THE STAGES OF THE RISK MANAGEMENT PROCESS IN CORPORATE GOVERNANCE

CARAIMAN ADRIAN-COSMIN
Ph.D., WEST UNIVERSITY OF TIMISOARA, TIMISOARA, ROMANIA
e-mail: adrian_caraiman@yahoo.com

Abstract:
Risk management in case of implementation of internal control systems, respecting the codes and policies of corporate governance, ensuring integrity, sincerity, transparency and accountability in performance conditions. In corporate governance, in any entity, risk management is necessary because both in the company and in the environment in which it operates, there are uncertainties about the nature of threats in achieving objectives, or the nature of opportunities. Any manager must face the problem, on the one hand, of managing threats, because otherwise, failing to achieve his goals would disqualify him, or, on the other hand, of taking advantage of opportunities for the benefit of the organization, proving its efficiency. If uncertainty is an everyday reality, then the reaction to uncertainty must also become a permanent concern.

In general, we can say that uncertainty and risk are part of the activity of any entity; but over time, the differences in performance, dynamics or even survival, at the level of entities also come from the way risk is managed.

In corporate governance, the implementation of a risk management system contributes or should contribute to improving the performance of the entity, the company, but, in this sense, the company's management is the one that must identify the risks, organize the risk management system and in the same time to monitor their evolution.

Key words: *risk, risk management, corporate governance, organization, uncertainties*

JEL Classification: *G30, M40, M41, M42*

1.Introduction

The risk-based decision has always been important in business. Enterprise risk management is fast becoming a fundamental concern in all industries (Soltanizadeh et. al. 2014) [16] and is the state-of-the-art approach to risk management facing an organization from the perspective of a system (Wu et. al. 2015) [18], probably becoming the dominant goal of strategic management of organizations, mainly due to a combination of factors - aversion to uncertainty, current market volatility and compliance mandates, as the authors Arnold et. al. (2015) [3].

The risk management process can be defined as the systematic application of management policies, procedures and practices for setting the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk. (Ghiţă, 2008, p. 239) [6]

The risk management process is a systematic approach to risk analysis and treatment. Thus, as stated by Zoicaş-Ienciu (2013, p. 197) [20] there is a logical scheme in the development of the risk management process and which in our opinion and in corporate governance involves several stages.

In this article, I aim to identify the stages that take place in the development of the risk management process in corporate governance.

2. The stages of the risk management process in corporate governance

The globalization of capital markets, the enlargement of European Europe, as well as other similar elements and conditions the emergence of new risks, care, for proper fixed management, necessary information is needed for an analysis in the objective of how to finance and achieve an entity. Once Prozan (2014) [14] can be maintained, the capacity of a generation of future cash flows, which are still needed for a particular enterprise, could be estimated. Therefore, in terms of

the ever-changing international environment, the potential dimension of overall performance is determined by the quality of corporate governance, administration, internal control and risk management processes. In addition, decisions can be made and information can be used and influence, control and monitoring measures can be taken on the achievement of the qualitative characteristics of the processor.

In the opinion of the authors Ahmad et. al. (2014) [1], citing the Economist Intelligence Unit (Economist Intelligence Unit Limited and SAS, 2008), the failure of risk management is one of the main triggers of the latest global financial crisis. Enterprise Risk Management (ERM), a broad organizational process to care for the identification of potential adverse events, can provide risk management strategies and foster an approach to combating the volume and complex risks of care that organizations face today, as the authors cite Beasley et. al. (2009).

Risk management (ERM) includes activities and strategies that allow the company to identify, measure, reduce or exploit, such as controlling and monitoring exposure to various types of corporate risks - strategic, financial, operational, and reporting, such as compliance, in order to increase the value of the organization for stakeholders (Sprčić et. al. 2015) [17]. At the same time, the main purpose of risk management is to increase the probability that an organization will achieve its objectives, which, in the opinion of the authors, means that risk management should be created and implemented in order to protect and create shareholder value. But for risk management to bring benefits, as the authors argue, by analyzing the literature (Beasley et al., 2005; Cumming and Hirtle, 2001; Lam, 2001, 2003; Liebenberg et and Hoyt, 2003; Meulbroek, 2002; Nocco and Stulz 2006), it should be integrated into an entity's most important business processes, such as strategic management, strategic planning, and financing and investment decisions, respectively, to ensure consistent valuation and effective asset management. risks arising from initiatives and business plans.

