method to group individual risks together for a specific task or activity e.g.scoping, rating of risks
  - Assess the value of the RCSA, does the cost to implement exceed that of the losses is trying to control
  - Risk and Controls are evaluated in direct relation i.e. does the control mitigate my risk
- Loss Events
  - Occurrence of risk exposure to the Business
  - Can include near misses to help shape future risk identifications.
  - Events can be split into impacts and recoveries to track to full lifecycle.
  - Loss Events can be directly entered into the System, loaded using FastMap or Bulk loaded.
- Risk and Controls
  - Controls should be designed to provide either prevention or detection of risks. Controls are usually associated with tests that ensure a control is effective.
  - Controls are attached to Risks to minimize the affect on the business.
  - A control can be assigned to more than one Risk (Many to Many relationships)
- KRI
- Scenarios and Capital Modelling
- Issues and Actions

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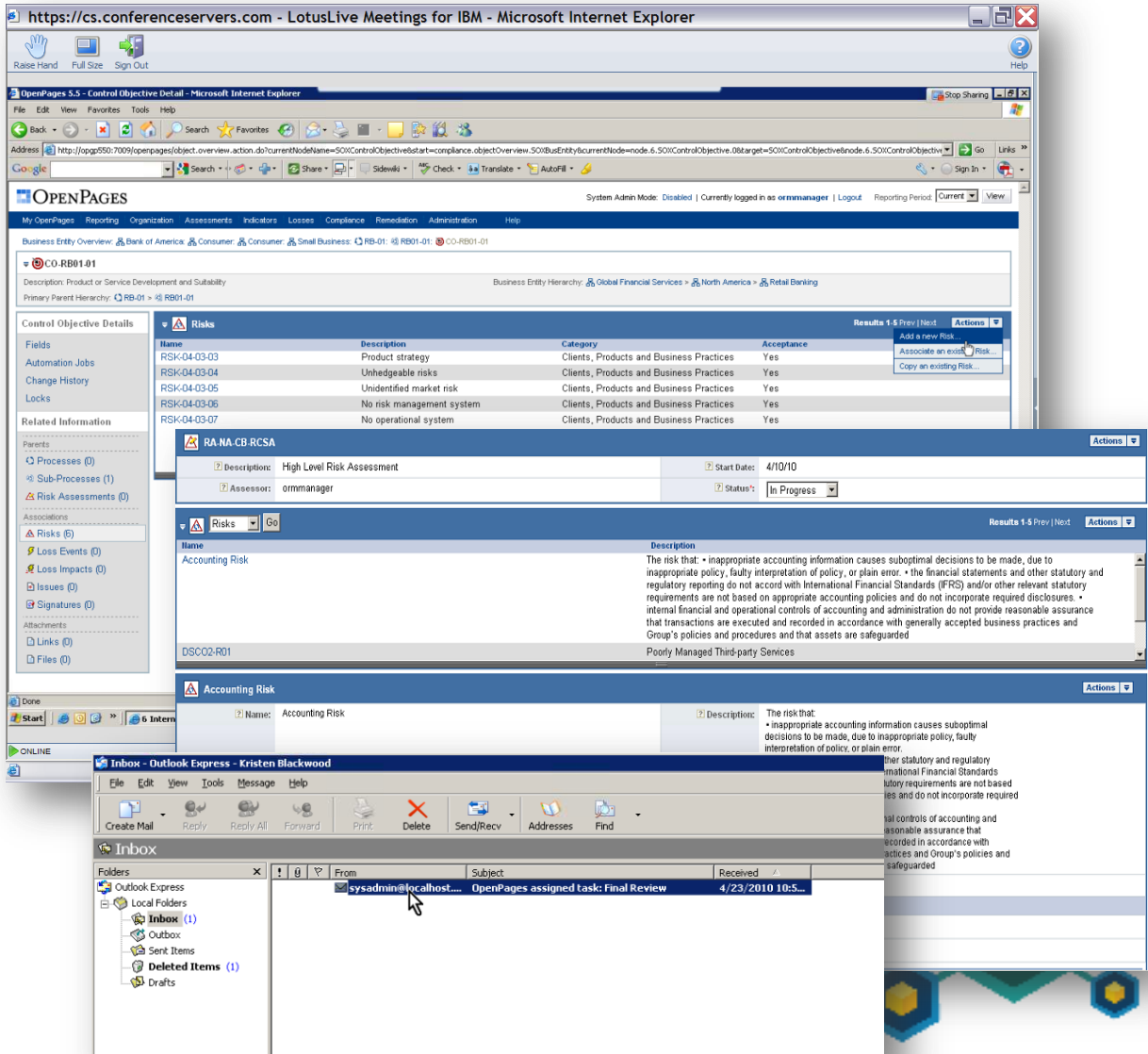
Risk Identification

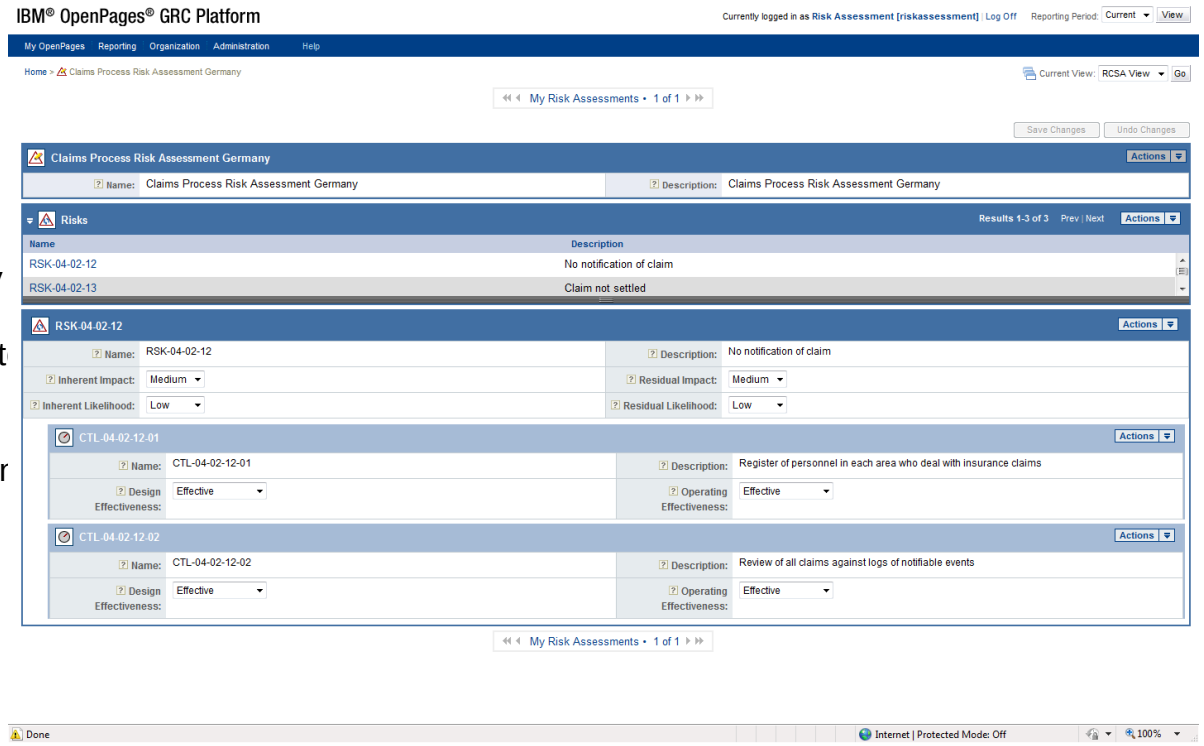
New risks can be identified centrally and "pushed" out to specific business units or all business units based upon requirements

