

Enterprise Risk Management and Organizational Resilience

Board of Trustees, University of Oregon

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Presented by:

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Associate Vice President, Safety and Risk Services



Presentation Overview

- Global Risks and Impacts on Education Sector
- 2022 Risk Exposure Matrix, Quadrant Map and Definitions, Heat Map
- Risk Assessment Coordination with Internal Audit





2022 Education Industry Opportunity for Resilience

April 2022
Marsh USA, Inc.

Provided by:

D Jean Demchak
US Education Leader
Marsh USA, Inc.

A business of Marsh McLennan

Global Risks Overview

Global risk categories and surveyed risks

Economic	Environmental	Geopolitical	Societal	Technological
<ul style="list-style-type: none"> • Asset bubble burst in large economies • Collapse of a systematically important industry • Debt crises in large economies • Failure to stabilize price trajectories • Proliferation of illicit economic activity • Prolonged economic stagnation • Severe commodity shocks 	<ul style="list-style-type: none"> • Pollution-driven harms to human health • Biodiversity loss and ecosystem collapse • Climate action failure • Extreme weather events • Human-made environmental damage • Major geophysical disasters • Natural resource crises 	<ul style="list-style-type: none"> • Collapse of a multilateral institution • Fracture of interstate relations • Geopolitization of strategic resources • Interstate conflict • Geoeconomic confrontation • State collapse • Terrorist attacks • Weapons of mass destruction 	<ul style="list-style-type: none"> • Collapse or lack of social security systems • Employment and livelihood crises • Erosion of social cohesion • Failure of public infrastructure • Infectious diseases • Large-scale involuntary migration • Pervasive backlash against science • Severe mental health deterioration • Widespread youth disillusionment 	<ul style="list-style-type: none"> • Adverse outcomes of technological advances • Breakdown of critical information infrastructure • Digital inequality • Digital power concentration • Failure of cybersecurity measures • Failure of technology governance

Definition: “Uncertain events or conditions that could cause significant negative impact for several countries or industries within the next ten years”

What risks have emerged in the Education space?



Erosion of Social

Social dynamics and media: Higher education is at the forefront of social awareness and change, with DEI and ESG strategies in place



Reshaping Workforce

Economic distress linked to demographic shifts will disrupt student enrollments as well as the faculty and staff workforce. Furloughs, reduction in force, shift in role expectations created new anxiety with mental health concerns.



Digitization of Operations

Immediacy of change to remote workforce and delivery of education brought unprecedented challenges for higher education. Demands on untested IT infrastructure opened up academia to ransomware and hacking, political attacks via digital platform with new consideration of safety



Campus Safety Redefined

Traditional safety programs on campus were sorely tested during the pandemic with new expectations of health care for traditional academic environment. Clinics, covid testing sites, vaccinations, cleaning of facilities – all joined together for a new safety support.

Strategic Enterprise Risk Management and Compliance Committee (SERMC)

The committee is advisory to the President and has the following charge:

1. Develop tools and processes to actively identify, evaluate, and manage university risks
2. Ensure that systems and processes are in place to provide accountability for compliance with the University's legal and policy obligations
3. Encourage communication, problem-solving, and collaboration across divisions, units, and departments



SERMC Members

- Vice President, Finance and Administration and Chief Financial Officer
- Vice President for Research and Innovation
- Vice President for Student Life
- Vice President for Student Services and Enrollment Management
- Vice President for University Communications
- Vice President for University Advancement
- Vice President and General Counsel to the University
- Vice President for Equity and Inclusion
- Director of Intercollegiate Athletics
- Executive Vice Provost for Operations
- Chief Resilience Officer and Associate Vice President for Safety and Risk Services
- Chief Human Resources Officer and Associate Vice President for Human Resources
- Chief Information Officer
- Chief Internal Auditor
- Associate Vice President for Business Affairs and University Controller
- Associate Vice President, Director of Financial Aid, Enrollment Management
- Assistant Vice President, Chief of Staff, Enrollment Management