At the same time, in the same vein, the authors conclude, admittedly, in a geographically limited space, that managers are more focused on financial and operational risks, while strategic risks as well as other risks have been neglected; moreover, the risk management reasons explored have a weak predictive power in explaining the corporate risk of management decisions and the development of the level or risk management system depends only on the size of the company and the value of the growth options.

With regard to the risk management process, it can be defined as the systematic application of management policies, procedures and practices for establishing the context, identification, analysis, evaluation, solution, monitoring and communication of risk. (Ghiţă, 2008, p. 239) [6]

The risk management process is a systematic approach to risk analysis and solution. Thus, as Zoicaş-Ienciu says (2013, p. 197) [20] there is a logical scheme in the process of risk management and which in our opinion and corporate governance presupposes the following steps:

Risk identification: consists of a systematic analysis of the entire entity's activity and identification of all relevant risk exposures. This stage involves the analysis of the entity's economic and financial-tax documents and records, the flow of operations and that of information, the division of risk questionnaires to employees, the verification of the existence of risks based on check-in lists as detailed as possible, more comprehensive etc. Here we consider it to be noted that in most cases the relevant exposures are evident, but a specialised analysis can reveal both important omissions and false exposures at risk.

Risk assessment and measurement: it is necessary to be able to appreciate the potential impact on the entity's financial situation. As a rule, in the case of each risk are considered several steps of materialization, but, as the author says, for each of these steps, two variables should be estimated, i.e. the probalility of realization and the costs of loss involved. We are also of the opinion that it would ideally be that the probability is numerically quantified but most of the time, management uses a qualitative assessment based on categories such as: quasi-null probability, low, medium, or quasi-safe probability. Following assessment the risks can also be classified according

to the potential impact in critical risks (threatening the entity's survival), important (requires attracting funding) or negligible (minor losses that can be absorbed by the entity).

Selection of risk management techniques: is mainly a problem of managerial decision influenced by the entity's objectives and strategy, as well as the risk aversion of management; the criteria envisaged is the overall objective of maximising the value of the entity. As the author says there are four major categories of risk management techniques: avoidance (risk-generating situations are avoided; but the manoeuvre space for managers is reduced), prevention and control (preventive behaviour, conduct of jnvestments and training courses to avoid eventual losses), retention (risk is assumed and damage is covered by own resources accumulated in this respect in the form of reserves) and transfer (insurance, coverage, diversification).

Implementation: requires technical details related to the practical implementation of the selected management technique: development of prevention procedures, specific investments, accumulation of reserves, selection of insurer or stock market, contracts negotiation, hedging strategies formation etc.

Monitoring: consists of periodic verification and review of previously implemented risk decisions, identification of new exposures, change in probability of occurrence and character of risks, emergence of new techniques for cheaper coverage. At the same time, at this stage, we also believe that internal audit and control activities should also be considered to avoid fraud that may arise when employees responsible for the implementation of risk-covering techniques exceedes the tranzaction duties and limits.

But from the point of view of the system's functioning, in the same terms, also Ghiţă (2008, p. 239) [6] states that risk management is a dynamic process, which in order to function involves the completion of a risk management cycle that incorporates several steps as follows:

- identification of risks, process involving all parts of expertise and responsability, which must contribute to the detection of all existing and possible risks, as well as their registration,
- assessment of the importance of the risks identified from the two elements, i.e. probability and impact,
- risk management, which implies knowledges regarding the importance of risks and the development of a strategy for their management. Moreover, the purpose of this activity should be to ensure that all key risks are under control,
- the risk assessment requires a supervision of the entire risk management process and the outcome of this activity should contribute to updating the risk management strategy applied throughout the organisation.

The stages of the risk management process in corporate governance involve the achievement of key activities in a logical succession, as follows:

-risk identification,
-risk assessment;
-risk control;
-risk Analysis and reporting. (Ghiţă, 2008, p. 245) [6]

Identification of risks in corporate governance

In an organisation, in the ideal conditions where all risks should be identified and recorded, a major concern of the organisation, it is precisely the identification of risks. In this context, as the Ghiţă said (2008, p. 245) [6], although there is no documentary pattern for risk identification, this activity is a first step in setting up a risk profile for their analysis within the framework of the organizations.

