

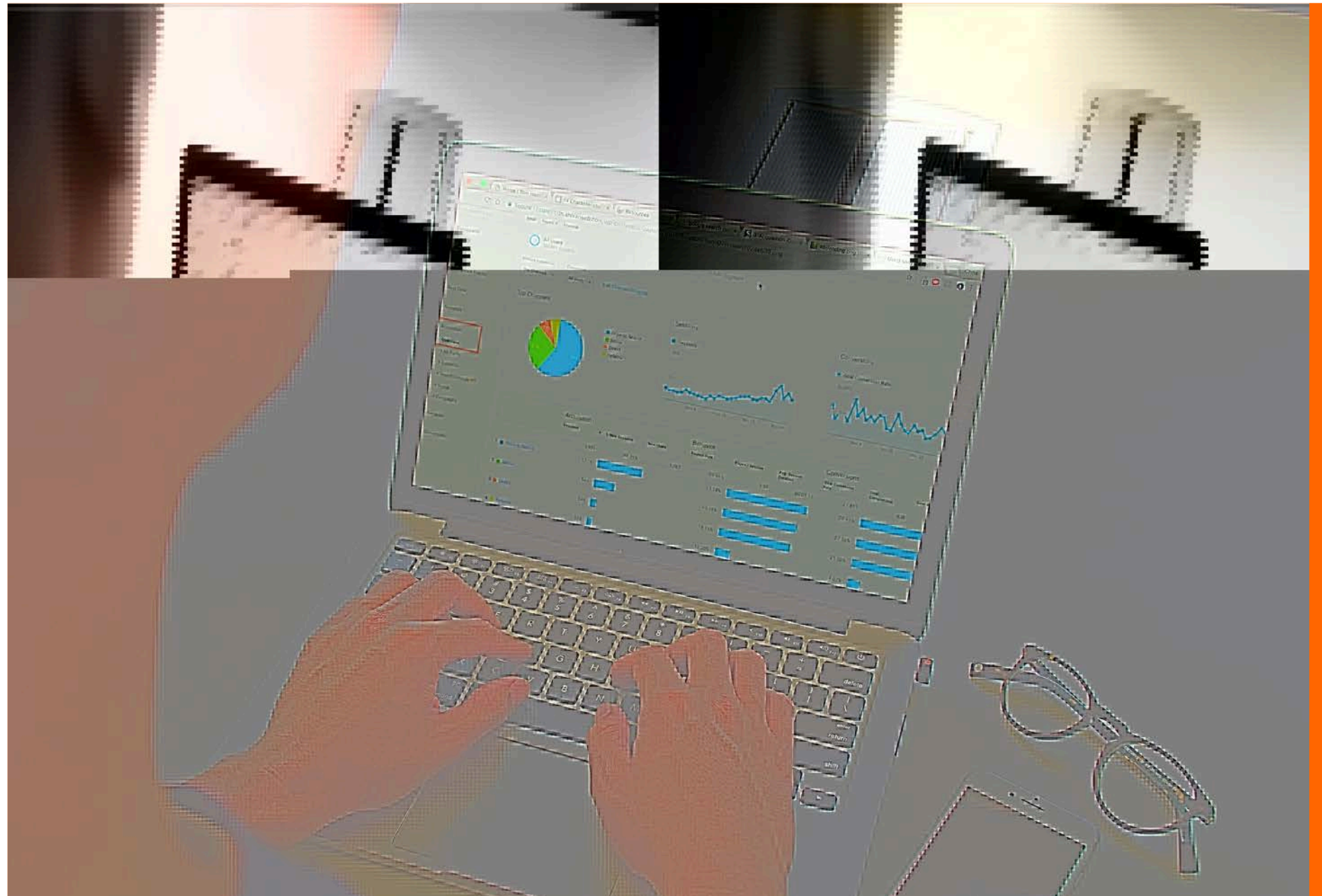
The FAMU logo consists of the letters 'FAMU' in a bold, white, sans-serif font, set against a solid orange rectangular background.

FLORIDA A&M UNIVERSITY

**ENTERPRISE RISK
MANAGEMENT**
DIVISION OF AUDIT



Audit, Compliance, and Risk Management:
A Collaborative Approach to
Managing Enterprise-wide Risks



If you don't invest in risk management, it doesn't matter what business you're in, it's a risky business.