- Ability to identify new risks and provide automated workflow for users to complete / update an assessment
- Centralized library of risks enabling control of the assessments users must complete
- Email notification of new risks or required actions
- Integration with IBM Inventory of Obligations for regulatory requirements
- Capture and rating of controls
- Provides ability to update and modify risks as required
- Provides ability to match risk categories and key risks



Complete RCSA

- Integrated workflow engine
- Standard enterprise wide RCSA process
- Ability to assign ownership for monitoring, mitigating and updating risks and scenarios
- Captures inherent and residual risk
- Calculator capability to determine risk rating and residual risks
- Risk event library, controls library, regulatory library
- Uploading/attaching and linking documents t assessments
- Document and map processes
- Facilitates review and approval of assessmer data



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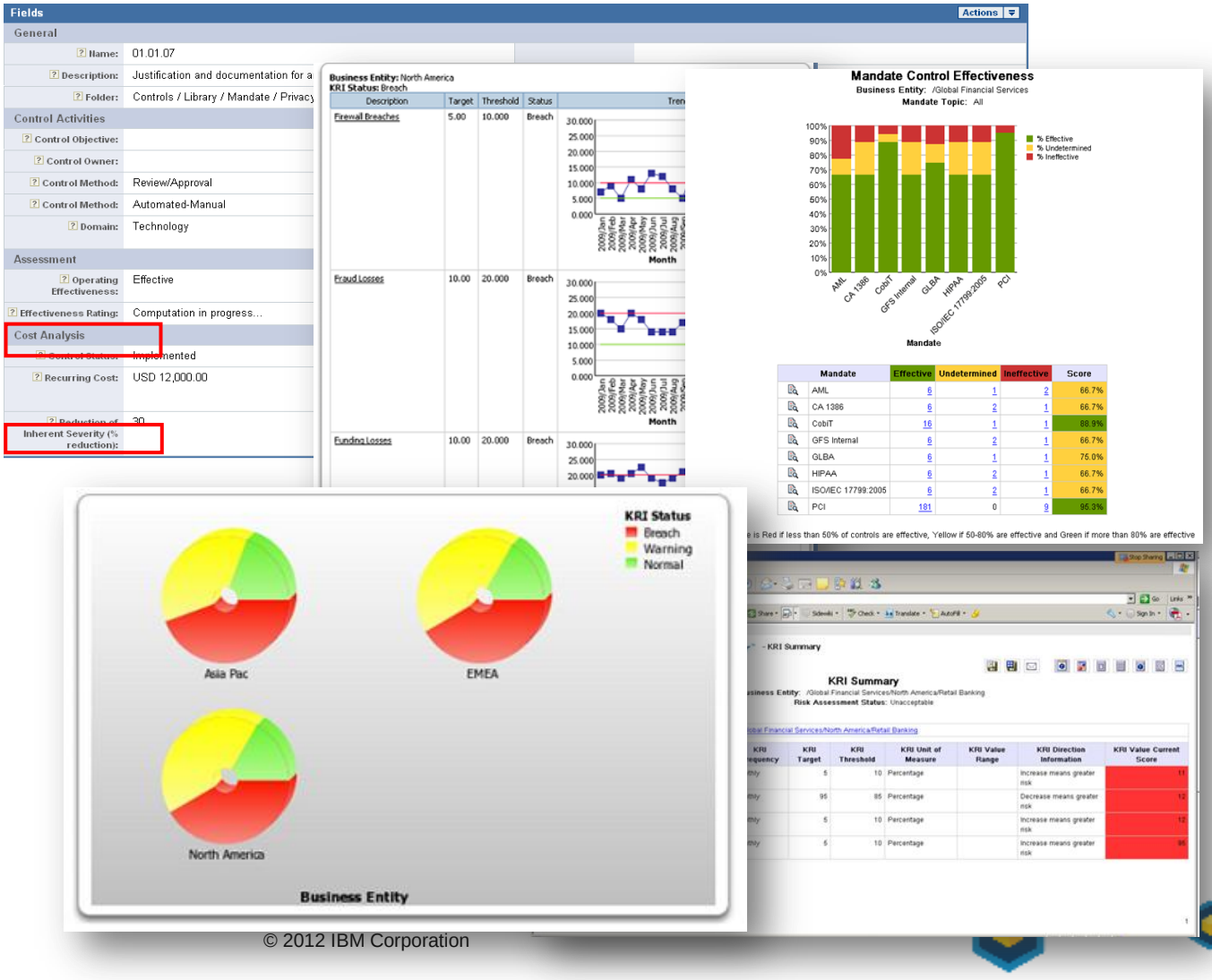
Risk Monitoring

KRI and trigger monitoring, ability to track trends across business units, risk categories, etc. enabling proactive management of risk

- Providers user notifications and alerts based upon triggers and thresholds
- Enables establishing and tracking KRIs and related performance metrics
- Track effectiveness of controls across LOBs and categories
- Track costs and assess impacts of control changes
- Identification of risks compared with LOB and BAC targets
- Control ratings
- Identification and tracking of mitigation actions



