



302 - A Holistic Approach to Enterprise Risk Management

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Faculty Biographies

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Fred Stein is vice president, secretary and general counsel of Pendum, Inc., the nation's largest independent service provider for ATMs and other cash automation equipment. As part of his duties, Mr. Stein directs the company's risk management program and oversees its security and compliance team, especially with respect to the investigation of occupational fraud claims, loss prevention and mitigation, and recovery and restitution efforts.

Prior to attending law school, Fred worked as an outside investigator of property, casualty and workers' compensation claims

Mr. Stein has been advising companies in the armored carrier and ATM service industry for 10 years. He has broad experience in civil litigation, especially in cases involving complex insurance coverage issues, fidelity insurance, contract disputes, and shareholder and partnership disputes. Fred is also a member of the American Society for Industrial Security.

Mr. Stein received a J.D. with high honors from the Chicago-Kent College of Law, where he served as editor in chief of the Chicago-Kent Law Review. He earned a Certificate of General Insurance from the Insurance Institute of America, and his B.S. from St. John's University.

Lori Trygg

Lori Trygg is associate general counsel and compliance officer for The MMIC Group, a physician-owned medical malpractice insurance company in Minneapolis, Minnesota. Her responsibilities include development, training and oversight of the corporate compliance program, contracts, licensing and regulatory filings, legal research, and oversight of litigation and outside counsel on corporate matters. She also provides legal support for MMIC Technology Solutions, a MMIC Group company that sells and implements information management products and services.

Ms. Trygg has more than 20 years of experience in insurance and financial services. She served as corporate counsel and assistant corporate secretary for MSI Insurance and worked as a claim manager for a Minnesota subsidiary of Mutual of Omaha.

Ms. Trygg is active on ACC's Minnesota Chapter career development committee of the Ms. Trygg is a member of the Society of Corporate Compliance and Ethics (SCCE). As a result of her participation in the SCCE's certification examination item writing committee, she became one of the first certified compliance & ethics professionals in the country, and is on

the planning committee for the legal section of the Physician Insurer's Association of America.

Ms. Trygg received her B.A. from the University of Minnesota, Duluth and her J.D. from the University of Minnesota.



Willis

**Enterprise Risk Management:
What, Why, and How**

Bill Panning, EVP, Willis Rey

The Agenda

Enterprise Risk Management (ERM):

- 1. What ERM is, & how it differs from traditional risk management**
- 2. Why ERM matters – or should – to any firm, regardless of size or type**
- 3. How to get started on ERM**

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How ERM began

- **1989: Dennis Weatherstone, CEO of J. P. Morgan, asks for a report, to be delivered to him daily at 4:15 pm, that answers the following question:**

How much could we lose if tomorrow turns out to be a relatively bad day?

- **Why 4:15? Because if the number was larger than he was comfortable with, there was still time to do something about it**

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Why this was good question

- **It is short and clear. Everyone can understand it.**
- **It defines risk as the potential for loss (rather than standard deviation)**
- **It focuses on a meaningful time horizon (very short for investment banks, far longer for most other firms)**
- **Its objective was to facilitate managing risk (4:15), not just measuring it**

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The most important reasons for asking the question

- **Risk has strategic importance**
 - Excessive risk exposure could jeopardize the firm's strategic objectives, or even its very existence (remember Bankers' Trust?)
- **It is firm-wide or enterprise risk that matters**
 - The crucial worry is the coincidence of several different losses, each of which, taken separately, was manageable.
 - Weatherstone's question thus focuses on the entire firm, the "enterprise", and not just on different component risks
 - He already had reports on various component risks
- **Firm-wide risk has to be managed centrally**

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These are the key features that distinguish ERM

- **A recognition that risk has strategic importance**
 - It is therefore a crucial component of strategic planning
- **A recognition that firm-wide risk is crucial**
 - This creates a need for an integrated framework for thinking about risks of different types
- **A recognition that firm-wide risk requires centralized information and management**
 - This creates a need for a new or enhanced management function

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So how is this different from traditional risk management?

