



ERM insights for the finance risk leader

An expanded tool for the risk leader



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The CGMA report, “A Leadership Guide for the Risk Leader” provides understanding and guidance for the finance professional who, in addition to many management roles, leads the organisation in its enterprise risk management (ERM) through current and future risk needs.

Based upon the checklist found in the original report, this expanded edition includes not only a checklist but direction and insights as to how this can be used (and can be used) by the professional to lead their entity through the current and future risk environs.

Questions and insights for the finance risk leader

An expanded checklist on how to enhance risk management

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
Me					
1. Have I done a skills analysis of myself and team?		X		It’s important to take the time to KNOW your team’s skills as well as skill gaps. Investments should be made to enhance the team’s strengths, as well as to identify new team members to fill any skill gaps. Along with identifying what current strengths you and your team have, look to the future and not only fill the gaps but provide for future needs.	Note: Make sure I do this – What can I do beyond our normal appraisal reviews to better isolate our skills? What are the strengths of my team? Where do they need to improve?
2. Have I identified skill gaps?	X			Beyond the daily skills necessary, the need to develop new and enhance existing skills should be a consideration. Additional questions I’ve asked are: <ul style="list-style-type: none"> • Is there a standard training process for each position? • What happens if a staff has an unexpected leave? • Can the work continue to be done? • If so, great. If not, what do we need to do to ensure business continues as normal? 	John needs to develop entity understanding – check out AICPA/CIMA/CGMA for additional resources. Can we identify a course, training and timeline and evaluation of skills? Where is a disruption occurring in skills to assist in what needs addressed?

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Me					
3. Have I identified what we are doing great?			X	<p>On the flip side, and equally important is identifying what you are doing right. It may not be so much the execution of a task but in the manner of the execution. For example, where are the efficiencies strong and noticeable? What skills support the development and maintenance of these efficiencies? Does the team have an understanding of what exactly is working? And are they able to replicate it?</p> <p>For example, a person on the team who can look beyond a problem, analyse it while concurrently identifying other areas where this same type of issue is occurring. This is a great skill as it enables you to address problems as a whole and not as one-offs. It also provides support for management for global solutions instead of just departmental.</p>	<p><i>Begin by leveraging our areas and people of excellence. Identify each team member's strength and for now, just one area of improvement. Develop a 'buddy system' to begin to leverage our strengths. Once we've got this in place, let's consider conveying this methodology to other departments.</i></p>
4. Have I identified growth opportunities?			X	<p>Looking and listening are often overlooked skills. Consider:</p> <ul style="list-style-type: none"> • Are your CPE courses relevant to you? • Where do you feel your education is lacking? • What do you notice when in meetings or in conversation with colleagues that you wish you had more expertise? • Is there someone in the department or my organisation who has these skills/expertise that can become a mentor to me? • Review the observations and identify what has been discovered and plan the next steps. 	<p><i>You need to finalise for each staff member on yearly appraisal at a minimum.</i></p> <p><i>What am I doing to monitor throughout the year? Have I considered quarterly or semi-annual check-ins?</i></p>
5. Am I learning and growing the team and those around me? If I'm the only one being relied upon, why is that?			X	<p>Admittedly, it's different to know what you don't know. I am regarded as one of, if not THE, subject-matter experts in our entity on risk.</p> <p>Because of your role, you need to address the question: What future opportunities or threats do you need to be investigating or learning? Consider sources such as current events, industry trends and projections and a big picture view of my organisation.</p>	<p><i>Am I THE subject matter expert? Am I the only one relied upon? Am I making a point to develop future leaders? Am I developing myself as a leader? Does my team have a common leadership language? Consider succession planning for key risk personnel.</i></p>

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Me					
6. Do I think I'm missing something?			X	The easiest and quickest way to determine this is to discuss with your mentor or trusted colleague who is in a similar role what they are dealing with and perhaps what they see you may need to address. These individuals are outside your box and can often see the blatantly obvious items that you may be missing. Also, discuss with peers with dissimilar roles within your organisation. They have a different perspective that can reveal risks that may be right in front of you, but you aren't seeing. Seek out those in the organisation who see the bigger pictures, as well as those who have a better understanding of the more detailed processes than you. This will enable a more well-rounded assessment of risk.	<i>Do a quick search (and assign to some staff) of risks related to my industry. Make sure to "think outside the box" purposefully.</i>
7. Do I foster culture of risk awareness in the organisation?	X			There's more to risk than just being aware of the need to have a 'culture.' First, I need to understand what culture is encouraged. Is everyone in the organisation speaking the same language? What values, behaviours and inherent assumptions do our organisation define as good and preferred? Once I bring that to awareness, I begin cultivating that culture with my team. This includes working towards providing training for the entire organisation as well as provisions to dive deeper into each areas/department's risks.	<i>Are my employees aware of the risks the organisation is facing? Training for mangers and staff, open communication, etc. Where are we in the lifecycle of risk culture?</i>
8. Professional networking: Do I have a strong network of professional risk managers.			X	Looking back over my career, I can see different stages and types of networking that were cultivated. Realising this, you may want to ask yourself these questions: <ul style="list-style-type: none"> • Where am I in my existing network? • Who are my peers within or outside my organisation? • Do I need to make a change in my networks? • Are meetings and events becoming stagnant? 	<i>Increase connections on professional networks. What types of groups have I historically attended? Should I try something new?</i> <i>Begin to Identify with each team member where they are currently networking and where they would like to go.</i>