Risk Exposure Matrix (REM) Overview and Definitions



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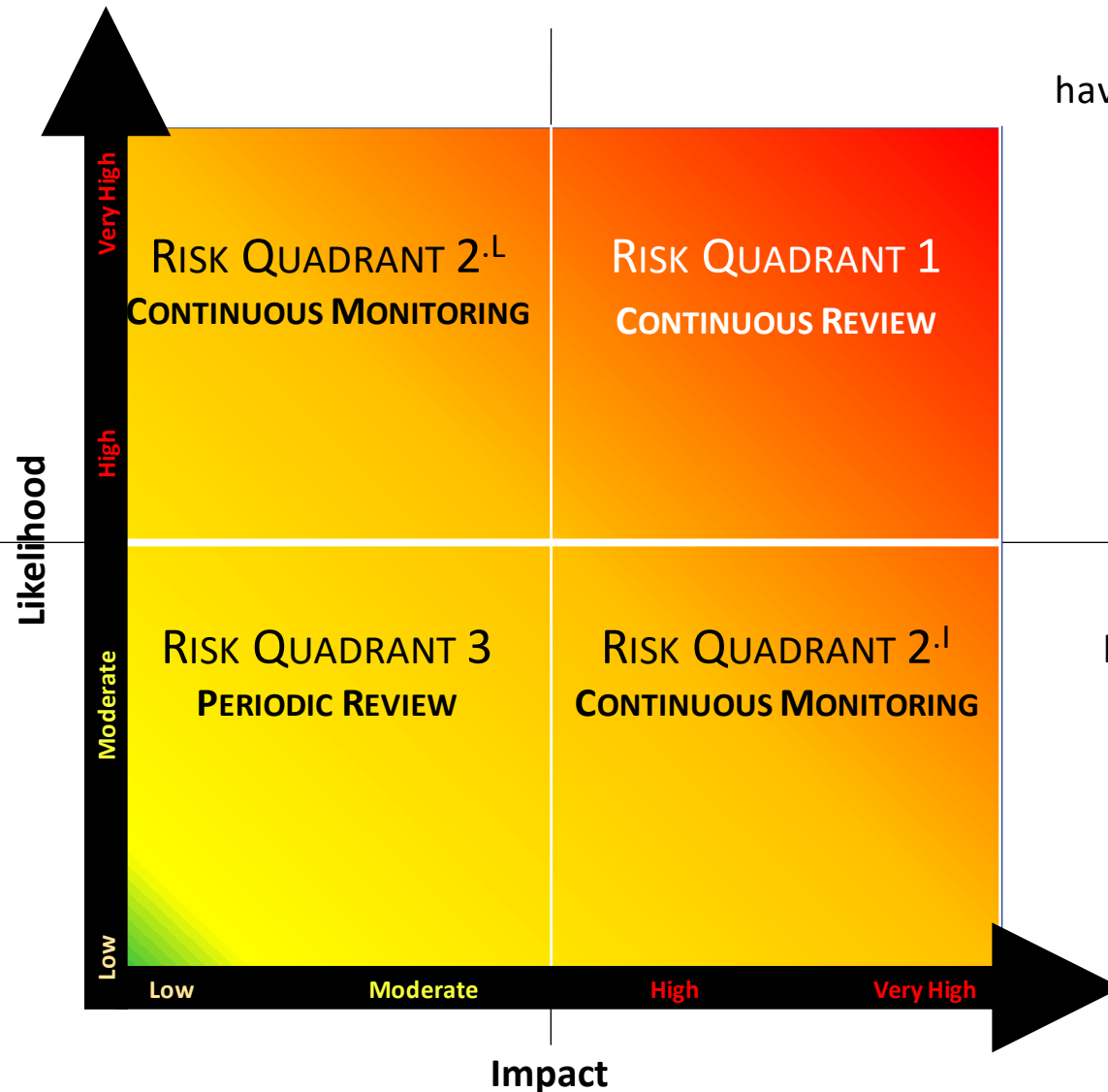
Safety and Risk Services



Risk Exposure Matrix: Quadrant Definitions

Conditions or risk exposures that have a **Very High / High** likelihood of occurring but have the potential for a **Moderate / Low** impact on the University's ability to achieve its mission and require **Continuous Monitoring** and actions to reduce exposures.

Conditions or risk exposures that have the a **Low / Moderate** likelihood and potential to have a **Low / Moderate** impact on the University's ability to achieve its mission and require **Periodic Review** and actions to reduce exposures.



Conditions or risk exposures that have a **High / Very High** likelihood of occurring and also have potential **High / Very High** impact on the University's ability to achieve its mission and require **Continuous Review** and actions in reduce exposures.

Conditions or risk exposures that have a **Low / Moderate** likelihood of occurring but the potential for a **High / Very High** impact on the University's ability to achieve its mission and require **Continuous Monitoring** and actions to reduce exposures.



