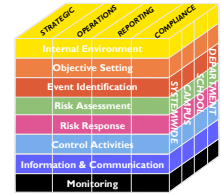# University of California Office of the President
Enterprise Risk Management (ERM)

Bulletin #4

December 12, 2006

KPMG LLP (KPMG) and the Office of the President, Risk Services (OPRS) have completed the campus and medical center ERM meetings, with the last meeting taking place at UC Santa Cruz on October 3, 2006. During this series of visits, KPMG and OPRS visited the 10 campuses, 5 medical centers, and the Division of Agriculture and Natural Resources (ANR) within the UC System and met with more than 425 people. More than 550 key performance indicators (KPIs) were identified, of which approximately 430 are unique—that is, not duplicated at any of the other campuses or medical centers.

Next steps in the process are:

- We have prepared minutes from the meetings and have sent them to the campus, medical center, and ANR risk managers for review and correction of any apparent errors. Once the minutes have been checked for accuracy, they will be distributed for review and comment by the appropriate ERM meeting attendees. Interview notes have been completed and distributed for all campus, medical center, and ANR meetings.

- Minutes from the informational interviews conducted at the UC Office of the President (UCOP) early in the project have been returned to the various individuals who were interviewed for their review and comments. All their responses have been received and the minutes are being revised to reflect the updated information.

- A "draft" compilation of KPIs is currently being prepared from those KPIs identified by the campuses and medical centers. This KPI listing will identify each KPI, as well as note whether the data already exists to capture the KPI information, or whether a system or process will be needed to capture that KPI in the future. This listing will be distributed to all campuses and medical centers for their review and comment.

- Upon receipt of all interview comments, KPMG will review all interview notes and documents received to date (totaling well over 100), and determine what UCOP can do to capture and report on KPIs using information currently being collected. This includes the identification of UCOP and non-UCOP systems that can be leveraged to report current data for KPIs.

- In addition, KPMG will be developing an action plan for UCOP on how to build a culture of ERM for the future and what next steps are necessary to capture KPIs that are currently not being captured—that is, the infrastructure is not in existence to allow the reporting of these KPIs.

KPMG will be preparing a draft report for the ERM panel to review. The scope of this document will include the project background, a high-level summary of meeting findings, and an analysis of which KPIs can or cannot be created using already-existing information.

Project Background

The Project Background portion of this report will include the methodology that was used in conducting the assessment; a summary of action steps that were taken during the assessment, including a summary of individuals at UCOP, the campuses, the medical centers, and ANR that were interviewed; as well as a high-level summary of key issues identified during the interviews with these stakeholders. It will also include a listing of documents received by KPMG LLP during their assessment with a synopsis of what these documents can provide to the UCOP in its ERM efforts.

High-Level Summary of Meeting Findings

Based on a preliminary review of the interview meeting minutes, approximately 550 KPIs were identified, of which it is estimated that approximately 430 are unique. This high-level summary will identify common themes among the different campuses and medical centers, as well as illuminate environmental pressures unique to certain campuses and medical centers.

Gap Analysis

Per the interviews conducted, system in place, and documents reviewed, the report will provide information on what the current KPI reporting capability is for the UC System and where the KPI reporting capability is desired to be, and provide a summary of gaps between the two. It will also identify some key risk areas identified during their reviews.

- Recommendations will most likely focus on:
  - Areas where KPIs are currently being collected by UCOP and their collection is routine by the campuses, medical centers, and ANR;
  - Areas where KPIs are currently being collected by UCOP but their collection is not routine by the campuses, medical centers, and ANR;
  - Areas where KPIs are not currently being collected by UCOP and their collection is routine by the campuses, medical centers, and ANR;
  - Areas where KPIs are not currently being collected and their collection is not routine by the campuses, medical centers, and ANR;
  - Where system improvements could be made to better enhance the collection of ERM related KPIs.

In addition, OPRS is working with UCOP Information Resources & Communications in preparing a Request for Proposal for a system to deliver:

- Dashboard technology for reporting ERM activity;
- A platform for monitoring risks and controls at the campus or medical center level; and
- The ability to have an ongoing risk assessment platform.

Please contact Emily Breed (email emily.breed@ucop.edu, telephone 510-987-9821) if there is any information or assistance we can provide.

To learn more, please visit the Risk Services website at http://www.ucop.edu/riskmgt/welcome.html and follow the "Enterprise Risk Management" link. If you have any questions, please contact Chief Risk Officer Grace M. Crickette (email grace.crickette@ucop.edu, telephone 510-987-9820).