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My team					
9. Is there evidence that my team is working with a direct focus on meeting the organisation's strategic goals?	X			<p>My team, as well as the entire organisation, should work with the organisation's strategic goals at the forefront. But are we? In reviewing my team's performance documents, I've identified:</p> <ol style="list-style-type: none"> 1. Tasks and outcomes that tie directly to a strategic goal or initiative. 2. A second category of indirectly tied goals 3. A third category of tasks is not related at all to strategic goals or initiatives. <p>It's now time to look at those in the third category and see if we can address these activities to focus more on first tier activities. The third category would be held for a potential revisit (try to keep these to a minimum):</p> <ul style="list-style-type: none"> • Deleted • Revised/changed to roll into first- and second-tier tasks 	<p><i>My performance goals as well as my teams link to our organisation's strategies/mission. We discuss these frequently and link our daily work to the overall strategy.</i></p> <p><i>How can I ensure that indeed our work is lining up with the goals?</i></p>
10. Is my team aware of the connection between what they are doing and how it meets the organisations strategies?			X	<p>The strategic plan continues to be a critical document for any organisation. But a plan without continued attention to execution in the most efficient manner can result in missed opportunities, wasted efforts and resources and a lower 'hitting of the mark'. Specifically, are we linking what our team members do to the strategic plan? Can they see how their daily performance and outcomes tie back to the strategic plan? How can we better do so? We need to see how we are contributing to the successes of the organisational goals.</p>	<p><i>Discuss with front-line personnel to determine if they see/know where they fit into the organisation's strategic plan. Are they aware of how they specifically contribute to the goals and bottom line?</i></p>

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My team					
11. Does my team and organisation have a common 'risk' language that all understand?			X	<p>In working with various departments, I've experienced that some understand risk and the language better than others. For those with lesser understanding, I spend more time focusing on bringing them to awareness instead of addressing their risks. AICPA & CIMA have some recent resources that I noticed a few months ago. We need to go back and check these out as some awesome tools could address this.</p> <p>Updated risk heat map</p> <p>Communicating risks using a heat map</p> <p>A leadership guide for the risk leader</p>	<p><i>My team knows the lingo, but we do experience barriers in understanding in various departments as terminology can be confusing. How can I elevate them? Consider developing a 'risk dictionary' and then involve the whole team in enterprise training efforts. Use lingo when appropriate so that everyone becomes comfortable with it.</i></p>
12. Do I have a mechanism to measure performance and ensure accountability?		X		<p>During the last few reporting cycles, we've noted that management/executives have emphasised the efficiency of financial reporting. What further work needs to be done both within my team and in other areas to align our outputs relating to reporting. The increased global focus on efficiency means that we need to make them as robust as possible. A viable goal is to focus on management reporting needs for the next two quarters and improvements in streamlining content and resulting efficiency in delivery. Leverage technology to create a risk scorecard.</p>	<p><i>Develop performance and outcome measures. Review them on a routine basis and discuss them with key stakeholders both inside and outside the organisation.</i></p> <p><i>What is already in place so that I can readily see improvements?</i></p>

