



The University of Vermont

Enterprise Risk Management Program

ENTERPRISE RISK MANAGEMENT (ERM) PROGRAM PRIMER

THE UNIVERSITY
OF VERMONT

Updated February 8, 2022

For more information about UVM's ERM
program, visit www.uvm.edu/~erm

Introduction

UVM's Enterprise Risk Management (ERM) program dates back to 2009. The program was the culmination of work performed by UVM risk assurance professionals, the engagement of many UVM staff, faculty, and administrators, and the commitment of UVM's Board of Trustees and executive leadership.

UVM has implemented an ERM program that is both efficient and effective. This program is grounded in current higher education best practices and principles outlined in ISO 31000, yet it is also tailored to UVM's institutional culture. The program was originally developed by Al Turgeon, UVM's first Chief Risk Officer from 2009 – 2020. Without his unwavering dedication to this program and without support from UVM's Board of Trustees, the President and senior administration, this program would not be where it is today.



ERM is a valuable tool for conducting a strategic, cross-functional review of the University's operating environment and competitive position. The process has identified issues that affect our ability to achieve our strategic goals, and others that affect our ability to function efficiently and effectively. UVM's deliberate focus on both institutional "risks" and "opportunities" is something to be proud of – UVM was one of the first institutions of higher education to focus on both. It is now considered best practice across many industries.

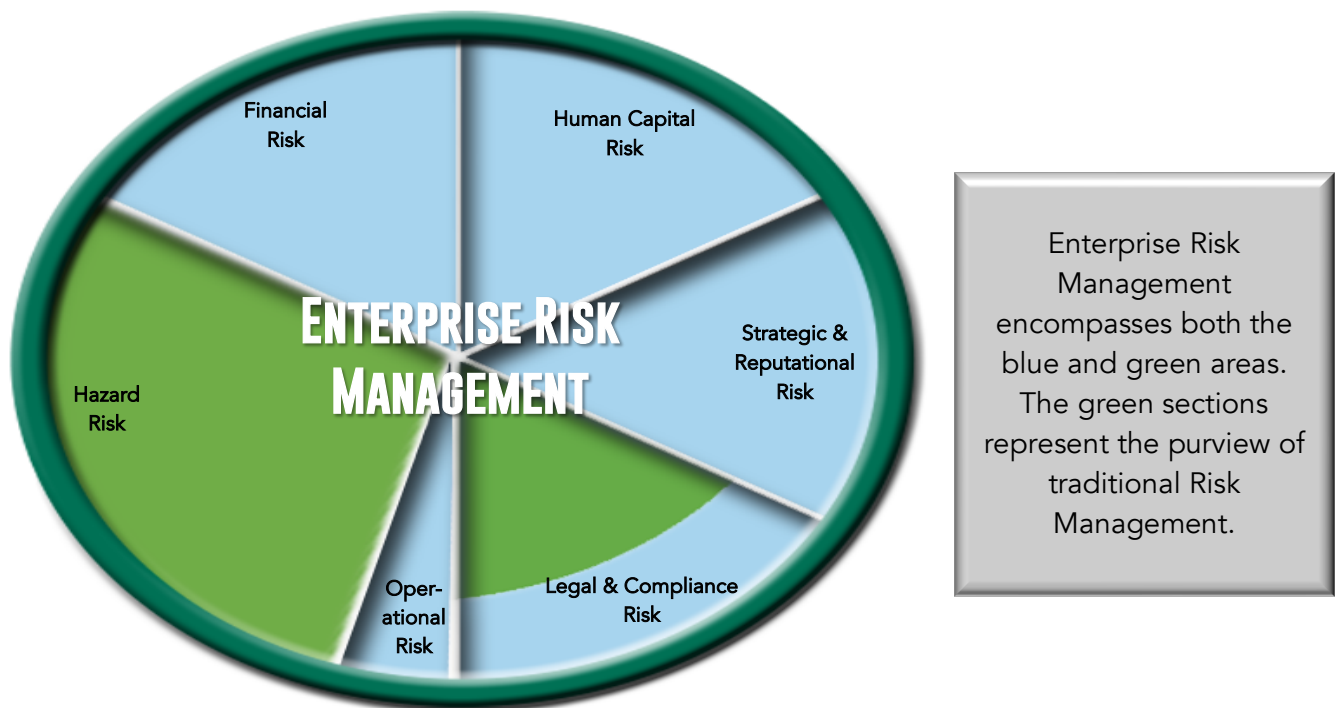
UVM's ERM program is utilized by senior leaders to complement and inform strategic decision-making, and to inform and assure the Board that senior management is identifying and responding to those uncertainties and exposures that may affect the success of the University's mission, vision, strategic goals, reputation, competitiveness, and planned actions.