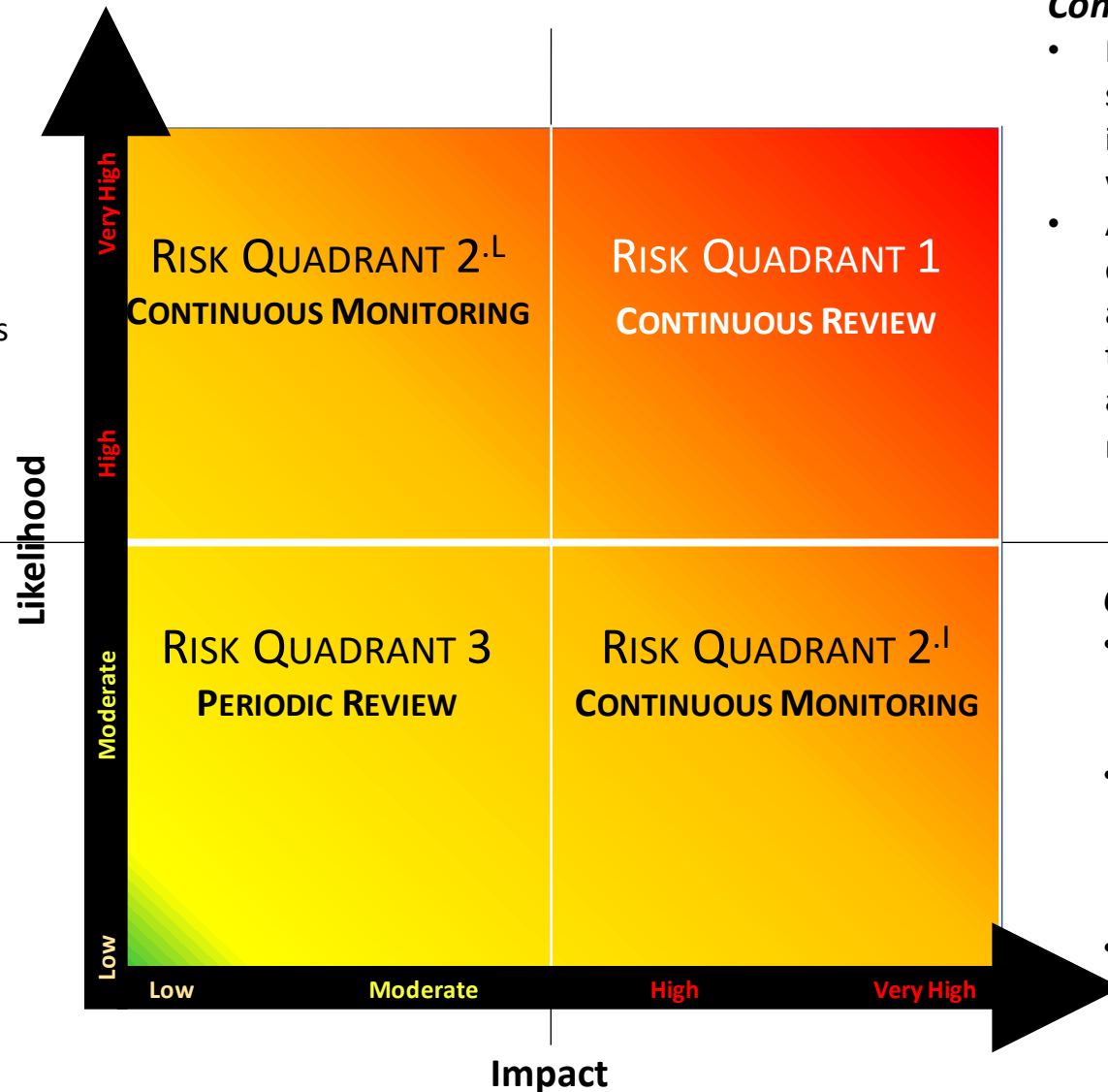
Risk Exposure Matrix: Quadrant Actions

Continuous Monitoring

- Risks are mitigated by a position(s) responsible for monitoring risk exposure.
- Annual risk review and recommendations, including industry trends and proven practices for mitigation.
- Subject to in-depth review by Internal Audit

Periodic Review

- Annual risk review and recommendations, including industry trends and proven practices for mitigation.
- Risks are monitored periodically by management and Internal Audit based on implemented controls, ability to control or mitigate the risk, and changes in exposure regulatory requirements.



Continuous Review

- Risks are considered in all strategic institutional decision-making including risk tolerance to balance risk with opportunities.
- Annual risk review of current operational mitigation efforts and landscape of risk. Changes in the exposure are documented and strategies documented to mitigate or control changes.