- **Traditional risk management departments typically focus only on insurable hazards such as property and catastrophe risks, business interruption, D&O, workers compensation, and the like**
 - Other risks within the firm are managed separately, typically in a decentralized fashion
- **Legal and accounting departments focus on establishing proper controls to prevent undesirable costly events**
- **Both are absolutely essential; but in most firms, neither reaches the level of strategic, firm-wide, centralized ERM**

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Organizing for ERM

- **There is absolutely nothing wrong with the traditional risk management departments or the risk control activities of the legal and accounting departments.**
- **But for effective ERM, these functions need to be expanded and reorganized**
- **These departments are seldom in a position to**
 - gather the requisite information about firm-wide risks
 - analyze the strategic implications of that information
 - require other parts of the firm to alter their risk exposures

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Corporations also impose a misleading view of risk

- Many firms tell their risk manager to minimize their *cost of risk*
- The *cost of risk* has four basic components:
 - *The cost of insurance purchased*
 - *The cost of claims paid by the firm itself, including claims management costs*
 - *The cost of loss prevention activities undertaken by the firm*
 - *The cost of administration*

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And risk managers behave accordingly

- Risk management is viewed as a cost center
- Risk managers believe (correctly) that they can demonstrate “good” performance only by reducing costs
- So they increase retentions if insurance prices are stable or increasing
- And they hold retentions if prices are falling
- So retained risk generally increases over time

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What is left out

- **Viewing risk management as a cost center ignores the fact that there are crucial firm-wide benefits at stake**
 - Reduced cash flow and earnings volatility, with a consequent potentially favorable impact on stock price
 - Increased certainty of ability to fund growth and investment opportunities that contribute to the firm's stock price
 - Improved credit ratings and a resulting drop in the firm's cost of debt, which increases with risk
- **There are costs to achieving these corporate-level benefits; the cost-benefit tradeoff is perhaps best evaluated at the CFO or CEO level in the context of strategic planning**

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What happens when these benefits are ignored

- **Example: a major oil production firm**
- **Retention = 1/2 Billion = 1/2 annual cash flow (based on historical rule of thumb)**
- **Problems:**
 - Use of cash flow + debt for acquisitions
 - Stock price closely linked to high growth
 - Estimate of maximum tolerable loss ignored revenue effects
- **Unless risk management is made a part of strategic planning, estimates of how much risk a firm can afford typically ignore business realities, existing commitments, and strategic objectives**

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How to get started on ERM: first steps

- **Identify:** Have a senior management meeting to brainstorm possible risks to the firm
- **Classify:** Divide identified risks into those that can potentially be quantitatively measured and those that cannot
- **Prioritize:** Use subjective measures to crudely quantify the frequency and severity of all risks
- **Propose:** Form a multidisciplinary committee to identify and evaluate possible changes in controls or risk prevention actions that affect non-quantifiable risks

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How to get started on ERM: more first steps

- **Evaluate:** For potentially quantifiable risks, identify whether the necessary data is available and evaluate the cost and benefit of analyzing it
- **Organize:** Establish a senior-level committee to
 - Act on recommendations resulting from the preceding steps
 - Periodically review the firm's overall risk
 - Incorporate risk analysis into the strategic planning process

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The crucial questions to keep in mind

- **How much could your firm lose if this turns out to be a relatively bad year?**
- **How would such a loss affect the following:**
 - Achievement of your strategic objectives
 - Your debt rating and cost of debt
 - Your stock price
 - Your subsequent ability to deliver target earnings
 - The behavior and confidence of various stakeholders
- **Are these consequences acceptable?**
- **If not, what actions could reduce the likelihood or severity of extreme losses?**
- **Do their benefits exceed their costs?**

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Conclusion

- **ERM recognizes the strategic importance of risk**
- **It recognizes the importance of firm-wide risk**
- **It recognizes the need for central information and management**
- **Getting started is relatively straightforward**