What is Enterprise Risk Management?

UVM uses the Institute of Internal Auditors (IIA) 2009 definition of ERM: Enterprise risk management is a structured, consistent, and continuous process across the whole organization for identifying, assessing, deciding on responses to, and reporting on opportunities and threats that affect the achievement of its objectives.

While traditional risk management focuses on hazard, operational and, to a degree, legal and compliance risk, ERM focuses on all types of risk (see Figure 1 below).

Figure 1: ERM vs. Traditional Risk Management



ERM Program History

UVM began implementing ERM in 2008. At the time, the University's senior administration and Board of Trustees saw the value of adopting ERM as a best practice for taking an institution-wide view of risk and opportunity to help UVM achieve its strategic goals.

UVM's ERM program was developed based on international risk management standard ISO 31000, and from a review of successful and mature higher education ERM programs. Other inputs came from piloting the risk assessment process in the Division of Finance and Administration, and from feedback obtained in interviews with senior management conducted in the fall of 2010 by external consultants Arthur J. Gallagher, Inc. ERM implementation began in January 2011, and culminated with the University's first ever Risk-Opportunity Portfolio and Register, and Heat Map in 2013. UVM has updated its Risk-Opportunity Portfolio and Register, and Heat Map every year since. In 2019, primarily due to the maturity of UVM's ERM program, senior administration and the Board of Trustees agreed that the program could move to a biennial cycle. As such, 2020 was due to be an "off-year" with 2021 as the update year. In 2020, two of the ERM program's primary leaders, Al Turgeon, Chief Risk Officer and Mary Dewey, Director of Risk Management and Safety, retired. In addition, in order to manage the pandemic, resources

needed to be shifted and priorities realigned. The ERM program was, therefore, put on hold for a year. In late 2021, oversight of the ERM program shifted to the Office of Compliance & Privacy Services and is currently scheduled for a biennial cycle kick-off in early 2022.

Purpose & Goals

The [purpose](#) of UVM's ERM program is to enhance the University's ability to achieve its mission, vision, strategic objectives, and strengthen its competitive position by fostering an institution-wide culture of risk and opportunity awareness and by providing a structured, consistent, and continuous process for the early and proactive identification and reporting of material risks and opportunities to senior management and trustees.

In support of this overall purpose, the specific [goals](#) of UVM's ERM program are as follows:

1. Create a culture of risk awareness where employees understand and consider risk in decision-making.
2. Reduce operational surprises and losses.
3. Increase capacity to identify and seize opportunities.
4. Enhance institutional decision-making.
5. Improve the efficiency and effectiveness of institutional risk management efforts.

