Enterprise Risk Management Update

Alan D. Phillips

Vice President for Administration and Finance

Northern Illinois University

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ERM Goals and Objectives

1. **Create a culture of risk awareness where all employees understand and consider risk in decision-making.**

2. **Reduce operational surprises and losses.**

3. **Increase capacity to identify and seize opportunities by facilitating greater transparency and openness regarding risk.**

4. **Enhance institutional decision-making by providing senior management and trustees with timely and robust information that improves their understanding of enterprise-level risks and opportunities.**

5. **Improve the efficiency and effectiveness of institutional risk management efforts.**

Core ERM Team

- **David Stone (Chair) - AVP Strategic Innovation and Planning.**
- **Prof. Timur Gok - Dept of Finance.**
- **Scott Mooberry - Acting Director, Environmental Health and Safety.**
- **Emily Hochstatter - Compliance Coordinator, Risk Management).**
- **Jonathan Cavell - Program Administrator, Strategic Innovation and Planning).**

Role: Develop data collection tools, Conduct all information collection (leadership, unit leadership, unit level); Develop and conduct scenario-based risk exercises; Work with risk owners to develop and implement control and mitigation plans

Full ERM Team

- **Alan Phillips (VP & CFO)**
- **David Stone (AVP Strategic Innovation (SI))**
- **Prof. Timur Gok (Finance Faculty)**
- **Scott Mooberry (Dir, EH&S)**
- **Emily Hochstatter (Dir, Risk Management)**
- **Jonathan Cavell (Program Admin - SI)**

- **Brett Coryell (VP & CIO)**
- **Jerry Blazey (VP, RIPS)**
- **Larry Pinkelton (AVP, Finance)**
- **John Heckmann (AVP Facilities)**

- **Sue Mini (Vice Provost)**
- **Vernese Edghill-Walden (Assoc Vice Provost, Diversity)**
- **Celeste Latham (Assoc VP HR)**
- **Kelly Wesener-Michael (AVP, SAEM)**
- **Michael Stang (Asst VP, SAEM)**
- **Katrina Caldwell (Asst VP, SAEM)**
- **Debra Boughton (Assoc Dir, Athletics)**
- **Greg Brady (University Council)**

Role: Set criteria and definitions; Review unit level risk information; Assess Risk; Identify cross-cutting risks; Prioritize risks; Review mitigation and control plans; Develop plans for ERM infrastructure going forward.

Project Phases

- ✓ **Phase I: Identify strategic objectives**

- ✓ **Phase II: Identify operational controls and risks factors by functional areas**

- ✓ **Phase III: Assess risks and match with current risk management controls**

- ✓ **Phase IV: Identify key risk factors, interactions among risk factors and priorities**

- ❑ Phase V: Design specific risk management action plans for control, mitigation, and timelines for each risk area, and identify resource needs for implementation

- ❑ Phase VI: Communicate resource needs and proposed action plans and timelines to the Board, the President and key decision-makers

- ❑ Phase VII: Design dashboards and set timelines to monitor progress

Progress to Date

- **Risk Identification and Assessment has been completed for 16 units across campus**

- **Over 100 people have been engaged in Identification and Assessment activities**

- **188 Risks have been Identified and Assessed**

- **6 Risk Mitigation Reviews have been completed**

- **The Full ERM Team has assessed Cascading Risks**

Rank	Principal Activities/Risk Names	Risk Mode	Risk Area	Financial	Compliance	Health & Safety	Operational	Reputational	Strategic	Likelihood or Frequency	Severity or Impact	Un-weighted Risk	Velocity	Cascade Effect	Weighted Risk Without Controls	Mitigation Control Level	Weighted Risk With Controls	NIU Strategic Imperative
1	Lack of Trained Staff in the Heating Plant	3	Facilities				x			5	6	30	5	(red)	35			Infrastructure
2	Data Security	1	Information Technology							5	5	25	5	(red)	30			
2	Liquidity	2	Finance							5	5	25	5	(red)	30			
2	Obsolete Boilers	1	Facilities				x			5	5	25	5	(red)	30			Infrastructure
2	Insufficient Post-Award Infrastructure	3	Research				x			5	6	30		(yellow)	30			Research
2	Insufficient Revenue Generating Sources	3	Foundation & Advancement							5	6	30		(yellow)	30			
2	Lack of Endowment	3	Student Affairs -- Compliance/Certifications							5	6	30		(yellow)	30			
2	Roofs Leaking	3	Facilities	x						5	6	30		(yellow)	30			Infrastructure
2	Insufficient Depth in Personnel	3	Research				x			5	6	30		(green)	30			Research
2	Water Mains (Breaks & Contamination)	1	Facilities							5	5	25	5	(green)	30			Infrastructure
3	Antiquated EOC	3	Public Safety			x				4	6	24	5	(yellow)	29			Safety
4	Compensation	3	Human Resources							5	5	25		(red)	25			
4	Declining State Support	3	Finance							5	5	25		(red)	25			
4	Access Control	3	Public Safety			x				4	5	20	5	(yellow)	25			Support
4	Brown Outs (Damage to Equipment)	1	Facilities							4	5	20	5	(yellow)	25			Infrastructure
4	Confidentiality Breach	1	Foundation & Advancement							5	4	20	5	(yellow)	25			
4	Contracts	2	Research				x			5	5	25		(yellow)	25			Research
4	Export Controls	1	Research	x						5	5	25		(yellow)	25			Research
4	Failure to Notify HR of Hires	1	Human Resources							5	5	25		(yellow)	25			
4	Failure to Train Ethics/Compliance	3	Human Resources							5	5	25		(yellow)	25			

Example Risk Dashboard

Key Enterprise Risk	Risk Owner	Risk Status 2015 (Prior Period)	Risk Status 2016 (Current Period)	Risk Status Rationale	Key Risk Management Activities
Insufficient Depth In Personnel (Research) Risk Definition Lack of trained personnel required to efficiently complete day-to-day an long term operations	Research	N/A	🔴	-Currently there is no formal plan in place to address needs for cross training, succession, or gaps in service due to loss of personnel.	-Prioritization of strategic initiatives to set groundwork for personnel training
Lack of Trained Staff in the Heating Plant Risk Definition Lack of trained personnel required to efficiently complete day-to-day an long term operations	Facilities	N/A	🔴	- Management of boilers and steam tunnels requires specific expertise that is currently so limited that multiple failures would overwhelm the existing staff and lead to catastrophic failures. There is currently no plan in place to secure resources to address this staffing need.	-Prioritization of strategic initiatives to set groundwork for personnel training and identifying resources for additional hires.

Risk Status Key:

🔴 **High:** Risk management activities have not resulted in demonstrated improvement In the inherent risk exposure

🟡 **Medium:** Risk management activities have begun to demonstrate improvement In the inherent risk exposure

🟢 **High:** Risk management activities have resulted in demonstrated improvement In the inherent risk exposure

Example Risk Mitigation Funding Request Form

Responsible Vice President	

Responsible Unit/Risk Owner

Weighted Risk Score with Controls	Control Score

Risk Identification Statement

Proposed Mitigation Strategy
(who will do what, when, and how will this mitigate the risk?)

Budget

Budget Justification

Timeline		
Target Date	Description of Task/Activity	Deliverable/Milestones

Next Steps

- **Complete Mitigation Reviews**

- **Full ERM Team**

  - **Review Final Risk Rankings**

  - **Approve Dashboard Elements and Forms for use in communicating with the Board and senior leadership**

  - **Develop process for incorporation of risk management funding requirements into the budget process**

  - **Recommend an appropriate organizational structure for ERM**

Questions/Comments?