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My team					
13. Are there pockets (i.e., departments or teams) within my organisation that appear to ignore risk or be risk-averse? How can this be addressed?	X			It is often noted that those in the finance profession remain in silos within their organisations. Change must begin with your team. Focus on how the team can become a good business partner. What can be done to improve relationships and enhance quality overall? This is best determined by a brainstorming session or two with the team. Their ideas are often those in which they are willing to invest. An easy start into this area is to schedule some time at the next team meeting to begin to address it. Continue to encourage open lines of communication between departments.	<p><i>The training area of my organisation seems to be a mitigation of risks, BUT I need to investigate to see what risks exist there. What is in place and what needs to be developed?</i></p> <p><i>Find ways to make risk management a more personal interest for everyone (e.g., provide examples that are relevant to co-workers/peers and explanations of why it is important to them).</i></p>
14. Have we built enterprise-wide risk management skills? Do we collaborate with HR on necessary skills?			X	<p>Sometimes the obvious is all it takes. This could be as simple as providing a “resource” library within your entity. Is there an actual library or an online portal that includes a variety of materials devoted to risk? These may include:</p> <ol style="list-style-type: none"> 1. COSO docs 2. AICPA Risk Toolkit 3. CGMA Risk Management Toolkit 4. Podcasts (I know my team prefers this method of knowledge – you could encourage them to share these with the team as a whole) 	<p><i>Look into how we teach or coach risk within the organisation. Understand how staff use risk to conclude.</i></p> <p><i>What seems to be the preferred method of engagement of learning?</i></p>
15. Professional networking: Is my team actively developing a network of risk professionals both internally and externally?		X		Based on the qualifications and needs of our team, I’ve learned to identify the available networking opportunities, and perhaps attend with team members. You can encourage attendance at these events with comp time, schedule revisions and a small budget to cover costs.	<p><i>Identify and align with risk leads in other departments.</i></p> <p><i>Encourage team and allow time to attend events.</i></p>

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My team					
16. Can my team bridge communication of the risk program and understand it themselves?			X	<p>One of the recurring themes I've experienced in all organisations that I've been a part of, at varying levels, is the need to align understanding. If you are engaging with those who are working in the dispatch office of publicly provided transportation, or the grants area of an agency, the most prominent disconnect occurs in the language used.</p> <p>For example, a prominent struggle often lies with articulating the IT risks as they relate to the organisation BEYOND the finance area. Yet, these risks are relevant to financial success. As this gap continues to show up, there are definitive steps you can take to reduce the gap.</p>	<p><i>Staff seems to struggle a lot with conveying their understanding outside of our team. How can the language gap be bridged? What is the team not understanding?</i></p>
17. What is our team's focus?				<p>If you are a manager or director of several 'sub-teams' or functions, consider meeting with each area separately. During these sub-team meetings, discuss what is consuming our time and then determine if it is indeed where our focus should be. Make 3–5 bullet points of your focus.</p>	<p><i>How does our mission flow down to our strategic plan?</i></p> <p><i>How does the strategic plan flow down to performance plans?</i></p> <p><i>How do the team members' performance plans flow down to their responsibilities?</i></p>
18. What is our main contribution to the organisation's success?				<p>Make sure that you add value through the robust implementation and monitoring of the responsibilities specifically assigned within the understanding of interdepartmental dependency on goals and outcomes.</p> <p>The need to step outside your offices and host lunch and learns, interdepartmental meetings to enhance risk understanding is critical. The demonstration of your presence and participation in meetings and decision-making not only at the manager level but also at the executive level, provides exposure not only to the team members but to their activities.</p>	<p><i>What is the perception of our department? Do people see a specific value add? Does the rest of the organisation even know we exist?</i></p>

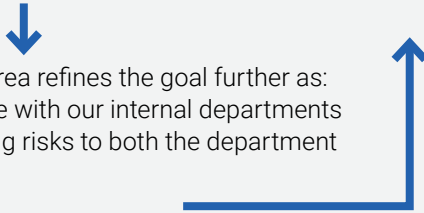
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My team					
19. Do I have a mechanism to measure performance and ensure accountability?	X			<p>This has gained considerable importance with the necessity of remote work in this decade. Consider the issues that your organisation has had and resolved throughout the pandemic.</p> <p>Look at what has not changed or been resolved and consider whether these are similar or have a commonality (i.e., having to do with security, access, IT response, inability to sync, etc.). Once the root cause has been identified, this will aid in determining where to begin the resolution or at the very least, a viable workaround.</p>	<p><i>How were we judged on our past performance? Did we identify the root causes correctly? Do we know how to mitigate the risk to hold ourselves accountable?</i></p>
20. Do my team members have mentors?			X	<p>This is a relevant question that often we want to answer with a quick 'yes' or 'no'. Thinking back on my career, the acceleration is often seen during those times I had a mentor who was engaged, directional in guidance and supportive. Without that, even the right tools and/or the right experience in the position may have been irrelevant.</p> <p>Look at who is feeding into your employees' professional life and work with them to drive these relationships to where the employee, the team and the organisation need them to grow.</p>	<p><i>Do we have a formal mentoring program?</i></p> <p><i>Who would I suggest as mentors for my team?</i></p> <p><i>Could mentors be found through networking activities?</i></p>
21. Do we have a training plan?	X			<p>Employee engagement 101 speaks to the importance of developing a work plan for employees. This not only includes a focus on their CPE for their respective licenses and designations, but education to assist in meeting their goals while enhancing their strengths and minimising their weaknesses.</p> <p>The <i>Journal of Accountancy</i> had an article related to this last year.</p>	<p><i>What target CPE should our team members complete? What requirements are in place for those without certifications?</i></p>