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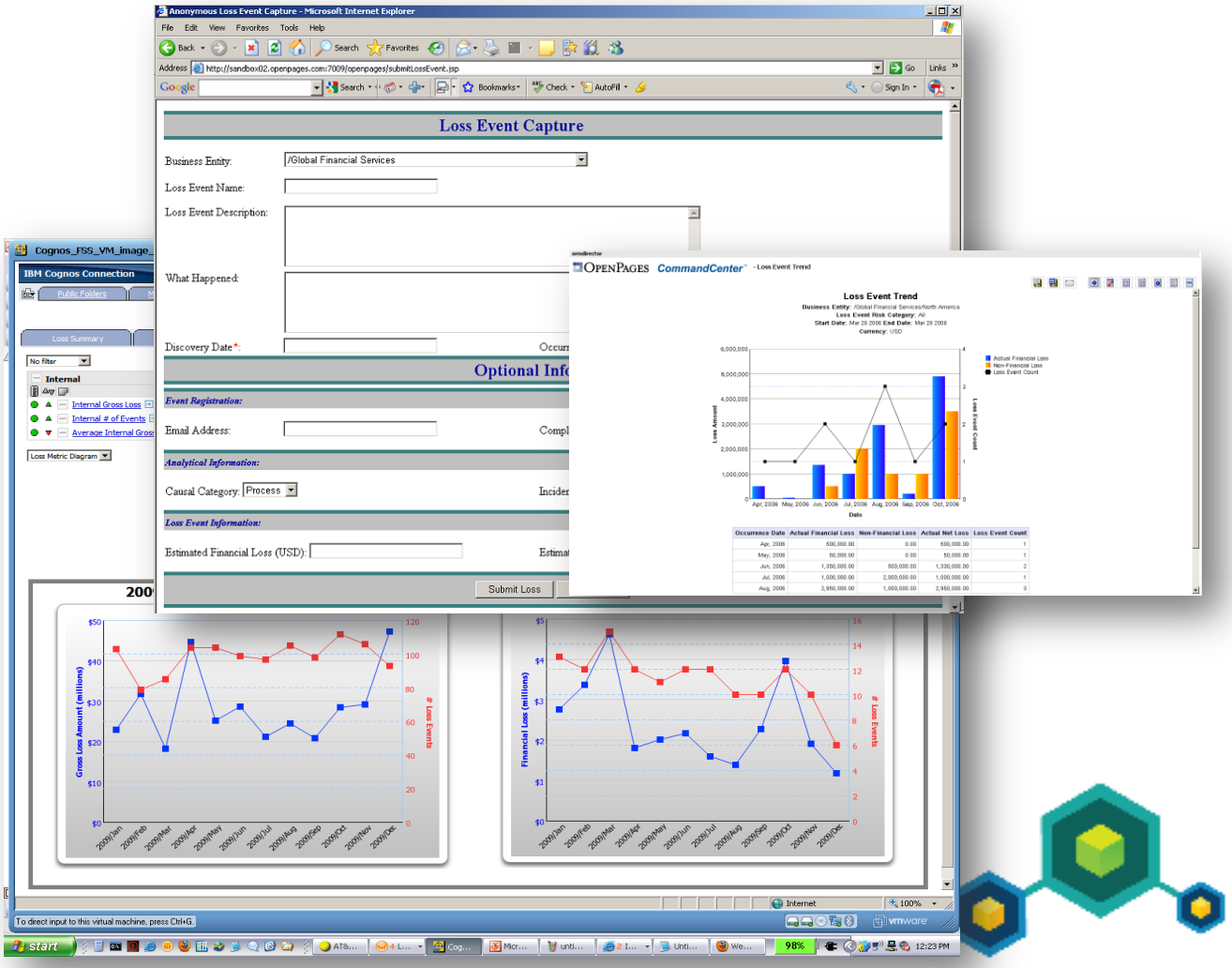
Capture Loss Data

Ability to integrate loss data from internal sources and provide an integrated view to management regarding the overall risk health of the enterprise or individual LOBs

- Link loss data to assessments and risk events
- Compare assessments to actual loss data
- Track multiple types of risks such as:
  - Credit
  - Market
  - Counterparty
  - Compliance
  - Operational
- Standard Basel categorizations and ability to add/modify categories
- Loss events can be uploaded from external sources
- Easy to aggregate and report loss events by category

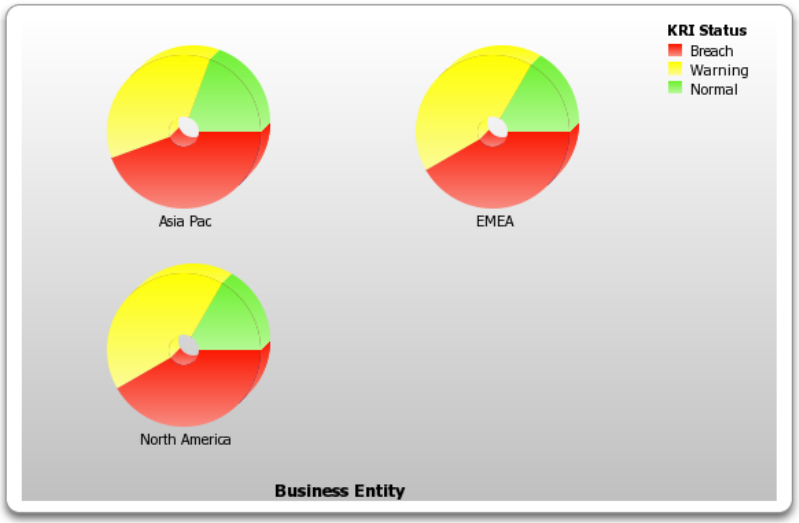


•KRIs and Issue Status

OpenPages

Loss Summary | KRI's/Issues Status | Metric Analysis | Adhoc Analysis

KRI's



Issue Status

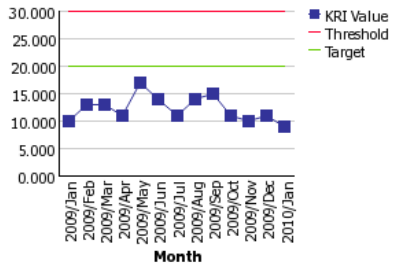
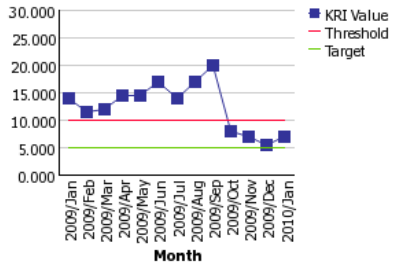
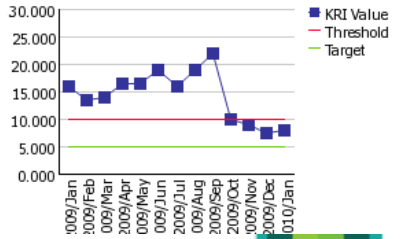
		New	Open	Under Review	Closed	Deferred
Global Financial Services	High	23	24	20	15	17
	Medium	23	25	20	14	16
	Low	14	12	10	10	8

Alerts

Name
March 3, 2010 Urgent Alert: High Priority New Issues Exceeds Threshold (20)
March 3, 2010 Urgent Alert: High Priority Open Issues Exceeds Threshold (20)

KRI Detail Report

Business Entity: EMEA
KRI Status: Normal

Description	Target	Threshold	Status	Trend
Budget Overruns	20.00	30.000	Normal	
Limit Breaches	5.00	10.000	Normal	
Unathorised systems access	5.00	10.000	Normal	

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Scenarios and Capital Modelling

- A tool for planning Operational Risk and identifying potential exposes
- Interact with the fundamentals of Operational Risk
  - Indicators
  - Loss Events
  - RCSA
- Can feed into Operational Risk Modelling, to establish value at risk
  - Algorithmics
  - Everis
  - Matlab
  - etc

Issues and Actions

- Issues do arise as a result of failure of process, governance or control
- A recording of a problem
- Actions are the tangible measureable task to resolve the problem.

