

Deloitte.



The risk assessment excellence imperative

Transforming your risk assessment to cognitive risk monitoring and continuous assurance

As risk assessment capabilities continue to transform through agile ways of working and artificial intelligence (AI), organizations are starting to recognize that leveraging a dynamic and integrated risk assessment may offer far greater coverage while using real-time external and internal inputs. This approach can also help promote coordination with multiple risk functions across the three lines, increase the effective use of resourcing and investments, align assurance capabilities, and allow for the opportunity to transform risk assessment capabilities to cognitive risk monitoring and continuous assurance.

During an [October 2021 Dbriefs webcast](#), Deloitte focused on:



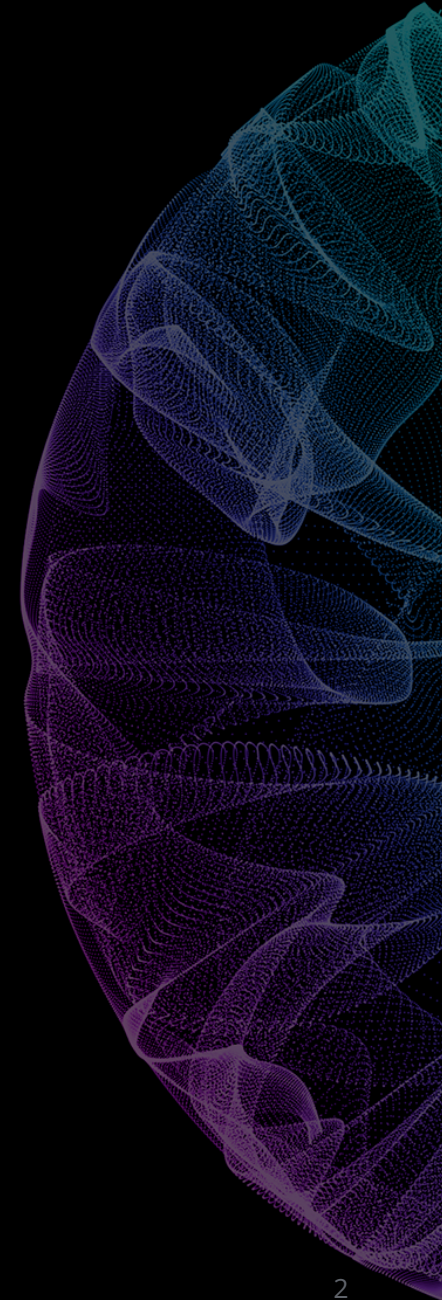
Current trends and the opportunity to evolve



Enabling artificial intelligence solutions, including AI-powered interviews, cyber risk assessment solutions, and cognitive risk sensing



The integration of risk assessments across the enterprise





During this webcast, Deloitte polled more than **5,000** professionals (of which, more than **80%** of the participants were in an accounting or risk management role) about their organizations' risk assessment capabilities, the integration and alignment of risk assessment capabilities across the enterprise, and their approach to risk decision-making. Here's what they had to say.



Which best describes your organization's risk assessment capabilities?



Building: We conduct risk assessments, but only on an annual basis that nets static results.



Planning: We are developing a dynamic, continuous risk assessment capability that'll be operational within the next 12 months.



Advanced: We conduct dynamic, continuous risk assessment.



Absent: Our organization does not have risk assessment capabilities.



Note: 27% of respondents answered "don't know/not applicable."

While risk assessment capabilities are advancing, there is significant opportunity for enhancement, given that many participants indicated their enterprises are performing only an annual assessment.



How integrated and aligned are your risk assessment capabilities (e.g., ERM, internal audit, fraud, cyber, SOX) across your enterprise?



Not integrated: There are numerous siloed approaches executed across the enterprise.



Partially integrated: We perform certain activities and share certain capabilities, but we have an opportunity to enhance our integrations.



Fully integrated: We execute a single risk assessment that engages all risk management leadership.



