

Board of Trustees Meeting – CARL Committee UNC Greensboro



Division of Business Affairs –
Office of Institutional Risk Management
Director Mark McKinney
November 27, 2018

ERM Initiative at the UNC System Office

BOG/UNC ERM Mandate

UNC Code, 100.1 – Chapter 3 (Committees of the Board of Governors), Section 301, “The Standing Committees’ Jurisdiction”, Section 301 G “The Committee on Audit, Risk Management, and Compliance (CARMC).....”

UNC Policy Manual 1300.7, Adopted 03/04/16, “University Enterprise Risk Management and Compliance”

- ✓ BOG monitors system-wide risk and compliance through the CARMC
 - ✓ UNC President establishes and oversees University-wide processes to address enterprise risk management
 - ✓ Institutions establish ERM processes supporting strategic and other goals and which, at a minimum, include the four components outlined in the policy
1. Identifying risks that impact the constituent institution’s goals;
 2. Developing plans to monitor and mitigate risks;
 3. Providing periodic updates to the chancellor and the board of trustees; and
 4. Reporting significant enterprise risks to the president, and with the president’s guidance, to the Board of Governors

ERM Initiative at the UNC System Office – What does this mean for UNC Greensboro?

- **Increased Collaboration**

- Monthly UNC ERM Calls
- Shared Resources through the ERM project in Active Collab
- Regular Meetings (April 2018 Chapel Hill, July 2018 ECU-
August 2018 NCSA)

- **Initial request - 12/31/18 deadline for all UNC institutions to submit their Risk Register to the UNC System Office**

- Intent to help build a system-wide Risk Register through input from the institutions

Evolution of the Request

- Questions about format, scope led to ERM Focus Group – UNCG, UNCW, ECU, ECSU
 - Narrowed to submission of Top 5, in no particular order
 - Risks to be submitted as broadly defined risks
 - Simplified format – Risk, Brief Description, Category, Confidential-Sensitive Y/N
 - Contact information required for follow-up

End Results of the Request

- System office staff will compile information, and once reviewed, will be presented to UNC System President as the first version of a UNC System Risk Register
- Ultimate goal to produce a manageable set of information to better understand system-wide risks and tailor risk management discussion topics for the CARMC
- Access to compiled data (only)
 - End product – similarities, perspectives
 - Exclusions
- Next steps

UNCG's Submission of Top 5 Risks

Top Tier I Risk Areas containing risks with potential to affect the university's mission, strategies, and goals as of November 5, 2018

Your Institutional Top 5 Risks (Required):

Risk Title	Description	Major Risk Category	Is this risk sensitive or confidential?
Interaction with Minors	Threats to the safe environment for minors on campus causing physical injury or other harm to minors, reputational risks to the institution, risk to donor relations and community relations (University sponsored camps, research, day care, Middle College, etc.)	Reputational	No
Data Security/Cyber Threats	Current state includes but is not limited to the following mitigations: University policies addressing the access and security of IT resources; physical and logical access controls for all ITS managed services; installation of an Intrusion Prevention System and firewalls to protect servers and applications; implementation of formal change management processes to control all changes to the university's production environment; segregation of duties of ITS staff to reduce the possibility of deliberate sabotage; and implementation of secure data protocols for transmitting data over the Internet; the hiring of a Chief Information Security Officer. However despite these efforts, threats to our data security continue to increase at an alarmingly high rate and the financial impacts can be significant. We must be nimble enough and have the resources to address new threats on short notice to ensure operational continuity and reputational integrity.	Operational	No

UNCG Submission of Top 5 Risks (continued)

Risk Title	Description	Major Risk Category	Is this risk sensitive or confidential?
Overall University Regulatory Compliance	Many departments on campus are responsible for compliance with applicable regulations. These exist in silos and there is no formal mechanism at this point for developing an inventory of regulatory compliance areas, or any mechanism for auditing these areas. In addition, there is no mechanism in place to ensure the quality of our compliance responses.	Compliance	No
Financial Resource Security and Stability	Even in a relatively strong economic environment, as budgets continue to be cut, financial demands continue to rise. How do we do a better job of relating the importance of Higher Education on our Federal, State and County mindset? How can we make better use of our resources so the needs of the institution are being met? When the market performs very poorly such as a recession or depression, philanthropic investments in the institution could be affected along with earnings on existing endowments. A general economic downturn would likely compromise existing revenue sources, possibly change enrollment patterns, and could even compromise the availability of some academic programs and research funding.	Financial	No
Campus Safety	The vulnerability of students, faculty, and staff from potential threats and hazards on campus and in the community. Threats and hazards include, but are not limited to, violent crimes, theft, assault, severe weather, hazardous materials, fire, and pedestrian safety.	Reputational	No

