

Enterprise Risk Management

Can we talk about something other than COVID?

November 20th Legal Symposium

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Agenda

- ERM Overview
- How ERM Techniques are Applied at UNC Charlotte
- Strategic Risk Management Process
- Emerging Risk Management Process
- Why It All Matters



ERM at UNC Charlotte

ERM **identifies, analyzes, and reports on** the University's effectiveness at managing **key strategic** and **emerging risks**.

A **simultaneous two-prong approach**:

1. Risks specifically associated with the **top strategic objectives** of the organization.
2. Significant emerging risks **regardless of relationship** to any specific organizational objectives.



ERM Overview

Four Core **ERM Techniques**

1. Risk **Identification**
2. Risk **Analysis**
3. Risk **Management**
4. **Monitoring** and **Reporting**



Strategic Risk Identification

Risk is defined as “the **effect of uncertainty on objectives**”¹.

To know our strategic risks, we **must first know our key strategies** and how we measure performance.

1. Review of **existing sources** of strategic and organizational performance management insights
2. Active engagement in UNC Charlotte **strategic plan development**
3. Interactive engagement with **cross-divisional leadership**

¹ ISO 31000 – Risk Management



Strategic Risk Prioritization

11 Person Cross-Divisional **Enterprise Risk Management Committee**

1. **Discussed** the sources and relevance of various objectives
2. **Ranked** strategic objectives on Impact and Time Sensitivity
3. **Gained consensus** on objectives to analyze first
4. **Identified subject matter experts** for analyzing risks to the objective