Note: 30% of respondents answered "don't know/not applicable."

Almost half of the group is partially or fully integrated, which demonstrates a recognized value in transforming to a coordinated risk assessment.



Is your organization's risk decision-making as credible and defensible as its financial statements?



Yes, it currently is.



39%



No, but it should be within the **next 12 months**.



15%

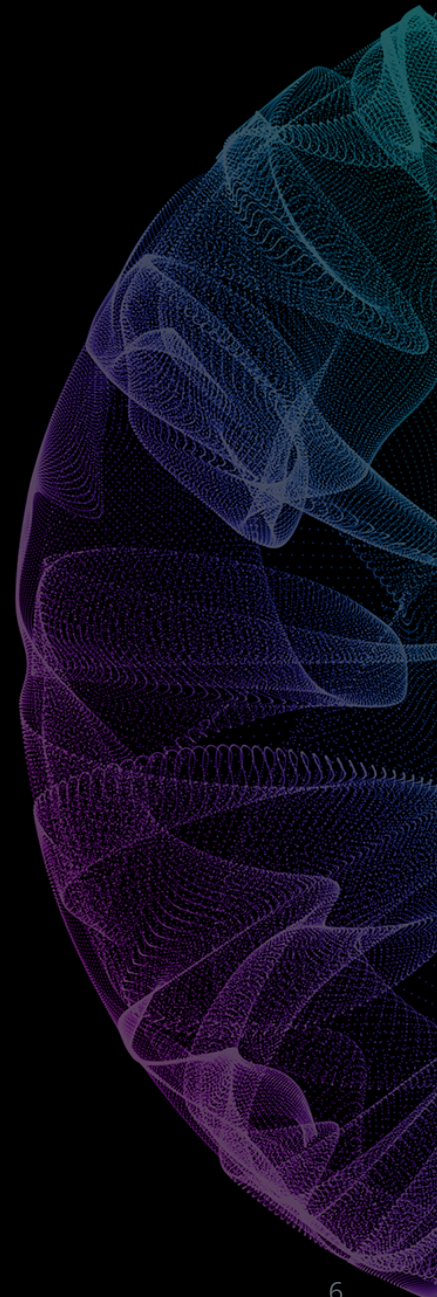


No, and I don't expect it to be in the **near term**.




12%

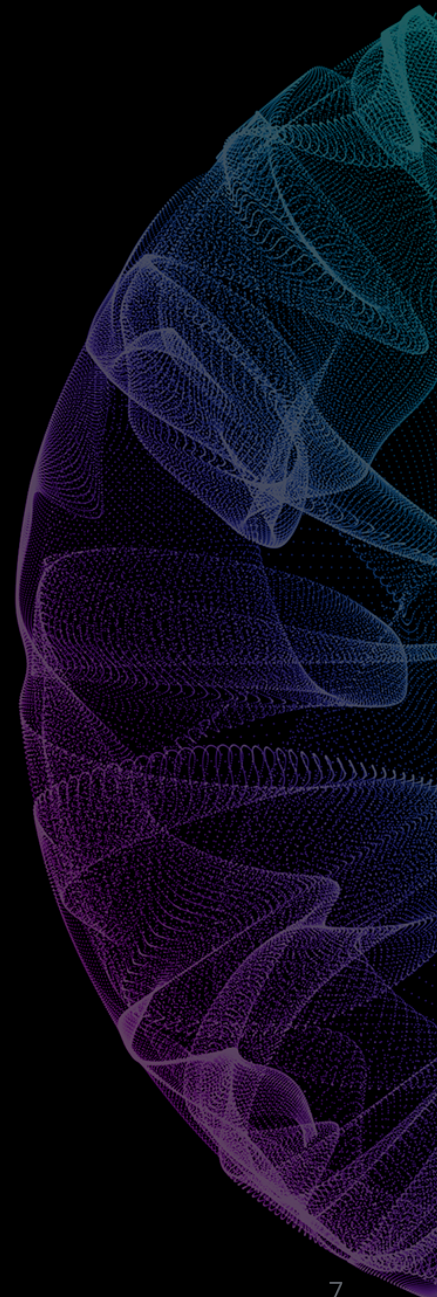
Note: 34% of respondents answered "don't know/not applicable."





