



# **Enterprise-wide Risk Management**



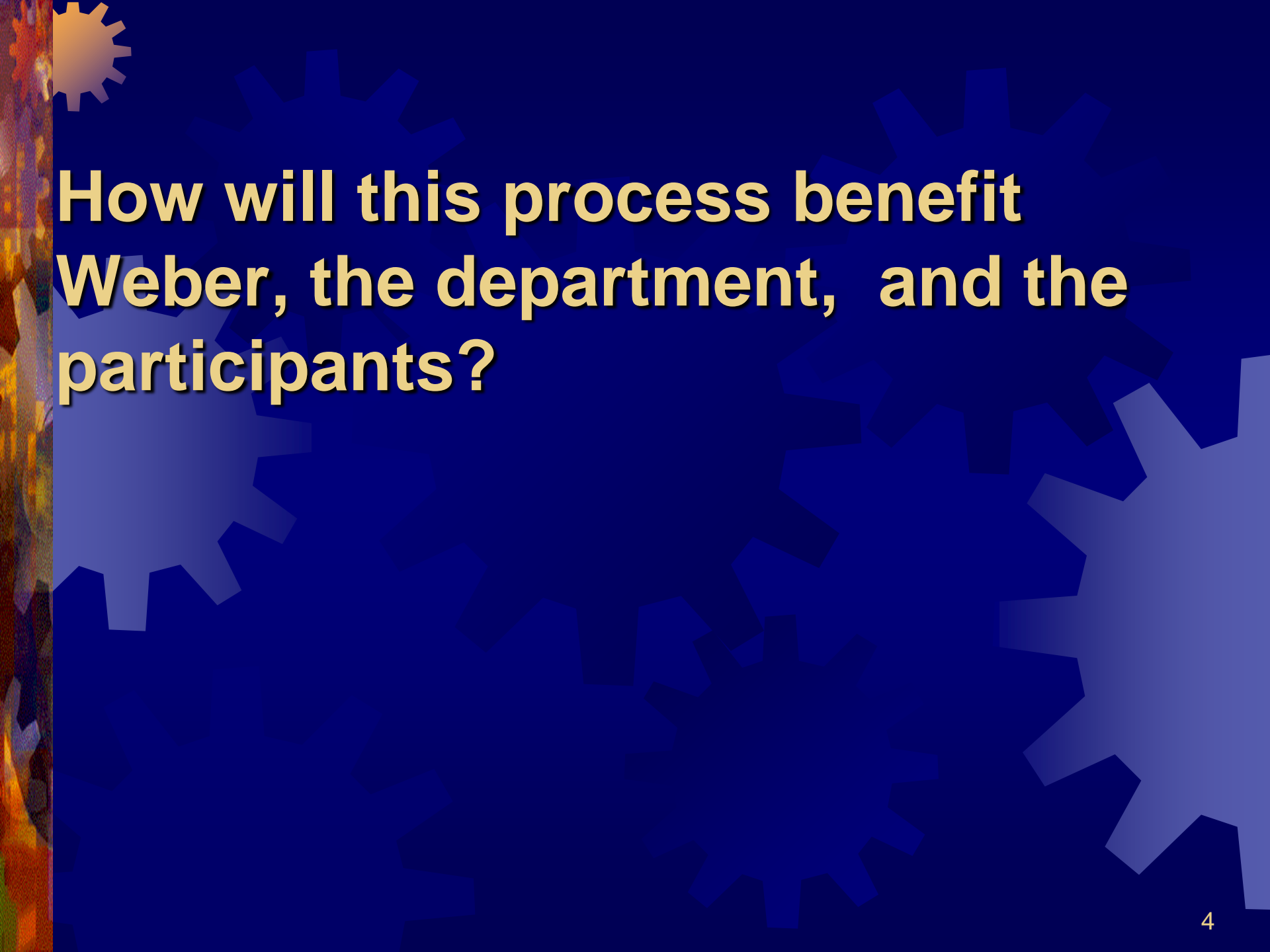
# What is Risk?

- ✦ The uncertainties that can adversely affect a department's ability to meet its goals and objectives.



# What is Enterprise Risk Management?

- ✱ A structured process that...
- ✱ Aligns strategy, processes and people for the purpose of...
- ✱ Evaluating and managing risk.