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My team					
22. Is my team able to effectively communicate the financial performance of the organisation?		X		As a risk professional, you should ensure that your organisation's financial performance is known amongst your team. This will enable employees to know when spending may need to be reduced vs. when funds are available to mitigate risks. Considering what you are doing well vs. what needs to be done is a quick check to identify lean areas vs. those in excessive spend mode.	<i>Is my team integrating the information received with the proper context and sufficient understanding? If not, what can be done to elevate that?</i>
23. Are people in the right position for success?			X	Talent has never been a larger issue than it is today. Studies and surveys in all industries identify talent as one of the top three concerns, if not THE TOP challenge. Not only is obtaining and retaining a concern, but adding new skills to existing staff to get them up to speed as soon as possible is mission-critical. The need to immediately analyse current responsibilities with talent and experience should be a top activity. This includes the consideration of shifts in responsibilities, changes in processes and future needs.	<i>How long have they been in their existing roles? What has evolved, both internally and externally to the organisation that requires new or additional skills?</i> <i>Can a bit of job shifting/sharing get us closer to where we need to be?</i>
My organisation					
24. Is my organisation equipped to handle change?			X	The words 'change management' have been thrown around a lot recently. We want to be change managers; we seek to create effective change but ultimately how did we do in the last 24 months with change? The pandemic threw everyone for a loop and continues to do so. This could be a great indicator of what your team and your organisation did right ... and what it didn't.	<i>Analyse and document how the organisation identifies and responds to change. Consider breaking it down into three areas:</i> <ul style="list-style-type: none"> • <i>Myself</i> • <i>My team</i> • <i>My organisation</i>

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My organisation					
25. Is my organisation willing to make changes?	X			<p>Clearly, this ties in with the prior question. As you look at your organisation on a micro and macro level, it is important to note:</p> <ul style="list-style-type: none"> • Who was ready to make changes immediately? Identify the effects on the individual, their team and the entity. • What areas hung on to ‘business as normal’? Consider the results of those areas. <p>At this point, you may want to compare the results from the different responses. Consider the response from senior leadership (or lack thereof).</p> <ul style="list-style-type: none"> • Lastly, what about the industry as a whole? The positioning of your entity within industry trends will provide you with a good indication of its responsiveness and ability to thrive and survive. 	<p><i>Continue to develop and improve the right communication, change management approach, and training.</i></p> <p><i>What do I see others in my industry doing that my entity is clearly not?</i></p>
26. Are risks linked to the strategic goals of the organisation?			X	<p>Strategy is not housed at the executive and organisational levels only. It does begin there. To ensure that the organisational strategies trickle down, begin with identifying your department’s specific risks and link them to the strategies of the organisation. Make sure all strategic risks tie into one of our risks as applicable.</p> <p>Examples are often the best teachers.</p> <p>Consider an entity goal of ‘Delivering standard-setting service to its stakeholders and customers’.</p> <p style="text-align: center;">↓</p> <p>The risk/finance area refines the goal further as: ‘proactively engage with our internal departments to identify emerging risks to both the department and to the entity’.</p> <p style="text-align: right;">↑</p> <p>As you can see, this is just one piece of the whole strategic goal. However, if accomplished, we see the success flow to the entire organisation.</p> 	<p><i>Check whether risks are written as an ‘abstract’ and that they can be tied to the strategic goals of the organisation. What are the specific identifiable steps and metrics available?</i></p>

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My organisation					
27. Does my organisation's budget tie to a strategic plan that mitigates risk to a tolerable level?	X			<p>While tending to imagine budgeting and forecasting as being housed in a separate functional area, again, you must think beyond those confines. Understanding the development and analysis of the FP&A process within past trends, current conditions and the expected/unexpected possibilities enables a more efficient measure of risk trends. Asking such questions as:</p> <ul style="list-style-type: none"> • How can we improve these links? • Can we get rid of ones that don't work anymore? • Are the right scenarios being used and is the focus what is relevant? 	<p><i>I am responsible to fund the performance goals that link to the organisation's mission.</i></p> <p><i>What does my organisation consider a tolerable risk level?</i></p> <p><i>Where could an error in budgeting and forecasting cause an intolerable risk event?</i></p>
28. When risks arise, does my organisation have the infrastructure to communicate about those risks both internally and externally?			X	<p>'Embedded within any enterprise risk management (ERM) program is the ability to communicate effectively throughout all the processes to the decision-makers and implementers'. (Reference) Risk finance professionals at all levels must effectively communicate the concepts of risk for the Enterprise Risk Management program to be effective.</p> <p>You will often need to initiate and facilitate concepts, identification, revisions, reporting and monitoring of risks. Regarding your communication, you may want to ask:</p> <ul style="list-style-type: none"> • When was the last entity-wide communication? Is there another one scheduled? • Is training available for key employees or all employees? Are we participating? Can we? • Is my organisation set up to recognise what external 'events' may result in risk (e.g., legislation, natural catastrophes, and military/political activities)? • Do they know to whom they should bring these concerns? 	<p><i>Develop internal and external communication plans and responsibilities.</i></p>