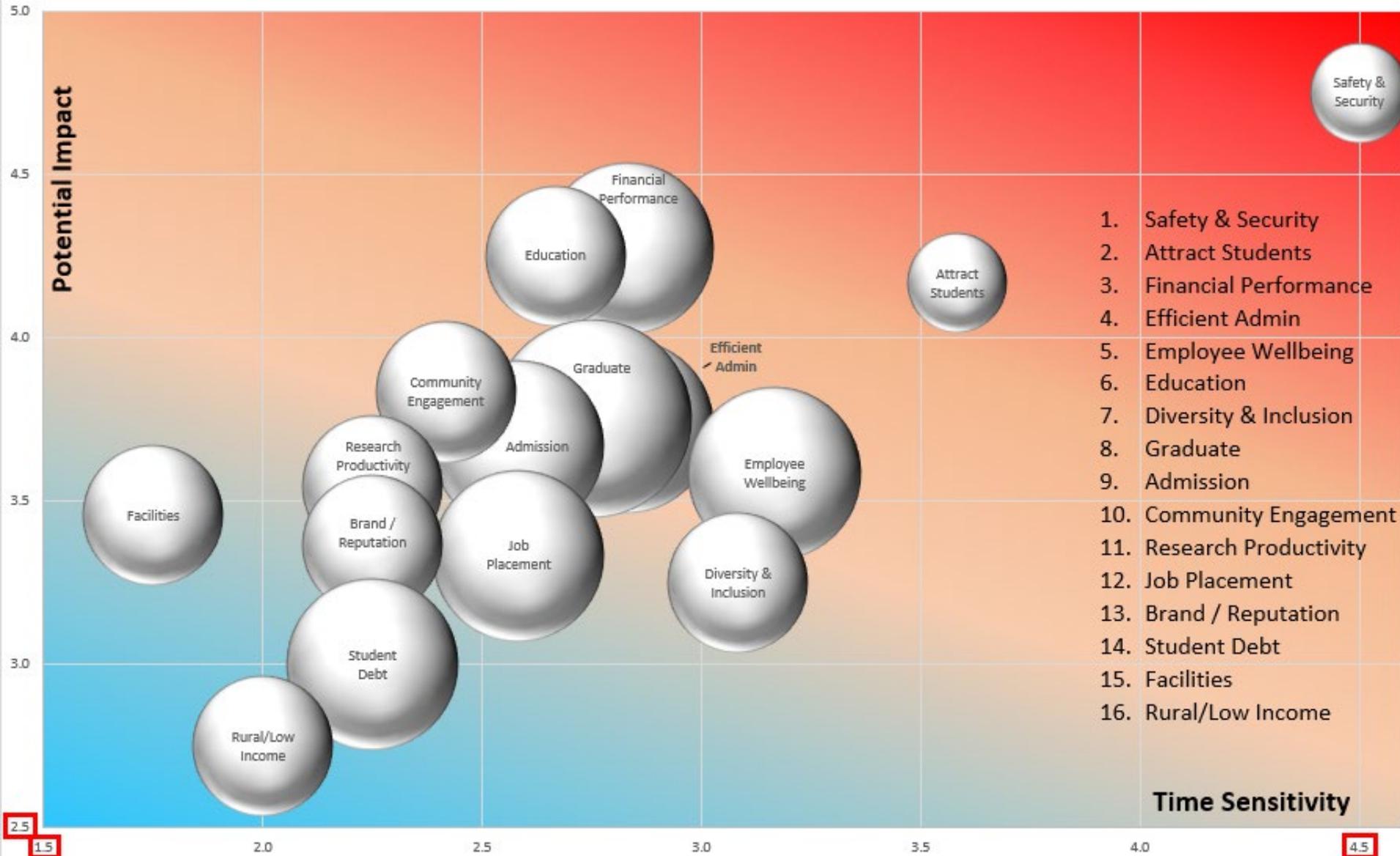
Symposium Strategic Assessment – Top 3

1. Safety & Security
2. Attract Students (academics & experience)
3. Admission (quality & quantity)
4. Efficient Admin (cost & speed)
5. Brand / Reputation
6. Employee Wellbeing
7. Graduate Job Placement
8. Educating Students
9. Diversity & Inclusion
10. Graduating Students
11. Institutional Financial Performance
12. Research Productivity
13. Facilities
14. Student Debt
15. Rural / Low Income Student Emphasis
16. Community Engagement



Initial ERM Committee Heat Map

August 2020 Strategic Objective Evaluation



1. Safety & Security
2. Attract Students
3. Financial Performance
4. Efficient Admin
5. Employee Wellbeing
6. Education
7. Diversity & Inclusion
8. Graduate
9. Admission
10. Community Engagement
11. Research Productivity
12. Job Placement
13. Brand / Reputation
14. Student Debt
15. Facilities
16. Rural/Low Income

- **100%** response rate
- **Similar** responses on average
- Those in the **top and right** highest priority
- Reasonably **clear top 2 or 3** then less clear
- **4 through 8** very **similar** total score
- **Clear bottom 2**



Strategic Risk Prioritization

Strategic Objectives Prioritized for Analysis

- Safety and Security
- Expense Management
- Student, Faculty and Staff Wellbeing
- Diversity and Inclusion



Strategic Risk Assessment

The ERM Program evaluates seven areas of risk management

1. Risk owner
2. Nature, scope and history of the risk
3. Risk management philosophy
4. Risk management techniques
5. Effectiveness of risk management techniques
6. Expected and worst case impacts of the risks
7. Leading key risk indicators