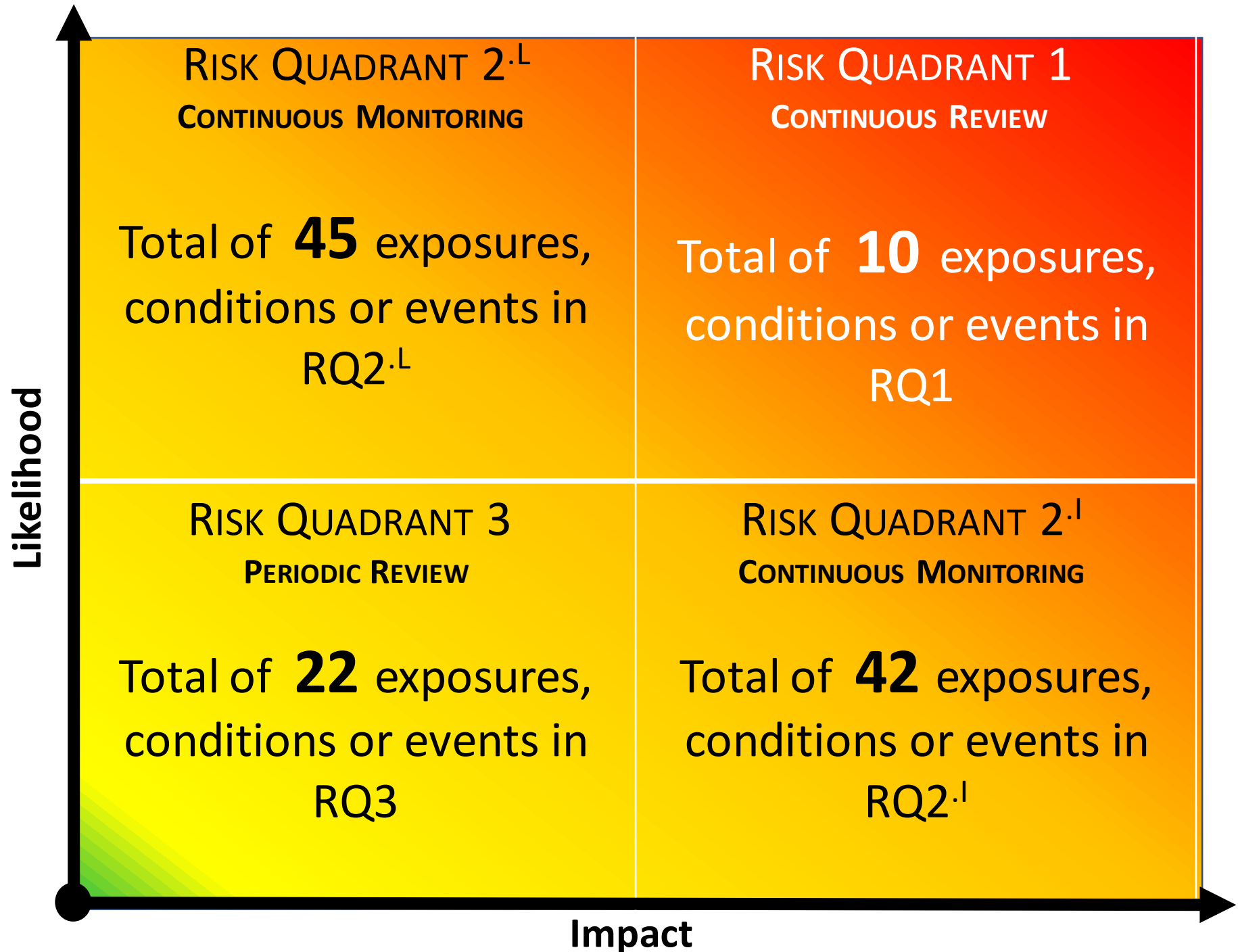
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