- Gary Cohn

Agenda

01. **Benefits of Collaboration: Internal Audit, Risk Management, & Compliance**
02. **Roadblocks to Collaboration**
03. **Collaboration Opportunities for Audit, Risk Management, Compliance, and Cybersecurity**
04. **Latest Trends in Risk and Compliance: 2022 PWC Global Risk Study**
05. **FAMU's ERM Highlights**

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CENTER FOR ACCESS
and
STUDENT SUCCESS

Collaboration

Benefits

8 Benefits of Collaboration: Internal Audit, Risk Management, and Compliance

1 Optimize Risk Reporting

2 Allocate Resources Efficiently

3 Effectively Prioritize Risk Mitigation Actions

4 Enhance Oversight of Risk Programs and Potential Threats



8 Benefits of Collaboration: Internal Audit, Risk Management, and Compliance

5 Improve Decision Making

6 Constant Feedback Loops Between Areas

7 Ensure Transparency Across and Organization's Risk Landscape

8 Holistic Overview of an Organization's Risks and Controls



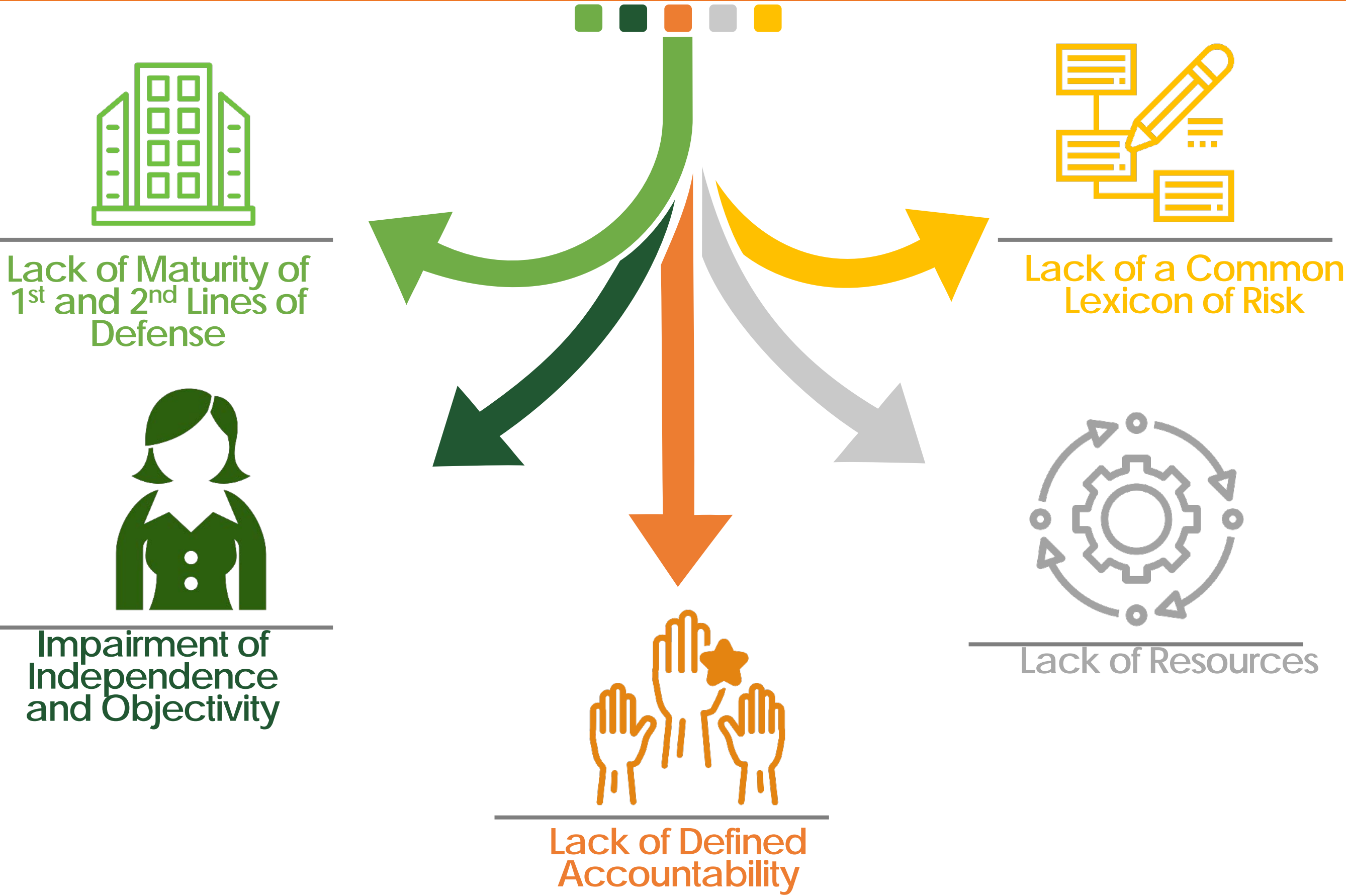


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Collaboration

Roadblocks

Roadblocks to Collaboration





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Collaboration Opportunities



Collaboration Opportunities for Audit, Risk Management, Compliance, and Cybersecurity