Diversity & Inclusion

Risk Name	Diversity & Inclusion (D&I)		Timing of Exposure	Ongoing	
Risk Owner	Special Assistant to the Chancellor for D&I		Velocity of Impact	Cumulative	
Risk Description	<p>UNC Charlotte has been strategically building an inclusive environment promoting student, faculty, and staff diversity since 1993. This commitment is reinvigorated by implementation of a dedicated D&I focused Cabinet member, reimagining cross-divisional D&I governance bodies and plans, and engagement in a System wide Racial Equity Task Force. Diversity includes characteristics and experiences such as ethnicity, race, gender, age, sexual orientation, disability, and religion. UNC Charlotte enrolls and graduates one of the most diverse student bodies in the UNC System, with 45% and 46% underrepresented students enrolled and graduated respectively. While improving, more is needed for the diversity of employees and those in leadership to reflect our campus community. Input shows the biggest opportunity lies in student experience, specifically promoting a sense of belonging and ensuring all voices are heard.</p>				
Risk Management Philosophy	<p>D&I's efforts to reimagine an inclusive university climate is foundational to UNC Charlotte's goal of a quality education for all. We aspire to be a model for external organizations by having our university's diversity reflect the students, communities, and global economy we serve. Efforts to date demonstrate high levels of institutional commitment and achievement, although maintaining a sense of belonging in an inclusive campus environment during polarizing times will ultimately define our level of success.</p>				
Risk Management Techniques	<ul style="list-style-type: none">  Recent recommendations from the UNC System Racial Equity Task Force have outlined an actionable path forward  The Chancellor's Diversity Challenge Fund has provided >\$1M to date for university wide D&I projects and resources  Newly dedicated Cabinet member focused on promoting and implementing innovative D&I strategies and governance  UNC Charlotte ADVANCE Faculty Affairs and Diversity Office (FADO) builds faculty diversity and promotes faculty success  OADI emphasizes academic services for the recruitment, retention, and graduation of underrepresented student groups  OIEE provides advocacy, support, and educational programming to engage students in their various intersecting identities 				
Management Assessment of Effectiveness					
	Impact (data as of 6.30.20)	Expected	Worst Case	Indicators	Underrepresented Scholarship \$
					Chancellor's Fund YE Balance
	Underrepresented 4 Year Graduation Rate	46%	36%	Healthy Range	45%
	Underrepresented Faculty & Staff Rate	34%	31%	Actual	39 %  \$20,500 

Strategic Risk Monitoring & Reporting

- Annual or biannual **updates** of each risk
- Reporting to **most appropriate** body
 - Campus Safety & Security Committee
 - Enterprise Risk Management Committee
 - Chancellor
 - Audit, Compliance and Enterprise Risk Management Committee
 - UNC System Office



ERM at UNC Charlotte

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Emerging Risk Identification

Leadership engagement is critical to identifying emerging risks

- Lead monthly Safety & Security Committee risk dialogs
- Monthly engagement with System ERM leaders
- The ERMC meets four times a year to discuss risks and objectives
- Member of the Institutional Effectiveness Oversight Committee (IEOC) that meets periodically to discuss Institutional performance
- Biannual ERM specific Board of Trustee Presentations
- Annual Cabinet member meetings with IA and Compliance



Emerging Risk Identification

Strategic risk analysis is sensitive to emerging risks

- Measured on Impact and **Time Sensitivity**
 - Are there **emerging elements** that elevate timely achievement
- **Examples** where emerging elements affected ratings were:
 - **Wellbeing** – COVID; social / political unrest; change in leadership
 - **Expense Management** – COVID expense and revenue effects



Emerging Risk Identification – Specific

- **Safety & Security** was a key objective in **prior years**
 - Elements were present increasing risk to success
- **Separate emerging risk approach** taken for Safety and Security
 - Engaged the Campus Safety & Security Committee (**CSSC**)
 - ~30 person cross-divisional leadership group
 - Implemented a **risk based approach** to identifying, analyzing and reporting on safety risk exposures



Emerging Risk Identification

- Divided the ~30 person Committee into three **subcommittees**
 - Interpersonal
 - Vocational
 - Environmental
- Held exposure **identification meetings** with each subcommittee
- Developed a **comprehensive register** of exposures to physical harm
- **Validated** completeness with **entire Committee**



Emerging Risk Analysis

- Subcommittees had **detailed group discussions** on each exposure
- Each member **individually rated** exposures on Impact and Likelihood
- Developed **heatmaps** for each subcommittee
- **Debated** and prioritized each risk for evaluation
- Shared final heatmaps for **debate with entire CSSC**



Safety & Security Exposure Categories

Interpersonal

- Assault / Battery
- Civil Disorder
- Mass Casualty
- Sexual / Relational Misconduct
- Pedestrian / Locomotion
- Self-Harm
- Destituteness
- Criminal Activity

Environmental

- Weather
- Nature Based
- Earthquake / Sink Holes
- Illnesses / Disease
- Mold / Bacteria
- Fire
- Loss of Utilities
- Infrastructure Disrepair