Governance

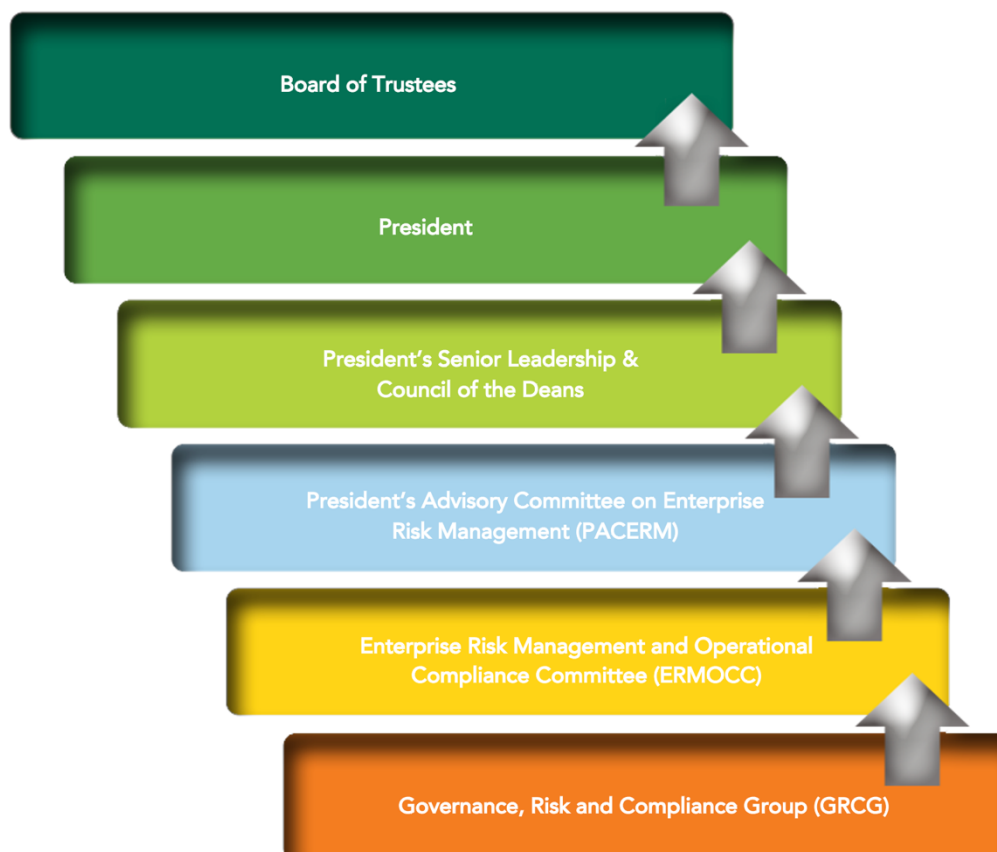
As shown in [Figure 2 on page 3](#), UVM's ERM program is overseen by the Board of Trustees through its Audit Committee. Ultimate authority rests with the President, advised by the President's Advisory Committee on ERM (PACERM) and, as needed, the Presidents Senior Leadership (PSL) and the Council of Deans.

The PACERM is co-chaired by the Provost and the Vice President for Operations and Public Safety. Voting members include the Vice President for Finance and Administration, Vice President for Research, Chief Human Resource Officer, Chief Information Officer, Chief Communications Officer, Vice Provost for Diversity, Equity and Inclusion, Vice Provost for Enrollment Management, Vice Provost and Dean of Students, and the Athletic Director. The General Counsel, Chief Internal Auditor, Director of Compliance Services and Chief Privacy Officer (DCS/CPO), and the Assistant Provost and Chief of Staff to the Provost serve in a consultative role.

The President assigns day-to-day management of enterprise or portfolio level risks and opportunities to Responsible Officials (Deans, Vice Presidents, Vice Provosts and Chief Officers). Day-to-day management of the ERM program is overseen by the Director of Compliance and Chief Privacy Officer (DCS/CPO) for the institution, advised and assisted by the ERM and Operational Compliance Committee (ERMOCC). The ERMOCC is a working group of administrators from both academic and administrative units. The Director of Risk Management, the Director of Environmental Health & Safety, and the DCS/CPO tri-chair the ERMOCC.

The Governance, Risk and Compliance Group (GRCG) ensures that there is efficient and effective cross-functional coordination among the University offices involved in managing institutional risk. GRCG members include: General Counsel, Director of Risk Management, Director of Environmental Health & Safety, DCS/CPO, Chief Internal Auditor, and the Chief Information Officer.

Figure 2: UVM ERM Governance Structure



Administratively, the ERM program reports to the Vice President for Operations and Public Safety, and is overseen by the Director of Compliance Services and Chief Privacy Officer.