**How will this process benefit  
Weber, the department, and the  
participants?**



# Benefits to Total Organization

- ✱ Makes risk and controls understandable.
- ✱ Enhances accountability and communication.
- ✱ Results in higher levels of commitment to success of the organization.



# Benefits to Management

- ✱ Provides a method to consciously manage risks.
- ✱ Provides documentation of risk actions.
- ✱ Clarifies accountability and identifies inter-department dependencies.
- ✱ Focuses efforts on important issues and concerns.



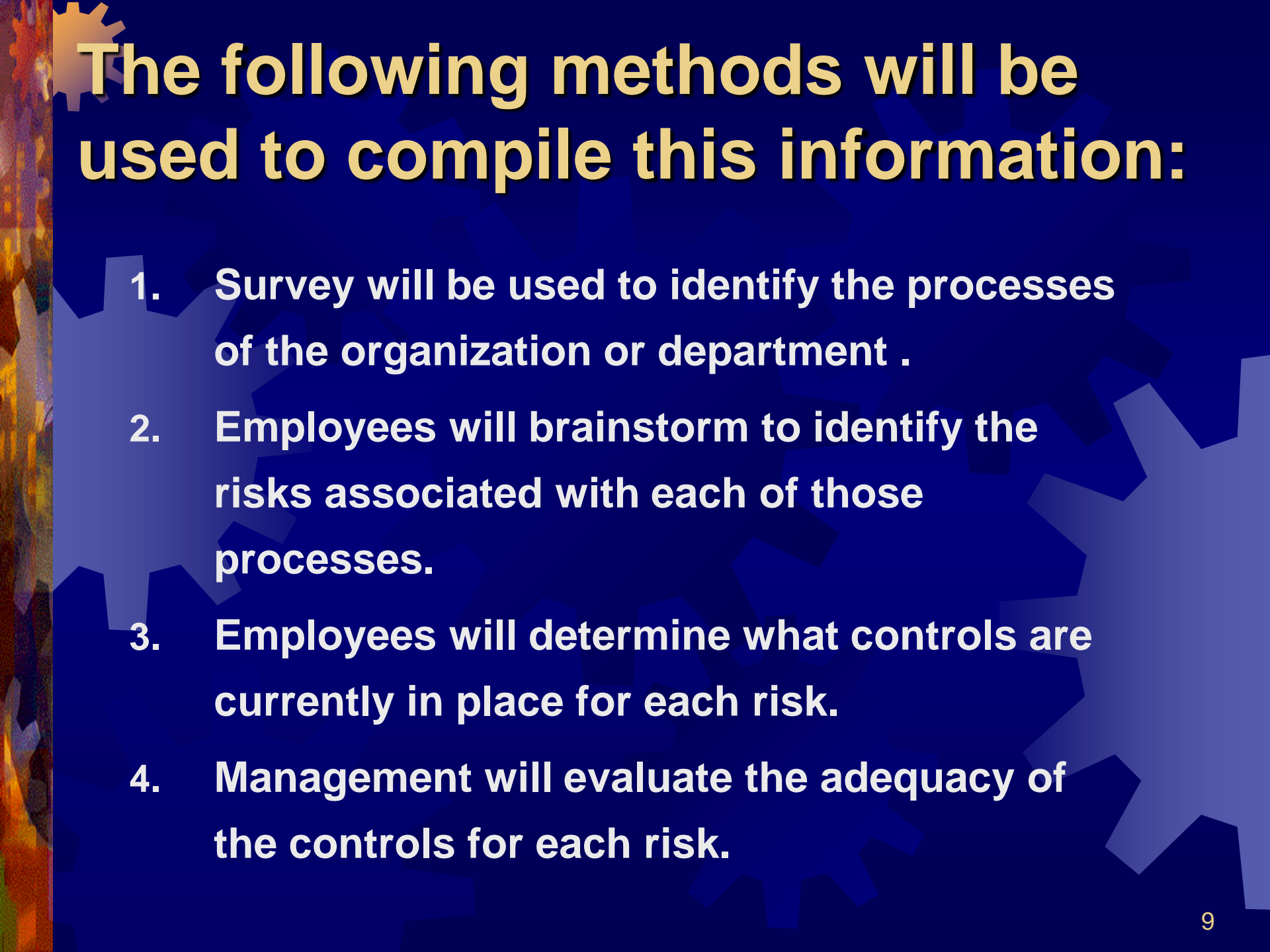
# Benefits to Employees

- ✱ Provides a forum to contribute ideas and suggestions to correct problematic and/or high risk areas.
- ✱ Helps everyone understand the purpose behind the control activities they perform is to minimize risk.

