

# Larry Hubbard & Associates Enterprise Risk Management - A Practical Approach Course Outline

## Course Description

This seminar will provide participants with the key concepts, implementation challenges and benefits of ERM. The seminar is based on the COSO definition of ERM, but also explains why all definitions of ERM contain the same components. We will distinguish between risk management (a management responsibility) and risk assessment (a component of ERM and a method internal auditors use to select audits). The training also includes hands-on practice in the skills and tools needed to conduct risk management workshops. This course helps prepare you to facilitate an ERM workshop using a risk management, and you will have the opportunity to practice your presentation and facilitation skills – which are essential to risk management. The course also provides an opportunity to discuss and practice gathering information about the control environment and risk assessment, information and communication activities within an organization.

## Objectives

- Understand how the COSO (Committee of Sponsoring Organizations) and other frameworks define internal controls and enterprise risk management (ERM).
- Discover and practice new tools needed for ERM.
- Practice the skill needed in ERM workshops.
- Discuss various ERM implementation options and roles, based on The Institute of Internal Auditors Professional Practices Framework.
- Go “back to basics” to Reexamine and Improve Your Own Process.
- Prepare a post-training implementation plan to make it happen
- Share current issues, challenges, and emerging practices in internal auditing and risk management.

## Benefits of Attending

Enterprise Risk Management is fast becoming a business necessity. Some organizations, like Basel and Standard & Poor’s, are including ERM factors into their models for rating the capital requirements and credit standing of companies. No internal auditor can ignore ERM – because management, with or without internal audit’s help, is moving forward with learning about risk management. This could be your chance to be viewed as truly helpful to the organization. Some organizations will spend lots of money hiring consultants to help implement best practices in ERM – this seminar will help you maximize that money and better direct the work of those consultants - you need to know why, in ERM, a best practice for one company may be a worst practice for your company.

If done right, implementing ERM is the hardest project some departments will ever tackle – this seminar can help you get started right, and come out on top. If all you want is a list of risks and controls and a “cookbook” way to implement ERM, this seminar is not for you - just go buy a

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book about risk management. But, if you want to really learn how to help your organization protect itself, come to this seminar!

### **Intended Audience**

Every organization manages risks every day, either formally or informally, and they do it effectively or poorly. This seminar is designed for all auditing and enterprise risk management staff, supervisors and managers seeking first-hand experience and practical guidance in determining which risk management and control techniques are best for their organization. Sometimes risk management is viewed as being for banking or insurance industries – but this ERM training takes a wider view to include operational risks and the role of internal auditors. This seminar is especially valuable when the internal audit or risk management team from an organization attends together.

### **Special Note to Experienced Risk Managers and Internal Audit Managers**

You already know how fast things can change in the business world, and that you can always learn from what others are doing. You also know you don't manage risks yourself – getting participation from the organization is a must – and you always benefit from hearing how others are “keeping it fresh”. This seminar lets you and your team go “back to basics” to re-examine your risk management and internal auditing processes to increase the protection you have against events that can collapse the enterprise. You know there are no guarantees in risk management, but your whole team talking about and examining your process in depth during this seminar may just be the spark you need to put in a measurement or a control that prevents something major from happening or detects it in time.

### **Class Format:**

The training is conducted through lecture, small and large group discussions, case studies, practical exercises, facilitator presentations, skill practices in presentations and facilitations, self-assessments, and feedback from the facilitator. Participants are encouraged to discuss their approaches, practice their skills, and share their knowledge with others. This training is much more of a “workshop” than a formal lecture. Come prepared to participate!

### **Day 1 – Overview and Central Principles of ERM**

The objective of Day One is to provide an overview of ERM and understanding of the various ways it is used in organizations. We also discuss the use of common frameworks, or definitions, of ERM and cover their central principles.

