



ENTERPRISE RISK MANAGEMENT PROGRAM ANNUAL REPORT



Fiscal Year 2023



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EXECUTIVE SUMMARY



Thank you for reading the University of Maryland, Baltimore (UMB) Enterprise Risk Management (ERM) Program's Fiscal Year 2023 Annual Report. In this report, you will learn about the fundamental tenets of the ERM Program - UMB's Core Values and how ERM supports UMB's Strategic Plan. You will gain a better understanding of ERM's history at UMB and how UMB's ERM program has evolved to meet the requirements of the University System of Maryland's (USM) 2019 ERM policy. And you will read about the program's successes - and its challenges - over the past year.

UMB's ERM program in FY2023 had three major focus areas (which synch up with the eight program objectives), each of which were addressed this year. The first program focus was the inaugural Risk Assessment process, and FY2023 brought much success in this regard. Over the course of a few months, the program successfully completed its first comprehensive Risk Assessment in several years. That process entailed compiling a list of thirty-nine strategic risks, creating a new assessment tool with objective rating scales to evaluate risks, and then applying that tool to each of the thirty-nine risks. The process involved commitment from individual risk owners, oversight and coordination from ERM staff, and thoughtful review from two ERM-specific committees - the ERM Implementation Committee (ERMIC) and then the CALIBRATE (Executive) Committee. Ultimately, this inaugural Risk Assessment included a "Top 5" and a "Top 15" list of strategic risks and also targeted specific risks for upcoming mitigation efforts. The final assessment was recommended by the CALIBRATE Committee and accepted with full support by President Jarrell.

The second program focus was incorporating ERM into other existing UMB planning process. ERM embedded itself into the Strategic Planning process in a meaningful yet modest manner. Although the process gleaned some beneficial information, process adjustments were needed to maximize the value of ERM's inclusion into the Strategic Planning annual update process. Those adjustments were made at the end of FY2023, and we expect results to be positive as stakeholders provide data at the beginning of FY2024. In addition, the annual budget planning process specifically asked deans and vice presidents to "identify anticipated risk (financial and non-financial) moving forward" as they submitted and discussed their annual budget to leadership. Connecting the annual budget process to ERM is an important step in UMB's ERM maturation process.

EXECUTIVE SUMMARY CONTINUED

The third program focus was strengthening the risk-responsible culture at UMB. Note that we do not say risk-averse culture. We know that for any organization – particularly one grounded in research and exploring new frontiers in science, health and justice – risk is inevitable. ERM has a key role to play in supporting university faculty, staff and students to identify and assess risk in ways that further UMB’s mission to improve the human condition. Through the formation of two critical committees, countless one-on-one discussions, and interactions with colleagues internal and external to the university, we believe that UMB’s risk-responsible culture strengthened over the past year.

UMB’s ERM journey over the past decade-plus has been strong yet uneven, with a sharp pause caused by the COVID-19 pandemic. Yet, one consequence of that experience is that the university’s capacity for risk awareness became more robust. University stakeholders experienced a changing risk environment and could inherently sense, more so than anytime in at least a generation, that a risk responsible – but not risk-averse – approach was a vital function of our institution. We are proud to report that over the past year, the ERM program capitalized on that awareness, developed critical new tools to assess risk, and advanced UMB’s mission to improve the human condition. The program also set the stage for future efforts to mitigate or monitor risks identified in this year’s Risk Assessment process, increase the value gained through ERM’s link to Strategic Planning, and deepen the risk-responsible culture promoted by the program.

We hope you read the report and contact us with ideas, suggestions or questions about how to advance the ERM program’s impact in the next year and beyond.

Signed:



Jon Kucskar, JD
Special Assistant to the President and
Assistant Vice President for Enterprise Risk Management



Victoria Meadows, MS
Manager, Enterprise Risk Management
Program

UMB'S CORE VALUES AND STRATEGIC PLAN



UMB'S CORE VALUES

RESPECT *and* INTEGRITY

WELL-BEING *and* SUSTAINABILITY

EQUITY *and* JUSTICE

INNOVATION *and* DISCOVERY

#UMBtotheCore



UMB STRATEGIC PLAN

2022-2026

- I. ACCOUNTABILITY AND INTEGRATION OF CORE VALUES
- II. STUDENT GROWTH AND SUCCESS
- III. UNIVERSITY CULTURE, ENGAGEMENT, AND BELONGING
- IV. INNOVATION AND REIMAGINATION
- V. COMMUNITY PARTNERSHIP AND COLLABORATION
- VI. GLOBAL ENGAGEMENT AND EDUCATION



SUPPORTING UMB'S CORE VALUES AND STRATEGIC PLAN



UMB's ERM program is grounded in the university's Core Values. In particular, ERM exemplifies two of the Core Values. First, it highlights Innovation. UMB is full of faculty, staff and students who take creative approaches to identifying, analyzing and addressing risks and opportunities. Additionally, UMB has been at the forefront of developing and evolving a university-focused ERM program with novel approaches to assessing risks and mitigating them. Second, ERM promotes Sustainability - the university's long-term future will be more secure and more capable of improving the human condition with a stronger culture of risk responsibility and a periodic assessment of the most strategic risks to achieving that future success.