01

**Collaborative
Dynamic Risk
Assessment**

02

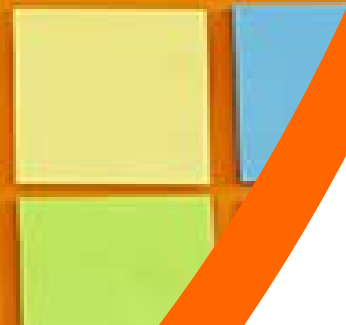
**Coordinate Risk
Management Annual
Plans**

03

**Risk Reporting to
Management and
the Board**

04

Risk Monitoring



Collaboration Opportunities for Audit, Risk Management, Compliance, and Cybersecurity

05

Share Data, Analytics, and Technologies

06

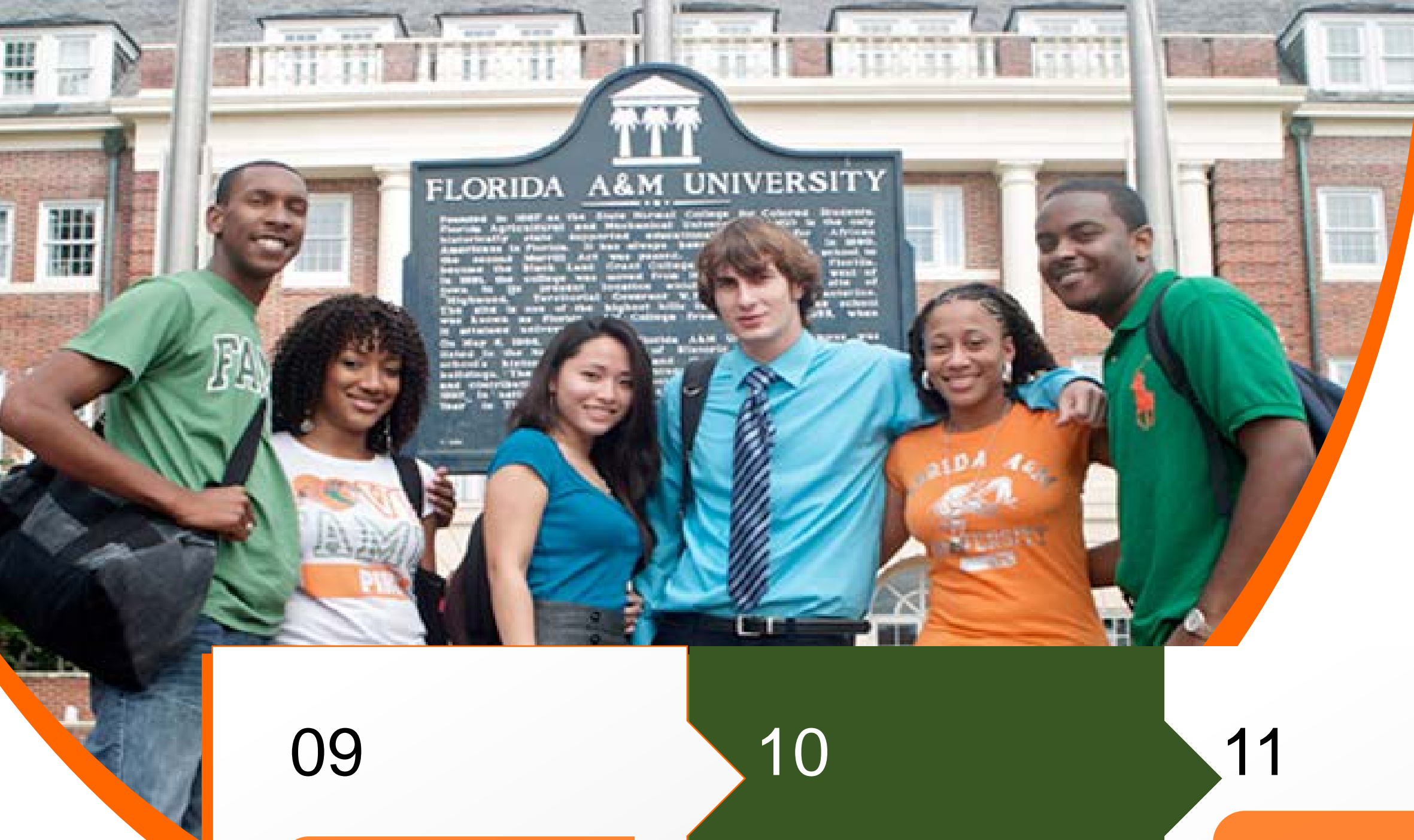
Coordinate Risk Management Annual Plans

07

Risk Prioritization

08

Training and Awareness Activities



Collaboration Opportunities for Audit, Risk Management, Compliance, and Cybersecurity

09

Common Risk
Language

10

Policy and
Procedure Reviews

11

Investigations

12

Compliance
Governance
Assessments



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FAMU  WAY



2022 Trends

Risk and Compliance

Engage Early and Get Risk Insights at the Point of Decision

79%

report that keeping up with the speed of digital and other transformations is a significant risk management challenge

39%

of business executive respondents say that they are making better decisions and achieving sustained outcomes by consulting with risk professionals early

70%

are prioritising diversity in risk teams

Take a Panoramic View of Risk

65%

are increasing overall spending on risk management technology

3/4

are planning on increasing spend across data analytics (75%), process automation (74%) and technology to support the detection and monitoring of risks (72%)

38%

report that their risk function is not actively seeking external insights to assess and monitor risks

Set and Employ Risk Appetite to Take Advantage of the Upside of Risk

22%

are realising benefits from defining or resetting risk appetite and risk thresholds

56%

are investing in risk culture and considering behavioural risk in 2022

47%

are very confident in their risk function's ability to build a more risk-aware culture

Enable Risk-Based Decision Making Through Systems and Processes

74%

are increasing their spending toward adding technology and digital capabilities to the risk function workforce

