Enterprise Risk Management (ERM)

Governance & Compliance Committee

April 30, 2020

WRIGHT STATE UNIVERSITY

ERM Overview

Wright State University

Our Goals
Recruitment, Retention, Relationships

Our Risk Categories
Financial | Compliance | Operational | Strategic

Our ERM Process
Identifying Risks | Assessing the Impact | Planning & Implementing Mitigation | Monitoring Mitigation & Reporting
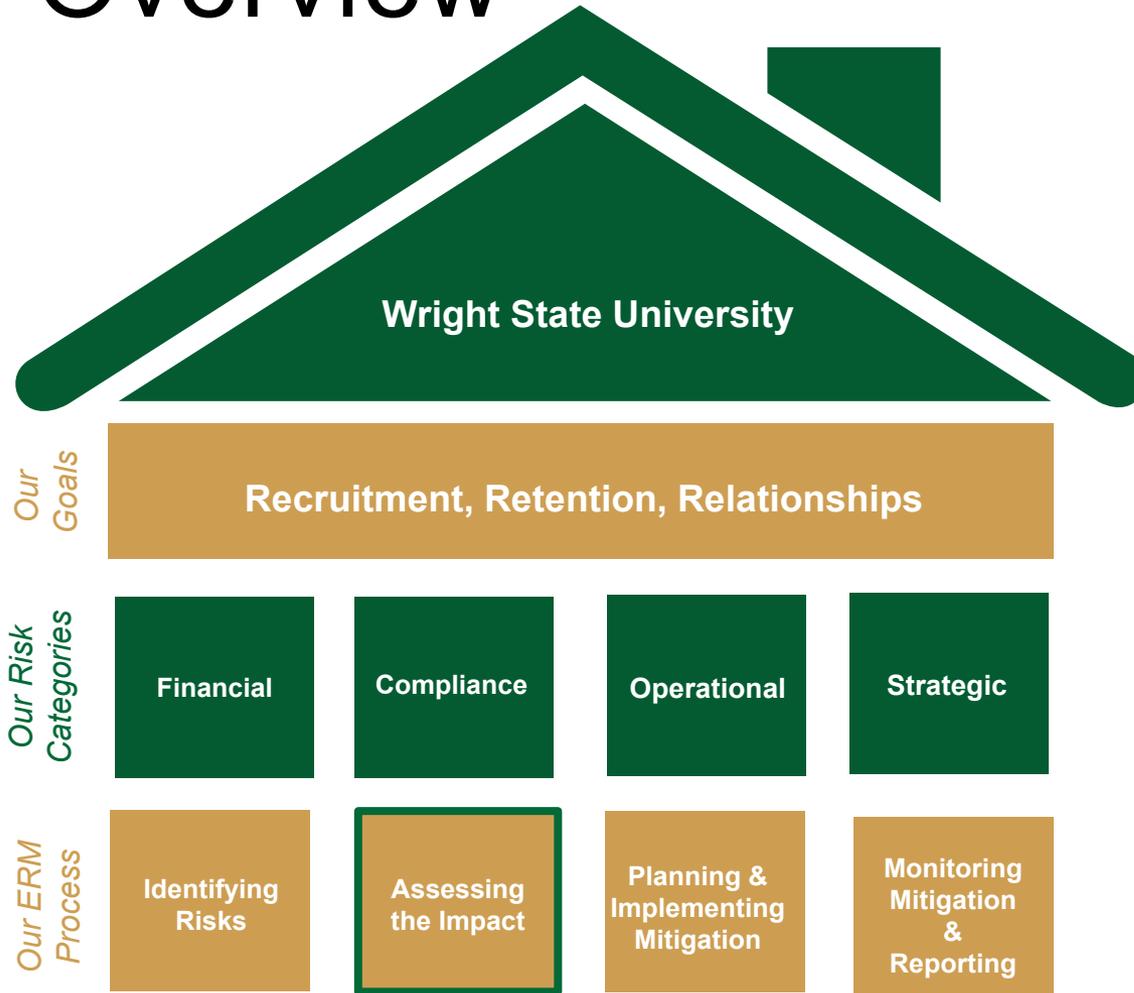
ERM at WSU

ERM will be implemented at the University over the course of 3 Phases.

Phase 1 involves 3 steps.

Note: Due to the pandemic, step 2 was converted to be completed virtually.

