

CSAC



CALIFORNIA
STUDENT AID
COMMISSION

Enterprise Risk Management Workgroup

Assess, Plan & Govern

Purpose

Enterprise risk management (ERM) is a plan-based business strategy that aims to identify, assess, and prepare for any dangers, hazards, and other potentials for disaster – both physical and figurative – that may interfere with an organization’s operations and objectives.

Importance

Every business and organization faces the risk of unexpected, harmful events that can cost the organization money or cause it to permanently close.

Risk management allows organizations to attempt to prepare for the unexpected by minimizing risks and extra costs before they happen.

Risk Matrix

Probability of Risk	High	High Probability Low Impact	High Probability Medium Impact	High Probability High Impact
	Medium	Medium Probability Low Impact	Medium Probability Medium Impact	Medium Probability High Impact
	Low	Low Probability Low Impact	Low Probability Medium Impact	Low Probability High Impact
		Low	Medium	High
		Impact of Risk		

Risk Categories

Strategic: Affects our ability to achieve goals and objectives.

Compliance: Affects our compliance with laws and regulations, safety and environmental issues, litigation, conflicts of interest, etc.

Reputational: Affects our reputation, public perception, political issues, etc.

Financial: Affects loss of assets, technology, etc.

Operational: Affects on-going management processes and procedures.

State Leadership Accountability Act Requirements

Government Code Sections 13400 through 13407, known as the State Leadership Accountability Act (SLAA), were enacted to reduce resource waste and strengthen internal controls. SLAA requires each state entity to take an enterprise-wide, risked-based approach in managing risks to their mission, goals, and objectives by maintaining effective systems of internal control. SLAA also requires the entity to evaluate the effectiveness of its internal controls on an ongoing basis, and biennially report on the adequacy by December 31 of each odd-numbered year.

This exercise is facilitated through the Department of Finance. Upon approval, it is a requirement that departments post their approved SLAA report on their website.

(<https://www.csac.ca.gov/reports>)

Coordinated Efforts

The Commission's overall efforts to manage enterprise wide risks and strengthen the effectiveness and monitoring of its internal controls and can provide information that help support the BCP process and Strategic Plan.

Next Steps

Provide ERM updates to the LAB committee every six months, in conjunction with required SLAA updates.

Questions?