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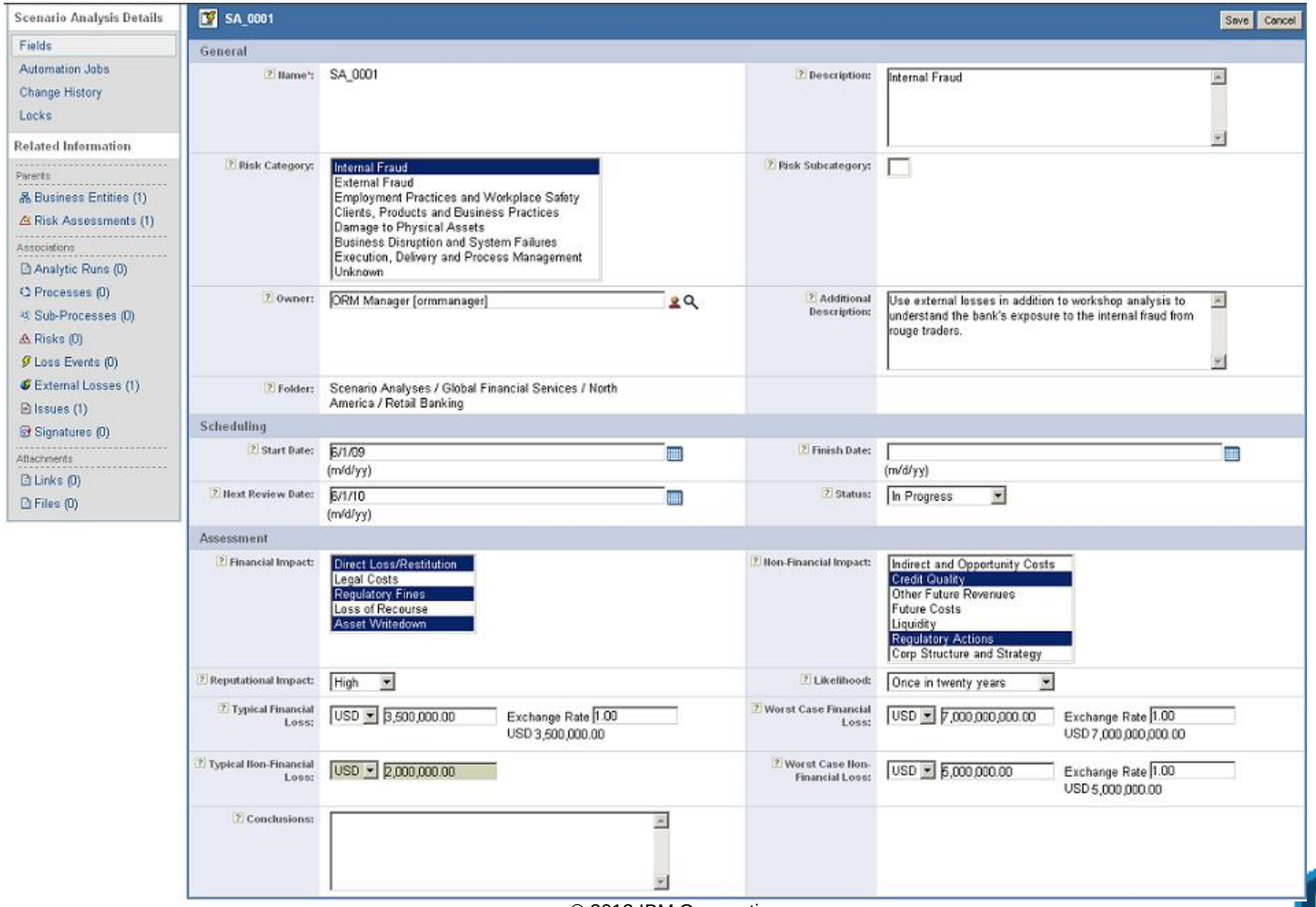
Scenario Analysis

Record qualitative and quantitative findings and relate them to risks, losses, businesses, etc.



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Meine Berichte

Name	Beschreibung
KRI-Zusammenfassung	Grafische Zusammenfassung des KRI-Status nach Entität, mit Bericht über KRI-Trend.
Zusammenfassung des Schadenereignisses	Grafische Zusammenfassung der Schadenereignisse für einen Datumsbereich nach Entität, gefiltert nach Kategorien, mit Unterbericht über Schadenereignisdetails.
ORM Dashboard	Operational Risk Enterprise Dashboard
Risikoeinschätzungsstatus	Grafische Zusammenfassung des Risikoeinschätzungsstatus nach Entität, mit Unterbericht über Risikoeinschätzungsdetails.

My Controls

Name	Beschreibung
CTL-01-01-01-01	Settlements staff must check that all tickets have been signed by front office staff in accordance with procedures.
CTL-01-01-01-02	Unauthorised deals must be returned to the front office authorisation prior to input.
CTL-01-01-01-03	Risk must review position reports for transactions in unauthorised products.
CTL-01-01-01-04	Review of credit exposures against limits which will identify any trades with unauthorised counterparties.
CTL-01-01-02-01	Trading desk must sign off the cancellation and correct ticket.

[Mehr Elemente...] Alle anzeigen

My Issues

Name	Beschreibung
ISS-S01-RSK-01-02	Missing mitigating control on contracts

Homepage/ Cockpit

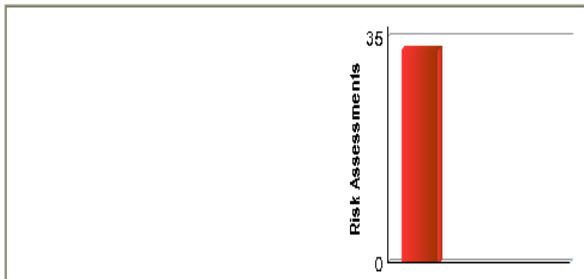
Risks Not Accepted

Name	Beschreibung
RSK-01-02-03	Unauthorized access to payment system
RSK-03	Employment Practices and Workplace Safety
RSK-04	Clients, Products, & Business Practices

My Risk Assessments

Name	Beschreibung
RA-NA-CB-RCSA-001	Internal Fraud and Theft
RA-NA-CB-RCSA-002	External Fraud
RA-NA-CB-RCSA-003	Employment Practices and Workplace Safety
RA-NA-CB-RCSA-004	Clients Products & Business Practices
RA-NA-CB-RCSA-005	Damage to Physical Assets

[Mehr Elemente...] Alle anzeigen



Overdue >30 Days	Overdue 0-30 Days	Due Within 30 Days	Due >30 Days From Now	All
33	0	0	0	33

