



# **Enterprise Risk Management Implementation**

**Foundations and Reflections of a  
University Chief Risk Officer at the Five  
Year Milestone**

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# ECU Location – Home of the Pirates



# ECU's ERM Environment

- Public versus private institution
- Heritage and traditions
- Demographics and location/proximity
- Independent or part of a system
- Research, medical campus, vision/objectives, interface with society & community
- Size and scale
- Budget and capital projects
- “Nonprofit”
- Shared governance
- Academic core
- Increased regulation and federal/state oversight

## Main University Risk Categories:

- Strategic
- financial
- Operational
- Compliance
- **Reputational -> Overarching**

# Enterprise Risk Management at ECU

**Our Mission:** Provide leadership and management experience to better identify and manage the university's strategic, financial, operational, regulatory compliance, and reputational risks holistically as an enterprise.

## **ECU's ERM Approach:**

- Work through the Enterprise Risk Management Committee in a decentralized fashion to accomplish ERM goals
- Improve risk measurement to support strategic decision making, risk mitigation efforts, and resource allocation
- Use pre-existing risk identification and internal control processes to the greatest extent possible
- Raise institutional awareness of existing and emerging risks and their relative potential effects on the institution as a whole
- Provide training and relevant information on ERM to enhance the internal controls and risk management mindset of ECU employees, students, and other stakeholders



# ERM Road Map

**GREEN:** Completed  
**ORANGE:** In-Progress/Partially Completed  
**BLACK:** Future Action

## Phase 1: Building the Case for ERM

1. Understand the institution's plans, environment, and culture
2. Determine the status of your existing risk management processes
3. State your goals and objectives
4. Present the case
5. Obtain top-level commitment, support, and participation


## Phase 2: Building an ERM Foundation

6. Name a project leader
7. Plan your project and incorporate a timeline
8. Select or design an ERM Framework that best fits the institution's goals and campus culture
9. Create a cross-functional Risk Council
10. Create a mission and goals statement for the Risk Council
11. **Develop a risk vocabulary and definitions**

## Phase 3: Implementation

12. Develop a risk portfolio
13. Assess your risks: validate and prioritize
14. **Assign ownership and take action**

## Phase 4: Sustaining Your ERM Program

15. **Assess results**
16. **Review and realign risk treatments with available resources**
17. Meet and Report
18. Do not neglect traditional risk management functions
19. Review any ERM framework you have followed 
20. Develop institution-wide systems for communicating (ongoing)



Estimated progress point to date – **56 months (2013)**

# ERM Milestones

| 2009  | 2010   | 2011  | 2012  | 2013   | 2014   |
|---|--|---|---|--|--|
| <ul style="list-style-type: none"> <li>• CRO Hired</li> <li>• Risk Committee Established</li> <li>• Senior Leader Expectations Published</li> <li>• ERM Training (TXAMU Visit)</li> </ul> | <ul style="list-style-type: none"> <li>• 1<sup>st</sup> ERM Survey</li> <li>• Board Audit Committee Inclusion</li> <li>• Implementation Road Map and Strategy Introduced</li> <li>• SharePoint Site Established</li> </ul> | <ul style="list-style-type: none"> <li>• Hosted NC ERM in Higher Ed Symposium</li> <li>• Standardized ERM Briefing Formats</li> <li>• Risk Identification Workshop for Academic Deans and Directors</li> <li>• ERM Involvement on Crisis Policy Team</li> </ul> | <ul style="list-style-type: none"> <li>• Migrated ERM Survey to Qualtrics</li> <li>• ERM Workshop on Health Sciences Campus</li> <li>• Office Calls with Executive Council Members</li> <li>• Introduced Risk Reviews Format</li> <li>• Risk Survey Results Briefed to Leadership</li> <li>• Formal ERMC Appointments</li> <li>• ERM on Key Committees</li> </ul> | <ul style="list-style-type: none"> <li>• Risk Working Groups</li> <li>• Risk Mgmt Process Owners</li> <li>• ERM Training Sessions – Webinar Series</li> <li>• Robust Risk Presentation to Executive Council and Board Audit Committee</li> <li>• CRO Professional Development</li> <li>• ERM in Chancellor Goals/Assessment</li> </ul> | <ul style="list-style-type: none"> <li>• Risk Assessment Tool Development</li> <li>• 2-Year ERM Cycle Model Adopted</li> <li>• Enhanced ERM Materials “Push” to Full Board</li> <li>• ERM Form Development</li> <li>• Connection with College of Business Risk Management Faculty/Program</li> </ul> |

The purpose of managing risk is to increase the likelihood of an organization achieving its objectives by being in a position to manage threats and adverse situations and being ready to take advantage of opportunities that may arise.