Thus, the identification of risks involves two components, i.e. the initial identification of the risks on each objective, but also a continuous identification of new risks, those due to changes in the organisation or those that arise due to changes in legislation.

We are also of the same opinion as the author, namely that the risks must be related to the objectives and can be evaluated and prioritised, in close connection with the objectives, starting from individual objectives and continuing with the entire objectives of the entity. At the same time, for all identified risks, it is necessary to establish the responsible persons who will continuously manage and monitor those risks; while requiring the risk officer to have the necessary authority to ensure effective risk management.

The approach to risk identification can be achieved as follows:

-By self-assessment of risks by persons involved in achieving those objectives/activities on hierarchical levels, by setting the risks that they frequently meet. Thus, self-assessment can be achieved through a documentary approach, on the basis of questionnaires or by setting up working groups on departments or activities, and to which should take part certain specialised persons, who possess the skills necessary to identify the different risks. As the aforementioned author said, a strong point of this approach is that those responsible for risks become more conscious when they are involved in the risk identification activity.

-By analysing the risks to be carried out by a department which has been specially set up within the entity or even by an external team, named to assess all operations and activities of the organisation in relation to its objectives and to which to attach appropriate risks. We are also of the opinion that in the situation of applying this approach it is important that the activities of the department or team do not undermine the understanding of responsibility in managing and monitoring risks by line management and mainly by responsible risk responsible persons.

However, as Ghiţă said (2008, p. 246) [6], it resulted from the practice that a combination of the two approaches would be more effective for organisations, since this combination could reveal significant differences in perception of the risks which once being handled insures a proper management of those.

Griffiths (2005, p. 22) [8] considers that the most common risk categories are the following:

Strategic risks – are risks that affect the goals and objectives of the organisation in the medium and long term, and the management of these risks is usually the responsibility of the Risk Management Committee (RMC). Strategic risks include the following risks:
-political: Failure to fulfil government policy;
-economic: Implications of changes in the economy (inflation, interest rates, etc.);
-social: the inability to have responsibility for the effects of changes in demographic and socio-economic tendencies and the inability to reflect them in the company's objectives,
-risks concerning the clients: failure to identify current and changing clients needs.

Operational risks – are the risks that managers and management will encounter in daily work, namely:
-competition risks: failure to confer value on money, quality of products, etc,
-physical/material risks hazards related to fires, security, accident prevention, health and safety (buildings, vehicles, machinery and equipment, etc.);
-contractual risks: failure of contractual parties to provide services or products on time, at the cost or specifications set out.

Financial risks – are significant risks that will be continously considered by the management and which may be failures in financial planning, budgetary control, management of funds and respectively incorrect, inadequate or inaccurate monitoring and reporting or a delayed one.

Reputation or brand risks – are those risks associated with the media area and any actions or non-actions that may affect the entity, trademark or reputation of the company.

Information and IT-related risks – are risks related to IT technology that are in constant motion, namely:
-technological risks: lack of confrontation capability with the rhythm and magnitude of changes, lack of ability to use technology in response to changing needs, internal failures of technological nature, failures in the acquisition of technology, etc.,
-physical risks related to IT – failures of different IT equipment, telephony, etc.

Personnel risks:
-occupational risks: failures caused by lack of financial decisions, lack of specialised staff, lack of consultations on certain developments, etc.;
-leadership and management risks: lack of key personnel or inability to provide on its part, inability to ensure adequate professional training, etc.

From the point of view of identifying potential risks Ghiţă (2008, p. 247) [6] mentions the following methods that can be used:
-workshops, different work meetings;
-planning stages;
-analysing past receivables and other losses;
-analyze past incidents/failures;
-health and safety inspections;
-beginners training;
-past acchievements review;
-making feedback between management and different clienhts/vendors, etc.

