Collin College Enterprise Risk Management

June 25, 2019

whitleypenn

Enterprise Risk Management

Enterprise Risk Management ("ERM") is a process set forth by management that includes the culture, capabilities, and practices integrated with strategy-setting and performance, to manage risk in creating, preserving, and realizing value.

Impact for the College

Assists the Board in the following governance responsibilities:

- Understand the link between strategy and risk
- Set "tone at the top" and cultural attitude toward risk
- Have insight on risk identification, mitigation, and monitoring processes
- Serves as a launching platform to meet the Board's governance responsibilities to address risk in the current absence of an internal audit department

Assists management in the following responsibilities:

- Analyze operational areas and identify opportunities for improvement
- Manage risks that threaten the achievement of organizational objectives
- Define areas of focus for operational analysis and improvement

Whitley Penn Engagement Team

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Engagement Partner

Risk Advisory Services

John Williamson, CPA, CIA, CISA
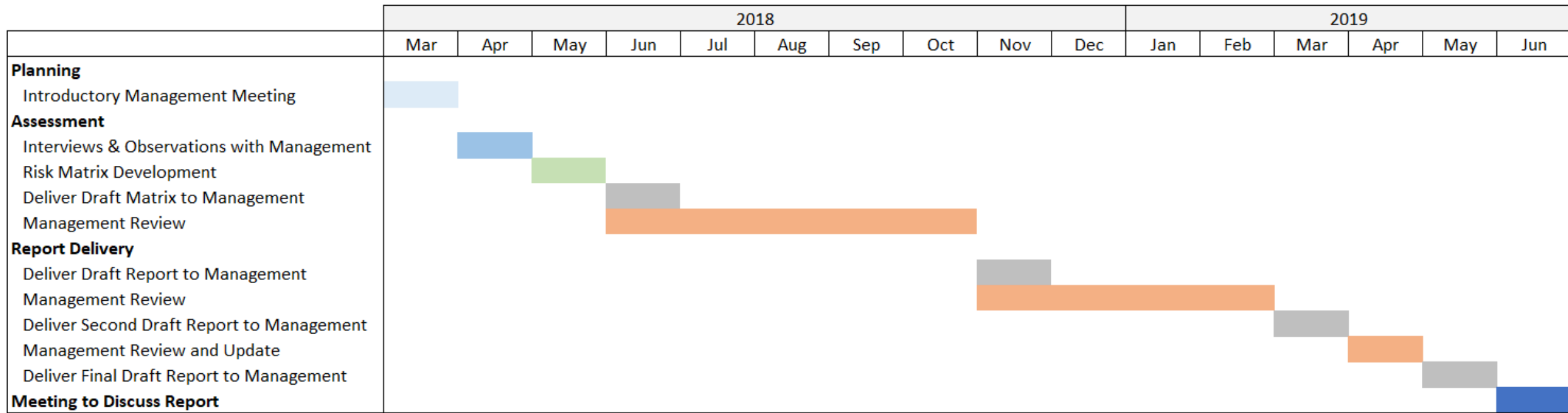
Senior Manager

Risk Advisory Services

Daniel Pitts, MBA

Senior

Risk Advisory Services

Project Timeline

	2018									2019					
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun

Planning
  Introductory Management Meeting
Assessment
  Interviews & Observations with Management
  Risk Matrix Development
  Deliver Draft Matrix to Management
  Management Review
Report Delivery
  Deliver Draft Report to Management
  Management Review
  Deliver Second Draft Report to Management
  Management Review and Update
  Deliver Final Draft Report to Management
Meeting to Discuss Report

Whitley Penn's Approach

- Reviewed the College's strategic priorities and master plan

- Interviewed 27 members of management to determine areas of risk, document management's assessment of inherent risk, identify the College's risk responses, and evaluate the sufficiency of the College's risk responses

- Inspected policy and procedure documents

- Inspected relevant documentation of the College's risk mitigation strategies to evaluate the design and effectiveness of those strategies

- Developed an Enterprise Risk Matrix to quantify and prioritize the College's inherent and residual risks

Risk Matrix Development

Identified approximately 90 risk statements through discussions with management and correlated to a strategic priority.

