**ACC 5011**

**Enterprise Risk Management**

**Fall 2016**

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**Hours**: TH 12- 1, F, 12-1

and by appointment

# COURSE MATERIALS

Required:

Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2016 Enterprise Risk Management Exposure Draft (you may download a free review copy at the COSO websit BEFORE 9/30 2016)

COSO Internal Control – Integrated Framework (2013) and Compendium (You will be given access information from the instructor)

Optional:

K Reding, P. Sobel, U. Anderson, M. Head, S. Ramamoorti, M. Salamasick, and C. Shreve, *Internal Auditing: Assurance, and Advisory Services*, 3rd Edition, The Institute of Internal Auditors, 2013 (If interested, you will be given an authorization code by the instructor to purchase an E-Book from the publisher at a substantial discount authorized only for NTU students).

You will also need to do extensive on line research on related topics. Various reading materials or assignments will be provided throughout the courses. Sharing of reference materials are strongly encouraged among classmates for preparation purposes, with intellectual property rights respected at the highest level possible.

**COURSE OBJECTIVES**

This course is designed for students who have interest in careers in the accounting and finance functions of corporations or government entities or in the consulting/risk management/internal audit services side of public accounting firms. The purpose of the course is to introduce the students to control and risk management in today's organizations, a scope that extends beyond far the traditional attestation of the financial statements. Its objectives are to provide you:

* An in-depth understanding on internal control framework
* A clear overview of how audit/compliance functions operate within today’s business and government/non-profit organizations

And to introduce you:

* Enterprise Risk Management (ERM) as an approach to managing the risks that can prevent an organization from achieving its objectives, both financial and nonfinancial.
* Core elements of an effective ERM process.
* Connections of risk oversight and strategy.
* Relationship of ERM to traditional risk management activities.
* Practical methods for developing a top-down enterprise wide view of risk oversight.
* Corporate governance requirements related to risk oversight.

**EXAMINATIONS AND GRADING**

**POINTS**

Exam & Quizzes 400

Project/Presentation 100

**total points** 500

**Academic Integrity**

Students shall not plagiarize, cheat, or falsify or misuse any records. Students are expected to adhere to University policy on cheating and plagiarism throughout the course. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred.

When students submit work purporting to be their own, but which in any way borrows ideas, organization, wording or anything else from another source without appropriate acknowledgement of the fact, the students are guilty of plagiarism. Plagiarism includes reproducing someone else’s work, whether it be a published article, chapter of a book, a paper from a friend or some file, or something similar to this. Plagiarism also includes the practice of employing or allowing another person to alter or revise the work which a student submits as his/her own, whoever that other person may be.

Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone. When a student’s assignment involves research in outside sources of information, the student must carefully acknowledge exactly what, where and how he/she employed them. If the words of someone else are used, the student must put quotation marks around the passage in question and add an appropriate indication of its origin. Making simple changes while leaving the organization, content and phraseology intact is plagiaristic

Please note: Any assignment you turn in may be submitted to an electronic database to check for plagiarism.

**ACC 5011**

**Class Schedule**

**Sep 23**

**TOPIC**: Do I want to be a risk professional?

**READINGS:**

1. Visit Big 4 and Grant Thornton Global website regarding “risk related services”
2. Pulliam, S. and D. Solomon, “Uncooking the Books: How Three Unlikely Sleuths Discovered Fraud at WorldCom,” WSJ, October 30, 2002, p. A1
3. Applegate, D., “The U. S. Corporate Audit Function,” *The Internal Auditor*, October 2004, pp. 23-27

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**Sep 30**

**TOPIC**: Internal Control

**READINGS**

1. Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control - Integrated Framework*, (COSO, 2013), executive summary.

**Oct 7**

**TOPIC:** The Internal Auditing Profession; Adding Value: Governance, Risk Management and Control

**READINGS**

1. Moody’s Investor Services, Best Practices in Audit Committee Oversight of Internal Audit, October 2006.
2. The Three Lines of Defense in Effective Risk Management and Control, January 2013. <https://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Three%20Lines%20of%20Defense%20in%20Effective%20Risk%20Management%20and%20Control.pdf>

**Oct 14**

**TOPIC**: The International Professional Practices Framework of IIA

**READINGS**

1. Mission, Core Principle and Definition of Internal Audit
2. Code of Ethics, On IIA Website <https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx> or Text, Appendix A.
3. International Standards for the Professional Practice of Internal Auditing (Standards) <http://www.theiia.org/guidance/standards-and-guidance/ippf/standards/>, or Text, Appendix B.

**Oct 21**

**TOPIC:** Risk Management Overview

**READINGS**

1. ED, pp. 1-24
2. Position Paper - The Role of Internal Auditing in Enterprise-wide Risk Management. Found at: <https://na.theiia.org/standards-guidance/Public%20Documents/PP%20The%20Role%20of%20Internal%20Auditing%20in%20Enterprise%20Risk%20Management.pdf>
3. Committee of Sponsoring Organizations of the Treadway Commission, COSO Enterprise Risk Management — Integrated Framework, (COSO, 2004), executive summary. Found at:

<http://www.coso.org/Publications/ERM/COSO_ERM_ExecutiveSummary.pdf>

**Oct 28**

**TOPIC:** Introduction of ERM and Strategy

READINGS

1. ED, pp. 12-16, 27-60

**Nov 4**

**TOPIC**: Risk Identification & Risk Assessment.

**READINGS**

1. ED, pp. 61-82,

**Nov 11**

**TOPIC**: Risk Appetite & Response

**READINGS:**

1. ED, pp. 107-124

**Nov 18 EXAM I**

**Nov 25**

**TOPIC**: Could risk management have made a difference? (Video case)

**READINGS**

None.

**Dec 2**

**TOPIC:** Monitoring Risk, Key Risk Indicators.

**READINGS**

1. ED, pp 83-96
2. COSO Monitoring Guide
3. Waring, C. “Measuring Ethical Climate Risk,” The Internal Auditor, December 2004, pp. 71-85

**Dec 9**

**TOPIC:** Communicating Risk to the Board/Evaluating ERM effectiveness

**READINGS**

1. ED, pp. 97-101
2. Kuzma, S., D. Torpey, and V. Walden, “Evaluating Third-party Due Diligence,” *The Internal Auditor*, June 2012, pp. 43-47.
3. PG, Evaluating Ethics-related Programs and Activities, June 2012.
4. Anderson, U. "Assessing the Merits of Alleged Wrongdoing," *Internal Auditing*, Spring 1995, pp. 48-54.
5. Baker, N. “See no Evil, Hear No Evil, Speak No Evil,” The Internal Auditor, April 2008, pp. 38-43.

**Dec 16**

**TOPIC:** Information Technology Risks and Controls

**READINGS**

1. Chaudhary, R. and M. Lucas, “Privacy Risk Management,” *Internal Auditor*, October 2014, pp. 37-40.
2. Rai, S. and S. Mar, “Cybersecurity and the Board,” *Internal Auditor*, December 2014, pp. 21-22.

**Dec 23**

**TOPIC**: Current Risks Faced by Financial Institutions

**Group presentations**

**READINGS**

1. Burke, J. and S. Jameson, A Global View of Financial Services: Auditing Challenges, Opportunities, and the Future, The IIA Research Foundation, 2015.
2. U.S. Federal Reserve, Supplemental Policy Statement on the Internal Audit Function and Its Outsourcing, January 23, 2013.

**Dec 30**

**Group Presentations**

**Jan 6 Exam II**