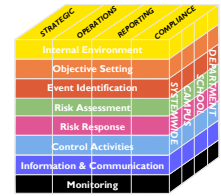# University of California Office of the President
Enterprise Risk Management (ERM)

Bulletin #5

January 25, 2007

For this bulletin we are highlighting some of the activities at various universities and academic medical centers that are leveraging the ERM framework to manage their risk.

- Florida Agricultural & Mechanical University (FAMU)

    - Developed a basis for the ERM framework for FAMU so that it could move forward in developing a risk-based internal audit plan and key performance indicators (KPIs) to monitor areas of heightened risk. This is also part of an effort to implement a "Sarbanes-Oxley"-type internal control environment within FAMU.

- Carnegie Mellon University (CMU)

    - Created a three year risk-based internal audit plan, which CMU is still following today. Additionally, a "watch list" was created to report to the Audit Committee on risk areas where management is responsible for monitoring and implementing solutions to mitigate identified risks.

- Texas Agriculture & Mechanical University

    - Developed and implemented a comprehensive ERM program, which included the implementation of a common risk language, consistent prioritization of risks, and assessing the control structure and responsibilities for ongoing monitoring for the Engineering Extension Service.

- Rensselaer Polytechnic Institute (RPI)

    - Developed a comprehensive business risk assessment, which listed potential risks, identified potential mitigating controls, and highlighted key risk areas for vital processes. These risks were then assessed by impact and probability and are used to generate an annual risk-based internal audit plan.

- Pennsylvania State University (Penn State or PSU)

    - Implementing ERM practices in order to create a risk-aware culture that focuses on educating its members about risks within the university, allowing the university to identify risks and make plans to avoid material impact on finances and operations while encouraging the acceptance of manageable risks.

- University of Washington (UW)

    - UW worked to create an integrated, university-wide ERM approach in order to promote an exemplary compliance structure built on best practices, while protecting its decentralized, collaborative, and entrepreneurial culture.

- Stanford University Hospitals

  - The Stanford University Hospitals adopted an ERM strategy several years ago based on a comprehensive enterprise-wide risk assessment (ERA). The Stanford University Hospitals continue to use this model in its ongoing assessment of operations and compliance.

- American Society for Healthcare Risk Management (ASHRM)

  - At their annual conference in San Diego this year, ASHRM provided several workshops on ERM. One workshop tied risk management directly to performance improvement through ERM philosophies and activities.

- ECRI (formerly the Emergency Care Research Institute)

  - ECRI is a non-profit organization whose mission is to improve the safety, quality and cost-effectiveness of healthcare. In March 2006, they issued an analysis of ERM in the health care sector which stated that even though non-profit organizations are not required to comply with Sarbanes-Oxley, "the value in using an enterprise approach to manage risks in the increasingly complex healthcare environment is becoming apparent."

Though none of these examples matches the size and complexity of the University of California system, they illustrate that different institutions have found value in implementing ERM in that it helps them manage their risk and increase their ability to be proactive rather than reactive. It helps promote intelligent decision making, provides clarity on key organizational risks, allows for greater confidence from a compliance standpoint, and can ultimately assist the organization in achieving their strategic goals.

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).