ERM Biennial Areas of Focus

- Every other year, conduct calendar year (CY) Biennial Risk Assessment
- Facilitate Portfolio Level Risk/Opportunity Response and Reporting
- Conduct Targeted Risk Assessments

ERM On-Going Tasks

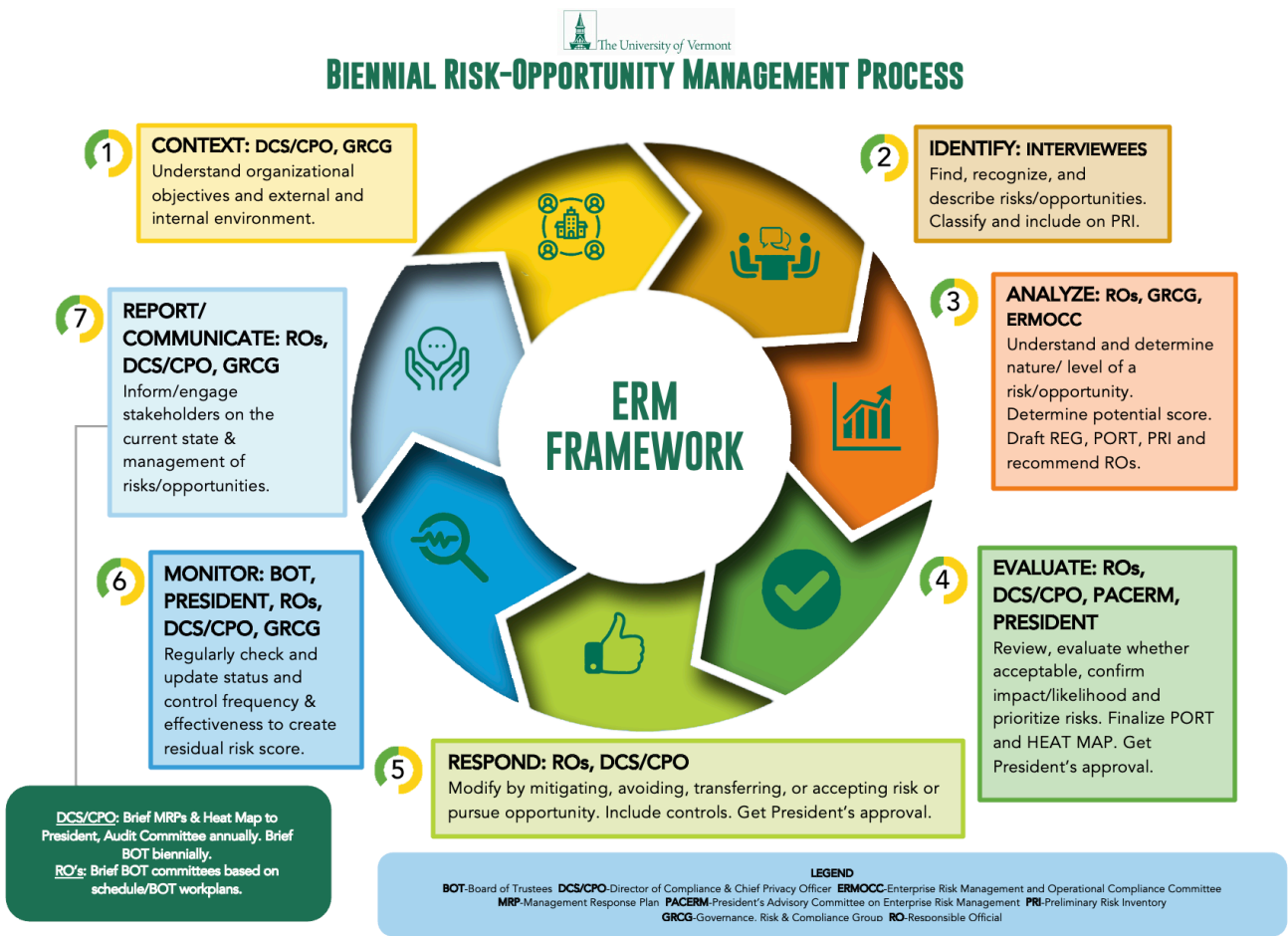
- Monitor Emerging Risks & Opportunities
- Conduct limited Education and Outreach efforts

Biennial Institution-Wide Risk Assessments

The primary focus of the ERM program is the completion of a biennial institution-wide risk assessment using the risk assessment process shown in Figure 3 below, which results in an updated University Risk-Opportunity Portfolio and Register Inventory(PRI), and Heat Map. The biennial risk assessment process begins in late March or early April of every other year and ends in late October.