To enhance the credibility of risk assessments, we have seen an investment in AI-powered solutions, such as:

-  **AI-powered interviews**
An AI-powered interview leverages advanced AI capabilities to capture, assess, and report on descriptive information (i.e., qualitative in nature) during a risk assessment resulting in dynamic visualizations for reporting purposes. The intake form could be an HTML-based or spreadsheet-based form, and it allows the interviewer to capture information in a structured way, while the reporting dashboards can be customized based on how the organization discusses risk-related information. For more information, please [view our recent article focused on AI-powered interviews for risk assessment](#).





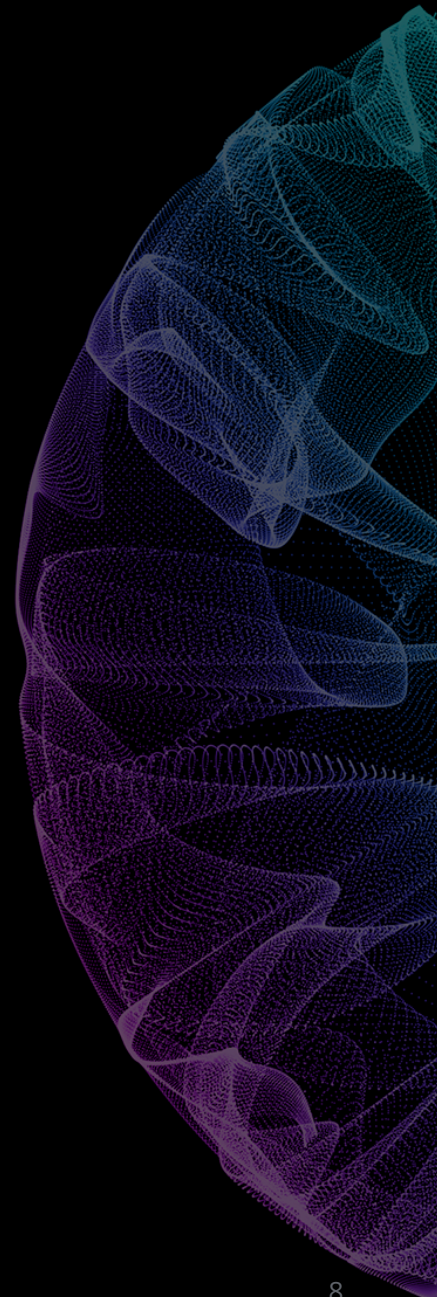
External risk sensing

External risk sensing is another AI application. It's a cross-industry set of capabilities that uses predictive analytics and cognitive intelligence to provide client organizations with advanced notice of emerging risks, knowledge of potential loss events, increased awareness of potential threats, and insights related to products and services that are curated through a number of public- and non-public-facing internet sources.