As the author said, in practice there are other categories of risks considering certain criteria, namely:
probability of occurrence:
-potential risks, which are likely to occur if effective control is not established to prevent and/or correct them;
-possible risks presented by those potential risks for which management has not undertaken the most effective measures to eliminate or mitigate their impact;
nature of risks:
-strategic risks relating to the realisation of misguided actions related to organisation, resources, environment, IT endowment, etc.
-information risks, regarding approach of unsafe or non-performing systems for the processing of information and for reporting;
-financial risks related to the loss of financial resources or the accumulation of unacceptable liabilities;
the nature of the activities and operations carried out within the entities: legislative risks, financial risks, operational risks, commercial risks, legal risks, social risks, image risks, environmental risks, risks regarding information security, etc.
entities specificities: general risks (on economic situation, organisation and management attitude, etc.), risks related to the nature of specific activities/processes/operations, risks of designing and functioning systems, risks related to elaborating and updating procedures.

In conclusion, although there are other risk classifications, we are also of the opinion that in practical activity of the entities in general and corporate governance in particular, the most important elements on risks still remain those related to;

-likelihood of risk and

-the impact level, namely the seriousness of the consequences and their period, where those risks would occur.

Risk Assessment in corporate governance

Increased volatility in the business world has exposed inappropriate but fragmented traditional approaches to risk management. This, in the opinion of the authors Quon et. al. (2012) [15], led to an integrated approach to risk measurement and management known as enterprise risk management (ERM).

In recent years, increasing efforts have been made in the corporate world to invest in risk management and governance processes. Examining the impact of risk management (ERM) on the performance of entities, respectively examining whether the performance of an entity is influenced by creating a risk committee at board level, as an important governance mechanism that oversees risk management processes, Malik et. al. (2020) [11] found that the efficiency of risk management significantly and positively influences the performance of an entity. Moreover, the authors note that strong governance of the risk committee at board level complements this relationship and increases the performance effects of risk management in an entity.

Risk assessment is the stage when assessing the importance of risks that have been identified and should gravitate around the two-dimensional impact and vulnerability components.

The majority of risks are subject to a numerical diagnosis, in particular financial risks or financial connotations, but there are also risks whose assessment has a more subjective perspective, for example the risk of image, reputation risk, brand risk, etc.. (Ghiţă, 2008, p. 250) [6]

As the author said, the risks, once evaluated, will lead to the setting of their priorities within the organisation. At the same time, the major risks, namely the highest priority, must be permanently envisaged at the highest level of the organisation because the risk priorities change during the management process as they are handled.

Moreover, also in corporate governance, we are also of the opinion that risk assessment is part of the operational process and must identify and analyse internal and external factors that could negatively affect the objectives of the organisation; and risk assessment must cover the entire range of risks within the entity. In these conditions, it is necessary to cover all hierarchical levels in an organisation, especially the top ones.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO), in the Enterprise Risk Management Framework (ERM) - (COSO-ERM), a publication for guidelines, guidelines for the development and implementation of a climate management program. A component of a risk management program is identified for events, care involves developing a list of events that may have the capacity to organize strategic and operational objectives and objectives. Objectives set for identifying events and suggest general procedures for identifying various business risk care events. As stated by O'Donnell (2005) [13] for the identification of care events should be taken into account during the risk assessment should include (a) the creation of a space in the organization, specific care for the atomic components of the model and (b) the use of a taxonomy of a category for a relative analysis of information and the identification of events that may be of concern for the arrangement of business processes. With regard to the order of ideas, regarding risk assessment procedures in corporate governance, if they cannot relate to audit engagements, it should be possible to consider ISA 315 requires the auditor to operate the related entity with the environment (internal or external), including internal control, so that it can assess

the risks of material misstatement of the information as a result of fraud or error, financial statements and information.

Regarding the procedures for identifying and assessing the risks of significant misstatement as a result of fraud, as Neamţu (2012, p. 114) [12] said, these may include interrogation, analytical procedures, observation, inspection:

• interviews with management and other persons within the entity, as follows:

-management assessment of the risk that the financial statements may be significantly distorted as a result of fraud (here we can exemplify entities in which management periodically makes such assessments or they are part of continuous monitoring, but unfortunately they are also which fraud risk assessment is lacking, which indicates the low importance that management attaches to internal control);

-the identification process and the response to fraud risks (in the case of entities with an organizational structure deployed in the territory, management processes may include different levels of monitoring of operational locations or management, depending on the level of risk; specific risks identified management of the company in connection with certain classes of transactions or certain accounts);