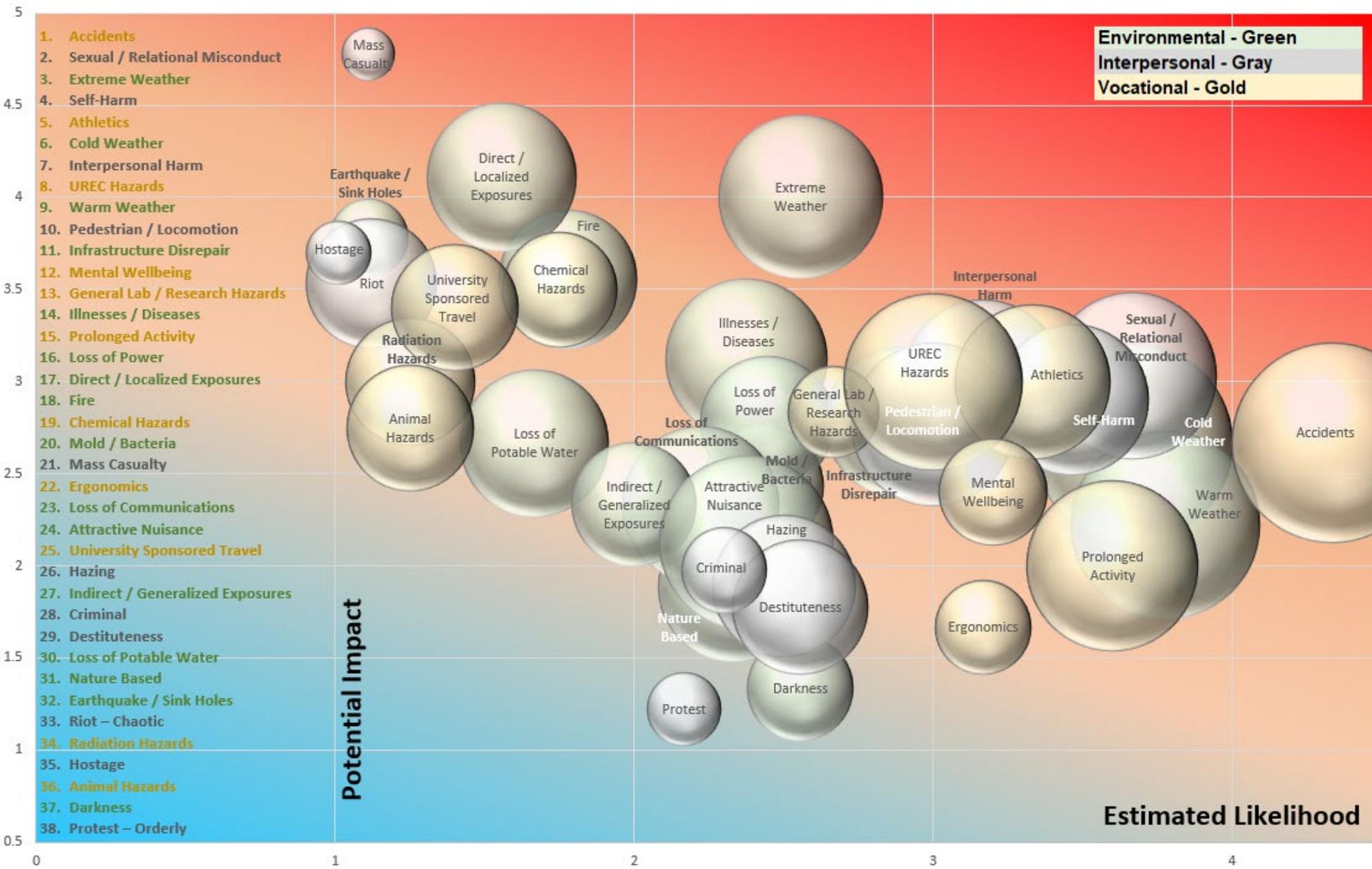
Vocational

- Accidents
- Prolonged Activity
- Ergonomics
- General Lab / Research Hazards
- University Sponsored Travel
- Athletics
- Mental Wellbeing