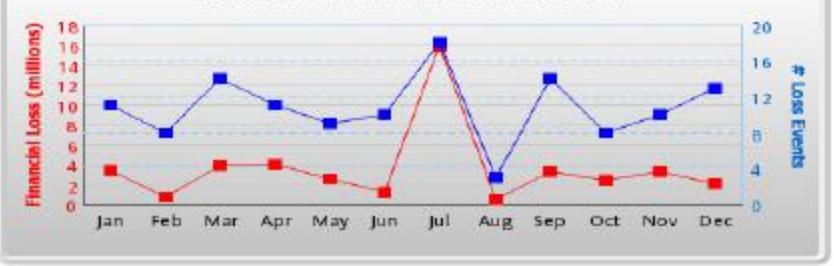
Executive View – Dashboard - Heatmap

Key Risks

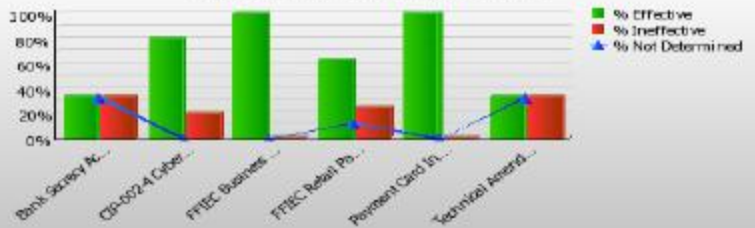
Name	Description	Residual Risk 10 Q1	10 Q2	10 Q3	10 Q4	Trend	Control Env	Open Critical Issues	Audit Rating
NA-CB-ERM-RSK-01	Failure to implement core client conversion (onboarding)	Medium	Medium	Medium	High	↘	Needs Improvement	> 5	Medium
NA-CB-ERM-RSK-02	Failure to deliver services that meet the low risk tolerance of clients	Medium	Medium	Low	Low	→	Satisfactory	> 5	Low
NA-CB-ERM-RSK-03	Failure to establish robust internal control and governance structure	Medium	Medium	Low	Low	↗	Satisfactory	> 5	Low
NA-CB-ERM-RSK-04	Failure to properly diversify product offerings and client base	Medium	Medium	Medium	High	↘	Needs Improvement	> 5	Medium
NA-CB-ERM-RSK-05	Failure to retain and develop talented employees	Low	Low	Medium	Medium	→	Satisfactory	> 5	Medium

Risk Heat Map

2010 Internal Loss Amount & Count



Mandate Control Effectiveness



Issue Status

		High	Medium	Low	Not Determined
Asia Pac	Closed	0	1	2	1
	Open	0	2	0	0
Corporate	Closed	0	1	1	0
	Open	1	2	1	3
EMEA	Closed	3	3	3	1
	Open	0	0	0	2
North America	Closed	1	4	6	4
	Open	11	2	0	3

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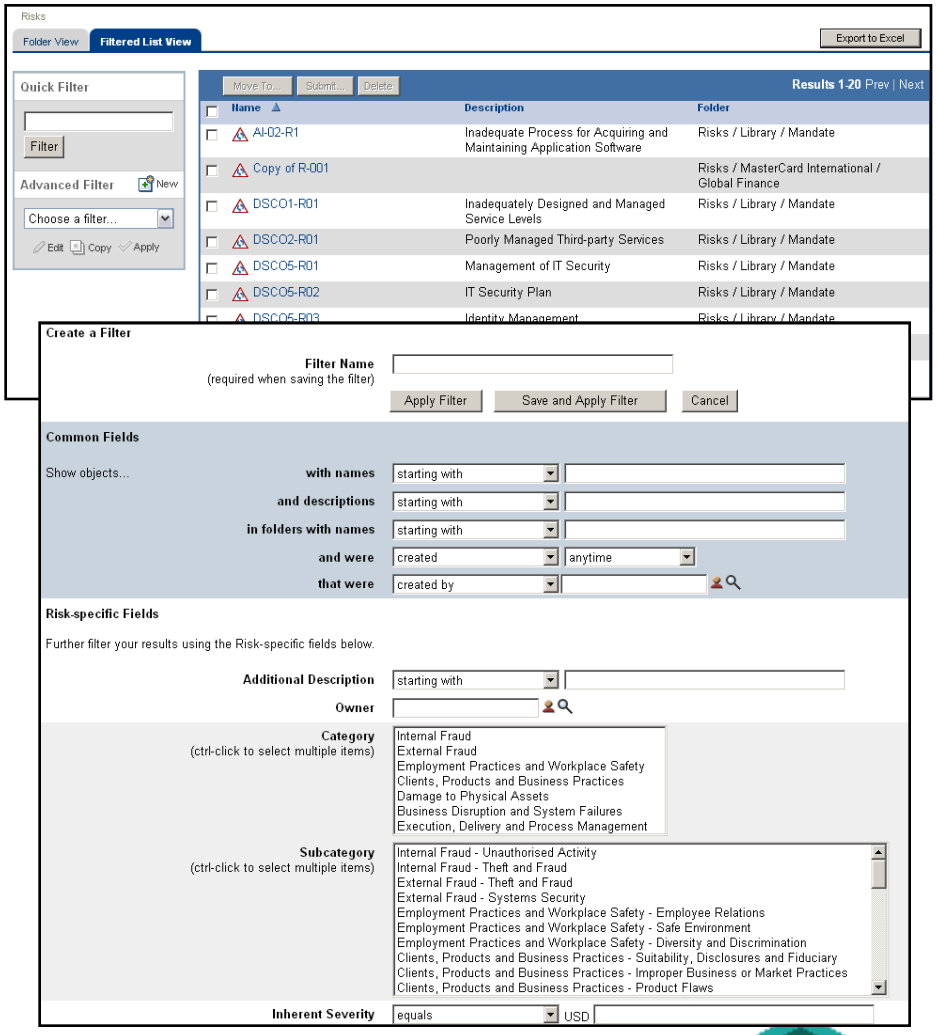
Hands On: Searching with Filtered List Views

Filter/Search

- *Review filter/search options. Navigate to Filtered List Views.*
- *Accessing various types: Quick Search, Personal Filters, Public Filters*



Success Criteria:

- Execute Quick Search
- Run public filter
- Create and run a personal filters

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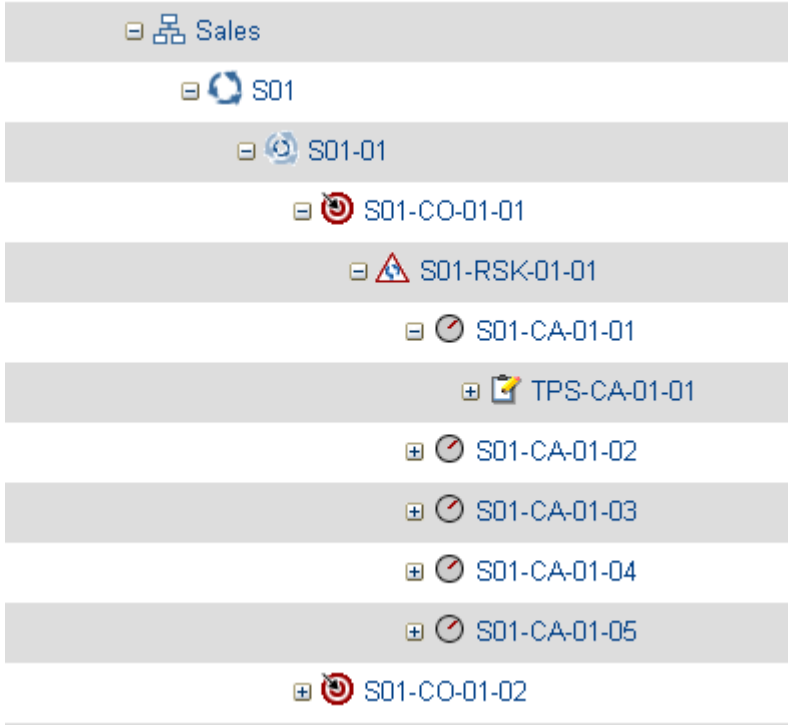
Hands On: Document Risk and Control Activities