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My organisation					
29. Can my organisation articulate the difference between enterprise risk management, internal controls, and internal audits?		X		<p>Some questions are never going to go away about risk. Explaining the differences between ERM vs. RM, internal controls and the need for internal and external audits is a way of life for finance professionals. Whether simple or complex, items to consider are:</p> <ul style="list-style-type: none"> • What have we done that needs revisited? • How have we done this? A quick memo or lunch webcast? • What is the ONE action we make NOW to foster an awareness and understanding of risk from all in your organisation? 	<p><i>Develop, train, and implement training.</i></p> <p><i>Consider various levels of training (i.e., board would receive different training than staff accountants).</i></p>
30. Does my organisation have a formal enterprise risk management process with direct alignment with strategic goals?	X			<p>Strategy and ERM are intricately linked and should at some stage be considered together. Although processes and outputs differ, there does come a place where they merge. Regarding the process ensure that strategy is adequately detailed within.</p> <ul style="list-style-type: none"> • Does it need to be refreshed? • Is my organisation willing to take an objective review of our ERM model to determine its true maturity level? 	<p><i>Yes, we have an ERM process. But we also need to consider how often the Executive Management reviews risks? When are processes reviewed and changes made? What does monitoring look like? Is the monitoring effective?</i></p>

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My organisation					
31. Is the formalised process adopted by the Executive staff?			X	<p>This is a tough process to navigate, especially if you are not involved directly in the process. However, encouraging my team to adhere to the processes begins with your knowing what the executives are concerned about and what is their ‘top of mind’. Ideally, risk leaders should be in the ‘know’ of what upper management and executives are trained on and decisions made. But there are usually some gaps that you will need to fill.</p> <p>Asking about the process and seeking clarification is not only common sense but good business practice. Then you can begin to ask:</p> <ul style="list-style-type: none"> • What is the frequency that the Executive staff reviews and contributes updates to it? • Has the Executive staff bought into the process? • How can I ensure that I and my team have a voice that is heard? 	<p><i>Need to check executive meeting minutes promptly after each meeting (do not wait until just before an external audit to review). Provide evidence of response to any updates, revisions, additions.</i></p> <p><i>Consider the “tone at the top” for ERM.</i></p>
32. Have we built skills related to internal controls and testing of internal controls?			X	<p>The focus here is on entity-wide training and not risk finance specific. You will ensure that training is provided for new employees as well as upskilled training for seasoned employees. Employees need to have an eye toward internal control concerns that could lead to increased risks.</p> <p>I served as CRO and for our organisation, it was the simple development of a “risk mousepad,” which featured all the important aspects we needed to have as top of mind. They were reminded of risk every day. Similar techniques have been used with calendars, laminated posters throughout the entity, notepads, etc. Sometimes building skills is just about repetition.</p>	<p><i>Determine how skill development is handled entity-wide and assess needs/gaps.</i></p>

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My organisation					
33. Can we work with HR to develop a basic understanding of internal controls and create a mechanism to report internal control deficiencies when they are identified internally?			X	<p>Based on your organisation's internal structure, identify where training/CPE/CPD/etc. is housed. Consider:</p> <ol style="list-style-type: none"> Types of training necessary Number of employees for each type of training <p>Consider training options entity-wide relevant to risk. You may want to develop a calendar in which training is rotated regularly with necessary updates provided. For example, do we have an in-house subject-matter expert to lead this? Or do we need to invest in external training?</p>	<i>Work with HR to determine if adequate training is available to all employees to address risk.</i>
34. Has my organisation identified an internal control framework and does it periodically test key controls?	X			<p>It is time to make sure the framework that you are using is identified, approved, monitored for updates and changes. Having a process in place and executing it through can be the downfall of any risk program.</p> <p>Further questions may include:</p> <ul style="list-style-type: none"> Has my organisation set up an internal control review program in accordance with applicable laws and best practices to review key, high-risk processes on a timely and routine basis? When are each department's risks tested/monitored/reviewed? Should some areas have more frequent reviews based on volatility? Are key controls still relevant? What could we delete? What could we add? 	<i>Do we have a formal internal control framework, a plan, and personnel to periodically test those controls?</i>