Cyber risk quantification

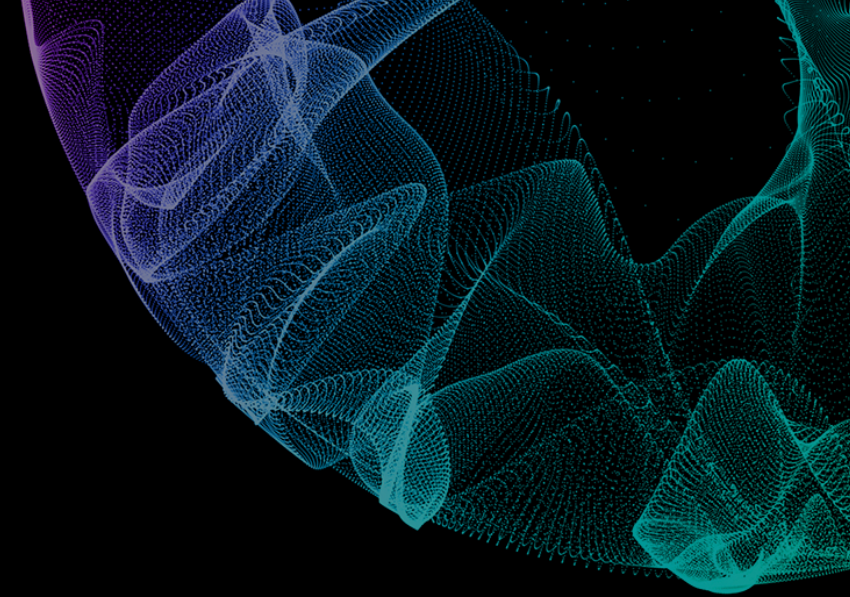
Cyber risk quantification seeks to enable a consistent, methodical, and transparent understanding of cyber risk and performance posture across personas. What a CFO looks at from cyber function is very different from what a technology risk executive might be looking at. Therefore, it's very important to set up a transparent mechanism and a consistent cyber risk scoring engine that takes the data from a variety of cybersecurity sources and then translates that to an aggregated level of risk understanding with the capability to drill down to specifics per audience need.



What are some next steps?

The risk landscape is dynamic and always evolving. So, where to next? To keep up pace, organizations should continually reassess what they are doing and how they are doing it. Here are a few questions that you may want to consider as you evaluate whether it is time to refresh your risk assessment approach:

- ① Do we have multiple risk assessments within our enterprise that engage some of the same stakeholders?
- ② Is there a clear translation from our risk assessment to investments in assurance and/or mitigation strategies?
- ③ Are we effectively leveraging technology to monitor and assess key risks in a constantly evolving environment?
- ④ Are we able to ingest and assess emerging risks? Is our risk assessment repetitive and predictable where we could back into it each year?



Visit our [website](#) or contact one of the Deloitte professionals below to discuss more on elevating your risk assessment capabilities.

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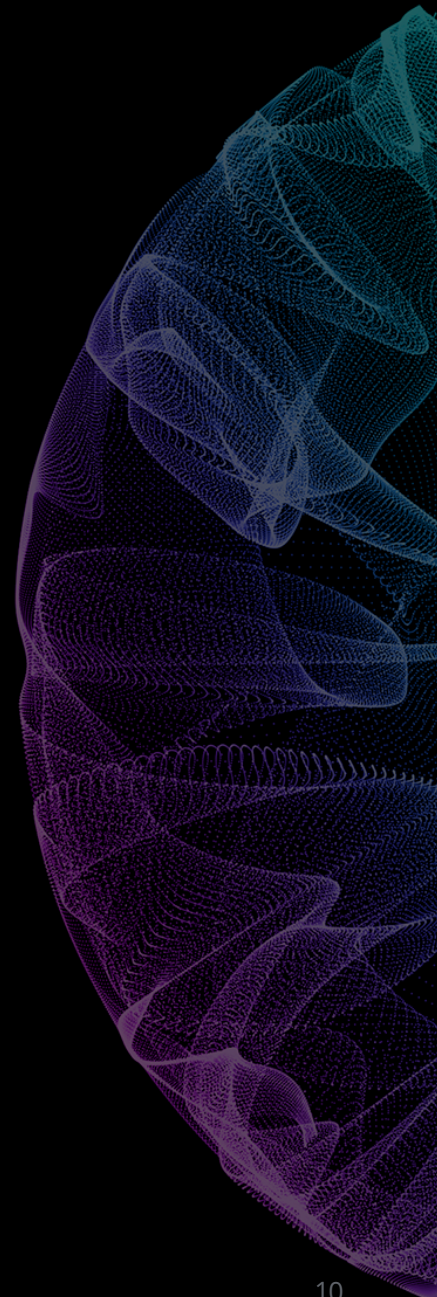
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