

# COVID-19: keeping your IT risks under control

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The COVID-19 pandemic continues to bring uncertainty to organizations globally. Financial services firms have navigated through significant disruption to their operations, while simultaneously trying to be resilient and support the long-term recovery of the economy.

EY has seen financial services firms adapting their operating models, setting up new processes, operating existing processes remotely and leveraging different solutions and service providers to deliver their business services to customers. With customer demand at its highest, these challenges have also led to a variety of IT-related risks and issues. These include an increase in cyber threats, increased strain on business continuity, incident management and change management capabilities and increased focus on critical IT service providers. This highlights the need for firms to rationalize, optimize and sustain their IT risk and control environments to ensure operational effectiveness and viability in the eyes of their internal and external stakeholders. If firms seize the opportunity to transform their IT risk and control environment in the “new normal”, it provides a platform for long-term value creation and a resilient business. This paper focuses on what firms should consider **Now, Next and Beyond**.

## 1

**Now: rationalizing**  
Adapt to immediate need.

### Now

Due to the COVID-19 pandemic, firms have been in crisis management mode and have been forced to adapt their IT processes, manage new or evolving IT risks and implement necessary measures to maintain a controlled IT environment.

A number of actions that firms are taking in the immediate term include:

- ▶ Assessing existing IT processes, IT risk profile(s) and controls to ensure they are in line with changing business and customer needs.
- ▶ Implementing IT compensating controls and repurposing some controls to reduce risk in a remote working environment.
- ▶ Streamlining IT controls due to staff shortages and the dynamic working environment and removing IT controls that are not key or are redundant.
- ▶ Reviewing and redesigning control testing plans to prioritize key controls and modify approaches to perform remote testing.
- ▶ Assessing existing organizational roles and responsibilities for Information Technology Risk across the lines of defence.

With the focus on supporting the customer and meeting business objectives, it is critical that firms have a well thought-out view on what they need to do next to reinforce and rationalize robust controls within the IT environment.

## 2

**Next: optimizing**  
Reinforce the importance of robust IT controls.

## 3

**Beyond: sustaining**  
Futureproof your IT control environment.

### Now: areas of consideration

- ▶ Have you managed security and privacy requirements with an increase in remote working?
- ▶ Have you seen significant changes in IT systems due to unplanned changes in processes due to COVID-19?
- ▶ Have your business continuity and disaster recovery processes operated as expected?
- ▶ Has there been sufficient oversight and have the lines of defence supported effective management of the change in the IT risk profile?
- ▶ Has the IT risk and control framework proven to be adequate and has this allowed sufficient extrapolation of data for reporting to Senior Management and the Board?
- ▶ Have new risks (e.g., from new systems, changes made to current systems) been covered by the control environment?
- ▶ Have you seen changes to how IT controls are operating, and will this change be sustained in the “new normal”?
- ▶ Has the COVID-19 pandemic resulted in delays in remediation of IT control deficiencies?

## Next

As financial services firms move to new ways of working in the “new normal” it is critical that they quickly pivot to reinforce the need for robust IT controls to avoid further disruption. Firms should go one step further to use this as an opportunity to optimize their IT risk and control environment.

Actions firms could be taking include:

- ▶ Performing a lessons learned review to determine process and control vulnerabilities and areas for continual improvement across all IT capabilities.
- ▶ Establishing a plan to improve and sustain the IT Process, Risk and Control framework through technology enablement (i.e., e-GRC tooling).
- ▶ Defining and establishing clear IT organizational roles and responsibilities, governance structures and Target Operating Model for the management of IT risk.
- ▶ Identifying controls to automate and re-design existing IT controls with a view to address current and emerging risks.
- ▶ Optimizing IT control monitoring capabilities to ease manual burden.
- ▶ Establishing a plan to measure compliance against evolving regulatory expectations.

### Next: areas of consideration

- ▶ Have you defined an appropriate governance model across lines of defence for IT Risk?
- ▶ Are you optimizing your IT control environment to allow more efficient operations?
- ▶ Do you have a plan to redesign existing IT risk and control reporting to provide an integrated, holistic view across the IT organization?
- ▶ Are you prepared to respond to an increase in IT and operational issues?
- ▶ Do you have a future-proof, data-driven IT Risk Management program to manage and mitigate current and emerging risks?
- ▶ Do you have a plan to measure compliance against multiple regulatory and client requirements, whilst ensuring a simplified IT risk and control model?
- ▶ Do you have the right skill-set to leverage emerging technologies to produce a future-proof IT control environment?

## Beyond

Due to unprecedented investment in digital capabilities and an increased drive for innovation within the financial services sector, approaches to IT Risk Management face a much needed redesign in order to sustain an optimized, future-proof IT control environment.

This should be done by transforming the IT risk and control management function to anticipate and act, rather than being reactive and will require a more data-led, agile IT risk and control management system, achieving long-term value creation and resilience.

