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Executing Entity Level Risk Assessments

Housekeeping Items

- Today's session is recorded and will be posted in the AuditBoard Community
- CPE credits will not be issued today :(
- Live Demos are performed in a Demo Site
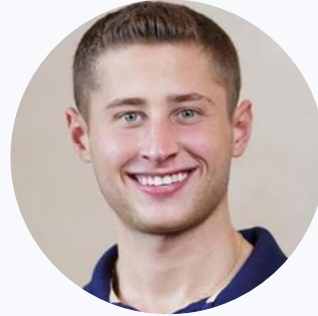- Please use the Zoom Q/A function to submit questions

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01 · Introduction

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Presenters

Bo Kim

Customer Success Manager,
AuditBoard

Mike Yaron

Account Executive,
AuditBoard

Agenda

- Entities (Inventory)

- Entity Risk

- Entity Risk Assessment

- Live Demo

- Q&A

How long have you been using RiskOversight?

A. Less than 6 months

B. 6 – 12 months

C. 1 – 2 years

D. More than 2 years

E. We are not using AuditBoard's RiskOversight module

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The Modern Connected Risk Platform

Audit
Elevate your impact with risk-based auditing and SOX assurance

- Audit Management
- Financial Controls Management

Risk
Visualize and address every risk across your organization

- Enterprise Risk Management
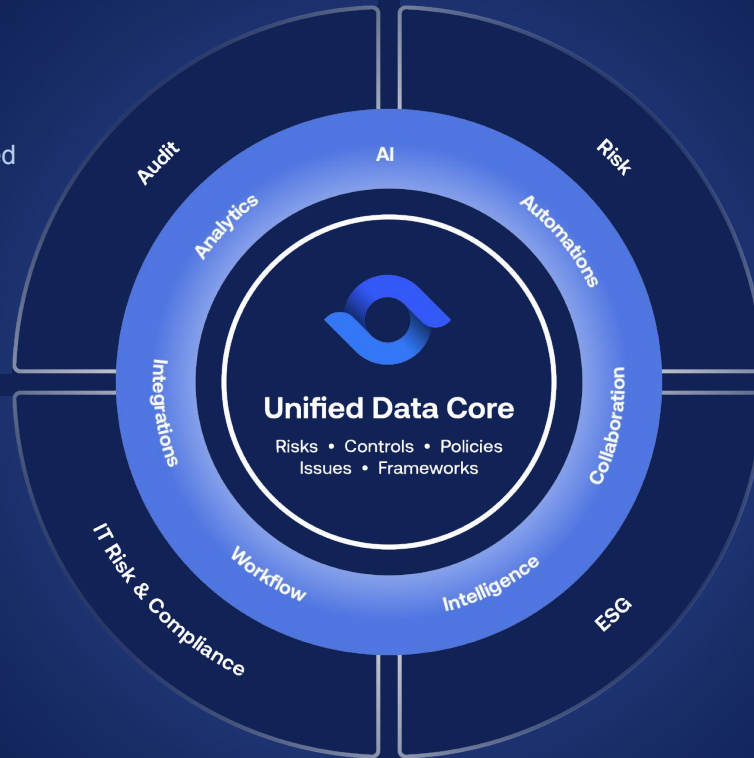- Operational Risk Management

ITRC
Automate across each area of IT risk and compliance management

- IT Compliance Management
- Third Party Risk Management
- IT Risk Management

ESG
Streamline your ESG program and ensure audit-ready data

- ESG Program Management
- ESG Controls

Audit · AI · Risk · Automations · Collaboration · ESG · Intelligence · Workflow · IT Risk & Compliance · Integrations · Analytics

Unified Data Core
Risks • Controls • Policies
Issues • Frameworks

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Enterprise Risk Management

RiskOversight

Drive business impact and allow real-time, risk-informed decisions to keep strategic objectives on track.

## Better align risks with organizational goals

Maintain a centralized, holistic view of enterprise risks and keep them connected to strategic objectives.

Enable proactive risk management

Monitor and anticipate emerging risks before they happen to make executive-level decisions and prioritize faster.

Automate administrative tasks

Reduce manual burden and improve engagement from risk owners and stakeholders without additional resources.

