|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| COSO Element | **Internal Environment / Objectives Setting** | | | | | | | |
| Element Purpose | The internal environment encompasses the management tone of the campus/medical center, and sets the basis for how risk is viewed and addressed by all employees. It includes the campus/medical center’s risk management philosophy and risk appetite, integrity and ethical values, and the environment in which they operate.  Within the context of the campus/medical center’s mission, management establishes strategic objectives, selects strategy, and sets aligned objectives cascading through the enterprise. The enterprise risk management framework is geared to achieving objectives, in four categories:  • *Strategic* – high-level goals, aligned with and supporting our mission  • *Operations* – effective and efficient use of our resources  • *Reporting* – reliability of reporting  • *Compliance* – compliance with applicable laws and regulations. | | | | | | | |
| ERM Initiative Goals | * Develop a campus/medical center risk management philosophy, and a culture that promotes compliance with top management’s risk appetite, allowing managers to manage risks within their spheres of responsibility consistent with established risk tolerances. | | | | | | **Maturity Level\*** | |
| * Develop a campus/medical center environment in which risk assessment and risk management (mitigation) is integrated into all business practices and decision-making activities. | | | | | | **Maturity Level\*** | |
| **Internal Environment / Objectives Setting** | | | | | | | | | | |
| Objectives | | | Focus Areas | Project Description | Deliverables | Lead | Timetable | | Maturity Level\* | |
| Articulate the philosophy regarding risk management, risk appetite, and risk tolerances | | |  |  |  |  |  | |  | |
| Articulate the philosophy regarding ethics and internal controls | | |  |  |  |  |  | |  | |
| Articulate the philosophy regarding safety | | |  |  |  |  |  | |  | |
| Strategic Goals support the UC Mission: Teaching, Research and Public Service | | |  |  |  |  |  | |  | |
| Ensure our risk management strategies remain current with business objectives, and regulatory, operational and legal changes through continuous assessment | | |  |  |  |  |  | |  | |
| Determine the current level of ERM activities on campus | | |  |  |  |  |  | |  | |
| Enable Performance Management that is ongoing and sustainable | | |  |  |  |  |  | |  | |
| Identify key performance indicators and where data is located at the campus / medical center | | |  |  |  |  |  | |  | |

|  |  |  |
| --- | --- | --- |
| COSO Element | Event Identification / Risk Assessment | |
| Element Purpose | Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis. | |
| ERM Initiative Goals | * Provide a portfolio view of risks (financial, environmental, research non-compliance, workplace disagreements and injuries, claims and lawsuits, and new and emerging risks) across the entire campus. | **Maturity Level\*** |
| * Assist the campus/medical center and individual units identify and assess risks, develop action plans to mitigate the identified risks, and monitor the risks identified on an ongoing basis to ensure management’s risk responses are carried out effectively. | **Maturity Level\*** |

| Event Identification / Risk Assessment | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Objectives | Focus Areas | Project Description | Deliverables | Lead | Timetable | Maturity Level\* |
| Align ERM goals with campus Vision and Strategic Plan |  |  |  |  |  |  |
| Identify risks across the campus |  |  |  |  |  |  |
| Design a comprehensive and common-sense approach to manage risks across the entire organization |  |  |  |  |  |  |
| Establish campus-wide measurement methodologies for quantifying, comparing, benchmarking and prioritizing our risks |  |  |  |  |  |  |
| Risks are analyzed |  |  |  |  |  |  |
| Enable the various units on campus/medical center to perform their own risk and control assessments |  |  |  |  |  |  |
| Perform ERM Assessments prior to approval of new ventures |  |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
| COSO Element | Risk Response/Control Activities | |
| Element Purpose | Policies and procedures are established and implemented to help ensure the risk responses (avoiding, accepting, reducing, or sharing risk) align with management’s risk tolerances and risk appetite, and are effectively carried out. | |
| ERM Initiative Goals | Assist the campus/medical center and individual units in identifying and assessing risks, develop action plans to mitigate the identified risks, and monitor the risks identified on an ongoing basis to ensure management’s risk responses are carried out effectively. | **Maturity Level\*** |

| Risk Response/Control Activities | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Objectives | Focus Areas | Project Description | Deliverables | Lead | Timetable | Maturity Level\* |
| Assist the campus with risk response and control activities that cross multiple operating and/or control units |  |  |  |  |  |  |
| Identify Key Risk Indicators and where data is located at the campus / medical center |  |  |  |  |  |  |
| Determine root cause of risk and develop risk mitigation plan |  |  |  |  |  |  |
| Ensure preplanning for mission interruption is ongoing and sustainable |  |  |  |  |  |  |
| Enable Performance Management that is ongoing and sustainable |  |  |  |  |  |  |
| Design a comprehensive and common-sense approach to manage risks across the entire organization |  |  |  |  |  |  |
| Utilize risk for the University’s competitive advantage |  |  |  |  |  |  |
| Ensure key controls related to financial reporting are effective and efficient (SAS 115) |  |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
| COSO Element | Information and Communication | |
| Element Purpose | Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also occurs in a broader sense, flowing down, across, and up the entity. | |
| ERM Initiative Goals | Establish and maintain a campus communications structure/support network to support the University’s risk management philosophy. | **Maturity Level\*** |

| Information and Communication | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Objectives | Focus Areas | Project Description | Deliverables | Lead | Timetable | Maturity Level\* |
| Increase the University’s risk intelligence – meaning how we gather information about risks, analyze, apply and learn from the results |  |  |  |  |  |  |
| Act as a campus resource for information on risk and control topics, links and best practices |  |  |  |  |  |  |
| Push out risk and control issues to the campus |  |  |  |  |  |  |
| Facilitate greater understanding of ERM |  |  |  |  |  |  |
| Preserve institutional knowledge by continuously improving training |  |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
| COSO Element | Monitoring | |
| Element Purpose | Control activities are monitored, and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both. | |
| ERM Initiative Goals | * Develop measures for monitoring key risks and communicate findings to responsible executives. | **Maturity Level\*** |
| * Assist the campus and individual units identify and assess risks, develop action plans to mitigate the identified risks, and monitor the risks identified on an ongoing basis. | **Maturity Level\*** |

| Monitoring | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Objectives | Focus Areas | Project Description | Deliverables | Lead | Timetable | Maturity Level\* |
| Answer the question, “Are our controls adequately mitigating risks so that the campus can achieve its goals?” |  |  |  |  |  |  |
| Establish campus-wide measurement methodologies for quantifying, comparing, benchmarking and prioritizing our risks |  |  |  |  |  |  |
| Continuously assess our risk management strategies to assure they remain current with regulatory, operational and legal changes as well as our business objectives |  |  |  |  |  |  |