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My organisation					
35. Does my organisation have a risk champion/risk network		X		<p>If risk lies only in one area (finance), is there a risk champion at the executive level? Has your organisation set up an ERM governance group at any level?</p> <p>Beyond these questions, identify the activities, roles and responsibilities of the existing champions and determine if these positions need to be expanded and revised support. If a champion or network is not in place, is this a consideration for the organisation in the future? What next steps should be considered?</p>	<p><i>Risk champions are those who are 'interested' in risk, but not a formal part of their duties. They often can easily identify a problem, the part of the process that often fails or breaks down and/or sees the big picture.</i></p>
36. Does my organisation's budget process or financial reporting tie to our Strategic Plan?	X			<p>During the annual budget process, ensure that all spending ties to the Strategic Plan. This may require that the budget submission include the strategy or goal that helps the organisation achieve its goals with robust success. You will want to also be apply the process to risks within the ERM process. An exercise of linking risks to previous Strategic Plan then a second phase where realignment to the new Strategic Plan is beneficial. This reduces the possibility that something will be missed.</p>	<p><i>What has changed that perhaps isn't tied directly to the Strategic Plan?</i></p>
37. Do we track financial opportunities and risks to meeting this year's budget?	X			<p>The purposeful tracking of financial opportunities and risks enables you to better adapt your budget based on new events that may occur. If you have identified some potential savings, this could be used to mitigate a risk that is rising in probability.</p> <p>In line with regular monitoring, the identification of trigger metrics, events, etc. often provides an early warning system to reduce, if not alleviate, the impact of negative events. Best practices encourage this type of monitoring quarterly, though, at the start of this decade, many entities monitored triggers daily or weekly.</p>	<p><i>You may need to ramp up our tracking/ monitoring ... instead of annually, let's discuss quarterly.</i></p> <p><i>How sufficient is our tracking? What have we missed? What have we exceeded in?</i></p>

A user-friendly version for use in your entity can be found by [following this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My organisation					
38. Are we tracking the right metrics to pursue success?			X	<p>Driving innovation, leading an entity through change, embracing sustainability and the many other accomplishments of risk finance professionals cannot be advanced without the use of metrics. Ultimately, it all goes back to the numbers. And it is just not reporting the previously identified requirements. You need to extract the data in real-time to experience success within the strategic and ERM plans and processes.</p> <p>To begin with, you will need a scorecard to measure key metrics. This will no doubt be basic at first but will develop over time. No longer is it enough to cursorily review quarterly results. The understanding of the detail behind calculations and observations delivers the excellence in metrics developed.</p> <p>The ongoing review of risks, strategies and metrics results in excellence in reporting and allows for proactive, rather than reactive decision-making.</p>	<p><i>Have we adjusted these as a result of the past 24 months?</i></p> <p><i>Are there other reasons to review our metrics other than the passage of time, for example, of the enactment of legislation?</i></p> <p><i>Does our scorecard need to be revised?</i></p> <p><i>Is it reporting the right data to the right people to make the right decisions?</i></p>

A user-friendly version for use in your entity can be found by [following this link](#).

Appendix A

The CGMA report, “A Leadership Guide for the Risk Leader” provides understanding and guidance for the finance professional who, in addition to many management roles, leads the organisation in its enterprise risk management (ERM) through current and future risk needs.

Based upon the checklist found in the original report, this expanded edition includes not only a checklist but direction and insights as to how this can be used (and can be used) by the professional to lead their entity through the current and future risk environs.

Questions and insights for _____

An expanded checklist on how to enhance risk management

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
Me					
1. Have I done a skills analysis of myself and team?					<i>Note: Make sure I do this – What can I do beyond our normal appraisal reviews to better isolate our skills? What are the strengths of my team? Where do they need to improve?</i>
2. Have I identified skill gaps?					<i>John needs to develop entity understanding – check out AICPA/CIMA/CGMA for additional resources. Can we identify a course, training and timeline and evaluation of skills?</i> <i>Where is a disruption occurring in skills to assist in what needs addressed?</i>