Phase 1- Initiation, Risk Identification, and Risk Presentation		
Task	Description	Status
Survey	SMEs identify their top 5 risks.	Complete
Virtual Workshop	SMEs assist in rating risks identified via survey to establish a listing of top risks.	In Progress
Risk Ranking/ Approval	Risks approved by ERM Executives and prioritized into a multi-year plan.	OARC Delivery: May 2020

Phase 1 Progress

- **Risk Survey:**
  - Open-ended, asking SMEs to identify the top 5 risks faced by their function and/or the University.
  - Complete with a 63% response rate (38 of 60 respondents)
- **Virtual Workshop:**
  - Defined, asking the SMEs to rate three aspects of the 22 risks compiled and standardized from the risk survey.
  - In progress, currently at a 50% response rate (30 of 60 respondents)

Virtual Workshop

- Converted all workshop materials into a virtual packet for SME completion

- The 60 SMEs were asked to quantify the severity, likelihood and velocity for each of the 22 risks to assign a total risk score

- The OARC is currently calculating the overall risk score for each of the 22 risks being rated

Virtual Workshop-Rating Guide

- In order to calculate a weighted risk score, participants will score the likelihood, severity, and velocity of each risk presented.

- These tables were provided to assist in scoring analysis; however, as they are not comprehensive of every event possible, SMEs were asked to use their best judgement.

Likelihood-how likely is it to occur?

	How Likely?	Description
5	Certain	Will happen or happens constantly
4	Likely	Happens regularly
3	Possible	Happens occasionally
2	Infrequent	Has happened once or twice
1	Unlikely	Never has happened or not probable

Velocity-how fast will it affect us?

	Speed of Onset
3	Rapid - impact in days or weeks
2	Moderate - impact in a few months
1	Slow - impact over a year away

- The formula being utilized to arrive at a final risk ranking for the University will be:

(Likelihood x Severity) + Velocity = Weighted Risk Score

WRIGHT STATE UNIVERSITY

Virtual Workshop-Rating Guide

Severity-how significant will the impact be?

	Considerations	
5 **Severe**	• Extended disruption of 2+ colleges or service units • Severe impact on the quality of services provided • Consequences require major adjustments to plans and resources • National negative publicity	• Fatality or disability of 1+ individuals • Catastrophic environmental damage • Multiple senior leaders/deans leave • Severe, long-term reputational damage • Major litigation/s
4 **Serious**	• Significant disruption of 2+ colleges or service units • Considerable impact on the quality of services provided • Consequences require considerable plan adjustment and/or resource reallocation • National negative publicity	• Significant damage to reputation • WSU breach of contract • Serious injury or disability of 1+ individuals • Significant environmental damage • High turnover of senior managers/faculty
3 **Substantial**	• Significant disruption to a college or service unit • Consequences require plan adjustment and/or resource reallocation • Sizable impact on the quality of services provided • Local/regional negative publicity	• Moderate reputational damage • WSU contract default • Major injury to people or environment • Turnover of critical faculty/staff
2 **Moderate**	• Some disruption for a college or service unit • Consequences require plan adjustment or resource reallocation • Minor impact on the quality of services provided • Local negative publicity	• Minor short-term reputational damage • WSU contractors expresses concern • Minor injuries to people or environment • Increased staff turnover
1 **Minor**	• Small disruption for a college or service unit • Consequences can be managed within plan and allocations • No impact on the quality of services provided • No negative publicity	• No reputational damage • No contract performance concerns • No injury to people or environment

Virtual Workshop- Current Risk Calculations

- Preliminary rankings (as of 04/20/2020)

- Rankings are based upon the scoring of 30 SME respondents

- The OARC is collecting additional feedback, so rankings are expected to shift

Rank	Risk	Score
1	Enrollment-Domestic	21
2	Financial-Budgeting & Reserves	21
3	Employment -Retention	19
4	Employment-Recruitment	16
5	Deferred Maintenance	16
6	Employment-Planning	15
7	Brand Management	15
8	Enrollment-International	15
9	Emergency Response & Business Continuity Planning	14
10	Strategic-Plan Creation & Execution	13
11	Technology--Cyber Security & Liability	12
12	Internal Controls	12
13	Safety-Environmental	12
14	Technology--Protected Data	12
15	Training	11
16	Compliance-General	11
17	Research-Management	11
18	Compliance-Change/New/Implementation	11
19	Technology--Network System Design	10
20	Compliance-Harassment/Discrimination	10
21	Compliance-Accreditation	10
22	Compliance- Sponsored Programs	9

Phase 1 - Completion

- **Risk Ranking and Approval:**
  - ERM Executives will be presented with a listing of the 22 ranked risks based upon their overall scoring and a heat map for visual comparison
  - ERM Executives will provide approval of the top risks identified, in order to create a multi-year mitigation plan

Next Phases

- **Phase 2-** Risk Mitigation
  - Risk Owners will be identified
  - The OARC will assist Risk Owners in identifying gaps in risk mitigation strategies
  - Risk mitigation will begin

- **Phase 3-** Monitoring & Reporting
  - Ongoing monitoring of the effectiveness and efficiency of risk mitigation strategies implemented by Risk Owners
  - Periodic progress updates to the Board and ERM Executives