ASA & ASSOCIATES LLP

Summary

28th October, 2020

ROAD TO RECOVERY - BUSINESS CONTINUITY: RISK MANAGEMENT

Covid-19 crisis inflicted unprecedented resource constraints on businesses forcing them to re-think their business models and re-design existing processes and controls. In the current situation, it has become imperative for organisations to react as fast as possible to mitigate the impact of new-age risks and to prepare for future possible scenarios in the aftermath of this pandemic.

Changed control objectives and changing perceptions of risk have challenged the conventional internal controls and the risks that they seek to mitigate. In this distinctively challenging environment, how can one manage unconventional risks to ensure business continuity? Our expert panelists led by Mr. Richard Rekhy, Former CEO–KPMG (India), deliberated in the third webinar of the series "Road to Recovery" on the subject of "Business Continuity: Risk Management". The panel, comprised of Mr. Anand Prasad – Founder of AP & Partners, Mr. Ivan Valcuende, CFO - Airbus Group India, Mr. Nikhil Mehrotra- VP & Global Head - Financial Assurance Bharti Group and Mr. Keyur Dave – Practice Head and Assurance Partner of ASA & Associates-Mumbai, shared their experiences and insightful views on business continuity, emerging risks, innovative controls to prevent frauds and new opportunities in times of this pandemic.

Richard began the discussion speaking of business continuity being a part of strategy and not only limited to crisis management and the critical role played by supply chain functions, branding, alliances and communication. He also emphasized how transformation is the order of the day and how important it is to innovate, assess new opportunities and adapt to this new-normal.

Ivan spoke of three critical focus areas of business recovery - people, customers, and supply chains. Health and safety risks to be managed for employees while working remotely and re-building confidence among the workforce, customers to be supported and retained even if it requires re-negotiating contract terms or strategic alliances and building better synergies with suppliers to extend support to ensure continued goods or service delivery. On reimagining cost structures, Ivan explained the need for stakeholders' involvement, adopting zero based budgeting and optimization of business processes.

Anand then spoke of management readiness and the need for businesses to have a quick reaction group wherein senior management, advisors, auditors and forensic experts, if required, work closely and strategically to turnaround with quick solutions on necessary organizational, financial and contractual restructuring along with regulatory matters in the current scenario. Richard supplemented the thought by suggesting the setting up of a parallel team for capturing new business opportunities, ideas and markets.

Nikhil brought out the importance of Enterprise Risk and Opportunity Management in the current situation, with a focus on opportunities like digital transformation to build a diversified product portfolio, along with managing business risks. He highlighted two major risks - supply chain risks and cyber security or data privacy risks. Supply chain and suppliers are most affected due to price cuts, re-negotiations, business disruptions and lock-outs. Work-from-home environment has created a multitude of opportunities for data leaks or breach. In such a scenario one must be vigilant in updating their cyber security / IT policies and conducting network vulnerability assessment and penetration testing. Nikhil also emphasized the need for the internal audit function to change its approach and be aligned with the overall business strategy to provide effective assurance.

Keyur pointed out that the spending level of customers hasn't yet reached a pre-covid level and their emphasis has now shifted towards getting value and service delivery through digital modes for ease of access. Keyur also suggested a few important considerations to ensure business continuity in the financial sector – well defined governance structure, defined policies and procedures, continuous data mining and analysis, data security, employee trainings on anti-fraud programs, automation and a transparent management reporting framework to mitigate the fraud risks.

On complexities and risks associated with remote workforce, Keyur mentioned key focus areas of collaboration tools, control environment, data privacy and cyber security. Taking the discussion forward on cyber security and related checks, Ivan mentioned the need to spread awareness among workforce and focused trainings on risks related with e-mail phishing attacks and other cyber vulnerabilities.