Other Core Values are embedded into the ERM program as well. The program's inclusive process of gaining input from a diversity of stakeholders contributes toward Equity; the program promotes Respect in dealings with our colleagues across different disciplines; ERM's encouragement of new approaches leads to Discovery of substantive and process improvements; and ERM is committed to demonstrating Integrity through an accurate and accountable interpretation of the qualitative and quantitative data it receives. Ultimately, just as the Core Values are integral to UMB's success, they are also integral to the success of the ERM program.

Similarly, ERM strives to follow the UMB Strategic Plan and support its successful implementation. ERM ties directly to Strategic Theme #4, Innovation and Reimagination, which states "UMB will foster an agile, creative, and risk-tolerant learning environment, boldly capitalizing on new opportunities, technologies, and the power of collaboration to discover meaningful solutions to the complex problems impacting UMB, its schools, its strategic partners, and communities." Specifically, ERM helps UMB meet that theme's Outcome #3, which states "UMB embraces a broad and collaborative culture encouraging the free exchange of ideas, acknowledging the importance of risk-taking for bold gains and learning from failures and successes."

ERM'S HISTORY AT UMB



The University of Maryland, Baltimore (UMB) began its initial ERM efforts in fall 2010, and by 2014, UMB President Dr. Jay Perman announced a formal ERM initiative. In his July 2014 Letter to the UMB Community, President Perman stated: “Our ERM program will be an ongoing activity. Strategic analysis of risks and opportunities must be part of the everyday fabric of how each of us conduct ourselves, and our program will serve to encourage increased awareness of risk in decision-making at every level throughout our institution.” UMB established an ERM Steering Committee and twelve Subject Area Workgroups, each of which focused on a specific risk-related topic (e.g. Finance and Internal Controls). Ultimately, the initiative provided thirty-four concrete recommendations to address risks and improve operational efficiencies.

UMB kicked off its second ERM review cycle in 2017, specifically linking its ERM process to its 2017-2021 Strategic Planning process. One focus group was formed for each of the seven strategic themes, and focus group participants identified and defined the top risks that could threaten the achievement of the objective and outcomes in their respective strategic theme. In March 2019, that process identified ten strategic risks, three of which were prioritized by leadership for future action.

In November 2019, the University System of Maryland (USM) implemented a Policy on Enterprise Risk Management (see pages 17 - 19), which will be discussed below (see page 14). Soon thereafter, the onset of the COVID-19 pandemic delayed further immediate action on ERM-related issues. By Summer 2021, several factors - including development of the UMB 2021-2026 Strategic Plan, a re-focus on implementing USM's November 2019 policy, and incorporation of best practices from the COVID-19 response and recovery - led to an evolution of UMB's ERM program.

YEAR IN REVIEW



- **October 2021** – Assistant Vice President for ERM appointed
- **March 2022** – First CALIBRATE meeting
- **May 2022** – First ERMIC meeting
- **July 2022** – Initial Strategic Plan ERM Risk Assessment process
- **August 2022** – ERM Manager hired
- **September 2022** – Development of UMB Risk Register
- **October 2022** – Creation of UMB ERM Risk Assessment tool; CALIBRATE completed review of UMB vital assets
- **December 2022 to March 2023** – Risk Owners completed ERM Risk Assessment process
- **March 2023 to April 2023** – CALIBRATE and ERMIC review of the completed ERM Risk Assessment process
- **April 2023** – Presidential approval of Top 5 risks and submission to USM
- **June 2023** – Revised process implemented for the Strategic Plan ERM Risk Assessment

ERM PROGRAM OBJECTIVE #1

IMPROVE ORGANIZATIONAL PERFORMANCE AND DECISION-MAKING AT UMB



Establishing ERM Program Leadership and Committee Structure

UMB's evolution of its ERM program included staff and committee additions over the past twenty months. In October 2021, Jon Kucskar, JD was named Assistant Vice President (A.V.P.) for Enterprise Risk Management in addition to his duties as Special Assistant to the President. In August 2022, Victoria Meadows, MS was hired as Manager of the Enterprise Risk Management Program. Having full-time staff assigned to the ERM program has been critical to building the program's capacity.

