Enterprise Risk Management Overview
Enterprise Risk Management is a process, 
  – effected by an entity’s board of directors, 
  management and other personnel, 
  – applied in strategy setting and across the enterprise, 
  – designed to identify potential events that may affect the entity and 
  – manage risks to be within its risk appetite, 
  – to provide reasonable assurance regarding the achievement of entity objectives.
Why Should UNCG Implement an ERM Process?

• Increased pressure for greater productivity /accountability.

• Greater chance of achieving objectives or goals. (Best Practices)

• Assist with strategic planning.

• Increased scrutiny from public and government.

• New entrepreneurial ventures create stress on traditional systems, administration and financial. Ex. I-schools.

• Standard & Poor’s have begun to explicitly evaluate an entity’s ERM processes as an input into their credit ratings.

• Identify risks (risk can be good), leading to fewer sudden shocks or unwelcome surprises.
Framework (areas)

- Operational
- Strategic
- Financial
- Hazard
- Compliance

Examples to follow
## Operational Risks

- Major breach in data security.
- Complete “meltdown” of information systems. Damage to the University’s overall IT infrastructure.
- Adequate funding to meet needs of educating our students and for reliable and relevant technology to students and faculty.
- Academic scandal related to research integrity.
- Threat to academic freedom by officers of the State, members of University governing boards, and others in authority.
- Inadequate staff to implement and monitor information security and divisional quality assurance presents a risk to the University’s information technology assets.
- Budget-dictated restrictions in information technology staff and infrastructure that would imperil ITS’ ability to protect enterprise and individual technology resources.
- Loss of information technology services in one or both of the University machine rooms, or loss of the University’s Internet connection, would have a serious impact on the operation of the University.

## Strategic Risk

- Land locked campus and limited land acquisition funding as building needs exceed funding.
- Gateway University Research Park (Gateway) and the Joint School of Nanoscience and Nanoengineering realizing success in joining programs of two universities, securing adequate funding, and attracting high quality faculty and students.
- Serious rift developing between the faculty and administration of the University.
- Large negative publicity event affecting university relationships.
- Failure to reach goals of Strategic Plan.
- Long-term delay in funding the Joint Primary Data Center.
Financial Risk

- Major spending violations related to University or State policies.
- Misappropriation of funds in Advancement Services.
- Endowment and Development: Noncompliance with donor terms.
- Fraud by university personnel or an endowment investment manager.
- Increased audit complexity and expectations for the University and its foundations.

Hazard Risk

- Institutional emergency or disaster, including railroad accident involving a chemical spill, pandemic flu or other infectious disease, or other environmental event that impacts University.
- Fire or other severe damage or system failure in one/more residence halls or university building; chemical fire or explosion in science facility.
- Lawsuits related to Athletics risk management.
- Major construction accident.

Compliance Risk

- Major NCAA recruiting violations.
- Improper release of student information confidential under FLERPA, HIPAA, ADA, or other applicable privacy laws.
- Compliance with federal and state regulations and reporting requirements.
- Violation of students’ civil rights or constitutional.
ERM method (seven steps)

1. Clearly state a goal
2. List everything that could keep you from meeting the goal (risk assessment)
3. Evaluate each risk:
   - Choose a likelihood rating from 1-5
   - Choose an impact rating from 1-5
   - Multiply together and ‘map’
4. Prioritize (pick the most severe risks)
5. Treat/ Mitigate
   - Avoid
   - Accept & Monitor
   - Transfer
   - Reduce the likelihood
   - Reduce the impact
6. Risk List
   - Treatment plans
   - Measure of success
7. Communicate Results/Update/Monitor
The Proposed Organizational Chart
Additional Reading