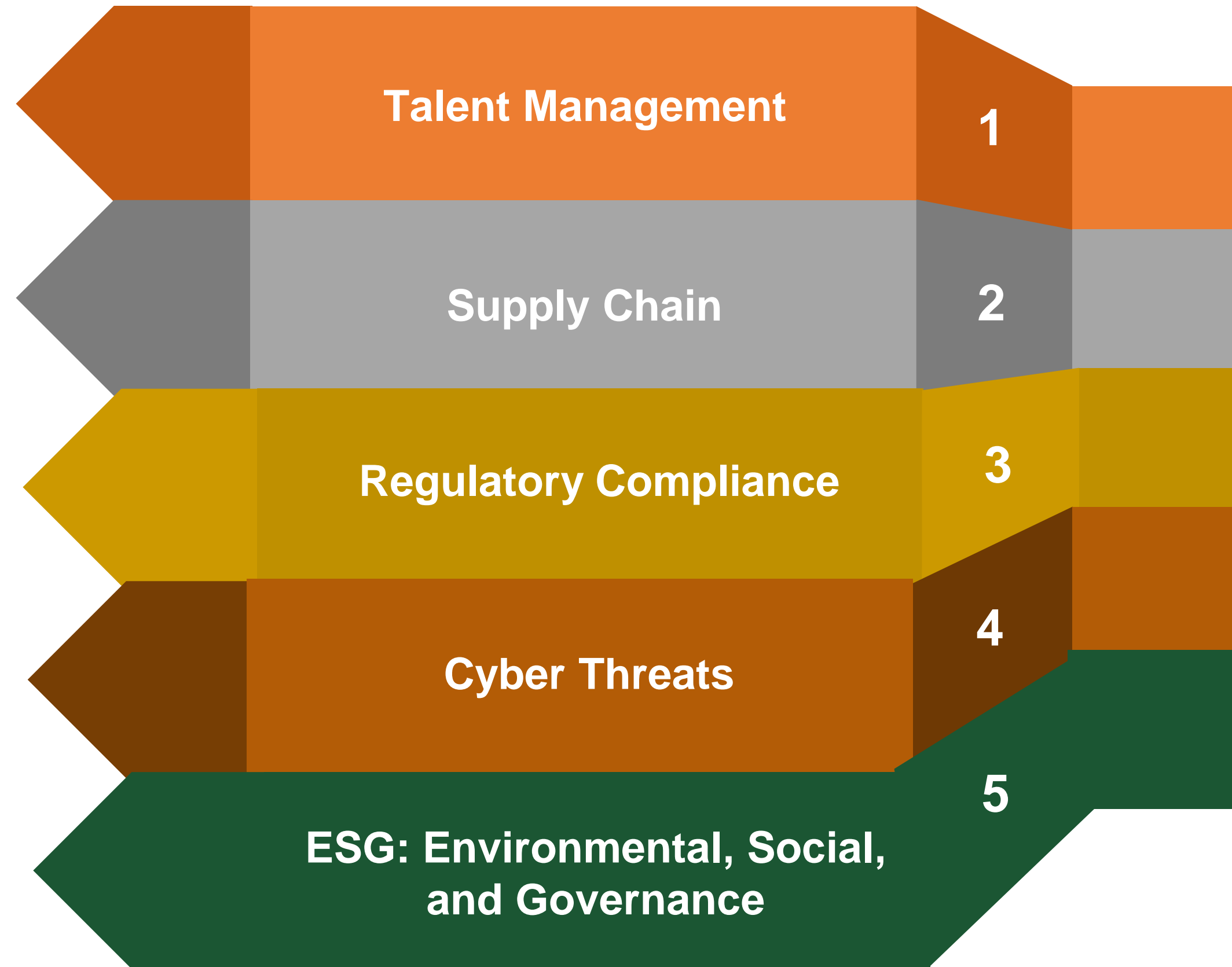
54%

complement risk technology investments with people and process changes

75%

say that having technology systems that don't work together is a significant risk management challenge

Double Down Efforts on Top Risks





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FAMU WAY



FAMU

ERM Highlights



Mission Statement

To provide meaningful, actionable, and timely strategic and performance risk intelligence to our stakeholders to enhance decision making and resource alignment while appropriately balancing risk and opportunity.



Vision Statement

The FAMU ERM program strives to become a thought leader in enterprise risk management practices through development of innovative and cost-effective methodologies that integrates enterprise risk management practices into the culture and strategic decision-making processes of academic, student, and administrative functions within educational institutions.

FAMU ERM Policy



University Policy Number: UP-01-02		Effective/Revision Date: December 3, 2019	
Subject	Internal Controls and Enterprise Risk Management		
Authority	Section 7(c), Article IX, Florida Constitution; Section 1010.01(5), Florida Statutes; BOT 2019-01		
Applicability	This policy applies to all University units and employees.		
Related			

I. POLICY PURPOSE AND INTENT

A. This policy is intended to improve mission delivery, reduce costs, and focus corrective actions toward key risks through the modernization of existing efforts by requiring the implementation an Enterprise Risk Management (ERM) capability coordinated with the strategic planning and strategic review process, and the internal controls processes.

II. STATEMENT OF POLICY