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Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
Me					
3. Have I identified what we are doing great?					<p><i>Begin by leveraging our areas and people of excellence. Identify each team member's strength and for now, just one area of improvement. Develop a 'buddy system' to begin to leverage our strengths. Once we've got this in place, let's consider conveying this methodology to other departments.</i></p>
4. Have I identified growth opportunities?					<p><i>You need to finalise for each staff member on yearly appraisal at a minimum.</i></p> <p><i>What am I doing to monitor throughout the year? Have I considered quarterly or semi-annual check-ins?</i></p>
5. Am I learning and growing the team and those around me? If I'm the only one being relied upon, why is that?					<p><i>Am I THE subject matter expert? Am I the only one relied upon? Am I making a point to develop future leaders? Am I developing myself as a leader? Does my team have a common leadership language? Consider succession planning for key risk personnel.</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
Me					
6. Do I think I'm missing something?					<i>Do a quick search (and assign to some staff) of risks related to my industry. Make sure to "think outside the box" purposefully.</i>
7. Do I foster culture of risk awareness in the organisation?					<i>Are my employees aware of the risks the organisation is facing? Training for managers and staff, open communication, etc. Where are we in the lifecycle of risk culture?</i>
8. Professional networking: Do I have a strong network of professional risk managers.					<i>Increase connections on professional networks. What types of groups have I historically attended? Should I try something new?</i> <i>Begin to identify with each team member where they are currently networking and where they would like to go.</i>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
9. Is there evidence that my team is working with a direct focus on meeting the organisation's strategic goals?					<p><i>My performance goals as well as my teams link to our organisation's strategies/mission. We discuss these frequently and link our daily work to the overall strategy.</i></p> <p><i>How can I ensure that indeed our work is lining up with the goals?</i></p>
10. Is my team aware of the connection between what they are doing and how it meets the organisations strategies?					<p><i>Discuss with front-line personnel to determine if they see/know where they fit into the organisation's strategic plan. Are they aware of how they specifically contribute to the goals and bottom line?</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
11. Does my team and organisation have a common 'risk' language that all understand?					<p><i>My team knows the lingo, but we do experience barriers in understanding in various departments as terminology can be confusing. How can I elevate them? Consider developing a 'risk dictionary' and then involve the whole team in enterprise training efforts. Use lingo when appropriate so that everyone becomes comfortable with it.</i></p>
12. Do I have a mechanism to measure performance and ensure accountability?					<p><i>Develop performance and outcome measures. Review them on a routine basis and discuss them with key stakeholders both inside and outside the organisation.</i></p> <p><i>What is already in place so that I can readily see improvements?</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
<p>13. Are there pockets (i.e., departments or teams) within my organisation that appear to ignore risk or be risk-averse? How can this be addressed?</p>					<p><i>The training area of my organisation seems to be a mitigation of risks, BUT I need to investigate to see what risks exist there. What is in place and what needs to be developed?</i></p> <p><i>Find ways to make risk management a more personal interest for everyone (e.g., provide examples that are relevant to co-workers/peers and explanations of why it is important to them).</i></p>
<p>14. Have we built enterprise-wide risk management skills? Do we collaborate with HR on necessary skills?</p>					<p><i>Look into how we teach or coach risk within the organisation. Understand how staff use risk to conclude.</i></p> <p><i>What seems to be the preferred method of engagement of learning?</i></p>
<p>15. Professional networking: Is my team actively developing a network of risk professionals both internally and externally?</p>					<p><i>Identify and align with risk leads in other departments.</i></p> <p><i>Encourage team and allow time to attend events.</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
16. Can my team bridge communication of the risk program and understand it themselves?					<i>Staff seems to struggle a lot with conveying their understanding outside of our team. How can the language gap be bridged? What is the team not understanding?</i>
17. What is our team's focus?					<i>How does our mission flow down to our strategic plan?</i> <i>How does the strategic plan flow down to performance plans?</i> <i>How do the team members' performance plans flow down to their responsibilities?</i>
18. What is our main contribution to the organisation's success?					<i>What is the perception of our department? Do people see a specific value add? Does the rest of the organisation even know we exist?</i>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
19. Do I have a mechanism to measure performance and ensure accountability?					<i>How were we judged on our past performance? Did we identify the root causes correctly? Do we know how to mitigate the risk to hold ourselves accountable?</i>
20. Do my team members have mentors?					<i>Do we have a formal mentoring program?</i> <i>Who would I suggest as mentors for my team?</i> <i>Could mentors be found through networking activities?</i>
21. Do we have a training plan?					<i>What target CPE should our team members complete? What requirements are in place for those without certifications?</i>

