



# Benefits of Implementing Enterprise Risk Management in Higher Education

January 12, 2017

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | ©2016 CliftonLarsonAllen LLP



# Housekeeping

- If you are experiencing technical difficulties, please dial: **800-422-3623.**
- **Q&A session will be held at the end of the presentation.**
  - Your questions can be submitted via the **Questions Function at any time during the presentation.**
- The **PowerPoint presentation**, as well as the **webinar recording**, will be sent to you within the next 10 business days.
- For future webinar invitations, subscribe at [CLAAconnect.com/subscribe](http://CLAAconnect.com/subscribe).
- Please complete our online survey.



# CPE Requirements

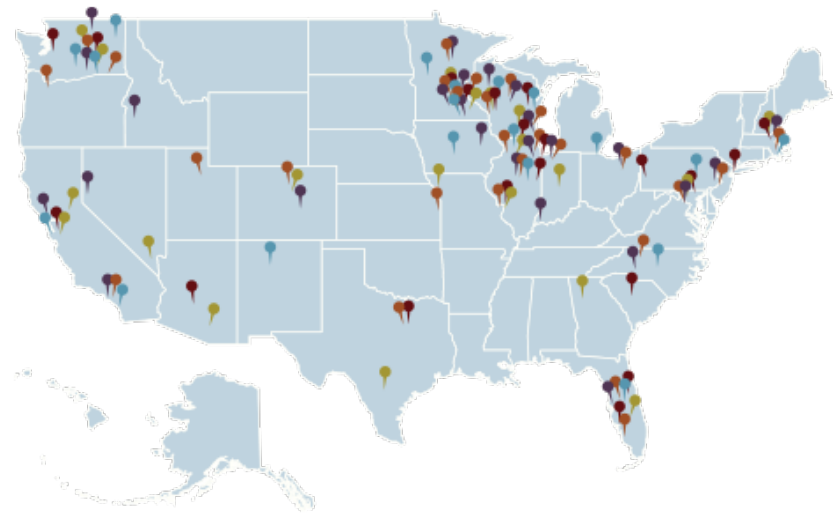
- Answer the polling questions
- If you are participating in a group, complete the CPE sign-in sheet and return within two business days
  - Contact [webmaster@CLAconnect.com](mailto:webmaster@CLAconnect.com)
- Allow four weeks for receipt of your certificate; it will be sent to you via email

\* *This webinar, once recorded, has not been developed into a self study course. Therefore, watching the recording will not qualify for CPE credit.*



# About CliftonLarsonAllen

- A professional services firm with three distinct business lines
  - Wealth Advisory
  - Outsourcing
  - Audit, Tax, and Consulting
- More than 5,000 employees
- Offices coast to coast
- Serving higher education for more than 50 years



*Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC.*



# Speaker Introduction

## Charla Hollowell

With nearly 20 years of experience serving public colleges and universities, Charla brings the perspective gained from working within the industry.

With 11 years as the director of internal audit for a higher education system, and an additional four years as a controller, Charla is able to leverage her experience to benefit a variety of institutions, tailoring solutions to reflect the unique nature of the clients she serves.

## Taylor Powell

Taylor has over seven years of experience in accounting and finance and leverages these skills to assist clients in financial modeling and reporting, operational efficiency, performance management, and risk management.

Taylor works with a variety of higher education institutions, not-for-profit organizations, and state and local governments and school districts, within financial modeling, enterprise risk management, and business strategy consulting capacities.



# Learning Objectives

- Overview of Enterprise Risk Management
- Models of Risk Management in Higher Education
- Benefits of ERM to institutions of Higher Education



# Current Environment



Media coverage of scandals has a direct impact on the number of applications received\*

*\*["The Impact of Campus Scandals on College Applications"](#) Harvard Business School Working Paper, No. 16-137, June 2016*



# Current Environment



Negative press results in improved processes, reducing incidents in the following year\*\*

\*\*["Does Media Attention Drive Corporate Social Responsibility?"](#) *Journal of Business Research*, No. 65, 2012



# Enterprise Risk Management

Enterprise Risk Management is a *process* applied in *strategy setting* and *across the enterprise*, designed to identify *potential events* that may affect the entity (positive and negative), and *manage risks* to a level within its *risk appetite*, to provide reasonable assurance regarding the *achievement of entity objectives*.