A. The Board of Trustees (BOT) has directed the University to modernize existing efforts by requiring the implementation of an Enterprise Risk Management (ERM) capability coordinated with the strategic planning and strategic review process, and the internal controls processes championed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its publications Internal Controls - Integrated Framework and Enterprise Risk Management - Integrating with Strategy and Performance.

B. Successful implementation of this policy requires University leadership to establish and foster an open, transparent culture that encourages people to communicate information about potential risks and other concerns with their superiors without fear of retaliation or blame. An open and transparent culture results in the earlier identification of risks and allows the opportunity to develop a collaborative response, ultimately leading to more resilient operations.

- Requires FAMU to Implement COSO ERM
- Annual Risk Profile – Aligned with Strategy and Performance
- Risk Identification – New and Emerging or Changing Risks
- Establish an ERM Advisory Committee
- Risk Response Plans
- Progress Reports to BOT AACC
- Establish Chief Risk Officer Position
- Risk-aware Culture
- Roles and Responsibilities
 - Legal
 - Compliance & Ethics
 - Division of Audit
 - Senior Management
 - Employees

ERM Advisory Committee Charter Highlights



Purpose

- Provide oversight, guidance, and coordination of risk management practices
- assist management with establishing and monitoring risk mitigation strategies



Authority

- Committee has no executive powers
- Solicit advice and assistance from others, when necessary



