


**Proactively Addressing
Enterprise Risk Management**

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October 17, 2011



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Why This Topic?

- Ensure that organizations within higher education understand the risks associated with their ongoing operations
- Take the necessary steps to acknowledge those risks
- Once you understand and acknowledge, you have the ability (and responsibility) to develop actions to assist in the mitigation of those risks

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Today's Objectives

- What is Enterprise Risk Management (ERM) ?
- Why You Should Care About ERM?
- What Are You Currently Doing With ERM?
- Best Practices–Transitioning from an Informal ERM Program to a Formal ERM Program

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To Pass or Not to Pass

- Video – Basketball
- Risks = “APE” – Easy to overlook, but too important not to see
- Myth: ERM – It is the responsibility of Internal Audit
- A multitude of people have responsibility for ERM

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What is Enterprise Risk Management?

Enterprise Risk Management

Committee of Sponsoring Organizations of the Treadway Commission(COSO) Definition –

Enterprise Risk Management is a process, effected by an entity's **board of directors, management, and other personnel**, applied in **strategy setting** and across the **enterprise**, designed to **identify potential events** that may affect the entity, and **manage risk** to be within the **risk appetite**, to provide reasonable assurance regarding the achievement of **entity objectives**.

Webb Wach Corporation © 2011 Source: COSO's Enterprise Risk Management – Integrated Framework (2004)

COSO – Components of Enterprise Risk Management

INTERNAL ENVIRONMENT	What is the internal philosophy and culture?
OBJECTIVE SETTING	What are we trying to accomplish?
EVENT IDENTIFICATION	What could stop us from accomplishing it?
RISK ASSESSMENT	How bad are these events? Will they really happen?
RISK RESPONSE	What are the options to stop these things from happening?
CONTROL ACTIVITIES	How do we make sure they don't happen?
INFORMATION & COMMUNICATION	How (and from/with whom) will we obtain information and communicate?
MONITORING	How will we know that we've achieved what we wanted to accomplish?

Source: Committee of Sponsoring Organizations of the Treadway Commission www.coso.org. Used with permission.

Why You Should Care About ERM?

Why You Should Care About ERM? Higher Education is Not Immune

Headlines – The Chronicle of Higher Education:

- Bad Tackles, Stray Balls, and Hot Weather: Managing Risk in College Athletics
- Risk Managers Extend Their Turf to Every Corner of the Campus
- Rise in Tornadoes, Floods Poses Risk to Colleges
- 5 Key Ways Your Electronic Data May Be at Risk
- For-Profit Colleges Face Risk Under New Rule
- Columbia U. Hit With \$4.4-Million Bank Fraud
- Iona College Fires 2 Employees After Discovering \$800,000 Fraud
- NCAA Punishes East Carolina U. for Academic Fraud
- Risk Management: College Legal Staffs Continue to Grow

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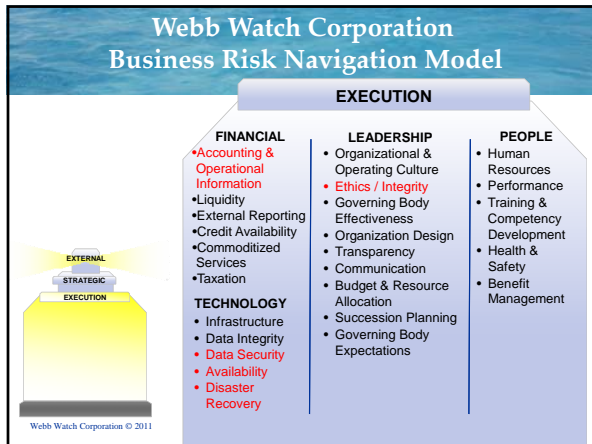
Why You Should Care About ERM?

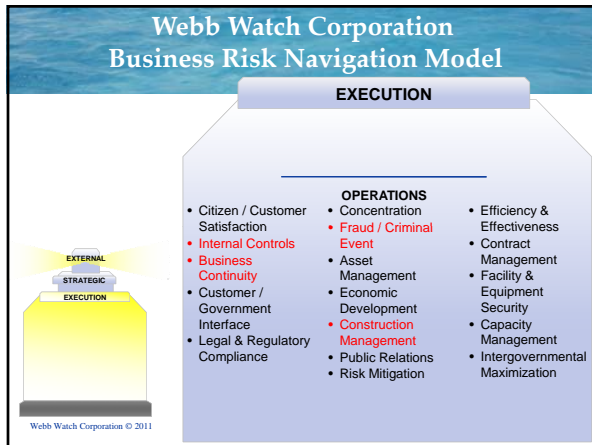
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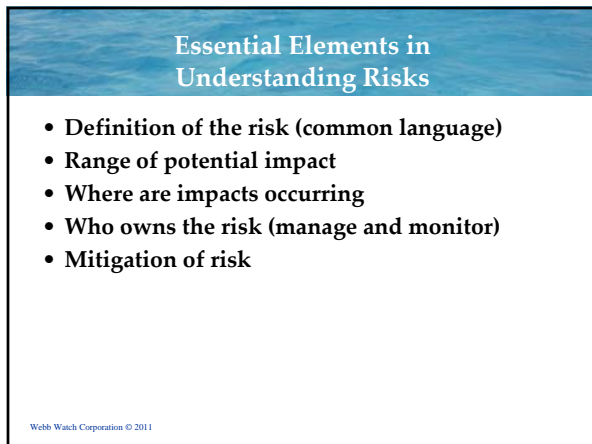
- High Performing Organizations want to achieve their organizational objectives - It is the Right Thing to Do!
- Federal and State Laws
- Rating Agencies Inquiries
- Audit Profession
- Spillover Effect:
 - Corporate Governance Rules – NYSE
 - SEC Expanded Proxy Disclosures
- Others

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What Are You Currently Doing With ERM?







ERM – Initial Action Steps & Objectives

- Seek Board and Senior Management Leadership, Involvement and Oversight
- Select a Strong Leader to Drive the ERM Initiative
- Establish a Management Risk Committee or Working Group
- Conduct the Initial Enterprise-wide Risk Assessment & Develop an Action Plan

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Source: Committee of Sponsoring Organizations (COSO) - Embracing Enterprise Risk Management - Practical Approaches for Getting Started - Used with Permission

ERM – Initial Action Steps & Objectives (con't)

- Inventory the Existing Risk Management Practices
- Develop Your Initial Risk Reporting
- Develop the Next Phase of Action Plans & Ongoing Communications

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