

Board of Trustees

Chancellor's Report

Enterprise Risk Management (ERM)

April 25, 2014



North Carolina Agricultural and Technical State University



What is ERM?

- The process of analyzing the likelihood and impacts of risk and determining how to best handle such impacts.
- Use of best practices approach to understanding the key risks and managing them within acceptable levels.



What is Risk?

- The likelihood of something happening that will have some impact on the organization's strategic goals.



Risk Management vs Compliance

Risk Management

- Risk management is about assessing, both quantitatively and qualitatively, the opportunity for success of business initiatives. It is composed of methodologies and processes which are designed to develop information critical to achieving the strategic objectives of the organization.

Compliance

- The compliance function is essential to ensure that those methodologies and processes are being followed in the manner intended. Merging the two together essentially means that there is no oversight of the risk management function.

“Clouding the boundaries between the two reduces their value and is ultimately dangerous” - -

Bill Sharon CEO Strategic Operational Risk Management Solutions



Key Areas of Risk:

- Asset Management
- Athletics
- Community Engagement
- Environmental
- Financial
- Health/Safety/Security
- Human Resources
- Information Technology
- Research
- Teaching & Learning



Process for Risk Management





The Role of the Board

- Audit Committee
 - Review ERM Steering Committee's risk related processes.
 - Assess ERM Steering Committee's conclusions related to strategic risk.



Timeline for ERM Planning

Task

Target

PHASE 1: BUILDING A CASE FOR ERM

- | | |
|---|--------|
| 1. Understand the institution's plans, environment, and culture | May 16 |
| 2. Determine the status of existing risk management process | May 23 |
| 3. State the goals and objectives | May 28 |

PHASE 2: BUILDING AN ERM FOUNDATION

- | | |
|---|-------------|
| 4. Name an ERM leader | May 31 |
| 5. Plan the project and validate timeline | June 13 |
| 6. Select framework that best fit the institutions goal and culture | June 20 |
| 7. Create a cross-functional ERM Steering Committee | June 20 |
| 8. Create a mission & goals statement for the ERM Steering Comm. | June 29 |
| 9. Develop a shared risk vocabulary and definitions | June 29 |
| 10. Present the case (BOT Retreat) | July/August |
| 11. Obtain top-level commitment, support, and participation (BOT Retreat) | July/August |



Timeline for ERM Planning (continued)

Task	Target
PHASE 3: IMPLEMENTATION	
12. Develop a risk portfolio	Oct 30
13. Assess the risk: validate and prioritize (choose 7-10 items)	Feb 15, 2015
14. Assign ownership and take action	June 30
PHASE 4: SUSTAINABILITY	
15. Assess results	Ongoing
16. Meet and report (Dashboard)	Ongoing
17. Review and realign risk treatment with available resources	Sept 30
18. Attend to traditional risk management functions (insurance, safety, etc.)	Ongoing
19. Review ERM framework	Annually
20. Develop an institution-wide system for communicating	All preceding steps