-communication of the management with the persons in charge of governance in connection with the process of identification and response to fraud risks;

-communicating with other persons within the entity regarding the vision of management on business practices and ethical behavior, regarding the existence of suspicions of fraud, etc.. As the author said, communication with such persons (eg employees with different levels of authority from accounting or other departments, persons involved in initiating or recording complex or more unusual transactions, legal advisers, etc.) could give them the opportunity to transmit certain information to the auditor, information that they would not otherwise have communicated and they have not realized until now that there may be certain aspects that can lead to fraud;

• interviews with the internal auditor to determine whether he is aware of fraud or fraud risks; to know their own procedures for detecting fraud, how the entity's management reacted to the application of these procedures;

• interviews with those charged with governance for:

-understand how they oversee management's processes to identify and respond to fraud risks;

-to determine whether they are aware of any actual, suspicious or suspected fraud affecting the entity;

• the assessment of certain unusual or unexpected relationships identified during the analytical procedures, including those related to revenue accounts (here we can give an example of cases where revenues from the sale of goods increased significantly in the current year compared to the previous one compared to expenses on goods sold, given that sales volume and prices remained relatively constant);

• assessment of fraud risk factors, conditions indicating an incentive or pressure to commit fraud (we can exemplify here the situations in which there is a need to meet the expectations of third parties to obtain additional funding, granting significant bonuses in case of unrealistic profit targets, an ineffective control environment, etc.).

In conclusion, in corporate governance the activity of risk assessment is an essential component of risk management, and as a result the evaluation activity should be carried out at least once a year to update the analysis risks, but also to identify new risks.

Risk control in corporate governance

The internalisation and globalization of economies call for the implementation of appropriate governance mechanisms as well as tailor-made control mechanisms for the proper management of the increasingly complex demands facing entities. Dănescu et. al. (2015) [5]

mentioned that, in order to substantiate the appropriate strategies that would lead to the generation of future liquidity needed for the life of the entities in safe conditions, it is necessary to improve information asymmetries and provide useful information in internal and external decision-making processes. Therefore, we also believe that, given that accounting, through its two branches, plays a key role in providing useful information whose qualitative characteristics are proven in the decision-making processes in which they are used, instrumenting the relationship between accounting - corporate governance - internal control has a particularly important role to identify the valences of accounting information in the decision-making process.

In general, as Jakoby (2019) [10] states, in corporate governance, in emerging economies, more precisely, entities with stronger corporate governance mechanisms tend to adopt an external control strategy to mitigate possible conflicts between owners and management, on on the one hand, and, on the other hand, to directly increase the transparency of the damaged environment with deficiencies.

Risk control is carried out in order to transform uncertainties into an advantage for the organisation, limiting the level of threats.

Ghiţă (2008, p. 256) [6] states that risk control involves carrying out activities such as: risk toleration, risk management, risk shifting, cessation of activities and benefit from opportunities.

Risk tolerance

Certain risks may be accepted without any action being required. It should be considered that, in the event of risks, even if they are hardly tolerated, there is always no possibility to act to be remedied as a result of certain costs that may be disproportionate.

Risk handling

In general, the the risks in corporate governance are controlled in order to be handled; thus, while the organisation carries out the activities that have generated the risks, as a rule, a certain control system is installed that is intended to maintain risks within acceptable limits because unhandled or unefficient handle of risks, could cause a corporate crisis leading to significant losses.

In practice, in coporative governance, we also found that the following categories of verification tools are used to handle risks:

-when pursuing an undesirable result not to materialise or to limit the effects of unwanted risks that could materialize;

-corrective verification tools – the aim being to correct the unwanted results that have materialised and is a way to recover damage or losses;

-directional verification tools – designed to ensure the achievement of a particular result, they are essential when they want the effects of a certain undesirable risk that may materialise to be oriented in a certain tolerable direction by the organization;

- identification control tools – the aim being to identify the newly unwanted situations that have taken place within the organisation, and the implementation of such tools being subsequent to events/risks, as a rule, some damage or losses incurred.