*National Guidance  
on Implementing ISO 31000:2009  
From NSAI in Ireland*



# What's Your Risk Management *Value*?

**Preserve Value**

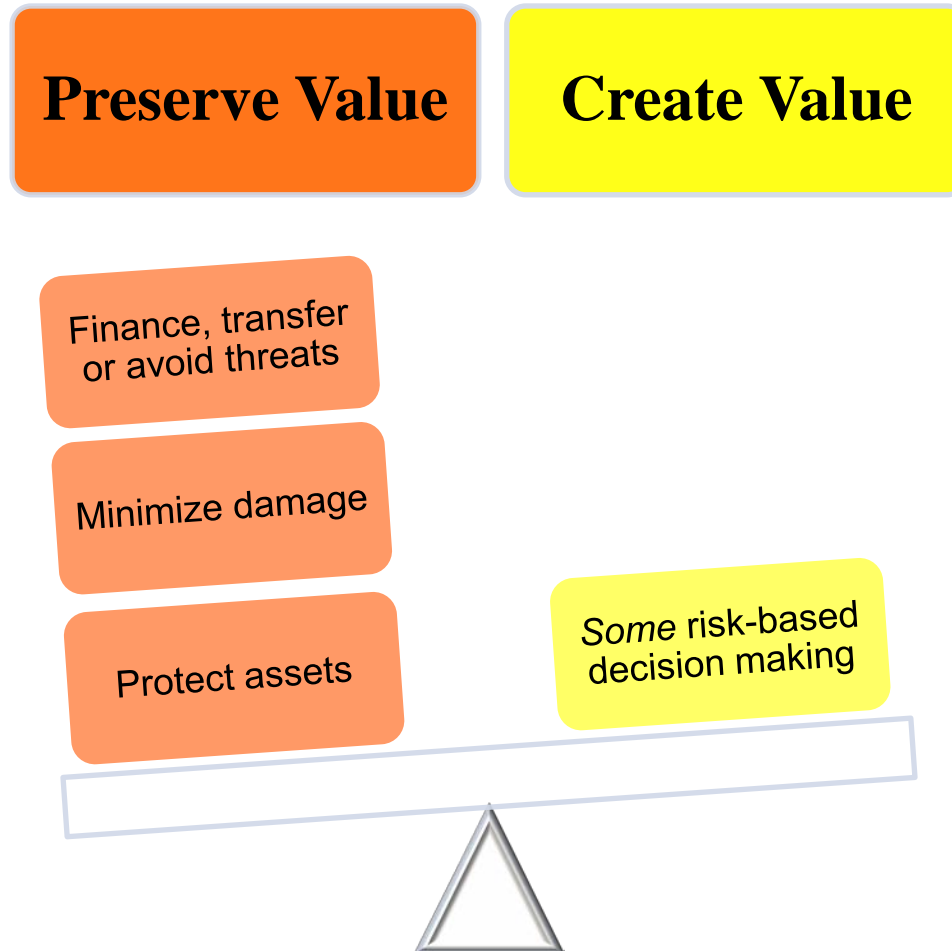
**Create Value**

Finance, transfer  
or avoid threats

Minimize damage

Protect assets

*Some risk-based  
decision making*





# What's Your Risk Management *Value*?

**Preserve  
Value**

Finance, transfer or  
avoid threats

Minimize damage

Protect assets

**Create Value**

Manage risk to  
strategy

Support for risk  
taking

Risk-based  
decision making



# The Benefits of Risk Management

- Increase likelihood of achieving objectives
- Encourage proactive management
- Be aware of the need to identify and treat risk throughout the organization
- Improve the identification of opportunities & threats
- Effectively allocate and use resources
- Comply with relevant legal and regulatory requirements and international norms
- Improve mandatory and voluntary reporting
- Improve operational effectiveness & efficiency
- Improve stakeholder confidence and trust
- Establish a reliable basis for decision making & planning
- Improve controls
- Improve governance