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ENTERPRISE RISK MANAGEMENT
AN OUTLINE FOR CRAFTING YOUR PROGRAM

- I. Enterprise Risk Assessment –Summary
 - A. Team
 1. Company's management
 2. Company's process owners
 3. External business risk services consultant (if using one)
 - B. Process
 1. Document consultant's understanding of the company's business goals and objectives
 2. Identify and assess the key areas of inherent risk (ie. financial, operational, compliance)
 3. Discuss the high level controls to mitigate key inherent risk areas
 4. Identify audit activity to validate the effectiveness of key mitigating controls
 - C. Results
 1. Business process scope document – Attachment A
 2. Risk assessment matrix- Attachment B
 3. Risk and controls assessment – Attachment C
 4. Internal audit plan for areas of greatest perceived risk
- II. Detailed Enterprise Risk Assessment Process
 - A. Develop Business Process Scope (see Attach. A)
 1. Identify key function areas
 2. Identify key executive owner for each functional area
 3. Identify and validate with owner the significant processes within these functional areas
 - B. Define Key Business Objectives
 1. Financial integrity and corporate success
 2. Broaden products and value-added services
 3. Provide superior customer service
 4. Hire and retain qualified resources
 5. Expense control
 6. Become the leader in your market
 7. Strengthen customer loyalty/retention
 8. Adhere to compliance standards and minimize E&O exposure
 - C. Define Critical Risk Areas
 1. Regulatory/Compliance
 2. Financial reporting
 3. Reputation/customer perception
 4. Competitors
 5. Employee relations/retention/key person
 6. Fraud
 7. Tax
 8. Data integrity
 9. Technology/information security
 10. Business continuity
 11. Investment/exposure
 12. Contracts
 - D. Determine Risk Impact Criteria (see Matrix, Attachment D)
 1. Financial impact
 2. Reputational impact
 3. Technology
 4. Operational/organizational
 - E. Interview Key Executive and Process Owners
 1. CEO
 2. Chair of the board
 3. COO
 4. CFO
 5. General Counsel
 6. Division VPs
 - F. Risk Assessment Matrix (see Attach. B)
 1. Summary of interview results
 2. Assesses risk by
 - a. Business process
 - b. Critical risk area
 3. Additional risk considerations:
 - a. Overall inherent risk by nature of business process without consideration of the company's control environment
 - b. Overall importance/impact using impact criteria
 - c. Overall likelihood of occurrence based on the current controls in place

- G. Risk and Control Assessment (see Attach. C)
 - 1. Summary of inherent and residual risk (risk remaining after consideration of the controls in place) by functional area
 - 2. Summary of controls aligned with functional area
 - 3. Controls support the residual risk ratings

III. Enterprise Risk Management Committee

A. Purpose

- 1. Document all Risk Management Activities
- 2. Coordinate all efforts
- 3. Prioritize risk
- 4. Implement

B. Members

- 1. CEO
- 2. CFO
- 3. General Counsel
- 4. Compliance Officer
- 5. VP Subsidiary Co.
- 6. AVP Finance
- 7. AVP Human Resources
- 8. AVP Information Services

C. Enterprise Risk Assessment (ERA) Follow-up

- 1. ERA Inventory
 - a. approved by Audit and Budget committee
 - b. assign responsibility for each item in inventory
 - c. assign project completion dates
- 2. Annual Review and Plan for Upcoming Year