Actions firms could be taking include:

- ▶ Transforming IT risk and control assessments to be dynamic, real-time and data-enabled – supporting continuous control monitoring.
- ▶ Utilizing emerging and innovative technologies such as horizon scanning, Robotic Process Automation (RPA) and Artificial Intelligence (AI) to obtain a real-time view of IT risks and controls.
- ▶ Implementing the automation of controls to reduce costs, reduce errors and improve quality.
- ▶ Optimizing the mix of controls towards being automated and preventative.
- ▶ Leveraging tooling for control testing to further increase the breadth and depth of testing.
- ▶ Integrating domains to provide a holistic view of risks and controls within the IT environment.

### Beyond: areas of consideration

- ▶ Will you transform your IT Risk Management function to be future-proof and competitive?
- ▶ Will you utilize technology and tooling to drive decision making and optimize the management of IT Risk?
- ▶ Will your Senior Management and Board have access to real-time management information (MI) and have a real-time view of your IT environment?
- ▶ Will you implement automation of controls to meet business objectives?
- ▶ Will you leverage control analytics to monitor to facilitate testing coverage?
- ▶ Will you assess forward-looking indicators of risk and control culture?
- ▶ Will your IT control framework be dynamic to respond to the changing risk profile?
- ▶ Will you integrate your approach to IT risk with other non-financial risks to take a holistic approach?

### Driving towards digital

Not only has the COVID-19 crisis and the impact it has had across markets and businesses brought about a new way of working, but financial services firms have already started to use this opportunity to accelerate their move to digital channels. Organizations should seize this opportunity to reshape their IT risk management functions by accelerating the move to digital controls, reporting and risk integration to drive efficiency, value and coverage while maximising return on investment in the long-term.

Key considerations include:

- ▶ Prioritizing key IT controls and rationalizing the number of controls based on the level of risk.
- ▶ Switching off redundant or obsolete controls and eliminating duplicative and repetitive controls.
- ▶ Shifting from detective controls to preventative controls, and from manual to automated.
- ▶ Digitizing controls to provide clear audit trails, remove non-value-added tasks and generate valuable management information (MI).
- ▶ Adopting cloud strategies and enhancing integration of operational management and risk functions to holistically oversee the cloud lifecycle.
- ▶ Maintaining a data-driven, agile IT Risk Management framework to provide the right view of the IT risk environment in a real-time basis.
- ▶ Harnessing innovation, emerging technologies and enterprise collaboration tools to build a future-proof, sustainable IT risk management function.

## Delivering successful change

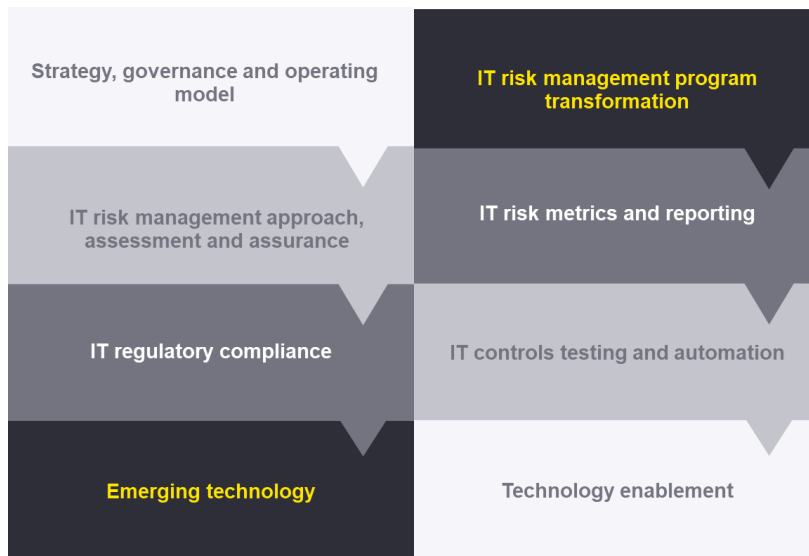
To transform the way firms approach IT risk management and transformation, it is crucial that they consider the mechanisms required to deliver successful change. These include, but are not limited to:

- ▶ Building trust by design with the customer and wider ecosystem.
- ▶ Defining clear organizational structure across lines of defence.
- ▶ Initiating two-way dialogue with regulators on a regular and transparent basis.
- ▶ Driving ongoing communication and engagement with key stakeholders across the organization including the board, audit committee and executive management.

## How can EY help you transform your IT risk and control environment?

IT risk management is a key issue for financial services organizations, lying at the top of the regulatory agenda.

EY offers a variety of solutions, tools and accelerators which have been designed to help our clients transform their IT risk management programs and practices. Here are some of the primary ways in which we could assist you:



## Find out more about the above EY solutions from your team:

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