# Sample “Elevator Speech” on ERM

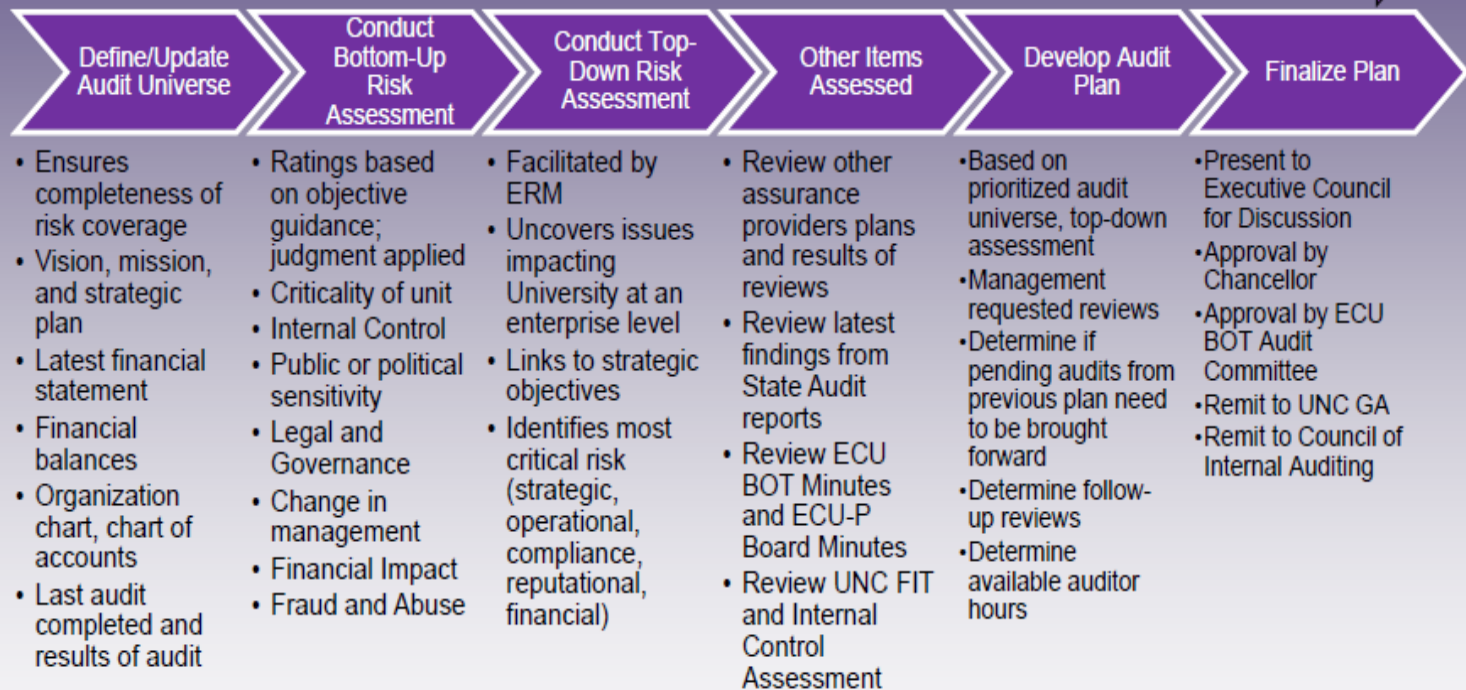
- Risk Management is about supporting opportunities as well as preventing problems
- It is tied to business objectives & strategies – and supports them
- It works within the entity’s culture and will become integral to decision making
- It will ensure that Risk Management applies to all levels of the organization and to all activities



# ERM and the Audit Planning Process

## Audit Planning Process

Continuously Assess and Monitor Risk/Update Audit Plan Accordingly



# Case Study: The Fiery Fish

Situation: You are a university risk manager. One day, as you are scrolling through your email inbox, you come across the following email. Needless to say, there are a few things in the content that catch your eye. Just from the text of the message and picture, how many potential risks come to mind?



**To:** Announce List

**Subject:** Need a generator for a flaming fish...

Two professors and seven graduate/undergraduate ceramics students will create a lovely seven foot-tall ceramic fish, swath it in portable kiln fabric, bake it until it's crispy, then unwrap the monster in a fiery nighttime reveal (Friday, June 26, approximately 9:00 p.m., south of Joyner Library near Tenth Street where the Baptist Student Union stood [or stands for a little while longer]).

Please come witness the splendor.

**If your department owns a portable generator,** the School of Art and Design would like to borrow it from June 22 through June 26. After the artists construct the FireFish, they need to run a fan for several days to dry the clay in advance of firing.

The staff of the generator-lending department will retain the right to make unlimited marshmallow jokes during the firing process.



# Case Study: The Fiery Fish

- What about opportunities?

<http://www.ecu.edu/cs-admin/news/firefish.cfm>

- When nothing bad happens, it can also be a big success story in academia..... The other side of the risk coin.



# ERM – Protecting the Blind Side

