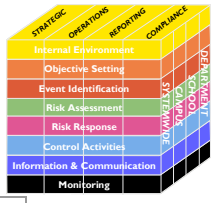
Revised February 2009

UC ERM Maturity Level Framework



Standard & Poor's ERM Quality Classifications					
Excellent	Strong	Adequate	Weak	Weak	[Nonexistent]
Excellent ▪ Advanced capabilities to identify, measure, manage all risk exposures within tolerances ▪ Advanced implementation, development and execution of ERM parameters ▪ Consistently optimizes risk adjusted returns throughout the organization Strong ▪ Clear vision of risk tolerance and overall risk profile ▪ Risk Control exceeds adequate for most major risks ▪ Has robust processes to identify and prepare for emerging risks ▪ Incorporates risk management and decision making to optimize risk adjusted returns Adequate ▪ Has fully functioning control systems in place for all of their major risks ▪ May lack a robust process for identifying and preparing for emerging risks ▪ Performing good classical "silo" based risk management ▪ Not fully developed process to optimize risk adjusted returns Weak ▪ Incomplete control process for one or more major risks ▪ Inconsistent or limited capabilities to identify, measure or manage major risk exposures					
UC Maturity Levels					
Level 5: Leadership	Level 4: Managed	Level 3: Repeatable	Level 2: Initial	Level 1: Ad hoc	Nonexistent

COSO Elements	Key Drivers: Degree of…	Examples
1. Internal Environment/Objectives Setting	• support by high level leadership for including risk discussion/analysis in campus initiatives • recognition of importance of early risk discussion/analysis related to long-range initiatives among high level leadership • desire and ability of high level leadership to incorporate risk tolerance/management communications and training in daily operations	• ERM activities established in ERM Steering Committee or other multidisciplinary committee (Audit, Compliance, Control Groups) • Policy on managing risks • ERM Charter* • ERM Work Plan* • Compliance Officer and Compliance Committee
2. Event Identification/Risk Assessment	• risk management reporting • qualitative and quantitative measurement • risks are analyzed • risk identified is repeatable and scalable	• Risk surveys • Enterprise Risk Assessments* • Audit Reports • Hotline • Strategic/Objective based assessments* • Incident reporting systems • Risk Mapping* • Project Risk Assessments*

* Many referenced documents are available in the ERM Tool Kit: http://www.ucop.edu/riskmgt/erm/toolkit.html

UC ERM Maturity Levels

3. Risk Response/Control Activities	• classification to manage risk and performance indicators • flexibility to collect risk and opportunity information • understanding dependencies and consequences • consideration of people, relationships, external, process, and systems views • risk ownership by business areas • formalization of risk indicators and measures • root cause analysis • performance management (vision & strategy) • Business/Mission resiliency and sustainability	• ERM process reviews • Development of KPIs & LIs • Retrospective loss reviews • Retrospective reviews conducted on losses in >$50,000 • Risk owners develop risk mitigation plans • Balanced Scorecard • Internal/External Satisfaction Questions • UC Ready Program • Be Smart About Safety Program • Sustainability Program
4. Information and Communication	• reporting on follow-up activities • transforming potentially adverse events into educational opportunities • communication of goals and measures • ERM information integrated with planning • education and institutional knowledge	• Websites • Newsletters* • Training • LMS • Policy Management Program • Written standards of conduct • Policies and procedures • Learning management Systems (LMS) which track/monitor delivery and frequency of critical training.
5. Monitoring	• ERM process goals and activities • understanding of causal relationships between risks and what is measured • identification of key metrics to support a risk dashboard • alignment of key risk and exposures with monitoring program and processes • continuous and stainable risk assessment process to ensure current risk profile and monitoring program • automated systems with monitoring capability • oversight committee involvement and review • compliance and audit functions that attest to all exposures areas, financial and non-finance, in the University	• Metrics development within strategic plans • Self-assessments • Audits • Dashboard providing periodic reporting comprised of metrics aligned with key exposures • On-site reviews • Automated systems reporting in key compliance areas: e.g. Effort reporting and effort commitment tracking systems, on-line ledger review, etc • Regulatory permitting process and requirements: monitoring, record keeping and reporting. • SAS 112 certification

* Many referenced documents are available in the ERM Tool Kit: http://www.ucop.edu/riskmgt/erm/toolkit.html