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Course Information

Course Title: *Enterprise Risk Management* #3649

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 10 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Texas State Board of Accountancy: 009349

Course Description

This course describes the concept of risk management, how to integrate it into an organization's strategy, and who is responsible for it. The course also addresses risk management at the level of the individual functional area, including treasury and accounting, sales and marketing, human resources, and information technology. There is coverage of contingency planning, insurance, financial analysis, and risk-related measurements and reports.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Finance

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None

Course Content

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Author: Steven M. Bragg, CPA.

Final exam (online): Fifty questions (multiple-choice).

Instructions for taking this course

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

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- Select "Take Exam" for this course and follow instructions.

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Learning Objectives

- Recognize the benefits of risk management, the circumstances under which an organization can retain risk, the characteristics of an enterprise risk management system, and the contents of an organization's risk profile.
- Note the contents of a credit rating system, and the circumstances under which operational hedges, forward contracts, payment netting, call options, and interest rate swaptions are used.
- Identify the risk mitigation efforts that can benefit from centralized marketing management and product testing, as well as the tactics used to mitigate the risk of false marketing claims.
- Note the uses of surety bonds, as well as the available risk mitigation alternatives for late deliveries.
- Recognize the alternatives available to reduce the risks of insufficient capacity.
- Identify the risk-related benefits of offering a richer benefits package to employees, as well as the options available for offsetting a decline in employee morale.
- Identify the uses to which multiple scenario modeling and internal audits can be put, as well as how to reduce the risk of issuing financial statements that contain errors.
- Recognize which risk can be reduced by the use of a hot site, and the risk represented by portable storage media.
- Note the risk mitigation tactics related to political risk and alliance risk.
- Identify the employee notification systems that can be used in the event of an emergency, which forms of communication are the most effective, and which issues with employees may arise immediately after a disaster has occurred.
- Recognize the reasons why deductibles and co-pay are included in insurance contracts, the issues with all-perils coverage, and the circumstances under which reimbursement occurs under business interruption insurance.
- State how risk should be incorporated into analyses involving pricing, dividends, capital budgeting, and research & development.
- Identify the uses to which risk-related reports can be put, the types of leading indicators, and how to evaluate credit ratings.

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Preface

The typical business is subject to a broad array of risks, including product failures, foreign currency exchange rates, floods, hail storms, and losing key employees. Some of these risks can be eliminated by purchasing insurance, but many cannot. Instead, a business must find ways to offset or avoid risks. It can also choose to selectively accept certain risks in exchange for targeted business opportunities, such as entering into a new and unexplored market. *Enterprise Risk Management* shows how to identify and sort through these risks and deal with each one.

The book is divided into two sections. In Chapters 1 through 10, we provide an overview of risk management and then focus on the risks found in each functional area of an organization, including treasury, sales and marketing, the supply chain, and human resources. The intent is to identify risks and note ways to mitigate them. In Chapters 11 through 13, we deal with more specialized topics, which are insurance, the incorporation of risk into various financial analyses, and the measurement and reporting of risk.

You can find the answers to many questions about enterprise risk management in the following chapters, including:

- How is risk incorporated into the strategy of a business?
- How can the risk of not obtaining funding be reduced in a tight credit market?
- What are the alternative methods for reducing interest rate risk?
- What risks are associated with the supply chain?
- How can the risk of not being able to recruit qualified job candidates be reduced?
- What types of risks are associated with the information technology area?
- What types of business entities present the least risk of loss for the investor?
- Which terms and conditions are commonly inserted into insurance contracts?
- How can risk considerations be included in price setting?
- What are the core reports needed for management to monitor key risks?

Enterprise Risk Management is designed primarily for professionals, who can use it as a reference tool for setting up a risk management system and monitoring the status of risks throughout an organization.

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