Aggregate Heat Map

Aggregate Threat Assessment Heat Map - January 2020



- **Size of bubbles** based on response **standard deviation (large=varied)**
- **Three from each sub-committee in top 9.**
- **Only 4 threats score >4 on either scale.**
- Mass Casualty: Impact
- Direct Exposure: Impact
- Extreme Weather: Impact
- Accidents: Likelihood
- **Clear Top 2** but close **Next 4** based on L x I



Emerging Risk Analysis

The following safety exposures were ultimately **prioritized** for assessment and reporting to the CSSC **to date**:

- Student Food & Housing Insecurity
- Peaceful and Non-Peaceful Demonstrations
- Prevention of Sexual & Interpersonal Misconduct
- Severe Summer Weather
- Light Rail
- Loss of Power



Student Housing and Food Insecurity

Risk Name	Student Destituteness	Timing of Exposure	Ongoing
Risk Owner	Director of Student Assistance & Support Services	Velocity of Impact	Immediate
Risk Description	Housing and food insecurity are byproducts of a student population exposed to income instability and insecurity. As an “access institution” in a diverse urban environment, approximately 70% of UNC Charlotte’s student population receives some form of financial aid. Furthermore, additional segments of the student population, such as international students, are also at risk from an income security point of view. Diminished academic performance is the prevailing consequence of destituteness, but it is also correlated with a higher likelihood of malnutrition, illness, compromised mental health, substance abuse, self harm and suicide.		
Risk Management Philosophy	Institutional exposure to Destituteness is a microcosm of a ubiquitous societal / cultural exposure. At UNC Charlotte, student destituteness tends to be event driven or cyclical in nature, hence response efforts focus on meeting student needs on an interim basis. An inherent tradeoff exists between availability of support resources and student demand for help. In the long run, optimizing students graduating and getting meaningful jobs ultimately solves for long term destituteness exposures.		
Risk Management Techniques	<ul style="list-style-type: none"> ✔ Well communicated and regularly used online reporting system for reporting “Care & Concern for an Individual” (Maxient) ✔ Multiple cross-departmental committees assessing campus incidents of destituteness (Niner Care, Basic Needs, etc.) ✔ Multiple programs to provide funding and food to students with food insecurities (Swipe Out Hunger, Food Pantry, etc.) ✔ SASS works effectively with the Financial Aid Office to optimize utilization of grants and loans for vetted students in need ⚠ Federal, state and local based emergency funds have been provided to help address student destituteness during pandemic ⚠ Developing effort to leverage leftovers from on campus food preparation for distribution to students in need ⚠ Student temporary housing program available for up to eight students at any given time for up to 60 days at a time ✘ Off campus housing shelters are available for students facing housing insecurity 		
Management Assessment of Effectiveness			
Impact (all data as of 6.30.20)	Expected Impact & Likelihood	Worst Case Impact & Likelihood	Indicators
Emergency Fund Response Rate (as a % of student requests)	50% @ 90%	25% @ 50%	Destituteness Maxient Reports Mecklenburg Food Insecurity Statistics
Temp Housing Requests Denied (number of annual instances)	0 @ 90%	2 @ 5%	Healthy Range <15 / Month Actual 23 ↑ < 4.1% ↔

Risk Monitoring & Reporting

So what is the value add?

1. Good

- **More informed** on objectives, complexities and priorities
- Make more **informed decisions** in their silos

2. Better

- Cross-functionally **achieve consensus** on success

3. Best

- **Identify** cross-divisional **barriers or tension** hindering success
- **Work together** to overcome barriers to be successful



Summary

The ERM Program at UNC Charlotte has progressed significantly

Strategic application of risk management techniques

Focusing on both strategic and emerging risks

At a minimum, the value lies in the structured cross-divisional enlightenment on strategic and emerging topics

At best, we gain cross-divisional partnership on critical success factors