# **This risk assessment process will help us:**

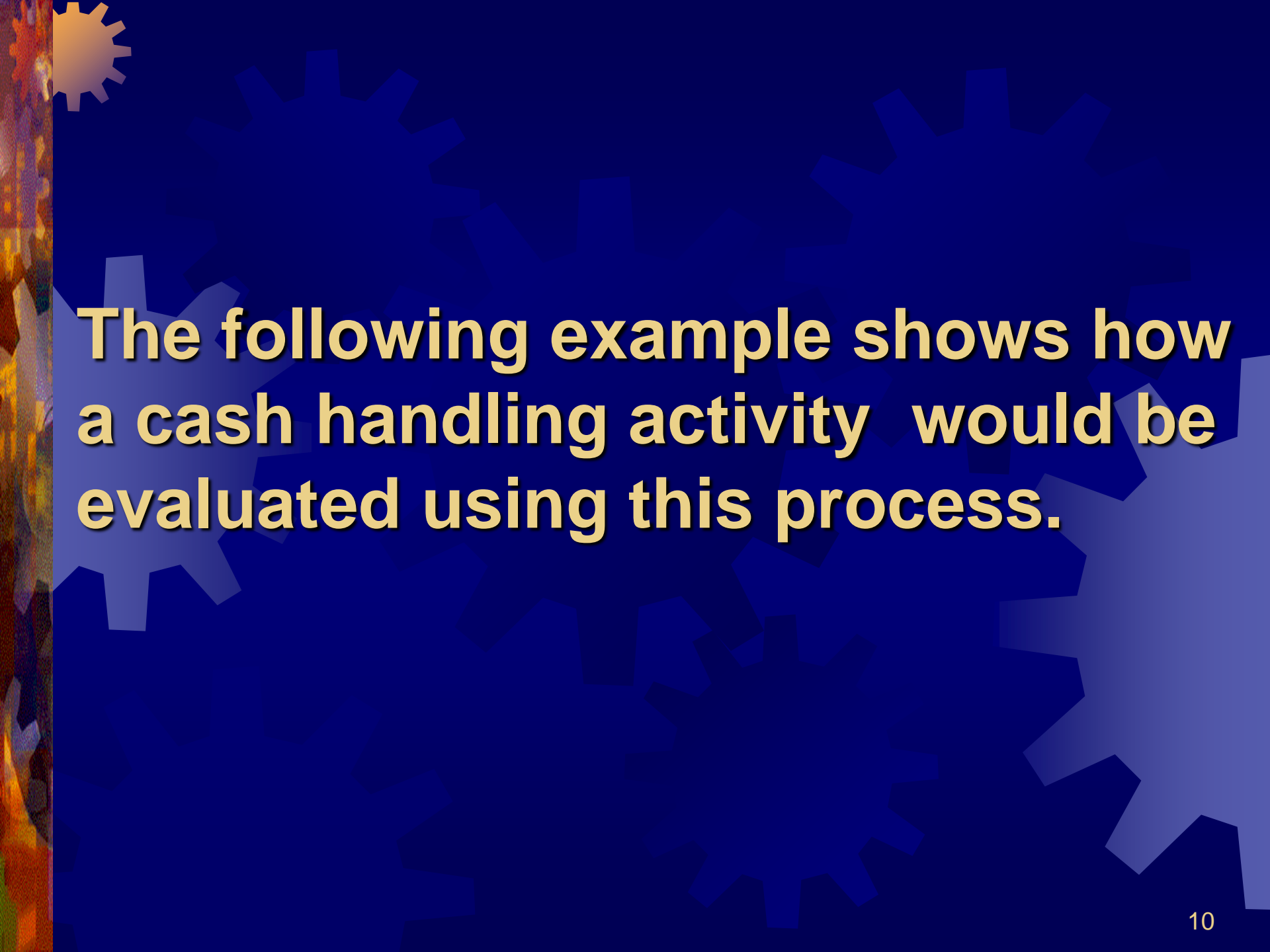
- 1. Identify the processes of the organization or department.**
- 2. Identify the risks associated with each of those processes.**
- 3. Determine what controls are currently in place for each risk.**
- 4. Evaluate the adequacy of the controls for each risk.**