The risk assessment process is also dynamic in that managers at UVM can, at any time, initiate a risk assessment of an emerging risk and/or opportunity that could result in a change in the Risk- Opportunity Portfolio and Register, and Heat Map.

Figure 3: UVM Annual Risk Assessment Process

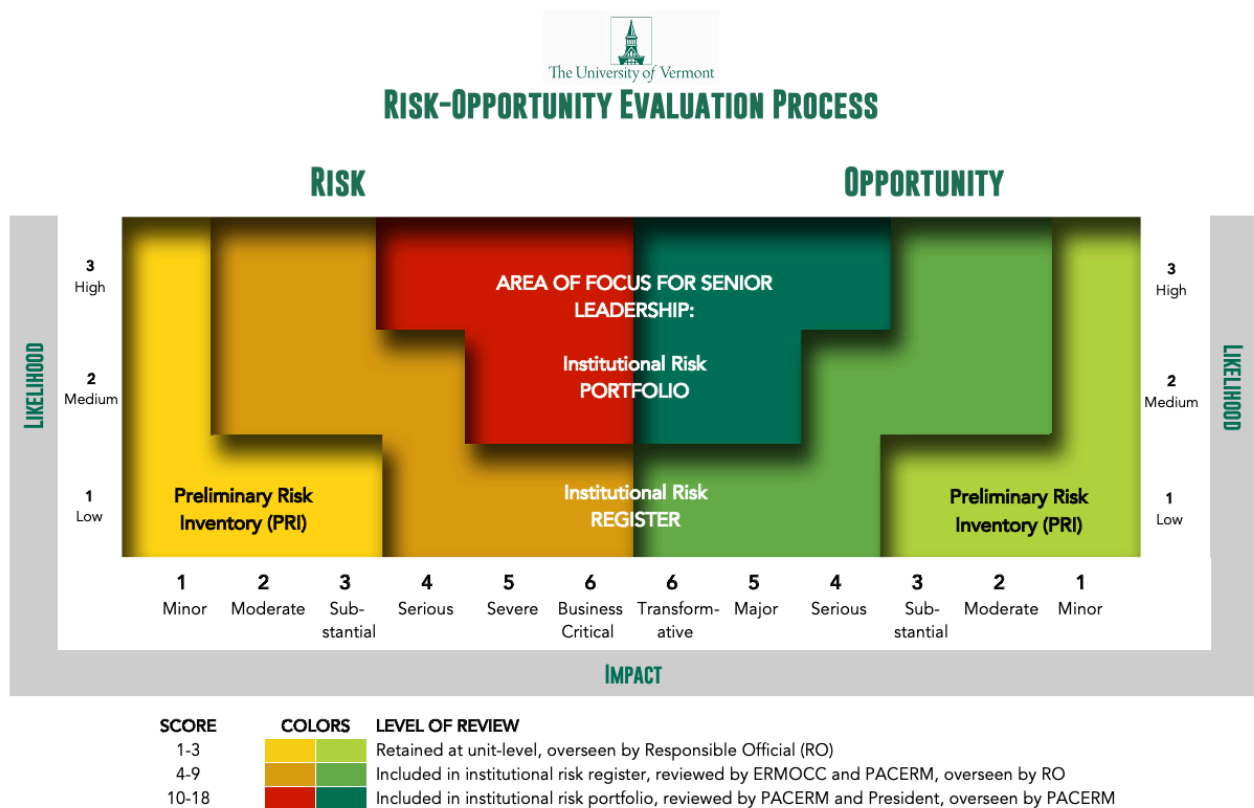


The Portfolio (dark red and darkest green band of the Heat Map), shown in [Figure 4 below](#) contains the institution's 15-20 highest-priority risks and opportunities which are routinely reported to the President and Board of Trustees.

The Register (orange and mid- green band), contains the risks and opportunities that get managed by a Vice President, Vice Provost, Chief Officer and/or Dean.

The University Risk-Opportunity Portfolio and Register Inventory (PRI) is developed and vetted through the University's ERM governance structure, described in [Figure 2](#) above. The President reviews and approves the PRI, and Heat Map, and assignment of responsible officials (RO) to each risk and opportunity in the Portfolio.

