

Attachment 1

# ENTERPRISE RISK MANAGEMENT UPDATE

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# ENTERPRISE RISK MANAGEMENT

Element	Description
Definition	<ul style="list-style-type: none"><li>• A process by which an organization identifies, assesses, prioritizes and manages risks and opportunities to facilitate achievement of strategic objectives</li></ul>
Goal	<ul style="list-style-type: none"><li>• Develop a department and plan for Enterprise Risk Management</li></ul>
Agenda	<ul style="list-style-type: none"><li>• Establish foundational elements of an ERM framework supported by a UToledo ERM policy</li><li>• Educate key stakeholders (e.g. trustees, senior leaders, etc.) on ERM fundamentals</li><li>• Define the key qualities of an ERM leader within the unique context of UToledo</li><li>• Optimize the relationship of key risk oversight functions, including ERM, compliance and internal audit, risk management, etc.</li><li>• Develop a risk mitigation assessment template/tool</li><li>• Identify and prioritize the University's top risks</li><li>• Assess the sufficiency of current mitigation efforts in the highest priority risk areas</li></ul>

# IMPLEMENTATION TIMELINE

- December 2020 – publish an RFP seeking a third party to assist with (i) a current state assessment (e.g., gap analysis); (ii) development of an ERM framework; (iii) determine level of internal capabilities of existing risk management structure; (iv) initial risk identification and prioritization; (v) etc.
- December 2020 – begin active recruitment process for an ERM leader
- **January 2021 – selection and ultimately award of the RFP to a third party**
- **February 2021 – hire an Assoc. Vice President for Risk Management/Chief Risk Officer**
- February - October 2021 – gap analysis, framework, stakeholder engagement/education/training, enterprise risk assessment with rankings, mitigation efforts, etc.
- November 2021 – stand up a fully functional ERM program
- December 2021 – begin quarterly ERM reports to the Board



# RFP FOR THIRD-PARTY CONSULTANT (1/3)

The key objectives of this engagement:

- Establish the foundation for a UToledo ERM office and structure that will identify, evaluate, mitigate, monitor and report on compliance and risk issues and opportunities.
- Review current state of UToledo as it relates to regulatory compliance, financial management, strategic planning, operational risks including but not limited to academic and clinical, research, grants management, athletics, international presence, reputation in the community.
- Identify the top areas of concern within each area, ranking them from most harmful to least impactful.
- Identify the qualifications and characteristics of a chief risk officer to lead the office.
- Assist in training and improving on decision making in the context of the UToledo risk environment.



# RFP FOR THIRD-PARTY CONSULTANT (2/3)

Deliverables to include:

- Perform an organizational assessment (e.g., gap analysis, stakeholder interviews, etc.).
- Facilitate enterprise risk identification and prioritization (e.g., initial risk map along with descriptions of the university's top risks).
- Develop framework for an ERM division/department; optimize the relationship of key risk oversight functions (ERM, Compliance & Internal Audit, Risk Management, etc.), along with a proposed governance structure.
- Determine the level of internal capabilities of the existing risk management structure to meet high level requirements and commitment of support needed to implement full compliance.
- Facilitate an ERM educational session for select stakeholders.
- Develop a risk mitigation assessment tool/template.
- Assess mitigation efforts currently underway and those that should be supported in the highest priority risk areas.



## RFP FOR THIRD-PARTY CONSULTANT (3/3)

- The timeline was extended for two weeks due to UToledo's winter break.
- Vendors submitted over 40 questions to clarify the RFP requirements.
- The questions were answered by the ERM Team and Purchasing.
- Fifteen firms responded to the RFP. Respondents range from small, boutique firms to international consulting firms.
- With the help of Purchasing the committee scored the responses and narrowed the pool to three finalists.
- Virtual presentations with the finalists are scheduled for this week. We anticipate making a selection the week of 2/15.



# HIRING AN ERM LEADER (1/2)

- Assoc. Vice President for Risk Management/Chief Risk Officer (AVP/CRO).
- Reports to the EVP for Finance and Administration.
- The AVP/CRO will oversee the development of an ERM policy and its approval by the Senior Leadership Team and ultimately the President.
- Additionally, the AVP/CRO advises (i) the Board of Trustees on updates pertaining to Internal Controls and Enterprise Risk Management Policy; (ii) develops and submits risk information for review on a regular basis to the Finance and Audit Committee of the Board on changes in UToledo's risk profile, risk tolerance, and risk capacity; (iii) collaborates with University personnel to assist with the University's Emergency Response planning; (iv) staff, chair, or serve on University committees as requested; and (iv) represent the University to external parties as appropriate.



# HIRING AN ERM LEADER (2/2)

- The timeline was extended for two weeks due to UToledo's winter break.
- A search committee of ERM Team members was formed to review applicants.
- We received an excellent response to the posting with a diverse pool of highly qualified candidates.
- The first round of interviews began last week and concluded Tuesday 2/9. We are on track to meet the February timeline for selecting the AVP/CRO.





# NEXT STEPS

- Selection of AVP/CRO and consultant on pace to be completed this month.
- The next step in the process will be gap analysis, stakeholder engagement, and risk assessments.
- We continue to be aggressive with our timeline for having the ERM office fully operational.