Meetings

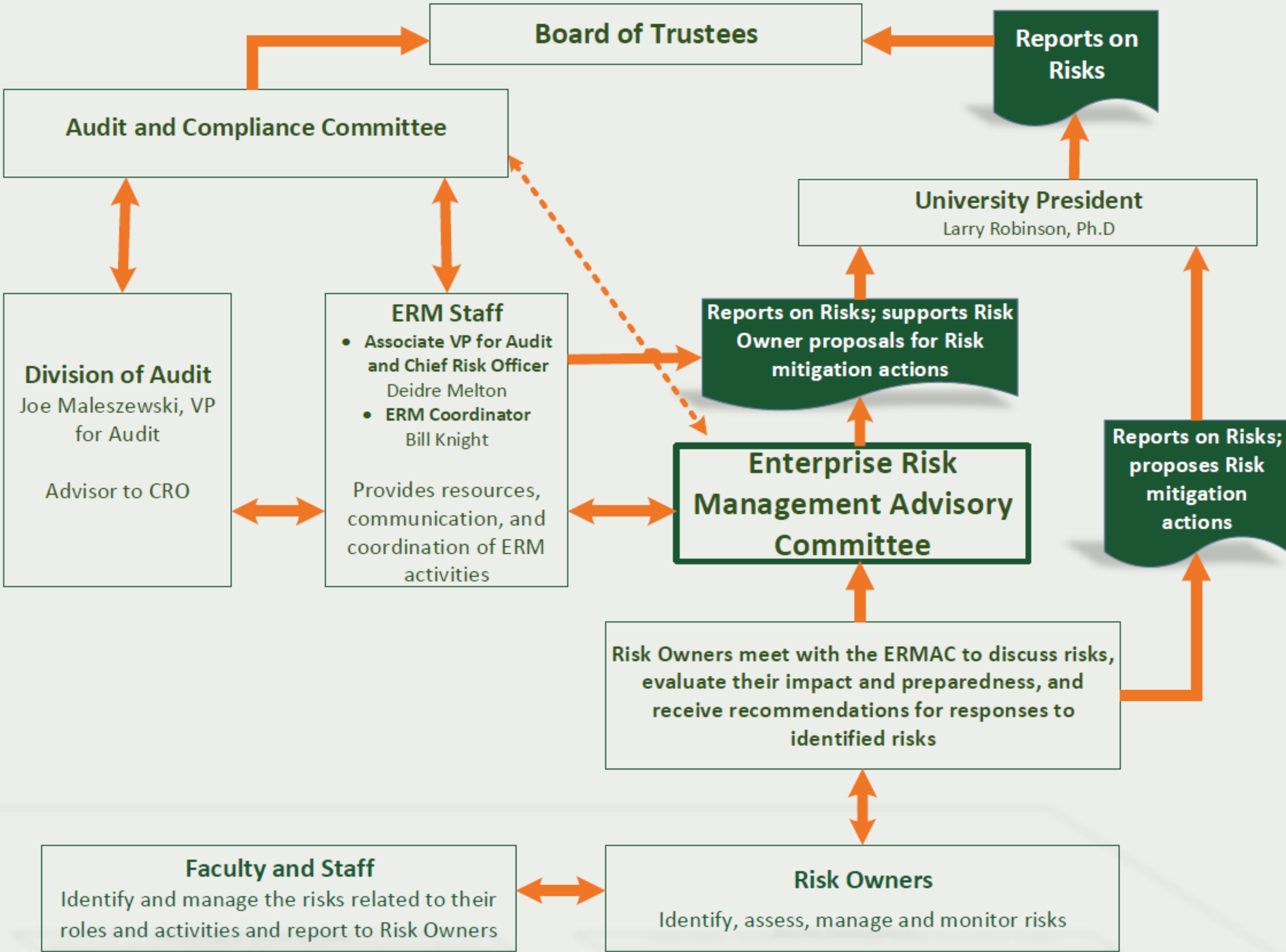
- Meet at least once per quarter
- May conduct votes via email communication between meetings



Composition

- Voting and Non-Voting Members
- Voting Members: Expertise in University strategic and performance initiatives
- Non - Voting Members: Select SLT Members

ERM Risk Reporting Structure



Risk Appetite Statement



Risk Appetite Statement

June 3, 2022



Defined Risk Levels
.....



Core Position
.....



Strategic Themes & Enablers

Risk Levels

Risk Averse



Accepts as little risk as possible. Not willing to accept any negative impact beyond core position.

Risk Concerned



Cautious approach to risk taking. Willing to accept small negative impact to pursue objectives.

Risk Neutral



Potential negative impacts and accomplishments of objectives given equal consideration

Risk Tolerant



Greater than normal risks are tolerated. Willing to accept some negative impact to pursue objectives.

Opportunity Seeking



Willing for risks to be taken to gain highly valued reward.



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Q&A



**“At FAMU, Great Things Are
Happening Every Day.”**

ESTABLISHED 1887