Figure 4: UVM Risk & Opportunity Portfolio and Register Heat Map



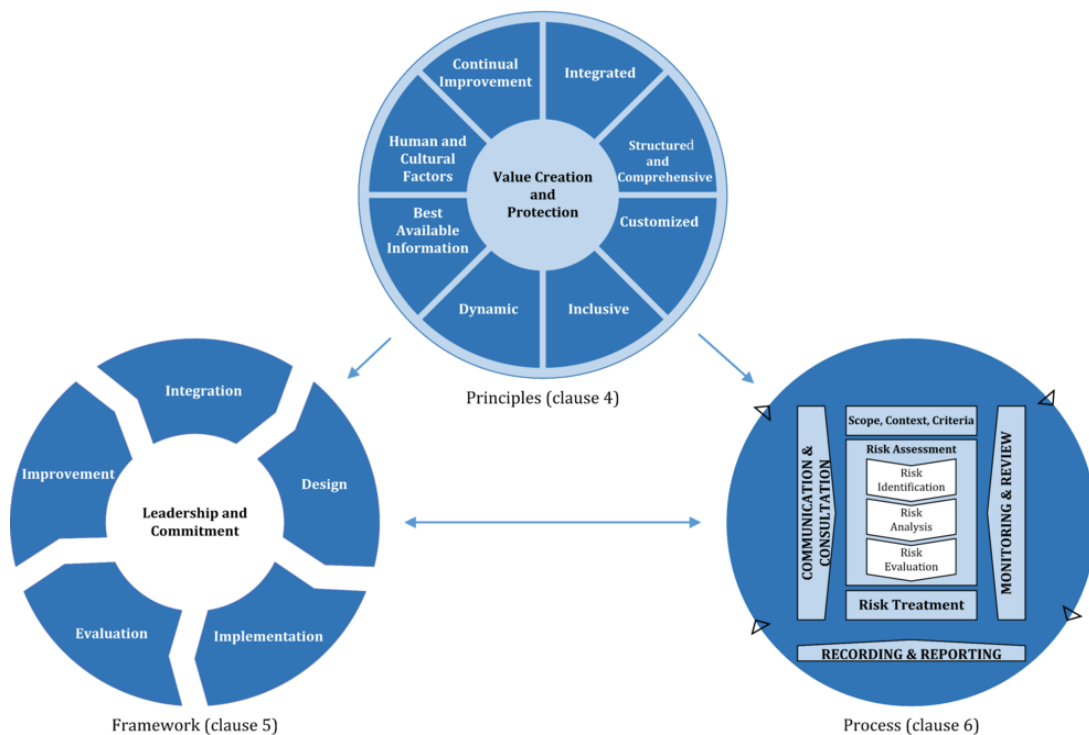
In accordance with each Board committee's annual work plan, at least annually ROs must develop, maintain, and present to the President and to the Board of Trustees a Management Response Plan (MRP) for all their assigned portfolio level risks and opportunities. The results of the annual risk assessment is presented by the DCS/CPO to

the Audit Committee, and to the Committee of the Whole every other February with a status update on the off-year.

ERM Framework

A risk assessment process is just one of several important components of an effective, standards-based ERM framework, see **Figure 5 below**. UVM developed their ERM framework utilizing ISO-31000 and is currently utilizing the updated ISO-31000: 2018 version:

Figure 5: UVM's ERM Framework (ISO-31000: 2018)



Education & Outreach Activities

ERM education and outreach are achieved primarily through the biennial interview process, targeted risk assessments, and through promoting the ERM website at (<http://www.uvm.edu/~erm/>).

The key educational resource is the ***"Guide to Risk Assessment and Response,"*** which is used to provide a common standard of assessment at the University, and can be accessed on the ERM website at <https://www.uvm.edu/~erm/RiskAssessmentGuide.pdf>.

The Governance, Risk and Compliance Group (GRCG) members all conduct education and outreach for their specific governance, risk and compliance functions. Lastly, the DCS/CPO also conducts ERM education on a requested or on an as-needed basis.

ERM Contact Information

For more information, contact UVM's Director of Compliance & Chief Privacy Officer, Tessa Lucey, by phone at (802) 656-3086, email at erm@uvm.edu, and postal mail address: 48 University Place, Billings Library, Room B-153, The University of Vermont, Burlington, Vermont 05405.