What is Enterprise Risk Management?

- An organization-wide systematic approach to identify and tactically manage risk vs. silo or transactional approach
- A tool to identify and reduce obstacles in reaching the *Quest for Distinction* goals
- A process to create quick, decisive plans to react to unexpected occurrences
- A framework to manage reputational risk
Vice Presidents Meeting
Enterprise Risk Management

- **Strategic Risk** – high-level goals aligned with the mission (i.e. Quest)
- **Operational Risk** – ongoing management processes
- **Financial Risk** – protection of assets
- **Compliance Risk** – adherence to laws and regulations
VCU’s Selected ERM Approach:

- **Measurement-driven Approach**
  - Middle-up, take advantage of current experience, use current operational staff

  **vs.**

- **Current Risk Identification Approach**
  - Top-down, try to eliminate risk, silo approach

- **Process-driven Approach**
  - Bottom-up, take significant time and expense, possible failure from being too detail oriented
Charge:

Audit & Compliance Committee Chairman, President Rao and VP for F&A have expressed need for an ERM Program

Project to date:

Research best practices of selected universities with ERM programs

Whitepaper and presentation - May, 2012 BOV Meeting

Rector requested VCU proceed and report on quarterly progress to Committee
ERM Steering Committee has been established with the identification of following representatives:

- Kevin Allison, Academic Assistant to the President
- Amy Sebring, Associate Dean for School of Medicine
- Tricia Perkins, University Controller
- David Litton, Director University Audit and Compliance

Project Owners: Senior Management
Committee Oversight: David Hanson and Bill Cole
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Next Steps:

- Interview universities about what ERM techniques worked including the use of consultants
- Identify list of people to survey/interview – considering AVP and Dean levels
- Determine Methodology for assessments:
  - Identify question sets
  - Facilitate brain-storming sessions
  - Classify risks
  - Consolidate risks
  - Prioritize risks
- And much more, including development of risk management plans and reporting approach