# **The following methods will be used to compile this information:**

- 1. Survey will be used to identify the processes of the organization or department .**
- 2. Employees will brainstorm to identify the risks associated with each of those processes.**
- 3. Employees will determine what controls are currently in place for each risk.**
- 4. Management will evaluate the adequacy of the controls for each risk.**



**The following example shows how a cash handling activity would be evaluated using this process.**

# **Step 1. Identify Mission, Goals, and Objectives:**

**The Mission of this area is to collect payments for the University.**

# Step 2. Identify Activities

<b>1</b>	Collect cash	<b>13</b>		<b>25</b>	
<b>2</b>	Print receipts	<b>14</b>		<b>26</b>	
<b>3</b>	Enter transactions into systems	<b>15</b>		<b>27</b>	
<b>4</b>	Restrictively endorse checks	<b>16</b>		<b>28</b>	
<b>5</b>	Prepare and Print daily cash reports	<b>17</b>		<b>29</b>	
<b>6</b>	Count cash	<b>18</b>		<b>30</b>	
<b>7</b>	Reconciliation of cash drawer daily	<b>19</b>		<b>31</b>	
<b>8</b>	Allocate funds to account	<b>20</b>		<b>32</b>	
<b>9</b>	Call security to pick up deposits	<b>21</b>		<b>33</b>	
<b>10</b>		<b>22</b>		<b>34</b>	
<b>11</b>		<b>23</b>		<b>35</b>	
<b>12</b>		<b>24</b>		<b>36</b>	

# Step 3. Consolidate Activities into Processes and Prioritize

	ACTIVITIES FROM BRAINSTORMING	CONSOLIDATED ACTIVITIES	PRIORITIZED CONSOLIDATED ACTIVITIES
1	Collect cash	Receive money (1,2,3,4,8)	1 Receive money (1,2,3,4,8)
2	Print receipts	Reconcile cash drawers (5,6,7)	2 Bank deposit (5,7,8,9)
3	Enter transactions into systems	Bank deposit (5,7,8,9)	3 Reconcile cash drawers (5,6,7)
4	Restrictively endorse checks		4
5	Prepare and Print daily cash reports		5
6	Count cash		6
7	Reconciliation of cash drawer daily		7
8	Allocate funds to account		8
9	Call security to pick up deposits		9

# Step 4. Brainstorm Risks for Each Process and Assign Impact and Probability Values

Receive money (1,2,3,4,8)	IMPACT	PROB.	RANKING
Cashier inappropriately voids transaction	H	M	HM
Cashier pockets cash	H	M	HM
Receive wrong amount	H	M	HM
Recorded wrong amount	H	M	HM
Transaction not entered into system	H	M	HM
Entered into incorrect account	M	M	MM
Credit applied to wrong student	M	L	ML
Receipt not provided to student	L	M	LM

## Step 5. The Software Constructs the Risk Footprint

[illegible]

# Step 6. Identify Controls and a Control Footprint is Created

	Cashier inappropriately voids transaction	Cashier pockets cash	Receive wrong amount	Recorded wrong amount	Transaction not entered into system	Entered into incorrect account	Credit applied to wrong student	Receipt not provided to student
Receive money (1,2,3,4,8)								
Restrictively endorse check		X						
Enter check into system	X	X			X			X
Provide receipt	X	X	X	X	X	X	X	X
Allocate to account	X	X			X			X



# Step 7. Evaluate Controls and Monitoring Plan is Created

Receive money (1,2,3,4,8)	Operating (Level 1) Control	Evidence of Operating(1) Control	Supervisory (Level 2) Control	Evidence of Supervisory(2) Control	Oversight (Level 3) Control	Evidence of Oversight(3) Control
Cashier inappropriately voids transaction	Restrictively endorse check	Stamp on back of check				
Cashier pockets cash	Enter check into system	Transaction report				
Receive wrong amount	Provide receipt	Receipt numbers and transaction report				
Recorded wrong amount	Allocate to account	Transaction report				
Transaction not entered into system						
Entered into incorrect account						
Credit applied to wrong student						
Receipt not provided to student						



## **Step 8. On-going Monitoring by Management**