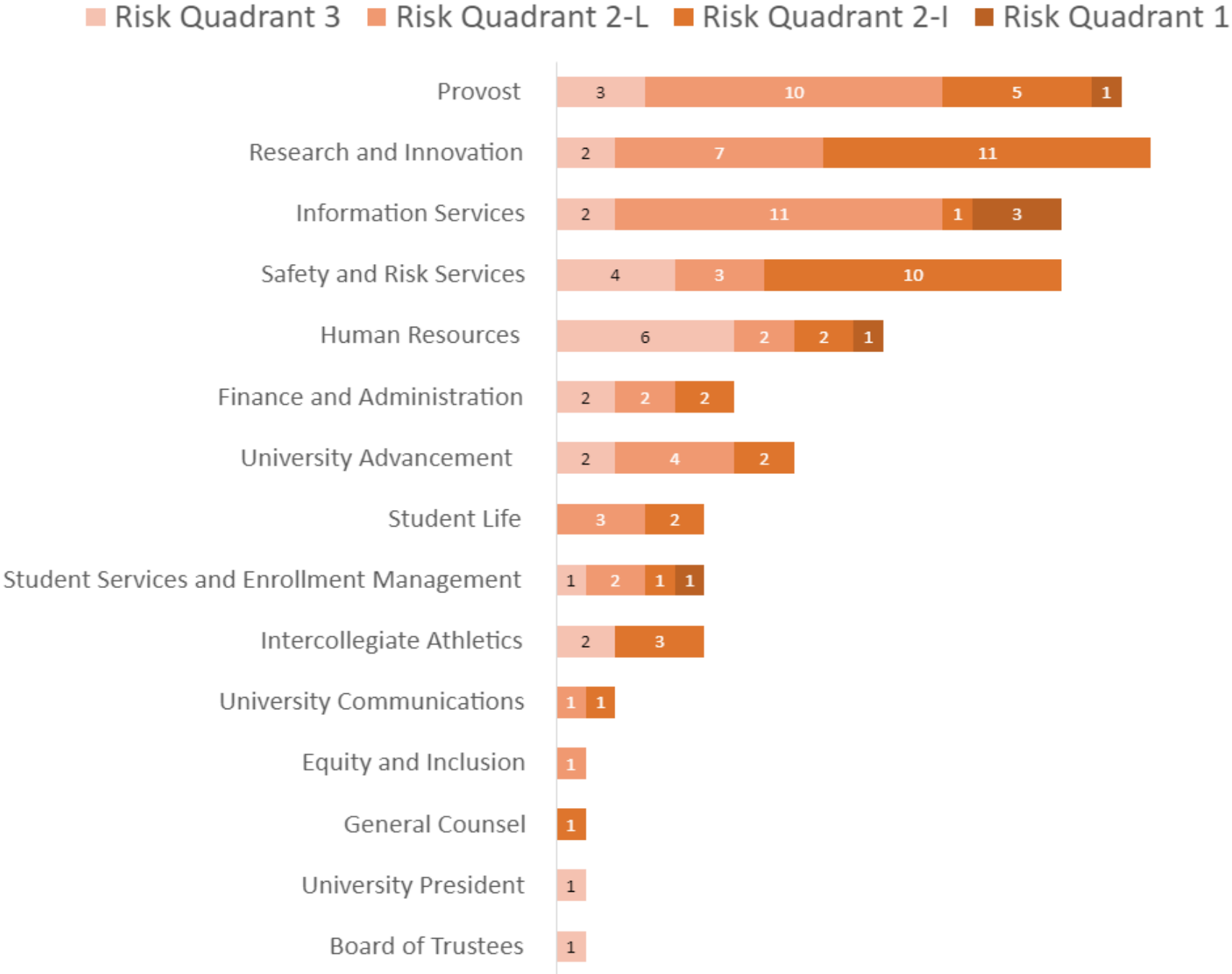
REM Total Exposures by Risk Rating