Risks transfer

In corporate governance, this option is particularly beneficial in the case of financial or property risks and can be made by insurance or payment of a third party that would make another way of taking risks. Transferring risks by either reducing risk exposure or because another organisation is more capable or specialized in managing such risks. We mention that there are also certain risks that cannot be transferred or are wholly non-transferable, such as reputational risks, organization brand, etc.

Termination of activities

In corporate governance certain risks may be eliminated or may be maintained within reasonable limits by reducing activities or by abolishing them.

Benefit from opportunities

According to Ghiţă (2008, p. 259) [6] this option should be taken into account when a risk is tolerated, handled or transferred, where there are the following opportunities:
-simultaneously with the reduction of events, the risk arises as an opportunity;
-some circumstances that, not generating risks, even provide opportunities;

In conclusion, in view of the foregoing, we are also of the opinion that, in the situation where certain verification instruments are implemented in corporate governance, it must be pursued that these instruments implemented provide reasonable assurance for maintenance of default risks and losses in the espected risk appetite. But also, given that the purpose of a control is to reduce risks or eliminate them and maintain them in the area of acceptance of the organisation and knowing, at the same time, that each verification instrument implemented requires certain costs, we are also of the opinion that before a particular verification instrument is implemented, a more detailed analysis should be considered in relation to the risks it controls and assesses each control instrument that is intended to be implemented.

Under these conditions, in corporate governance, the responsibility for organising activities on risk management and administration is the responsibility both for organization's management and the separate management of each entity as part of the group.

Risk analysis and reporting in corporate governance

Corporate governance plays a key role in creating a corporate culture of awareness, transparency and openness. In this context, Al-ahdal et. al. (2020) [2] states that the results of the study showed that the responsibility of the management board and the audit committee within the entities may have an insignificant impact on their financial performance. Similarly, transparency and disclosure of information can have an insignificant negative impact on the financial performance of entities.

At the same time, examining the impact of the risk of stock market crashes on the future power of the entities' executive management, using a significant sample of observations, the authors Harper et. al. (2020) [9], in addition to the study initiated by Habib et. al. (2018), finds that there is a significant negative impact on the risk of falling share prices to the power of executive management, which suggests, in the opinion of the authors, that the power of executive management is diminished after the collapse of stock prices, but in the same. Over time, the authors note that the impact of the risk of a share price collapse on the power of executive management is diminished in entities where corporate governance is more strongly established.

Regarding the transmission of financial information, Zhang (2020) [19] notes that it decreases with the reduction of shareholder control, and this dilution effect is significantly greater in entities that do not have the state as a shareholder or that are not monitored by others. large shareholders.

In corporate governance the risk supervision activity is necessary to monitor the evolution of risk profiles and to ensure that the risk management activity is appropriate and is achieved through different risk review processes. (Ghiţă, 2008, p. 260) [6].

In this respect, as the author also said, it is necessary that the risk analysis be carried out periodically, at least annually, in order to assess the persistence of the risk, namely possible changes in the impact and likelihood, the emergence of new risks, with the scope to report these risk developments which influences certain priorities and provides information on the effectiveness of control.

At the same time, as they concluded, in the study undertaken, but in a geographically limited space, Cantonnet et. al. (2019) [4], found statistically significant differences in some aspects related to the management of new and emerging risks depending on the size of the enterprise, but, nevertheless, no differences were found in the deficiencies that companies claim to find.

Thus, according to the authors, given that the study of new and emerging risks is a relatively new field of research that requires a greater consensus on the definition of the concept itself, as well as the measures to be implemented to manage it, it should be designed to make certain measures easier to implement, especially for small and medium-sized entities.

We are also of the opinion that the general risk management process must undergo periodic examinations in order to ensure its functionality, the existence of a risk system with an appropriate frequency and setting out mechanisms for warning of higher management levels on risk developments or the occurrence of other unforeseen risks.

But here it should be noted that the risk management process and the analysis activity or review of risks are two distinct activities that do not substitute one another.

