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COSO Supports Improved Board Risk Oversight

COSO highlights four critical areas that contribute to effective board oversight of enterprise risk management

ALTAMONTE SPRINGS, Fla. – The Committee of Sponsoring Organizations of the Treadway Commission (COSO) – an organization providing thought leadership and guidance on internal controls, enterprise risk management and fraud deterrence – has released a new thought paper, *Effective Enterprise Risk Oversight: The Role of the Board of Directors*. It is aimed at helping boards of directors strengthen their oversight of enterprise risks.

“The role of the board of directors in enterprise-wide risk oversight has become increasingly challenging, especially in light of the current economic crisis,” said COSO Chairman David Landsittel. “The challenge facing boards is how to effectively oversee an organization’s enterprise risk management (ERM) in a way that provides improved oversight while adding value to the organization.”

The four-page paper, which is available for free download on COSO’s web site, calls attention to COSO’s *Enterprise Risk Management – Integrated Framework* (2004) and its definition of ERM. In emphasizing the critical role boards of directors play in overseeing ERM, it points to four specific areas discussed in COSO’s 2004 ERM framework that contribute to board risk oversight.

“While ERM is not a panacea for all the turmoil in the markets today, robust engagement by the board in enterprise risk oversight strengthens an organization’s resilience to significant risk exposures,” added Landsittel.

COSO is developing an additional thought paper that will provide more in-depth discussion on how senior management can strengthen risk management processes to improve the board’s risk oversight processes. That thought paper is expected to be released in the Fall of 2009.

Effective Enterprise Risk Oversight: The Role of the Board of Directors can be downloaded at www.coso.org. An executive summary of COSO’s *Enterprise Risk Management – Integrated Framework* is also available on the COSO web site.

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About COSO

Originally formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, COSO is a voluntary private sector organization dedicated to improving the quality of financial reporting through business ethics, effective internal controls, and corporate governance. COSO comprises the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the Institute of Management Accountants (IMA), and The Institute of Internal Auditors (IIA).