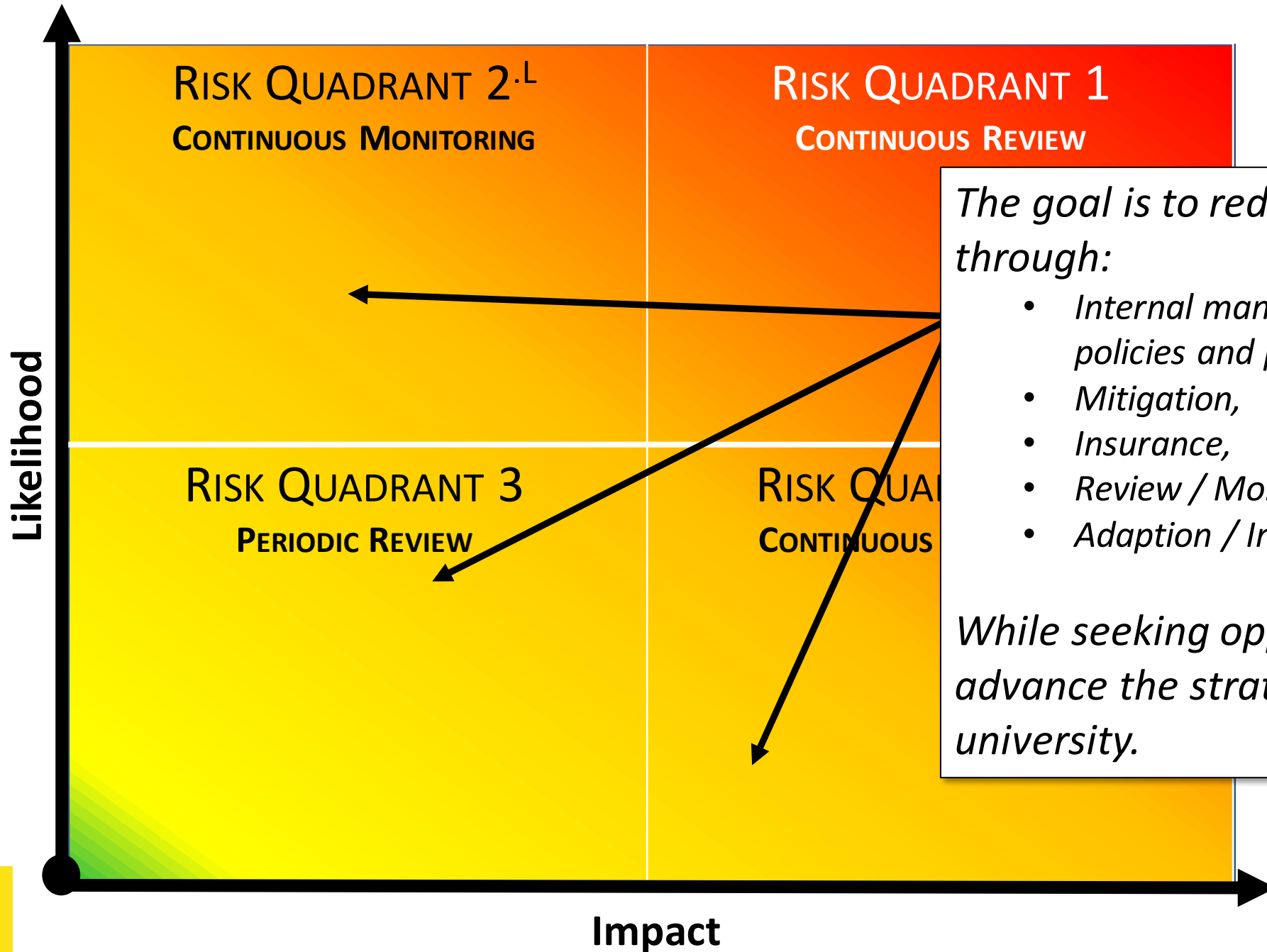
As of April 2022



2022 REM

Exposures by Risk Owner





The goal is to reduce risk exposures through:

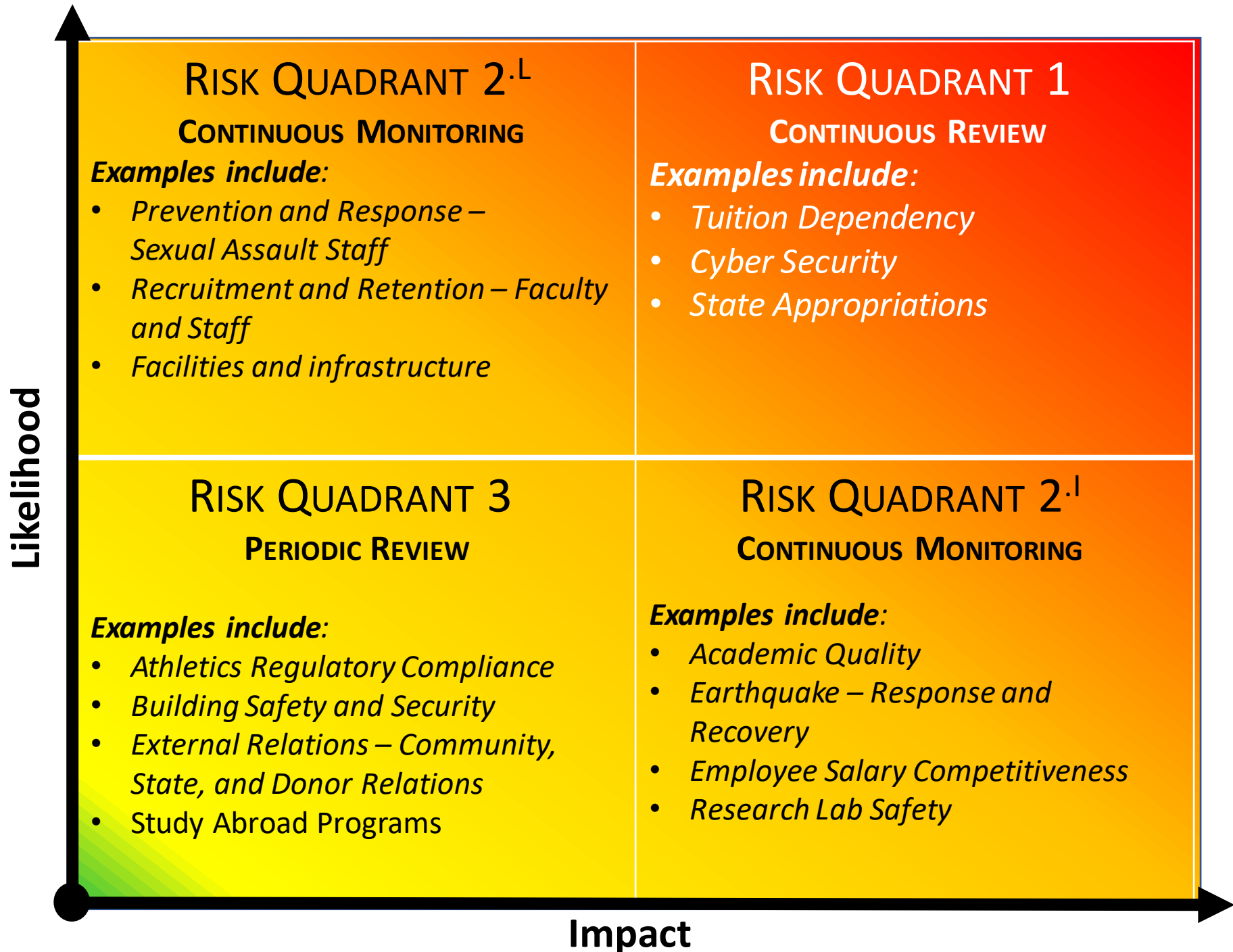
- *Internal management controls, (e.g., policies and procedures),*
- *Mitigation,*
- *Insurance,*
- *Review / Monitoring, and*
- *Adaption / Innovation*