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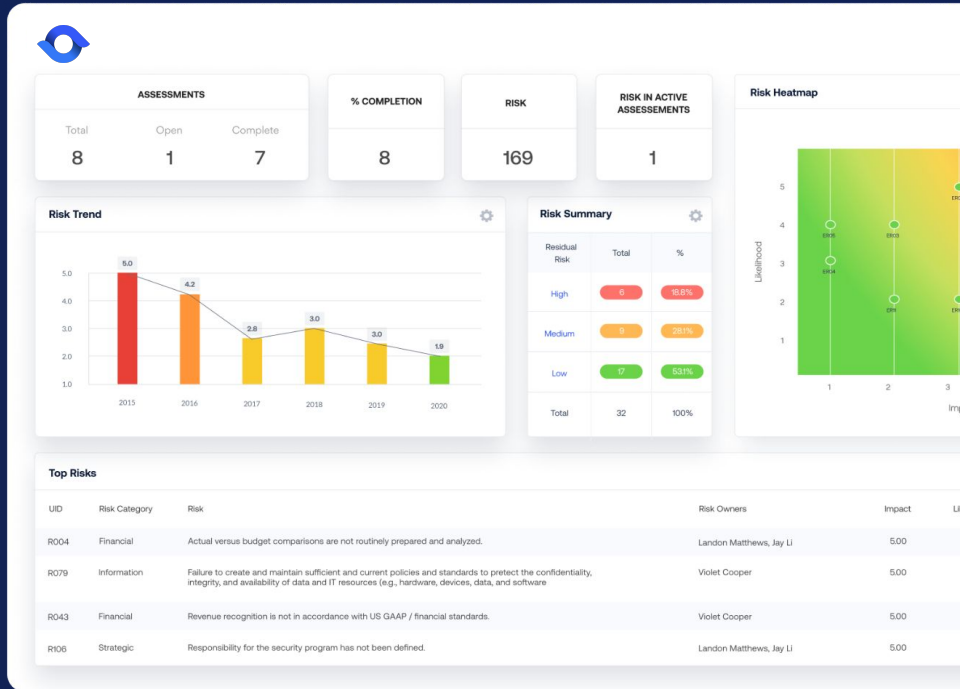
Operational Risk Management

RiskOversight

Scale risk management to front-line owners to strengthen your business resilience.

Create a risk-aware culture

Engage the front line to easily report and track new operational risks, loss events, and control weaknesses.

Maintain a holistic view of org-wide risks

Better understand risk relationships and build connections across other risks, controls, and strategic objectives.

Keep your business resilient

Easily identify risks and control weaknesses directly from the front line to mitigate and respond before issues arise.
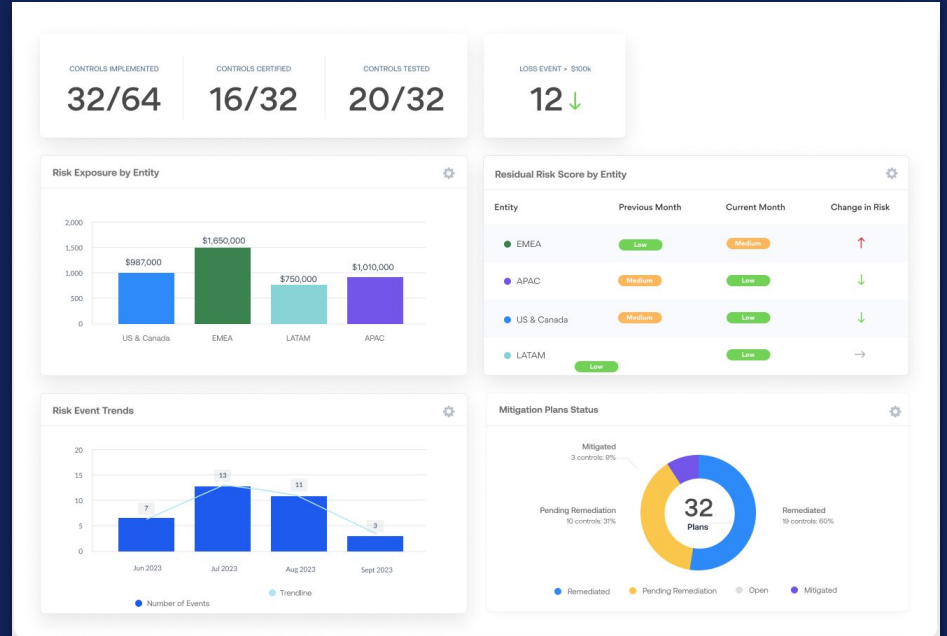
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02

Setting up your Entities (Inventory)

Tips & Best Practices

Entities
(Inventory Items)

This feature allows customers to categorize and combine their organization's GRC programs in one listing across all modules in AuditBoard.

