Writing Assignment - Risk Management Department

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Risk is an integral part of a business. Whenever you invest a portion of an amount in some business, there are chances that this investment will either be profitable or the amount will be lost. This chance of profit or loss is known as risk, and well-developed businesses and companies always look forward to minimizing it. Companies implement a procedure known as Risk Management in their organization, in which there is proper forecasting and evaluation of the financial risks and then ultimately devising strategies to avoid and minimize their effects. Big companies always have a specially designed department for managing risks, with the name of Risk Management Department (Bessis, 2015).

Compliance and Risk management are very closely related but are not the same thing; these are two separate concepts in an organization. Compliance risk, also known as integrity risk, is a severe threat for the organizations as they can bring financial loss, fines, material loss and loss of business opportunities by not following the industry-related codes of conduct, rules and regulations of business, internal policies and best practices. One of the most important laws made for the management of risk and compliance was the Sarbanes-Oxley Act formed in 1934.

A Risk Management Department is essential for all the types of organizations, but its importance increases multiple times for the healthcare industry as human lives are at stake. A health care provider or organization needs to have a fully-functioning, centralized risk management department in order to reduce the risks of patient health as well as financial and liability risks.

If a company fails to manage risks efficiently and effectively, it can bring financial as well as material losses for it. A company may also have to suffer a decline in its customer base or business level and, in the worst case; it may have to face litigations. A centrally aligned risk management department provides centralized and accurate data regarding the potential risks in business and offers strategies to avoid them (Lam, 2014). Failure to maintain a centralized Risk Management department may result in loss of valuable information and high chances of exposure to risk.

**References**

Bessis, J. (2015). *Risk management in banking*. John Wiley & Sons.

Lam, J. (2014). *Enterprise risk management: from incentives to controls*. John Wiley & Sons.