Document risk and control activities

(adding/modifying data)

- *Review bread-crumb trail and jump-to options. Understand risk data and measurement.*
- *Review/edit Control detail (Design/Operating Effectiveness assessment).*
- *Understand different types of attributes and configuration possibilities.*
- *Update control information. Check Audit Trail to see how changes are tracked.*



Success Criteria:

- Control Owner's perspective: completeness of control information.
- Configurable to your organizations' needs
- Fully auditable system.

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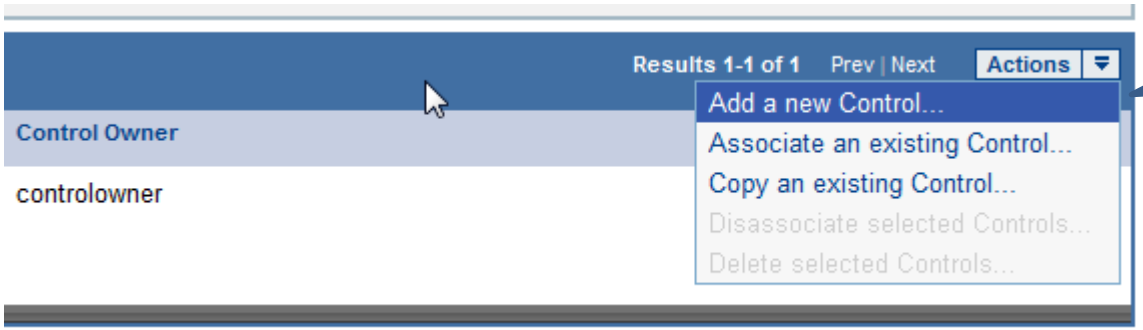
Easy changes in system with Audit Trail



Easy changes to controls, processes etc

Audit Trail of changes

Control Details

Fields

Automation Jobs

Change History

Locks

Related Information

Parents

Risks (1)

Risk Assessments (0)

Associations

Change History

Name	Old Value	New Value
Documentation Location		ME80FN / EinkGr: 111-155 / DE10-12/ 01.01-31.08.11 ME80FN / EinkGr: 111-155 / DE10-12/ 01.01-31.08.11 ME80FN / EinkGr: 111-155 / DE10-12/ 01.01-31.08.11
Financial Statement Assertions		Existence, Occurrence, Completeness, Accuracy
Who Performs Control?		Cost responsible / checked by B.Gröger Cost responsible / checked by B.Gröger Cost responsible / checked by B.Gröger Cost responsible / checked by B.Gröger B Gröger

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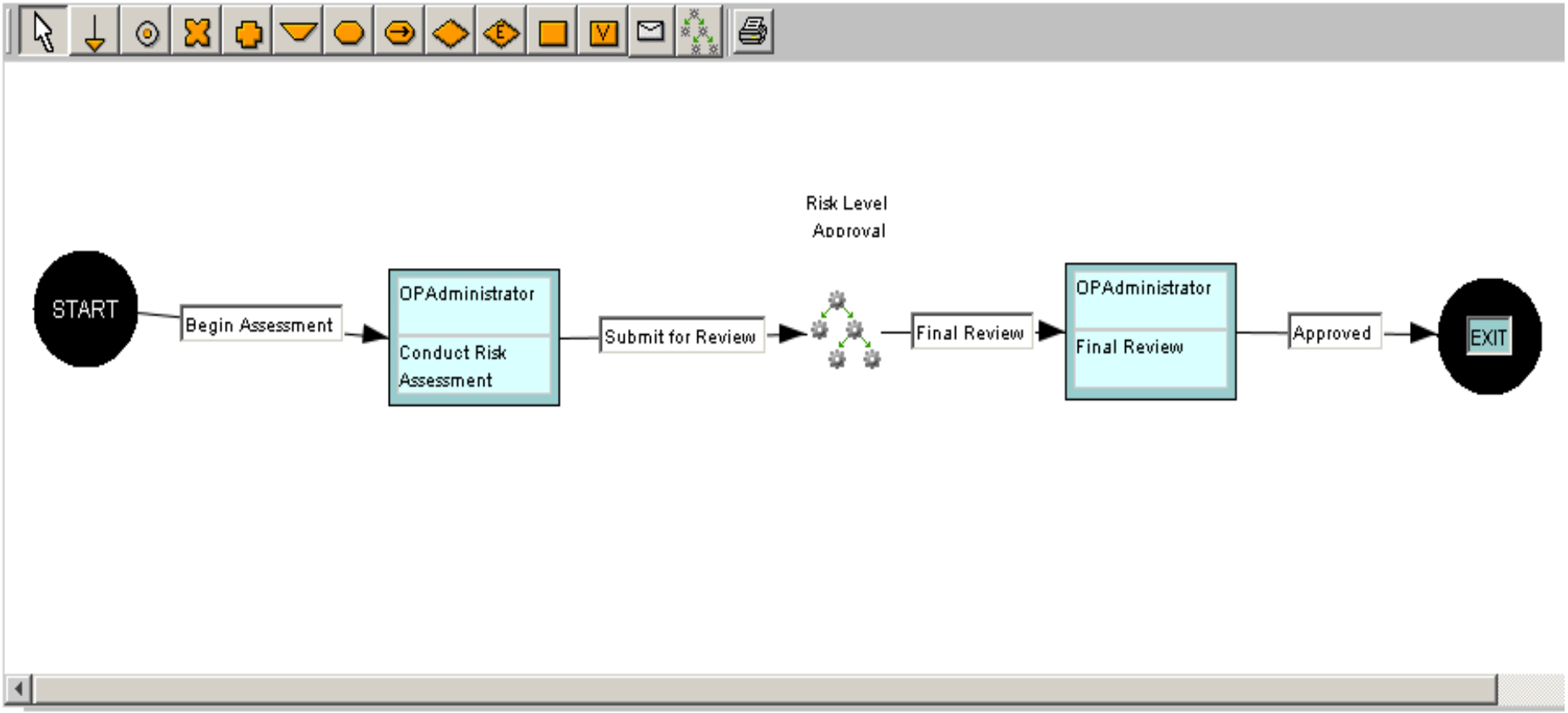
Risk Assessment Workflow