Attachment A: Business Process Scope

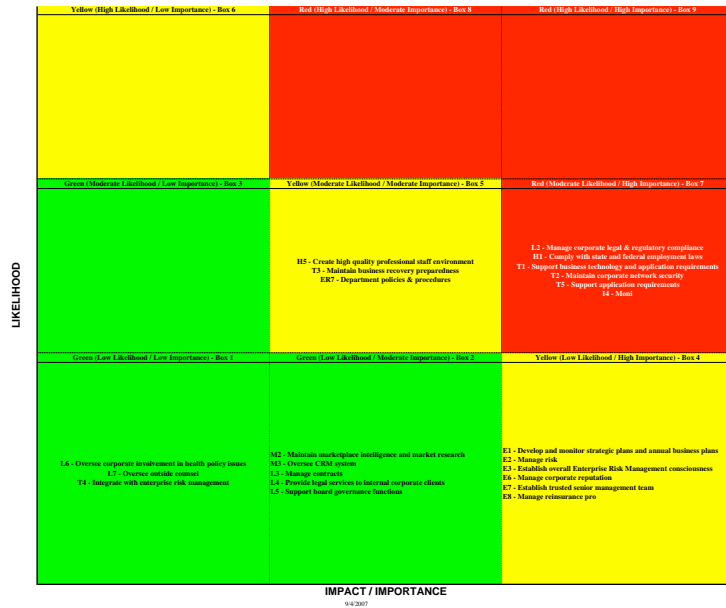
Marketing	Executive	Board	Legal	Human Resources	Finance	Technology	Investment	Enterprise Risk Management
VP Sales and Marketing	CEO	Chair of the Board	VP and General Counsel	VP Human Resources	VP and CFO	VP Information Services	CFO	CEO, General Counsel, CFO
Manage corporate branding	Develop and monitor strategic plans and annual business plans	Ensure effective corporate governance	Monitor legal & regulatory environment	Comply with state and federal employment laws	Provide accounting, operations (e.g. A/P, A/R, collections and payroll)	Support business technology and application requirements	Determine investment strategy	Legal & regulatory compliance
Maintain marketplace intelligence and market research	Establish trusted senior management team	Manage senior management	Manage corporate legal & regulatory compliance	Administer employee benefit programs	Manage all corporate and subsidiary accounting functions	Maintain corporate network security	Manage investment managers	Internal accounting controls
Oversee CRM system	Establish overall Enterprise Risk Management consciousness	Oversee strategic plan development	Manage contracts	Administer compensation program	Manage and provide financial reporting and analysis	Maintain business recovery preparedness	Measure investment performance	HR compliance
Manage public relations and advertising	Allocate corporate resources	Maintain ethical corporate culture	Provide legal services to internal corporate clients	Establish and maintain an ethical and non-discriminatory work environment	Oversee treasury & corporate risk management/insurance	Integrate with enterprise risk management	Monitor market risk	Disaster Recovery
	Manage stakeholder communications		Support board governance functions	Create high quality professional staff environment	Develop and implement accounting-related internal controls		Integrate with UW risk	Corporate governance
	Manage corporate reputation		Oversee outside counsel	Overall support services	Coordinate and prepare annual budgets			Corporate ethics
	Manage risk							Department policies & procedures IS & physical plant security

Attachment B: Risk Assessment Matrix

	Overall Inherent Risk	Overall Importance/Impact	Overall Likelihood	Regulatory/Compliance	Rating Agency	Financial Reporting	Reputation/Customer Perception	Competitor	Brokers	Employee Relations / Retention / Key Person	Fraud	Risk Setting	Underwriting	Tax	Data Integrity	Technology / Information Security	Vendor Management	Business Continuity	Investment / Exposure
Critical Risk Areas																			
id monitor strategic plans and annual business plans	H	H	L				M	M		M					M				
Overall Enterprise Risk Management consciousness	H	L		M			M		M										M
Corporate resources	H	L		M			M		M										M
Stakeholder communications	M	L					M	M	M						M				
Corporate reputation	H	L					M		M						L				
Trusted senior management team	H	L					M		L						M				M
Insurance program	H	L		M			M												
Corporate branding	M						M		M	M									
Marketplace intelligence and market research	H	L					M		M						M	M			L
CRM system	M	L							L						L	L			L
Public relations and advertising	H	L					M								M				
Active corporate governance	M						M	M	M	M									
Director management	H	L					M		M	M									
Strategic plan development	H	L					M		M	M					L				M
Ethical corporate culture	H	L		M	M	M	M		M		M				M				M
Relationships with sponsoring medical societies	M	L					M	M	L	M									
Legal & regulatory environment	M																		
Corporate legal & regulatory compliance	H	L		H	H					M									
Contracts	M	L					M								M	M			M
Internal services to internal corporate clients	M	L																	L
Legal and governance functions	M	L		M	M														L
Outside counsel	L	L																	L
State and federal employment laws	H																		
Employee benefit programs	H	M		M			M		M										M
Compensation program	M	L					M	M	M										L
And maintain ethical and non-discriminatory work environment	M	L					M		M										