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Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My team					
22. Is my team able to effectively communicate the financial performance of the organisation?					<i>Is my team integrating the information received with the proper context and sufficient understanding? If not, what can be done to elevate that?</i>
23. Are people in the right position for success?					<p><i>How long have they been in their existing roles? What has evolved, both internally and externally to the organisation that requires new or additional skills?</i></p> <p><i>Can a bit of job shifting/sharing get us closer to where we need to be?</i></p>
My organisation					
24. Is my organisation equipped to handle change?					<p><i>Analyse and document how the organisation identifies and responds to change. Consider breaking it down into three areas:</i></p> <ul style="list-style-type: none"> <i>• Myself</i> <i>• My team</i> <i>• My organisation</i>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My organisation					
25. Is my organisation willing to make changes?					<p><i>Continue to develop and improve the right communication, change management approach, and training.</i></p> <p><i>What do I see others in my industry doing that my entity is clearly not?</i></p>
26. Are risks linked to the strategic goals of the organisation?					<p><i>Check whether risks are written as an 'abstract' and that they can be tied to the strategic goals of the organisation. What are the specific identifiable steps and metrics available?</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My organisation					
27. Does my organisation's budget tie to a strategic plan that mitigates risk to a tolerable level?					<p><i>I am responsible to fund the performance goals that link to the organisation's mission.</i></p> <p><i>What does my organisation consider a tolerable risk level?</i></p> <p><i>Where could an error in budgeting and forecasting cause an intolerable risk event?</i></p>
28. When risks arise, does my organisation have the infrastructure to communicate about those risks both internally and externally?					<p><i>Develop internal and external communication plans and responsibilities.</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My organisation					
29. Can my organisation articulate the difference between enterprise risk management, internal controls, and internal audits?					<p><i>Develop, train, and implement training.</i></p> <p><i>Consider various levels of training (i.e., board would receive different training than staff accountants).</i></p>
30. Does my organisation have a formal enterprise risk management process with direct alignment with strategic goals?					<p><i>Yes, we have an ERM process. But we also need to consider how often the Executive Management reviews risks? When are processes reviewed and changes made? What does monitoring look like? Is the monitoring effective?</i></p>

To return to the insight tool kit [follow this link](#).

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My organisation					
31. Is the formalised process adopted by the Executive staff?					<p><i>Need to check executive meeting minutes promptly after each meeting (do not wait until just before an external audit to review). Provide evidence of response to any updates, revisions, additions.</i></p> <p><i>Consider the “tone at the top” for ERM.</i></p>
32. Have we built skills related to internal controls and testing of internal controls?					<p><i>Determine how skill development is handled entity-wide and assess needs/gaps.</i></p>

To return to the insight tool kit [follow this link](#).

Question	Yes	No	Maybe	Professional Insights from seasoned professionals	Items for risk leader to consider (Examples)
My organisation					
33. Can we work with HR to develop a basic understanding of internal controls and create a mechanism to report internal control deficiencies when they are identified internally?					<i>Work with HR to determine if adequate training is available to all employees to address risk.</i>
34. Has my organisation identified an internal control framework and does it periodically test key controls?					<i>Do we have a formal internal control framework, a plan, and personnel to periodically test those controls?</i>

To return to the insight tool kit [follow this link](#).

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My organisation					
35. Does my organisation have a risk champion/risk network					<i>Risk champions are those who are 'interested' in risk, but not a formal part of their duties. They often can easily identify a problem, the part of the process that often fails or breaks down and/or sees the big picture.</i>
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37. Do we track financial opportunities and risks to meeting this year's budget?					<p><i>You may need to ramp up our tracking/monitoring ... instead of annually, let's discuss quarterly.</i></p> <p><i>How sufficient is our tracking? What have we missed? What have we exceeded in?</i></p>

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Additional resources

2021 Risk Heat Map

[cgma.org/content/dam/cgma/resources/tools/downloadabledocuments/risk-heat-map.pdf](https://www.cgma.org/content/dam/cgma/resources/tools/downloadabledocuments/risk-heat-map.pdf)

Communicating risks using a heat map

[cgma.org/resources/tools/communicating-risks-using-a-heat-map.html](https://www.cgma.org/resources/tools/communicating-risks-using-a-heat-map.html)

A Leadership Guide for the Risk Leader

[cgma.org/resources/tools/leadership-guide-for-the-risk-leader.html](https://www.cgma.org/resources/tools/leadership-guide-for-the-risk-leader.html)

CGMA Risk Resources

[cgma.org/resources/risk-management.html](https://www.cgma.org/resources/risk-management.html)

CGMA Competency Framework

[cgma.org/resources/tools/cgma-competency-framework.html](https://www.cgma.org/resources/tools/cgma-competency-framework.html)

Enabling the accountant's role in effective enterprise risk management

[cgma.org/resources/reports/enabling-the-accountants-role-in-effective-enterprise-risk-management.html](https://www.cgma.org/resources/reports/enabling-the-accountants-role-in-effective-enterprise-risk-management.html)

AICPA Risk Management Resources

[aicpa.org/interestareas/businessindustryandgovernment/resources/erm.html](https://www.aicpa.org/interestareas/businessindustryandgovernment/resources/erm.html)

Global Management Accounting Principles

[cgma.org/resources/reports/globalmanagementaccountingprinciples.html/](https://www.cgma.org/resources/reports/globalmanagementaccountingprinciples.html/)

Finance transformation: the human perspective

[cgma.org/resources/reports/finance-transformation-the-human-perspective-form-2.html](https://www.cgma.org/resources/reports/finance-transformation-the-human-perspective-form-2.html)



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