

Board of Trustees

Risk Management, Audit and Compliance Committee

Enterprise Risk Management (ERM) Update

February 19, 2016



North Carolina Agricultural and Technical State University



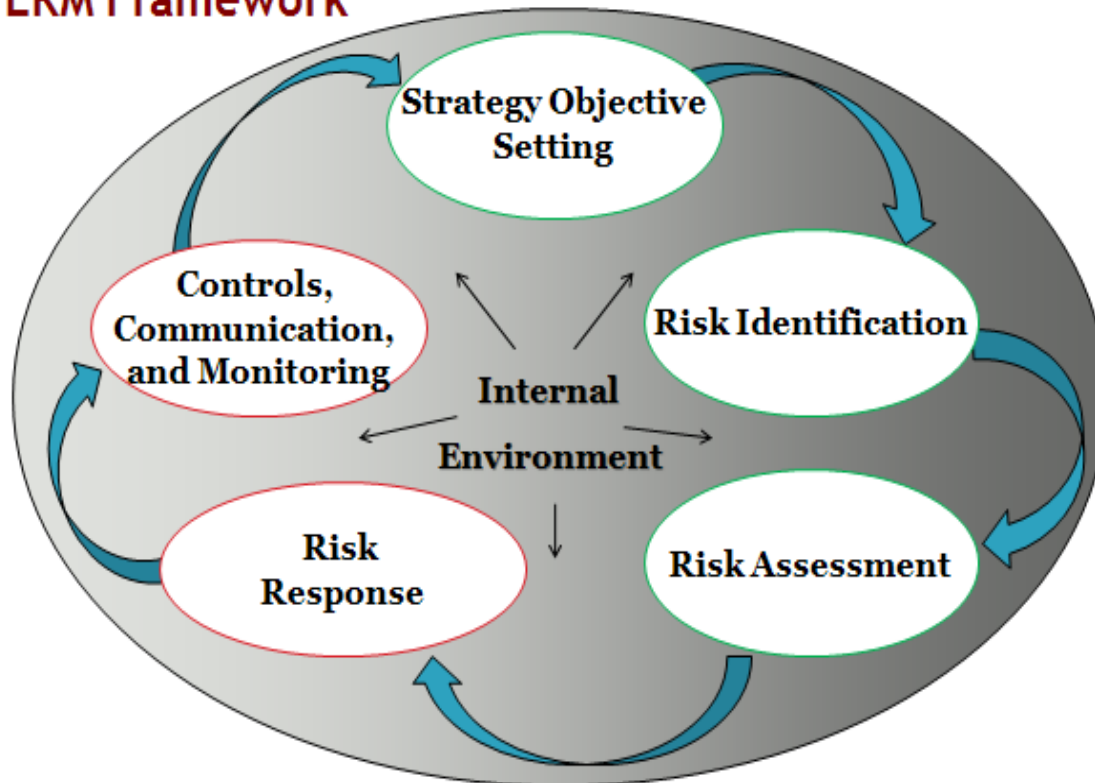
What is Risk?

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



Risk Process

ERM Framework



Source: The Committee of Sponsoring Organizations of the Treadway Commission



Status of the Project

- Retained a consultant
- Identified organizational risks
- Working sessions (synthesize list)
- Survey analyses of 40 individual risks along three dimensions:
 - » Likelihood of occurrence
 - » Impact to N.C. A&T if risk occurs
 - » Effectiveness of our existing risk management processes to address risk



Key Areas of Risk:

- Revenue Generation
- Campus Safety
- Faculty/Staff Recruitment
- Information Security
- Enrollment Management
- Emergency Preparedness
- Compliance



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



Next Steps

- Identify and document risk response plans
- Ensure controls are in place
- Monitor and communicate risk information
- Report out at BOT retreat



The Assessment

Bow Tie Analyses

Causes	Response - Prevention		RISK EVENT DESCRIPTION	Response - Mitigation		Consequences
Decline in State Tax Revenues	Public relations strategy		A continued decline in state appropriations, resulting from a reduced commitment to fund higher education (legislature and general public), and the lack of legal authority to generate revenues will impede the university's ability to competitively deliver high-quality education, conduct cutting-edge research, and engage in meaningful outreach	Consider increase in tuition		Decline in quality of NCAT education and/or increase time to graduate
State reduces their commitment to fund higher education	Advocate to state legislature and public			Strategic Realignment and Budgeting		Decline in cutting-edge research and outreach activities
Lack of legal authority to generate revenues				Increase federal funding and advancement efforts		Loss of high-quality faculty and staff



Board of Trustees Role

- Audit Committee
 - » Review ERM Steering Committee's risk related processes
 - » Assesses ERM Steering Committee's conclusions related to strategic risk

