



Communicating risks using a heat map

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Imbedded within any enterprise risk management (ERM) program is the ability to communicate effectively throughout all the processes to the decision-makers and implementers.

Finance professionals at all levels within an organisation have used a heat map during the identification, assessment and monitoring phases of the ERM process. As strategies and responses are challenged, changed and developed, communication is a key element.

Through the example of quantifying potential risk occurrences and their impact, a deeper understanding is presented of the heat map, which is intended to facilitate explanations and understanding to all stakeholders. This tool is geared towards the novice as well as the experienced professional. Included is a diagram explaining the complete ERM process, further explanation of impacts and occurrences and a deep dive into a quantitative example directing the user towards defining metrics, and the use of additional resources to be used in communicating risk.

“[Communicating Risk Using a Heat Map](#)” resource is a companion tool to the previously updated Risk Heat Map (<https://www.cgma.org/content/dam/cgma/resources/tools/downloadabledocuments/risk-heat-map.pdf>), and is intended to be used alongside one another. The full [Risk Management Tool](#) can be found at on cgma.org. Please make sure to check there for new information.

Author Bio

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Lori Sexton is a Senior Technical Manager, Management Accounting with the Association of International Certified Professional Accountants (AICPA). Research and development of management accounting resources, serving as an advocate for the public sector and liaison to the Government Performance and Accountability Committee (GPAC) are included among her responsibilities. Other experiences include providing audit, attest, tax and consulting services to public sector and not-for-profit entities as well as those in healthcare, manufacturing, financial services and other niche sectors. Her roles within the private sector included international financial services and GSEs (Government Sponsored Entities) with a focus on financial and risk management.