	Overall Inherent Risk	Overall Importance/Impact	Overall Likelihood	Regulatory/Compliance	Rating Agency	Financial Reporting	Reputation/Customer Perception	Competitor	Brokers	Employee Relations / Retention / Key Person	Fraud	Risk Setting	Underwriting	Tax	Data Integrity	Technology / Information Security	Vendor Management	Business Continuity	Investment / Exposure
Critical Risk Areas																			
Quality professional staff environment	M	M					M		H								M	M	
Support services	H	L					L		M										
Accounting, operations (e.g. A/P, A/R, collections and payroll)	H	L		H	M	H	M		M	M					M	H	L	M	M
Corporate and subsidiary accounting functions	H	L		M	M	H	M		M	M					M	H	L	M	H
Providing financial reporting services	H	L		H	M	H	M		M	M					M	H	L	M	H
Insurance & corporate risk management/insurance	M	L		M	M	H	M		M	M					H	L	M	L	H
Implementing accounting-related internal controls	H	L		H	M	H	M		M	M	M				M	H	M	M	L
Business technology and application requirements	H	M		M	M	H	M		L					M	M	H	H	H	H
Corporate network security	H	M		H	L	M	H	H	M	L	H			H	L	H	H	M	H
Business recovery preparedness	M	M		M		M	M								H	H	H	H	H
Internal enterprise risk management	L	L		M		L									M				
Application requirements	H	M		M	M	H	M		L					M	M	H	H	H	H
Investment strategy	H	L		M	M	H	M							M					H
Investment managers	H	L		M	M	H	M							M					H
Investment performance	H	L		M	M	H	M							M					H
Other risk	H	M		M		H	M							M					H
Internal UW risk	M	L		M		H	M							M					H
Regulatory compliance	M																		
Accounting controls	H	M		H	H		M												H
Insurance	M	L		M		M													M
Recovery	M	L		M	M	M	M												H
Governance	H	L		M	M	M	M												H
Internal policies & procedures	H	L		M	M	M	M												M
Internal plant security	M	L																	H
Risk Management Insurance	M	L		H			M												

