Audit and Compliance Committee
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Enterprise Risk Management (ERM)
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WHAT IS ENTERPRISE RISK MANAGEMENT (ERM)?

- Organized as the framework of the overarching risk structure
- Treated as an ongoing process
- Achieved by involving individuals at every level of the organization
- Designed to identify and mitigate risk
- Applied in strategy setting
- Developed to provide reasonable assurance to an organization’s management and board
ERM in Higher Education

• Peer review
  – Association of Governing Boards (AGB)
  – The Advisory Board Company

• Approach at other institutions:
  – Duke
  – University of Washington
  – Emory
  – Virginia Commonwealth University
ERM Lines of Defense

Tone of the Organization

Board Risk Oversight → Executive Management

Business Unit Management and Process Owners

Independent Risk Management and Compliance Functions

Internal Assurance Providers

Protiviti (2013)
TYPES OF RISK

- Enterprise Risk Management
- Strategic Risk
- Financial Risk
- Operational Risk
- Legal and Regulatory Risk
- Reputational Risk
ENTERPRISE RISK MANAGEMENT (ERM)

History at UVa

• Worked with outside consultant to review and identify high-level strategic and operational risks in the Academic Division.
• Conducted interviews with university officials and members of the Board of Visitors.
• Developed risk register of potential risks.
• Identified top risks and presented to the BOV.
• Formed workgroups to address risks as needed.
TOP 5 INSTITUTIONAL RISKS
(as initially identified in 2010)

1. The University may lack resources to maintain core programs and pursue strategic objectives.
2. The University’s process for allocating financial resources may not be consistent with the University’s strategic initiatives.
3. Foundation and schools/departments may utilize available funding to promote individual interests rather than align their goals with University goals.
4. Investments in academic programs may not yield the desired returns, in the form of faculty activity.
5. Incidents (racial incidents, sexual assault, harassment) may occur; student and visitor safety in general.
ERM Next Steps

• Reenergize earlier ERM efforts.
• Obtain feedback from senior university leaders and BOV members through interviews or surveys.
• Identify the top institutional risks we face today.
• Update necessary mitigation strategies.
• Incorporate ERM principles into the program management of our strategic plan.
**TIMELINE**

**Nov/Dec**
- Form enterprise risk management working group
- Identify risks and mitigation strategies as part of strategic planning process

**Jan**
- Obtain feedback from senior managers and BOV members
- Review updated risk register with EVP/Managers and VPs

**Feb**
- Review top institutional risks with BOV

**Mar/Apr**
- Develop mitigation strategies and plan

**May**
- Review ERM framework with the BOV
- Launch and implement by July 1