NC State Top 10 Strategic Risks*

1. Reductions in Federal Research Funding
2. Reductions in State Funding
3. Data or Cyber Security Breach
4. Decline in Out of State and International Enrollment (*decline in diversity and tuition receipts*)
5. Faculty Losses (*inability to attract, hire , and retain due to combination of legislative agenda and/or compensation/benefits*)
6. Reduction in Financial Aid (*availability*)
7. Regulatory reform
8. Key Administrative Losses (*see Faculty Losses*)
9. Activism (*protests, campus disruption, possible confrontations, and perceptions of free speech restrictions*)
10. Sexual Violence or Other Serious Crimes

UNC Wilmington Tier I Risk Profile*

- Attracting and Retaining Quality and Diverse Faculty and Staff
- Enrollment: Attracting and Retaining Diverse, High Quality Student Populations
- Deferred Maintenance and Swing Space for Specialized Facilities
- Information Security – Breach and Service Interruption
- Critical Incidents – Safety and Security
- Revenue Sufficiency to Meet Strategic Goals
- Community Engagement (Minors)

UNCG's Central Process Tenants

Institutional Risk Management (IRM) processes are holistic, flexible and under continuous refinement.

The six types of risks move beyond the traditional focus on financial risks covered by insurance. Risks are broadly defined to represent any impediment to accomplishing institutional goals.

The risk areas, though broad, are regularly analyzed to ensure a relevant and sufficiently narrow focus exists for each.

The figure below illustrates other important IRM process components. *All of these components occur simultaneously.*



Working Towards Mitigation: IRMC Work Groups



From UNCG's Risk Management Policy: "Through various work groups, committee members and other relevant stakeholders and subject matter experts throughout the university actively work on Tier I risks as well as associated risk treatments."

- Three to four will be operational at any given time
- Work groups will most often begin at an extraction point where our exposure is greatest.
- Tier II and Tier III risks embedded in the Tier I to be resolved before elevation to IRMSC
- The ultimate deliverable of precise identification, thorough analysis and evaluation, and risk mitigation recommendations to IRMSC remains constant
- End results will vary with the risk. Some will always remain as Tier I with lower risk score; others will move to lower tiers

IRMC Work Groups 2018-19



- UNCG Summer Camps
 - Work group in place; First meeting – December 2018
 - Expected outcome – university policy, consistent procedures, champion identified, continued access and community engagement
- Collaborative Partnerships (*pending*) – a review of how and whether our policies apply or not, specifically in areas of safety and security; all within the context of the different governance structures that exist among current and future partnerships

Stakeholder Interviews – Strategic Level



1:1 Interviews beginning January 2019 with:

- Chairperson of BOT and/or CARL Committee
- Members of the Chancellor’s Council

Sample list of questions. All will be tailored:

- In your area, what risks do you spend most of your time managing or are otherwise concerned with?
- Are there risks in your area that you feel are currently underserved (time, other resources)?
- Stepping outside of your areas of immediate responsibility and looking more broadly at the university as a whole, what risk(s) do you think needs more attention/discussion/action?
- What opportunities are your department and/or UNCG not taking advantage of because they need more attention/further study?

Implementation Plan – Follow-up and Next Steps

1. Continue to Refine Risk Register with Emphasis on Tier I and Impactful Tier II

Analyze Risk

Evaluate Risk

In coordination with the prioritization of the top 5 risks to submit to the UNC System Office, the IRMC used that opportunity (per the University's Risk Management Policy to assess critical units every three years at a minimum) to do a review of our Tier I risks. The results of that re-assessment of indicated that our Tier I inventory could be modified.

From the February 2018 presentation, 13 Tier I risks were cited. Of those:

- *Five were deemed as worthy of submission to the UNC System Office*
- *Four were re-assessed as Tier II*
- *Two were consolidated into existing Tier I – both of those included in top 5*
- *Two remained as previously indicated*

Implementation Plan – Follow-up and Next Steps

2. Research Internal and External Policies and Best Practices

Identify Risk > Analyze Risk > Evaluate Risk

We have discussed sources of Risk identification previously. More in-depth analysis is enhanced by taking advantage of UNC System Peer Network as ERM implementation progresses through the institutions.