2006 Risk Assessment Heat Map



Attachment C: Risk & Controls Assessment

	Marketing	Executive	Board	Legal	Human Resources	Finance	Technology	Investment	ESG
VP Sales and Marketing	CEO	Chair of the Board	VP and General Counsel	AVP Human Resources	VP and CFO	AVP Information Services	CFO		
	Moderate	High	Moderate	Moderate	High	High	High	High	
	Low	Low	Low	Low	Low	Moderate	Moderate	Low	
	<ul style="list-style-type: none"> Monthly updates of Perr Knight market research / competitor information updated monthly Review and approval of market research data obtained from Perr Knight Approval of the branding strategy Branding guidelines / policies posted to the Intranet Monitoring of complaints / compliments Requirements as to who within the company can be involved in discussions with 	<ul style="list-style-type: none"> Ensuring that hiring practices focus on finding people with the best talents and who fit the culture Monitoring of personnel / management accountability at all levels Ongoing reviews and monitoring of industry knowledge / market research Active involvement / participation and monitoring by CEO Approval of the branding strategy Branding guidelines / policies posted to the Intranet Ongoing 	<ul style="list-style-type: none"> New director education and ongoing education for all directors Compensation Reviews Review and approval of reserves Code of Ethics with yearly sign-off Monitoring the participation of Board members in professional organizations Strategic Planning Committee review of strategic plan Board review of strategic plan Board review of financial information and 	<ul style="list-style-type: none"> Formal policy defining who can enter into contracts Review of new contracts by Law & Health Policy Detailed review of new legislation Communication policies and procedures for new legislation and regulations Statute and contract reviews Relationships with outside counsel Board training on compliance functions Compliance program reviewed by outside expert Certified 	<ul style="list-style-type: none"> Market analysis of employee compensation and benefits Review and approval of duties across various accounting functions Approval of benefit plans / vendors used in the benefit plan process Outside legal review and approval of policies and procedures to ensure compliance with state and federal labor / employment laws Formal communication between 	<ul style="list-style-type: none"> Management monitors transactions and account balances Segregation of duties across various accounting functions Management monitors of key weekly and monthly reports Journal entries are reviewed and approved by a finance manager Accounts are reconciled on a monthly basis. Reconciliation is reviewed and approved by management. Management 	<ul style="list-style-type: none"> Mandatory two weeks of ongoing technical training a year IT strategic planning for computing and people resource needs is performed through the annual budget preparation process An IT steering committee meeting is held every two months to discuss major projects and implementations Change management policies and procedures to manage change to platforms Project 	<ul style="list-style-type: none"> Annual review of "Statement of Investment Policy," which specifically states that all investment transactions will be originated and carried out by an investment manager, subject to these guidelines Investment transactions are reviewed by management and approved by the Investment Committee Impairment is monitored on a monthly basis through the security watch list report Monthly 	

9/4/2007

Attachment C: Risk & Controls Assessment

Marketing	Executive	Board	Legal	Human Resources	Finance	Technology	Investment
<ul style="list-style-type: none"> the media Website traffic monitored monthly Website design reviewed and updated based on feedback received via customer surveys Legal reviews and approves all documentation / information that is being released in a PR release (print, radio, television, etc.) prior to it's used Access to and usage of SalesLogix CRM monitored Change management controls around system enhancements / upgrades 	<ul style="list-style-type: none"> monitoring complaints / compliments Review of loss reports Monitoring of new business sales to goals Case debriefing "Hands on" review style Senior management staff meetings 	<ul style="list-style-type: none"> audited financial statements Executive session with external auditors to discuss outside view of COMPANY and management team Rate review and approval Comprehensive information provided to the Board by management Inclusion of "financial expert" on Board and Audit & Budget Committee Committee charters Executive sessions at all Board meetings Monitoring of Compliance and Ethics hotline by committee chair Board self-evaluation annually Coordination of Organization & Compliance and Audit & Budget Committee's 	<ul style="list-style-type: none"> Compliance Officer Strong involvement with professional associations Monitoring of Compliance and Ethics hotline Review of all corporate insurance coverages 	<ul style="list-style-type: none"> department managers and HR for personnel related decisions Expectation of employees to maintain active professional certifications and monitoring by department managers and HR Code of Ethics with yearly sign-off New employee training Ethics Hotline Background Checks Purchasing – HR involved in budget review Periodic Harassment training programs New and ongoing manager training Confidentiality agreement affirmed annually and at termination New employee post-hire interview Exit interview optional 401K & Pension Plan audits 	<ul style="list-style-type: none"> review of internal financial statements (actual to budget and prior year) and follows up on significant variances Review of actual to budget and prior year variance explanation by management Month end close schedule and checklists by company are monitored and completed Internal financial statements are automatically created through the Freedom GL's F9 report writer Detailed "bottom up" budget process Continuing education for staff "Hands on" management review 	<ul style="list-style-type: none"> management methodology to manage implementation efforts Network protection devices including Firewalls, Intrusion Prevention System and anti-virus software have been implemented and are maintained Access to Data Center is appropriately restricted IT General Controls including strong network password controls, logging and monitoring Remote access to the network requires dual authentication Information security policy has been implemented Periodic, scheduled backups are being performed, and data is sent offsite to Iron Mountain COMPANY is mirroring the active directory server at the Plymouth location COMPANY has 	<ul style="list-style-type: none"> investment analysis including yields by each major investment category are prepared by analyst and reviewed by CFO and Controller and fluctuations are investigated Segregation of duties between the accounting function posting and review of accounting entries, custodian function, investment management function (various investment managers), and the investment monitoring function Reconciliation of G/L to investment manager's holding and income earned reports is completed by finance on a monthly basis Reconciliations of Market Value and Book Value/Cost to Custodian Statements is completed by analyst and reviewed by CFO on a monthly basis Investment Mgr. independently