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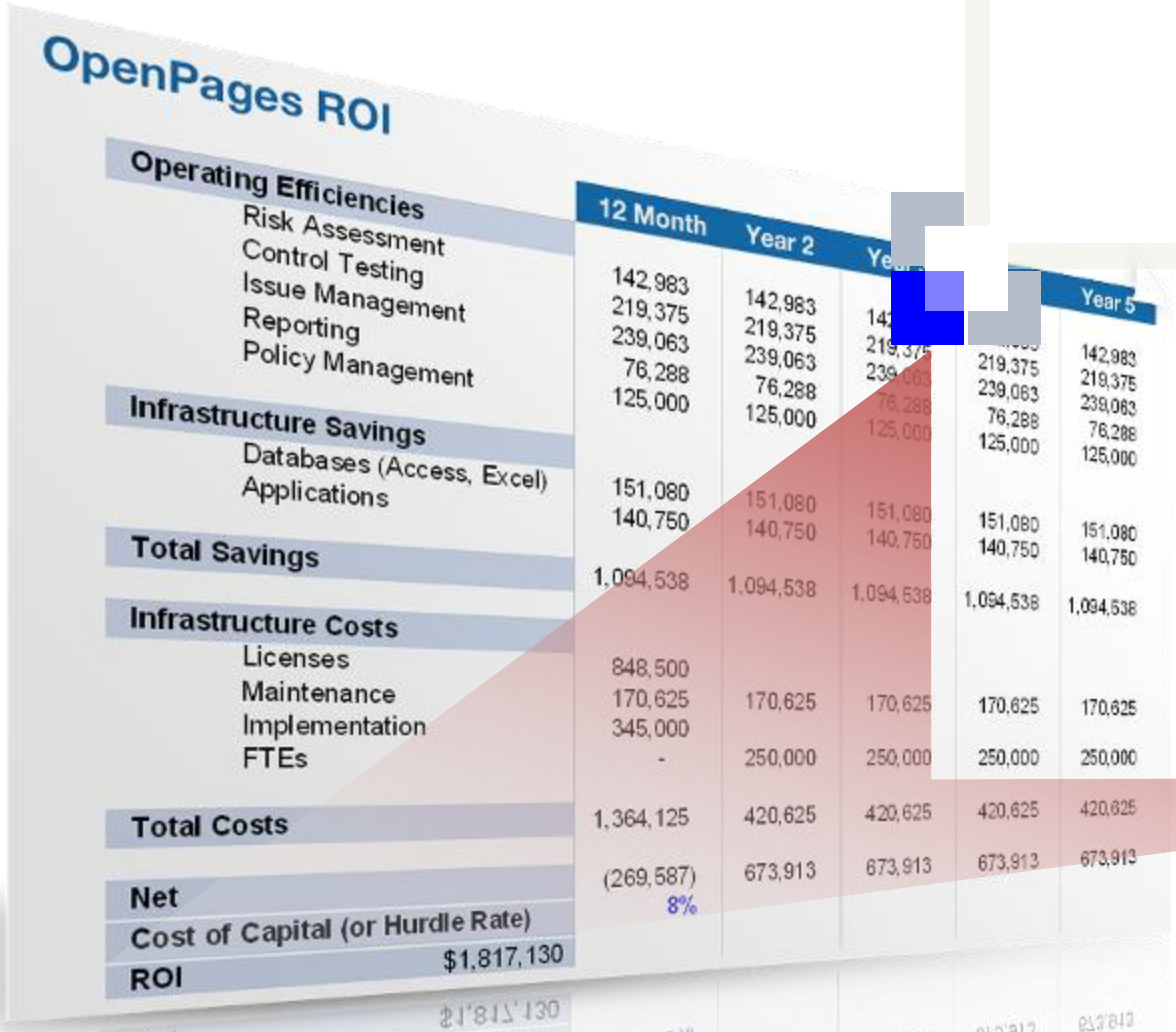
- Convergence promises a strong ROI



ROI

$1,817,130

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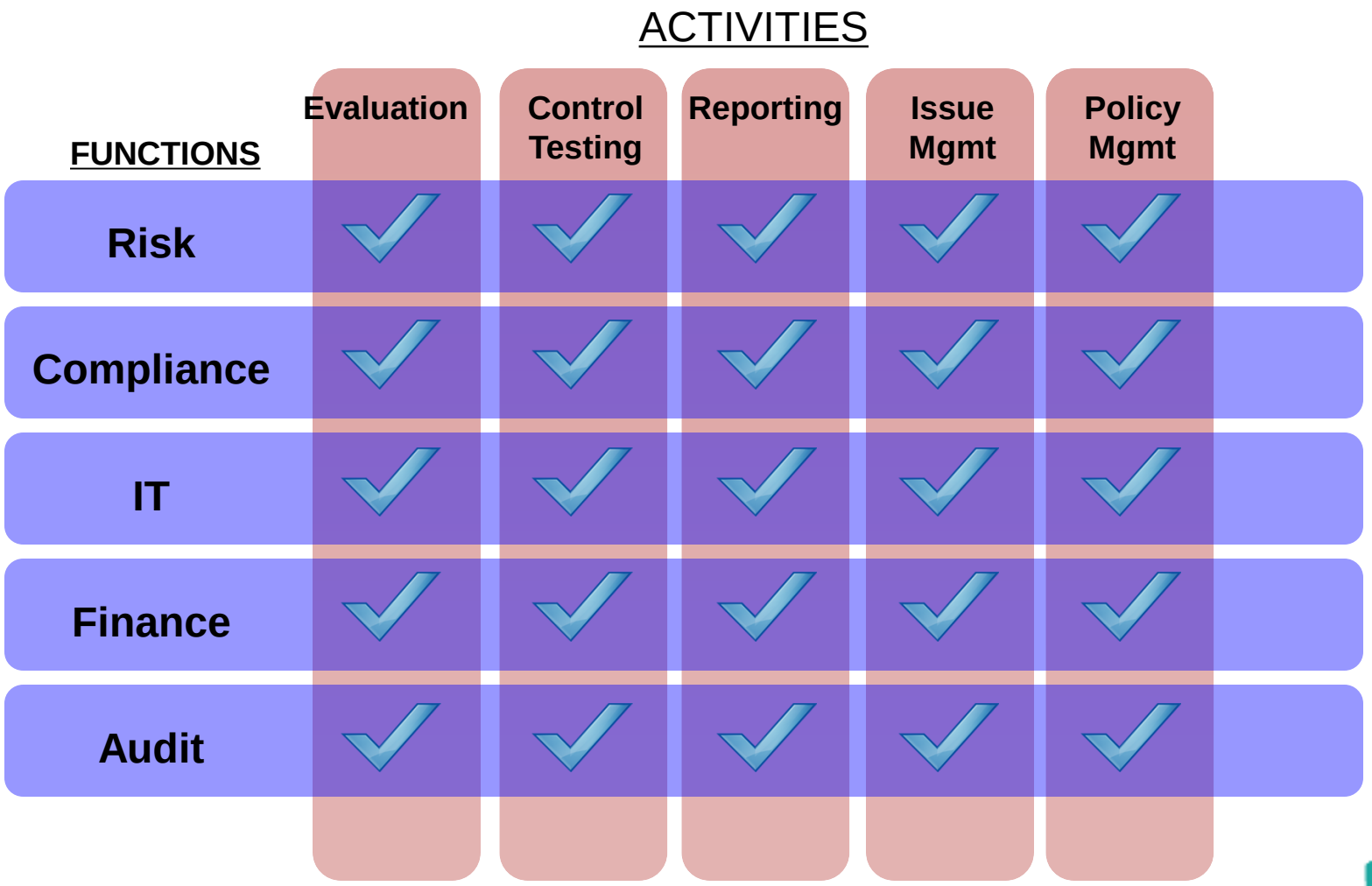
- Overlap of GRC activities can cause redundancy