Entity Design Overview

Entities are utilized across all Auditboard product families which allows organizations to categorize critical areas of their GRC as a single database that all teams within AuditBoard can leverage.

Every organization has three fundamental structures, legal, managerial, and functional, that are used to describe its operations and provide a basis for reporting. Although many alternative hierarchies can be implemented, we recommend you to follow the steps below to determine the primary structure to set up in AuditBoard to keep your data organized for optimal reporting.

Step 1	Step 2	Step 3	Step 4	Step 5
Define Common Entities	**Consider Key Use Cases**	**Consider Configuration Options**	**Consider Access Management**	**Consider Reporting Requirements**
Customers commonly document their primary org structure in AuditBoard to keep data organized.	Your key use case(s) will determine the essential Entity types you must configure.	Take configuration options into consideration before finalizing the entity types to use.	Take Access Management into consideration before finalizing the entity types to use.	Reporting needs should be taken into account throughout the design of entity types and structure.

Define Common Entity Types

Enterprise Structure

|	
Define Enterprise	There is normally a single enterprise organization in a production environment
Define Legal Entities	Legal entity and reporting units
Define Business Units	Consistent entity for controlling and reporting on transactions. Used as an anchor for the sharing of sets of reference data across modules

Technology Management

Define IT Assets	Hardware, software or system that is owned or licensed by a company and contributes to its operations or business processes. Examples of IT assets include servers, network devices, software applications, and databases
Define Vendors	An external organization or entity that provides goods, services, or resources to your enterprise

Points to Consider

- What components of your enterprise do you need to report on separately?

- What results & status related reporting do you need to support the managers of your business units, and the executives who measure them?

- What level of security and access is allowed to the data?

- How do you comply with your corporate external reporting requirements and local statutory reporting requirements?

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Enterprise Structure Example
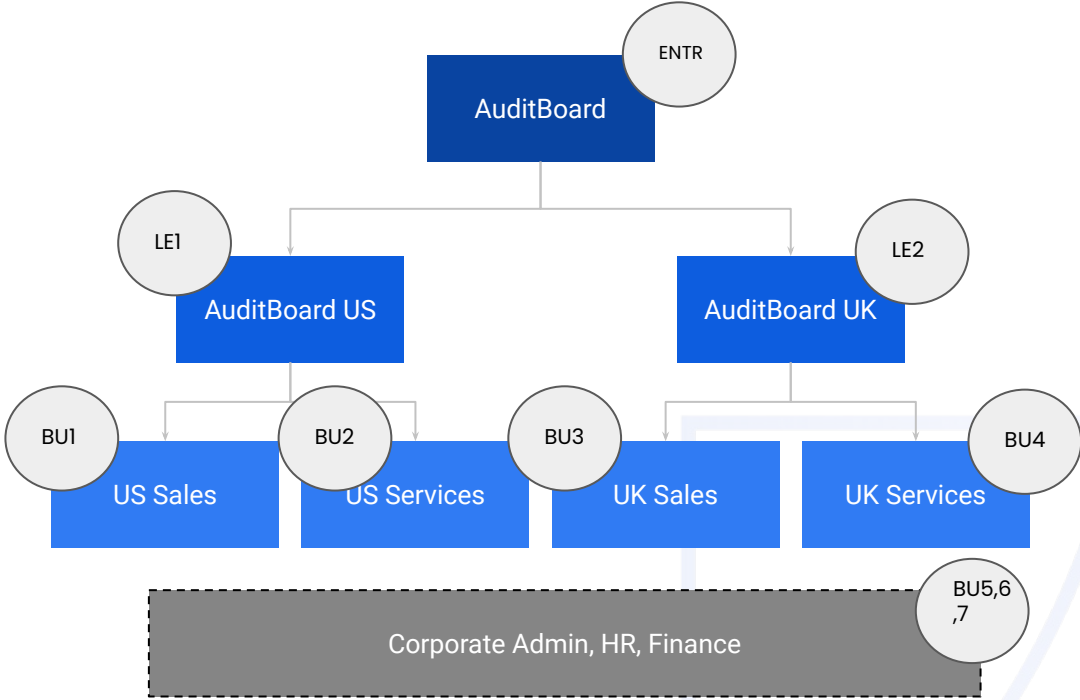
Entity Design Considerations