# Enterprise Risk Management

Is an on-going process that:

- Includes personnel from governance to front-line
- Evaluates risk at the entity-wide level as well as department level
- Identifies both risks and opportunities
- Prioritizes the risks and opportunities
- Develops a methodology to respond to risks and opportunities
- Relies on a solid internal control structure
- Focuses on attainment of strategic objectives



# Enterprise Risk Management

Includes considerations from, but is not solely:

- Insurance coverage
- Compliance
- Legal counsel
- Chief Business Officer



# Risk

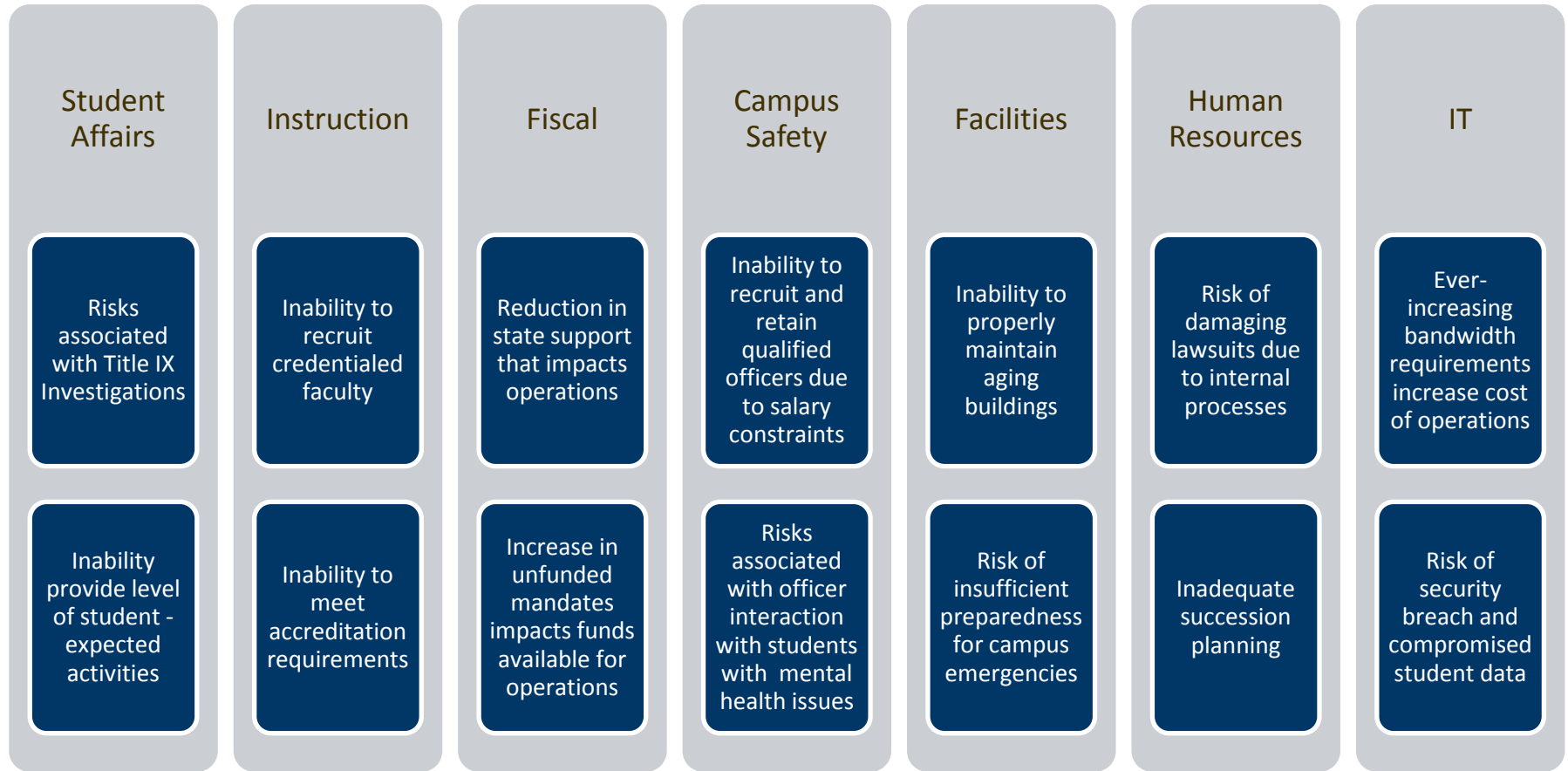
“The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks.”

- Mark Zuckerberg



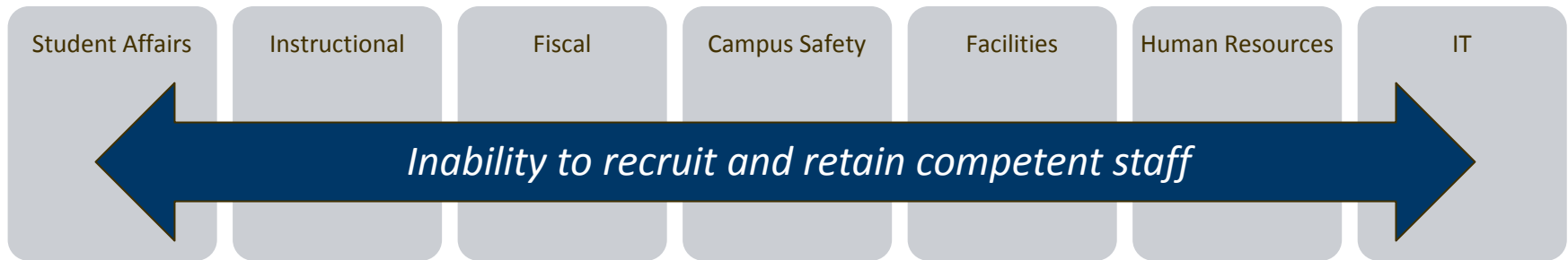
# Traditional Risk Management Model

Risk Identification, Assessment and Mitigation occurred primarily **within** each functional area