While seeking opportunities to advance the strategic mission of the university.



2022 REM

Examples of Exposures, Conditions or Events

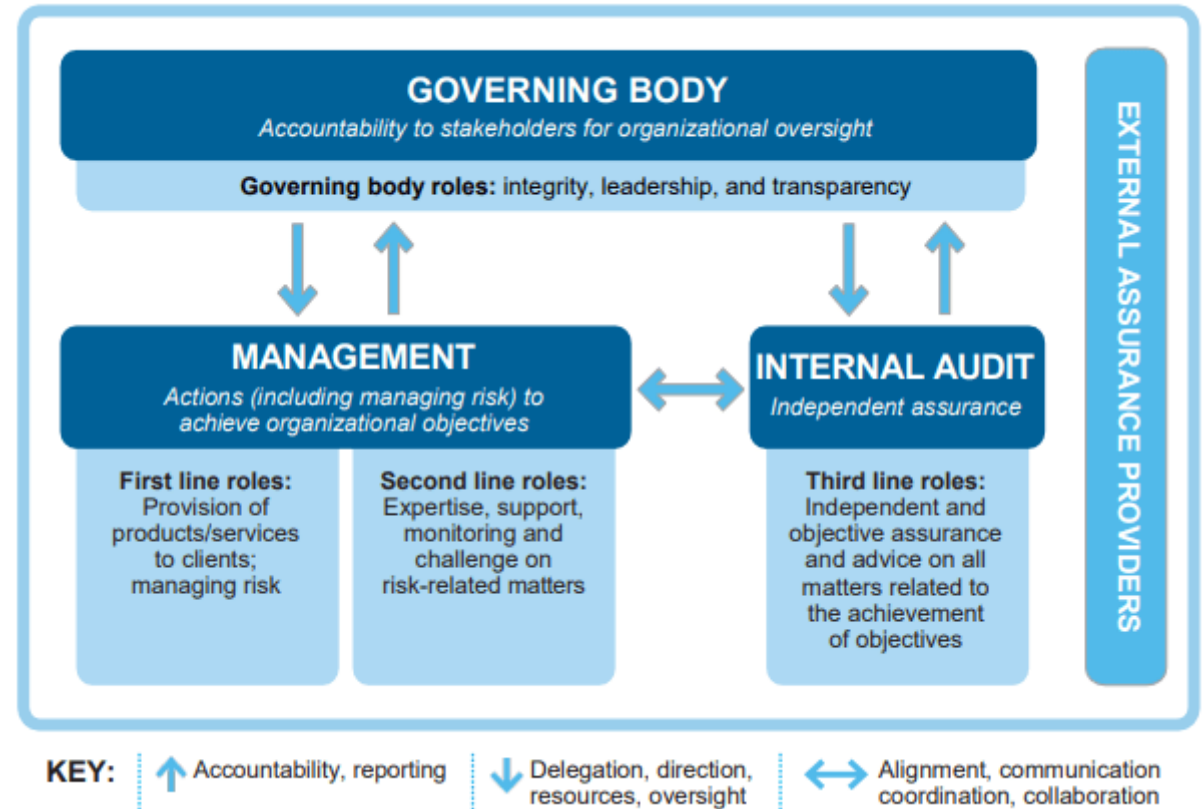


UO Risk Review Process

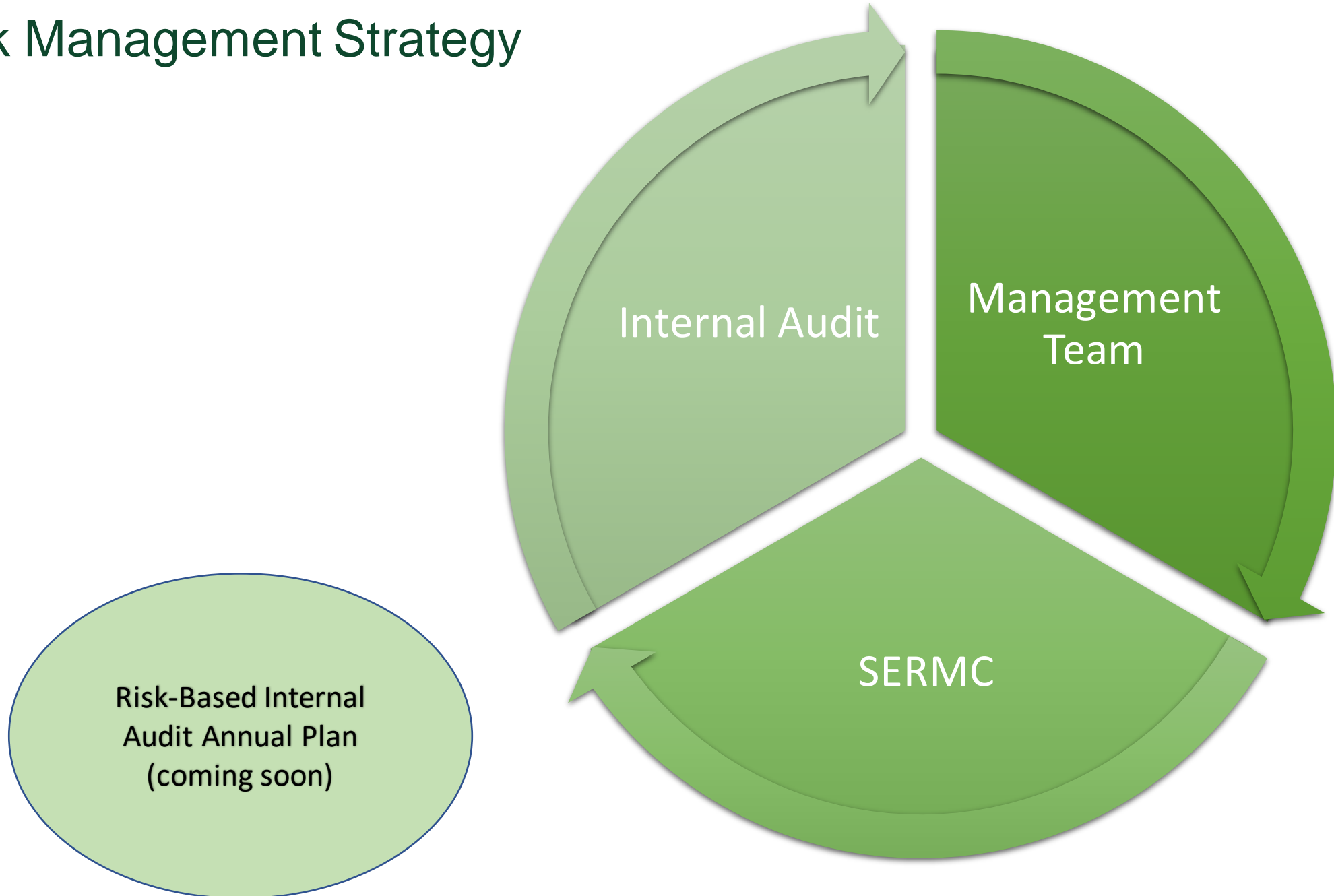
Three Standards of Review

- **First:** Annual review by senior leadership, or management review
- **Second:** SERMC review, including updates to the risk register
- **Third:** Independent and objective review by the Office of Internal Audit.

The IIA's Three Lines Model



Risk Management Strategy



Internal Audit

Management Team

SERMC

Risk-Based Internal Audit Annual Plan
(coming soon)

Questions



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Safety and Risk Services