Configuration Considerations

- Entities share the same fields in the database
- Entities page layout can be customized per Entity type

Access Considerations

- Each type of Entity can be surfaced in one or more modules
- Access to Entities can be provisioned based on Entity type

Reporting Considerations

- Using Entity as references help tie objects such as controls, risks & issues together and enable cross module reporting
- Reference sections on the Entity pages is a one stop shop for you to find objects associated with the Entity
- Entities can reference each other to enable customized reporting

Dallas Office

PRIOR AUDIT OPINION	Needs Improvement
NEXT AUDIT DATE (RISK)	Q4 2025
UPCOMING AUDIT START DATE	2022-10-10

> Issues **1**

> Risk Assessments **3**

> Key Risk Indicators **2**

> Strategic Objectives **0**

> Controls **0**

> Policies **0**

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Entity Reporting Considerations

In addition to enabling key use cases, standardizing reporting is another reason to align on entities in Auditboard. The biggest benefit of this activity is to enable the teams using AuditBoard to view risks, KPIs, and issues through the same lens using our Standard dashboards including the Connected Risk Dashboard and ABI dashboards.

During this step, it is critical to align on what constitutes a type of Entity such as business units, locations, and processes.

Example Opportunities for alignment:

- *Fin. Applications is a subset of IT Assets*

- *Legal entities, business units, products are typically defined by organizations through a consistent process*

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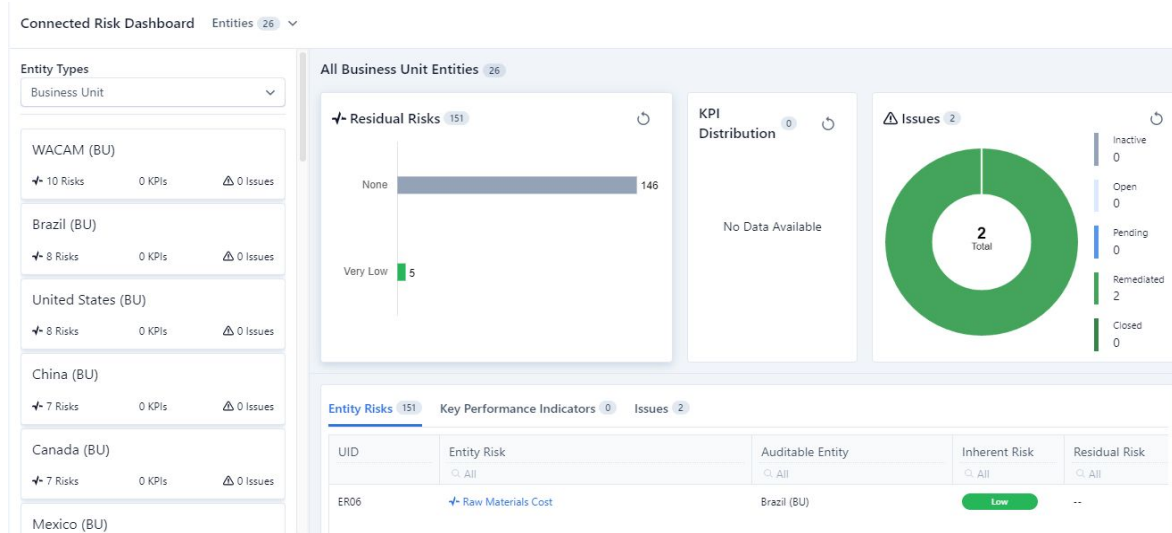
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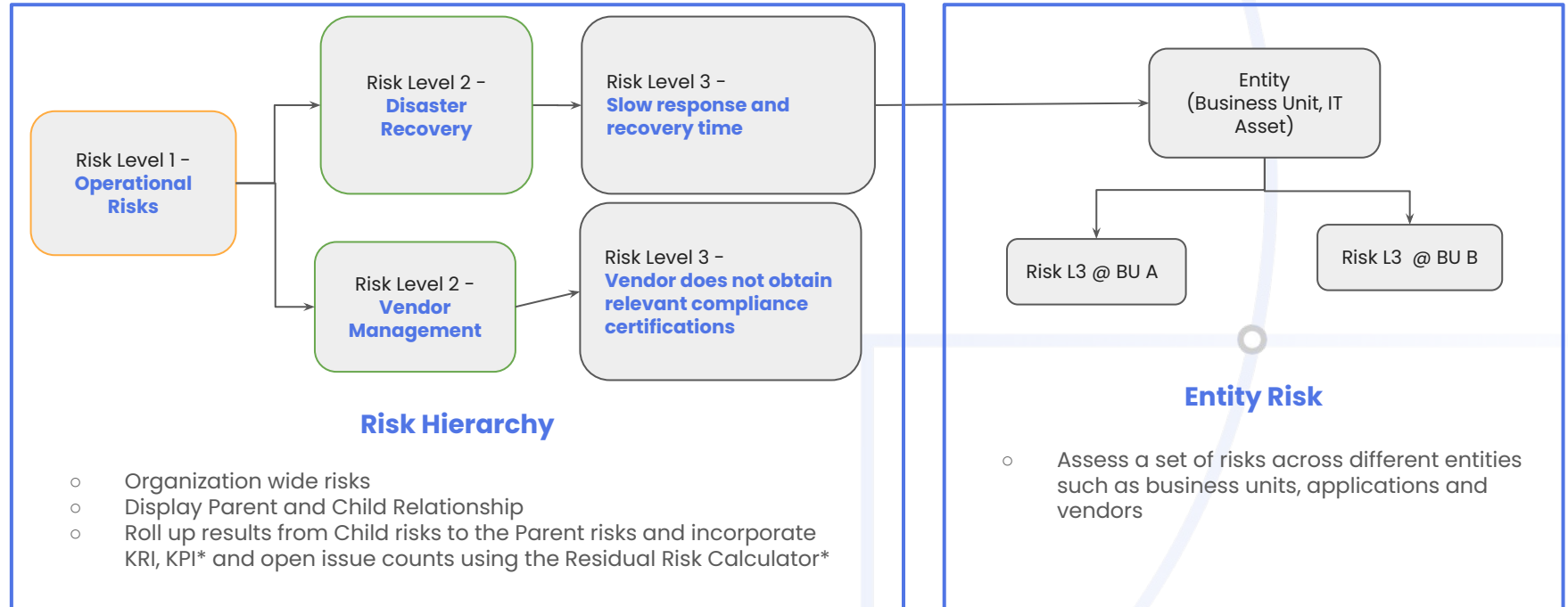# Entity Risks