#### **ERM Overview**

- The definition of ERM
- Enterprise Risk Management vs. Internal Control
- Key concepts of risk management and internal controls

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- ERM is a PROCESS!
- ERM vs. Risk Assessment
- Use of Risk Assessment by internal auditors

### ERM Using Frameworks

- The COSO Framework
- RIMS Risk Maturity Model
- Risk Management in Banking - Basel II
- Standard & Poor's inclusion of ERM into the credit ratings
- The U.S. Sarbanes-Oxley Act of 2002 – COSO Framework
- The challenges COSO presents to the internal audit profession
- How all Framework's are the Same

### Central ERM Principles

- Definition of ERM terms
- Entity-wide and activity-level evaluations
- Benefits of ERM – What ERM can do for you
- What ERM cannot do
- Problems ERM can solve, and ones it will create
- Reporting on ERM efforts
- Role of ERM in corporate governance
- Roles in ERM for Internal Auditors – Per The Institute of Internal Auditors

### Case Studies

- Practice using the basic Risk Management Formula: Objective – Risks – Responses
- Benefits and challenges of ERM

### Day 2 – The Components of ERM

The objective of Day Two is to provide a more detailed look at the components of ERM, using the popular COSO framework as a base. These components are also present in all other ERM frameworks.

### Internal Environment

- Internal Environment factors
- Relationship of hard and soft controls
- Tools for evaluating the Environment

### Risk Identification and Assessment

- Setting objectives
- Risk identification and assessment factors
- Use of risk frameworks
- Risk responses - prevent, detect, accept
- Process-based controls

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- Dealing with high impact, low probability risks
- The role of internal audit in determining risk responses

### Control Activities

- The real definition of Control Activities
- Information technology controls
- Other self-assessment efforts in the organization
- A special look at the role of policies and procedures

### Information and Communication

- Relationship to other components of ERM
- Key measurements for ERM success
- Evaluation tools

### Monitoring and Oversight

- Monitoring factors
- Internal audit role
- Audit reports using ERM frameworks
- Reporting and correction of control problems

### ERM Implementation

- Readiness test
- ERM information flow – the Cube
- A risk management department does not manage risks!
- Steps in implementation process

### Case Studies:

- Using risk frameworks to identify controls
- Categorizing controls using the COSO framework
- Application to your own organization: potential barriers, roles and critical success factors

### Day 3 – Skills Needed to Implement ERM

The objective of Day Three is to introduce and begin to practice the skills needed to conduct ERM workshops. These skills include presentation and facilitation skills and recording of workshop data. This day provides the opportunity for participants to practice their own presentation and facilitation skills, which can be videotaped for future viewing and learning efforts.

### Presentation Skills

- The importance of presentation skills
- The presentation model

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- Good and bad presentation skills
- Practice presentations related to ERM
- Feedback on presentations

### **Facilitation Skills**

- Role of facilitation skills in ERM
- Difference between facilitations and presentations
- Facilitation skills overview
- Dealing with different personality types
- Preparing for an ERM workshop
- Recording workshop data
- Voting tools and techniques

### **Case Studies**

- Preparing an ERM presentation for your organization
- Brief facilitation practices related to facilitation skills, personality types and preparing for an ERM workshop
- Facilitation on sharing best practices in ERM

### **Day 4 – Practice with Facilitation Skills**

The objective of Day Four is to practice more advanced facilitation skills, with longer durations of workshops. The subjects of the facilitations are relevant to actual ERM components and data gathering. The seminar concludes with a final look at implementation options and post-training implementation planning.

### **Conducting ERM Workshops**

- Kicking it off
- Gathering soft control data
- Variations of the Risk Formula for workshops

### **Putting it all Together**

- Evaluating corporate governance activities
- Presenting workshop results to management
- Revisit ERM concepts and implementation options
- Selling ERM in the organization
- Post-training implementation planning

### **Case Studies**

- Facilitation practice – soft control data
- Facilitation practice – corporate governance
- Facilitation practice – full ERM workshop



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### **Administration:**

No advance preparation or prerequisites are necessary for this course but a basic knowledge of internal controls will be useful. The program level is basic. The delivery method is Group-Live and 20 CPE hours in the Auditing (10) and Personal Development (10) fields of study are available.

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