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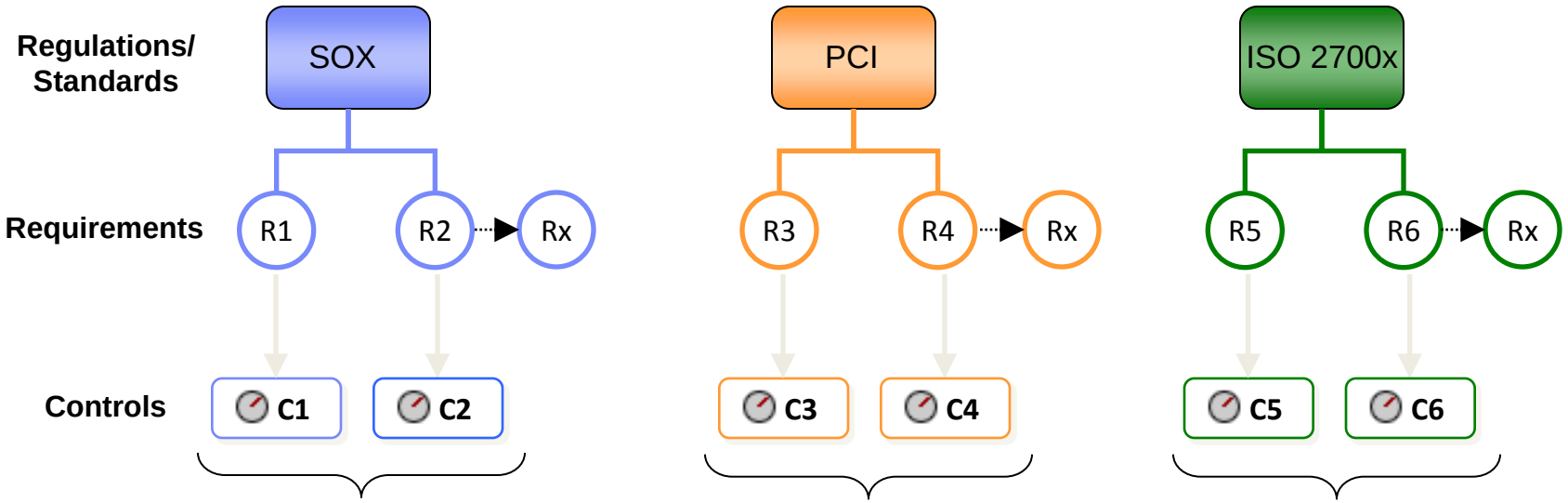
Example: Managing regulatory requirements in a silo



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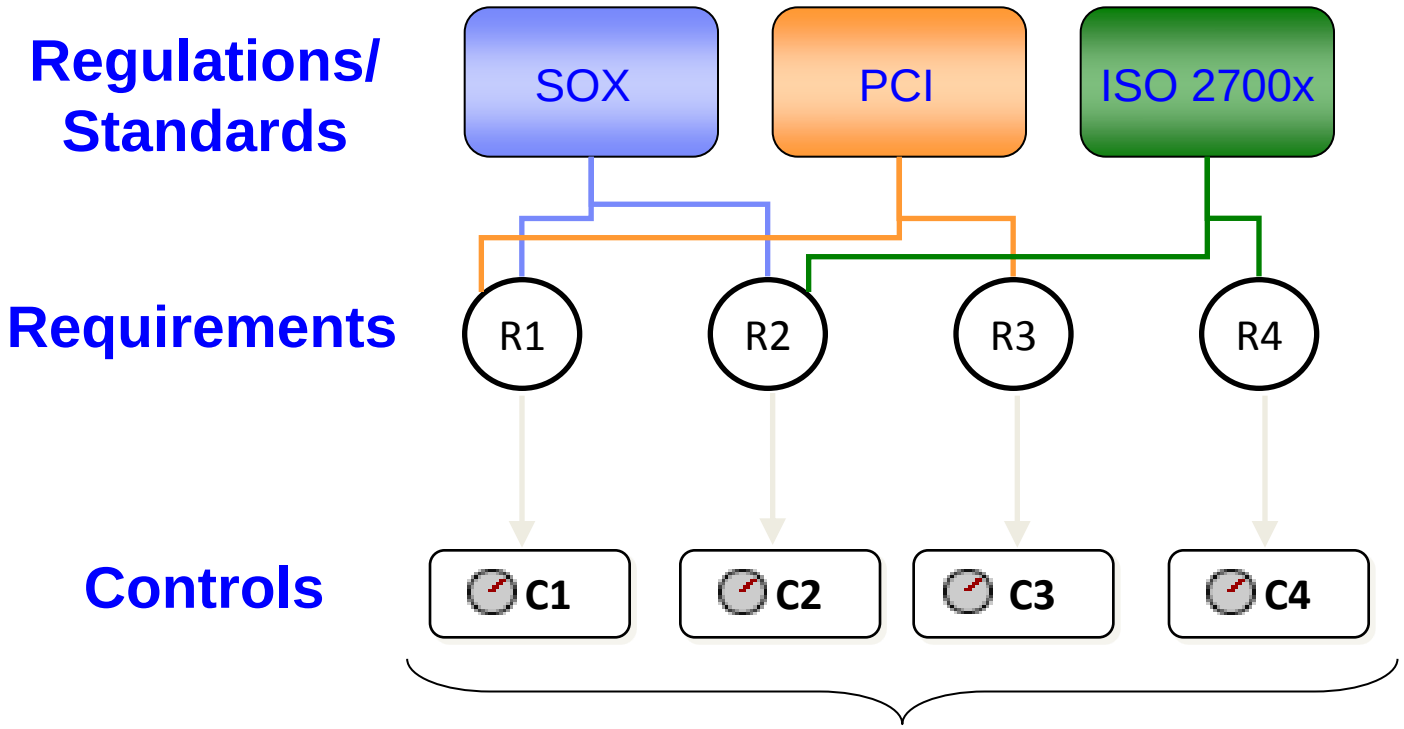
An integrated approach reduces redundancies in control testing, assessments and audits



- Control testing
- Assessments
- Audits

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