Tips & Best Practices

Entity Risks

Entity risks can be used when you want to assess a set of **risks across different Entity items** (e.g., IT applications, third parties, locations) to track risk information, ratings and mitigation plans at a more granular level.

Align on Risk Taxonomy

When discussing the scope of the risk taxonomy, such as the types of risks to be included and the level of granularity desired, there are two AuditBoard features to keep in mind: **Risk Hierarchy** and **Entity Risk**.

Risk Level 1 –
Operational Risks

Risk Level 2 –
Disaster Recovery

Risk Level 3 –
Slow response and recovery time

Risk Level 2 –
Vendor Management

Risk Level 3 –
Vendor does not obtain relevant compliance certifications

Entity
(Business Unit, IT Asset)

Risk L3 @ BU A

Risk L3 @ BU B

Risk Hierarchy

○ Organization wide risks
○ Display Parent and Child Relationship
○ Roll up results from Child risks to the Parent risks and incorporate KRI, KPI* and open issue counts using the Residual Risk Calculator*

Entity Risk

○ Assess a set of risks across different entities such as business units, applications and vendors

*KPI and Residual Risk Calculator are available in RiskOversight Enterprise subscription.

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Entity Risk Design Considerations

Configuration Considerations

- Risks share the same fields in the database
- Risk page layout can be customized per Entity Type
- Assessments can be performed on any type of entity risks and results can be reflected on the entity risk pages
- All entity risks can reference control pages, OpsAudit work steps and issue/mitigation plan pages

Access Considerations

- Access to Entity Risks can be provisioned based on entity types

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How often are you performing Risk Assessments?

A.   Annually

B.   Quarterly

C.   Ad-hoc or as needed

D.   We have not conducted a risk assessment yet

E.   N/A

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Q&A

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Customer Resources

Education

AUDITBOARD **ACADEMY**

Support

AUDITBOARD Help Center

Connection

AUDITBOARD **COMMUNITY**

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Thank you.

Questions?
Email customersuccess@auditboard.com.

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