In corporate governance the main tools and techniques used in the risk analysis process are:
-risk self-assessment, which is carried out for the purpose of assessing the preservation of the risk profile across the organisation and must be carried out by each employee.
-line management reporting responsible for risk management, to higher management, on the activities they have undertaken, at least annually, at the time of the financial year, in addition to the quarterly and half-yearly, to update the risk register and the management control system, which maintains an appropriate level of functionality operational procedures;
-specialised teams for the revision and updating of the general risk management process, which analyse the activity of line management regarding their responsibilities in the field of activity which coordinates regarding risks and management control systems.
-constitution of risk committees, which must be established by the management - the board of directors and which will have the following roles assigned:

-the risk committee, established as an adminsitration board committee, consisting of non-executive members, with tasks to monitor their risks and developments, which gives an opinion on the risk management process on the organisation, tasks which were otherwise responsability of the audit committee.

-the risk committee, established as a forum of executive directors, who have responsibilities in the field of risk management and where they share their experiences with a view to developing their own risk management measures and ensuring their effectiveness of managing.

However, as Ghiţă said (2008, p. 262) [6], this way of organising the risk committees does not exclude non-executive persons in its structure, where the tasks of risk monitoring and their management process it remains at the level of the audit committee within the organisation, which must provide independent assurances regarding the risk management system within it, of the organisation.

In view of the above, in conclusion, according to Griffiths (1998, p. 28-29) [7], the organisation must pursue the impact of risk management activities and the success of the risk management strategy using the following criteria, analysis or review of risks, such as those presented in the following figure:

Table 1. Risk monitoring

Risk Analysis Criteria	**Refferences**	**Comment**
Integrating risk	Leading persons acknowledge their role and responsibility for the implementation of risk management in the areas in which	By auditing reports and documents highlighting decisions. By auditing

management into the organization's culture and increasing its awareness	they operate. Number of decision-making reports demonstrating a risk analysis. Audit and inspection responses.	the replies.
Oportunity of modification	The post-factum analysis, namely how major modificatins and other projects were managed.	
Minimising losses, accidents and conflicts	Number and period of the production process interruptions. Complaints/grievances, claims etc. Level of the prescribed delays/liabilities.	Measures the response and performance of recovery as well as frequency. Informed of the existence of strategies and processes.
Existence of a risk management pattern	Feedback from management. Compliance with standards	
Minimising risk costs	Annual insurance premiums. Level of reserves. Uninsured losses. Cost of management and project	The overlaps of budget and capital allocated to the project, fraud, prescriptions, claims, premiums, are incorporated.

Source: Ghiţă (2008, p. 263) [6]

In other words, regarding accounting and financial information in corporate governance, Prozan (2014) [14] mentions that regardless of the method of determination, the size achieved or the potential overall performance, in corporate governance, accounting and financial information is influenced both the quality of corporate governance processes and those of management, internal control and risk management. The risks of non-compliance with performance information, how the entity meets its intended objectives, could affect the internal and external decision-making processes in which this information is involved. Thus, as the author argues, there is a relationship of dependence between the decision-making process in these processes and the quality of the processes through which the information provided is useful, which in turn could be monitored and influenced by governance and control actions implemented to meet the quality characteristics that give them value. Similarly, the influence that good corporate governance has on the quality of financial and accounting information or on the level of performance achieved in accordance with the strategies adopted and objectives pursued, in turn, could influence the way a government is governed and managed entities or could reflect the quality of this process.

3. Conclusions

In a constantly changing environment, improving, optimizing and expanding corporate governance, at least one of the principles that can be easily transposed at the level of each entity, must be a constant concern of entity leaders and managers. In this sense, as Prozan (2014) [14] said, and in my opinion, in order to support this type of objectives, it is necessary to pursue measures to complete and improve the legal framework for corporate governance by extending it to other entities, including entities that are not listed on the stock exchange. In

view of the above, in order to determine the entities that are to apply the rules or principles of corporate governance, they, the rules or principles, must be made in accordance with a set of clear criteria, based on cost-effectiveness benefit. In addition, improving the business environment requires the creation and implementation of an efficient financial reporting system that is in line with international developments.

Risk management is a process that requires time and effort on the part of the organization and is carried out, in a pre-established period of time, by people at different levels of it, being carried out by management and a certain part of the staff involved in establishing strategy for the entire organization. The process should be designed to identify all or as many of the potential events that may affect the organization and at the same time manage future risks, within the limits of risk appetite, in order to provide an appropriate level of assurance regarding the achievement the objectives of the organization. (Ghiţă, 2008, p. 241) [6]

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