Calculated risk scoring with the following formulas:

Inherent Risk = Likelihood*Impact

Residual Risk = Inherent Risk/Risk Mitigation

Risk Assessment Results

Top 10 inherent risks that have been mitigated by the College

Human Resources	
	Attract and retain faculty
Governance	
	Allocation of human resources
Purchasing	
	Contract fulfillment and monitoring
Information Technology	
	External cyber security threats
	Breach identification and evaluation
	Cyber security training
Student Recruitment / Retention	
	Managing on-line capabilities
Academic Affairs	
	Identifying the evolving needs of the labor market
Campus Security	
	Physical security
	Identification and prevention of physical attacks

Risk Level = Likelihood X Impact

Low	Moderate	High	Extreme

Risk Assessment Results (*continued*)

- We identified the top 9 residual risks based on the following:
  - The mitigation and control mechanisms designed to reduce the impact of the risk.
  - Monitoring activities designed to determine if additional resources should be allocated.
  - Reporting mechanisms relied upon to monitor the operating effectiveness of risk mitigation activities.
- Based on our review and professional judgment, we determined that the District has allocated sufficient resources to the factors that could be controlled or influenced by the College for 5 of the top 9 risks.

Risk Assessment Results (*continued*)

Top 9 residual risks facing the College

Governance	
	Succession planning
	Detection of fraud and internal control failures
Campus Safety	
	Lack of disaster preparedness
	Identifying security threats
Student Recruitment / Retention	
	Meeting demand for dual credit courses with current resources and staffing
	Retention of dual credit students
Compliance / Reporting	
	Federal and state reporting errors
	Policies and procedures no longer support current laws and regulations
Academic Affairs	
	Course schedules not meeting student expectations
Risk Level = Likelihood X Impact	

Low	Moderate	High	Extreme

Risk Assessment Recommendations

Succession Planning
Current Risk Response
A succession plan has not been implemented by all departments.
Recommendation:
We recommend that the College evaluate its existing approach to succession planning for leadership in departments critical to the achievement of its objectives.
Management Response:
Informal succession planning activities take place across the college in key areas and hard-to-fill areas, such as IT. Discussions regarding a more formal succession planning initiative are in progress.

Risk Assessment Recommendations (*continued*)

Federal and State Reporting Errors
Current Risk Response
An annual audit is performed and the grant management department provides oversight. However, federal and state reporting errors remain a significant risk to the College.
Recommendation:
We recommend that the College implement a documented process to review the completeness and accuracy of federal and state filings as well as submission deadlines to ensure timely filing.
Management Response:
Most Federal and State reports are prepared through the Institutional Research Office and are reviewed and approved by someone other than the preparer for quality control. A filing calendar is in place to ensure timely filing of reports. For Title VI reports, a filing calendar is also in place and a dedicated accountant is responsible for timely reporting. In addition, Title IV funds are reconciled on a monthly basis by both the Business Office and Financial Aid. For reports related to grants accounting, the annual audit is a mitigating factor for all grants and the grant management department provides oversight to ensure accuracy and timeliness.

Risk Assessment Recommendations (*continued*)

Policies and Procedures No Longer Support Current Laws and Regulations
Current Risk Response
Compliance training is given throughout the year to staff that are responsible for compliance activities. However, there is not a dedicated compliance function within the College.
Recommendation:
We recommend that the College consider establishing a Compliance Officer position to lead the College compliance program and further mitigate associated compliance and regulatory risk.
Management Response:
The College is assessing this recommendation and will consider either adding a position or incorporating this role into the responsibilities of another position.

Detection of Fraud and Internal Control Failures
Current Risk Response
The College has engaged a third-party to perform an enterprise risk assessment; however, it does not have an internal audit department to evaluate and monitor the College's risk mitigation strategies.
Recommendation:
We recommend establishing an internal audit function to provide the College with continued monitoring and assurance over the College's risk mitigation strategies on a continued basis.
Management Response:
An internal audit position has been approved for the 2019-2020 budget year to re-establish this important function.

Questions