3. Determine Research Allocations

Evaluate Risk

Reflected in Work Group prioritization and activation

Implementation Plan – Follow-up and Next Steps

4. Identify Champions for Tier I Risks, Owners for Key Tier II and III

5. Establish Mitigation Plans for Identified Tier I Risks

Treat Risk

Both are expected outcomes from IRMC work groups for Tier I. Owners for the Tier II and Tier III risks that are embedded within the Tier I will be assigned.

6. Implement Mitigation Strategy with Follow-up (Audit, Compliance)

Monitor and Review

The successful integration of Risk Management with the new Director of Compliance will help UNCG close the loop when mitigation strategies are put in place.

Implementation Plan – Follow-up and Next Steps

7. Establish Risk Management Culture – at all levels (alignment with Strategic Plan only helps the cause)
8. Assist with Recognizing Potential Adverse Events, Assets, Risks, and Establish Responses (All Tiers)



*These two go hand in hand, **especially** with regard to Tier II and Tier III. It is when initial decisions are made with risk considerations in mind at and within the departmental level, that we have established the right risk culture.*

Implementation Plan – Follow-up and Next Steps

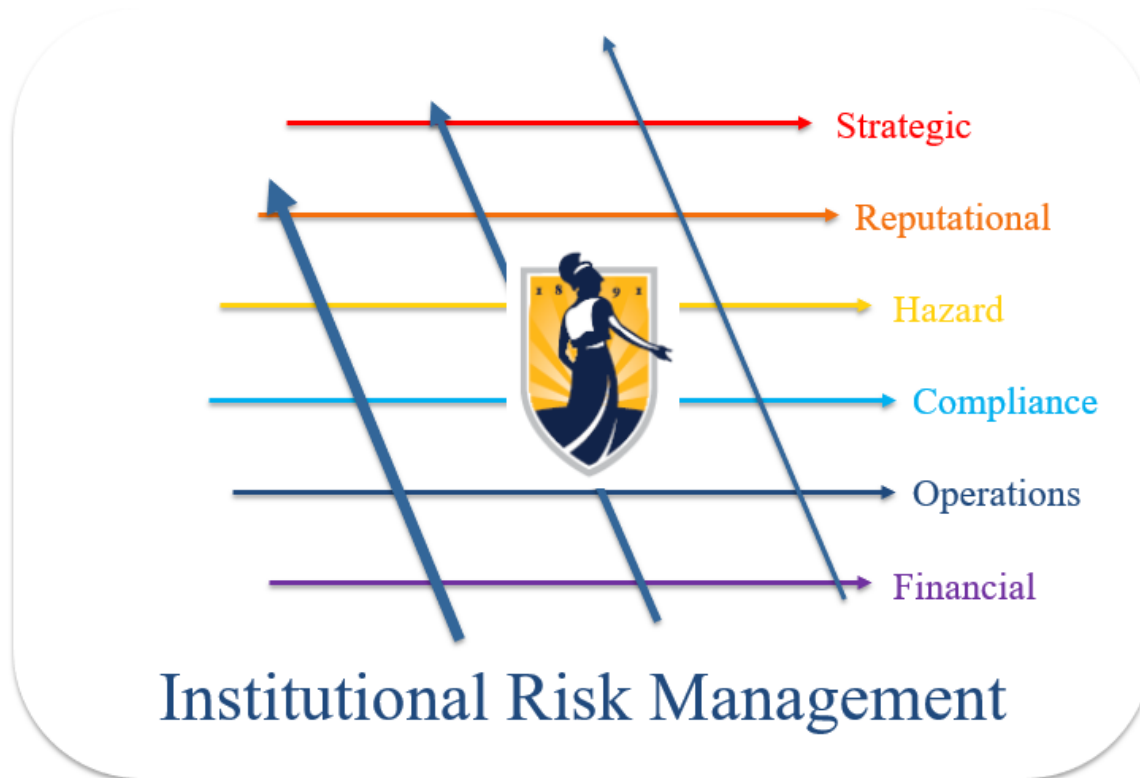
9. Begin Preliminary Review of University Risk Management Policy
(due for full review in February 2019)

10. Update of Risk Management Website

Communication and Consultation

Monitor and Review

Discussion



Mission: to provide *reasonable* assurance regarding the achievement of UNCG objectives; specifically by enhancing risk response decisions and working to identify and manage risk across the UNCG community.