9/4/2007

Attachment C: Risk & Controls Assessment

Marketing	Executive	Board	Legal	Human Resources	Finance	Technology	Investment
						<ul style="list-style-type: none"> identified a Sungard location as a cold site for disaster recovery. A Disaster Recovery Plan is being developed Disaster Recovery Preparedness testing User security clearance based on job responsibility Electronic Usage policy signed by all employees and contractors 	<ul style="list-style-type: none"> recalculates the investment portfolio performance quarterly and reports to the Investment Committee CFO reviews and approves all journal entries and reconciliations. SAS 70 Review for Investment Mgrs. Diversification limits by sector, issuer and credit ratings Investment mgr. performs compliance monitoring monthly to ensure that manager guidelines are being followed

- Risk that exists in an environment absent any controls.
 - The amount of risk that exists even after well-designed controls are placed into operation.

9/4/2007

Risk Impact Criteria Matrix

Risk Impact	High	Moderate	Low
Financial Impact	<ul style="list-style-type: none"> •Adverse impact on actual Company results of \geq 5% decrease in shareholders' equity •External audit qualification on the report and financial statements 	<ul style="list-style-type: none"> •Adverse impact on actual Company results of \geq 2.5% and <5% decrease in shareholders' equity •External audit management letter contains significant issues 	<ul style="list-style-type: none"> •Adverse impact on actual Company results of > 1% and < 2.5% decrease in surplus •External audit raises some isolated findings
Reputation	<ul style="list-style-type: none"> •Lack of shareholder, policyholder or client confidence as a result of reporting inaccurate information •Serious failure to comply with significant legal or regulatory requirements •Instances of bad publicity/reputation damage of a serious nature with widespread scope 	<ul style="list-style-type: none"> •Loss of shareholder, policyholder or client confidence as a result of reporting inaccurate information •Failure to comply with legal or regulatory requirements in some instances •Instances of bad publicity/reputation damage of moderate significance and scope 	<ul style="list-style-type: none"> •Shareholder, policyholder or client questioning the accuracy of information •Failure to comply with legal or regulatory requirements in non-serious and isolated cases •Instances of bad publicity/reputation damage of minor significance and limited scope
Technology	<ul style="list-style-type: none"> •Degree of reliance on systems interface between registration and accounting system to produce accurate management information •System enhanced or implemented without major functionality •Loss of systems, poor security leading to severe or ongoing business disruption (over 2 days) •Degree of reliance on outside entities •Management information used in key decision-making is inaccurate 	<ul style="list-style-type: none"> •Some reliance on systems interface between registration and accounting system to produce accurate management information •System enhanced or implemented without some functionality •Loss or disruption to systems leading to significant business disruption (up to 2 days) •Some reliance on outside entities •Management information used for reporting purposes is inaccurate 	<ul style="list-style-type: none"> •Little reliance on systems interface between registration and accounting system to produce accurate management information •Minor delays in implementation of new/enhanced systems •Loss to systems leading to business disruption (up to 1 day) •Little reliance on outside entities •Delays in availability of general management information
Operational/Organizational	<ul style="list-style-type: none"> •Material weakness in Enterprise Risk Management •Absence of corporate governance function 	<ul style="list-style-type: none"> •Significant Enterprise Risk Management weaknesses •Ineffective corporate governance function 	<ul style="list-style-type: none"> •Few Enterprise Risk Management weaknesses •Few areas of improvement in corporate governance function