# Enterprise Risk Management Model

Executive leadership aligns resource allocation with the highest risks and the greatest opportunities in light of Strategic Goals



Addresses the impact of risks on the entire organization

# Overview of ERM Process



# Key Benefits

- Consistent, on-going process





# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels

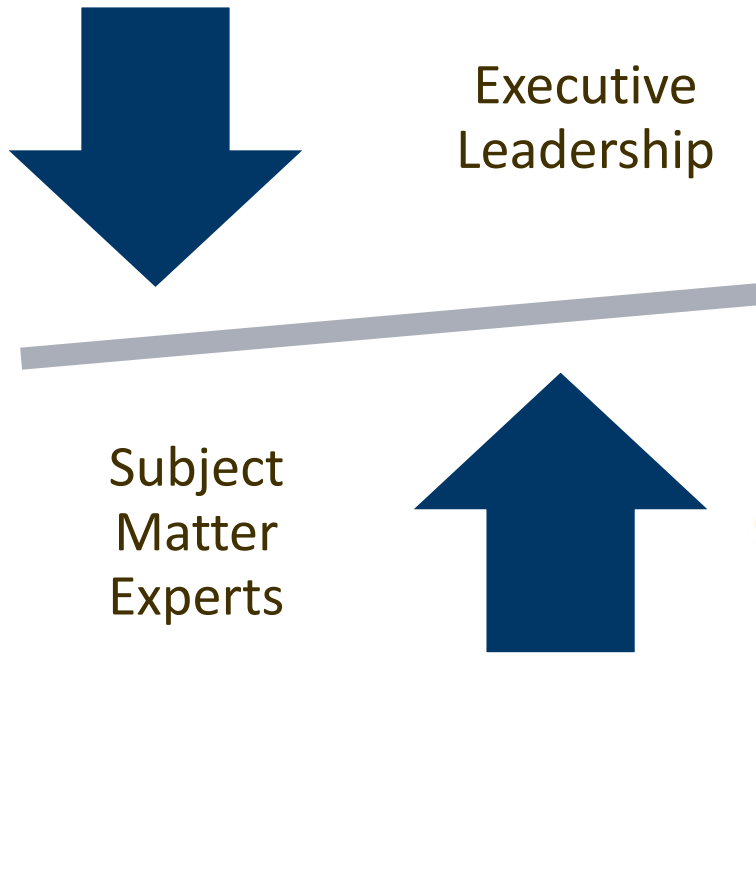


# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels



# Communication



# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)



# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)
- Documents Risks and Opportunities



# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)
- Documents Risks and Opportunities
- **Evaluating and Prioritizing Risks and Opportunities Strategically**



# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)
- Documents Risks and Opportunities
- Evaluating and Prioritizing Risks and Opportunities Strategically
- **Activities Monitored**

# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)
- Documents Risks and Opportunities
- Evaluating and Prioritizing Risks and Opportunities Strategically
- Activities Monitored
- **Create a culture focused on strategic issues**





# Key Benefits

- Consistent, on-going process
- Involves more people – and at varying levels
- Develops effective communication channels
- Defines Risk Appetite (Tolerance for Risk)
- Documents Risks and Opportunities
- Evaluating and Prioritizing Risks and Opportunities Strategically
- Activities Monitored
- Create a culture focused on strategic issues

# Enterprise Risk Management Process Goals

Reduces uncertainties related to potential negative events and increases the ability to respond to opportunities.

An optimal balance between growth (return) and risks should be achieved.

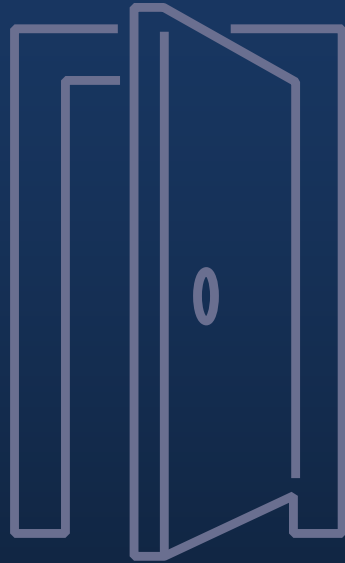


# Sell the Idea

- Define the need
- Articulate the benefits
- Involve the right people



# Questions?



**Charla Hollowell, CPA, CFE, CGMA**

Manager

[charla.hollowell@CLAconnect.com](mailto:charla.hollowell@CLAconnect.com)

309-495-8714

**Taylor Powell**

Senior Consultant

[taylor.powell@CLAconnect.com](mailto:taylor.powell@CLAconnect.com)

571-227-9631

To receive future webinar invitations, subscribe at  
[CLAconnect.com/highereducation/](https://CLAconnect.com/highereducation/)

[CLAconnect.com](https://CLAconnect.com)