UMB's ERM two-tier committee structure is vital to the program's success in both short-term project implementation and long-term cultural change. The CALIBRATE (**C**ouncil of **A**dvisors in **L**eadership **I**nvolvement in **B**road **R**isk **A**nalysis **T**hroughout the **E**nterprise) Committee is an executive-level group appointed by the UMB president composed of a broad cross-section of individuals familiar with the varied aspects of the University's mission and charged with advising UMB leadership on high-level ERM matters. The CALIBRATE Committee provides strategic guidance on all ERM matters and submits final recommendations to the president on UMB's annual Risk Assessment process. The Committee is chaired by Provost Roger Ward, EdD, JD, MSL, MPA. The **E**nterprise **R**isk **M**anagement **I**mplementation **C**ommittee (ERMIC) is a management-level group chaired and appointed by A.V.P. Kucskar, with a broad range of committee members representing various mission areas, functions, and shared governance perspectives. Its major tasks include developing qualitative and quantitative risk frameworks for use by schools and units; reviewing select risks and opportunities and advising on next steps; serving as risk owners within their respective areas to collaborate among their colleagues; and establishing principled sorting methods between strategic and functional risks. In addition, ERMIC members are champions of the ERM program, particularly in strengthening the risk-responsible culture of UMB.

Refer to pages 20 - 21 for the committee membership lists and for meeting dates.

ERM PROGRAM OBJECTIVE #3

IMPROVE UMB'S ABILITY TO UNDERSTAND AND MANAGE THE UNIVERSITY'S RISK EXPOSURES

ERM PROGRAM OBJECTIVE #4

PROACTIVELY IDENTIFY EMERGING OPPORTUNITIES AND RISKS TO PREPARE FOR FUTURE INNOVATIONS AND CHALLENGES

Establishment of Risk Register

In developing its annual Risk Assessment process, the ERM program first sought to develop a risk register that was strategic, comprehensive, and actionable. One lesson we learned from past ERM processes at UMB is that ERM should not identify or address risks that were too narrow or low-impact as those risks can be handled at a school or unit level and do not warrant significant attention from senior leadership. A related lesson learned was that the risk register should not be too voluminous, as that would make it far more tedious and difficult to accurately assess, compare and prioritize the identified risks.

We reviewed materials from the national University Risk Management and Insurance Association (URMIA), USM consultants, and internal UMB stakeholders to compile the initial risk list. Each risk was defined in one sentence to ensure clarity about nature and scope of the risk to be assessed. The compiled risk register was reviewed with university leadership and the relevant ERM committees, resulting in a FY2023 risk register consisting of thirty-nine risks. Each risk was then assigned a risk owner who would be responsible for spearheading that particular risk's evaluation process.

Creating Risk Assessment Tools

The next step was to develop a standardized rating scale so that each risk could be assessed on a comparative basis. We incorporated national best practices and USM's internal consultant's guidance to develop three primary categories of risk evaluation - Likelihood, Impact, and Speed of Onset. The Impact category contained six subcategories measuring different types of impact: Strategic; Health and Safety; Financial; Operations; Legal and Compliance; and Reputation. To ensure that already-in-place mitigation measures were captured and credited, we also established evaluation categories for Mitigation efforts: Policy and Procedures; Dedicated People and Resources; Control Activities; Ability to Accurately Monitor; and Other Considerations. Criteria were developed for each category and subcategory so that each risk could be compared in an objective manner. For example, the Financial subcategory's rating scale contained a specific dollar threshold by which an evaluator could determine how to assess the financial impact of a particular risk. The evaluation of each category fed into the Risk Assessment and Mitigation tool (see page 22) that applied a quantitative ranking to each response. These rating scales were developed and reviewed by the two ERM committees, CALIBRATE and ERMIC.

UMB ERM Risk Evaluation

The Risk Evaluation process had several steps. First, the risk owner completed an initial evaluation (see page 23). This initial evaluation was often completed after collaboration with colleagues or discussions with the ERM Manager, who could provide technical guidance on what the process sought. Second, the A.V.P. for ERM and the ERM Manager reviewed and discussed each initial evaluation and offered feedback as appropriate. This step of the review was critical to ensuring that risks were being viewed and evaluated in a consistent manner across the university. Third, ERMIC had multiple occasions to provide feedback and recommendations to each risk owner, including at the March 2023 meeting at which each of the thirty-nine risk evaluations were reviewed and discussed by a small subset of ERMIC members. Fourth, the revised risk evaluations were reviewed in April 2023 by the CALIBRATE Committee, whose input was incorporated to create the final FY2023 Risk Assessment recommendation. Included in that final Risk Assessment were CALIBRATE's priorities for mitigation - the top five risks were classified as the Highest mitigation priority, and five additional risks (selected from those ranked among the next highest ten risks) were selected for the Higher mitigation priority level. Finally, the final FY2023 Risk Assessment and mitigation priority recommendations were submitted to the president for his review and approval. President Jarrell approved of the final assessment in April 2023 and sent UMB's Top 5 risk list to the USM Chancellor as required by USM policy.

ERM PROGRAM OBJECTIVE #5

INCORPORATE OPPORTUNITY & RISK ASSESSMENT ANALYSIS INTO UMB'S PERIODIC PLANNING PROCESSES (E.G. STRATEGIC PLANNING, ANNUAL BUDGET CYCLE, ETC.)

Link to FY2023 Strategic Planning Annual Process and Annual Budget Cycle

The ERM Program successfully embedded an important and novel ERM data collection process into the UMB Strategic Process. Specifically, when each school/unit reported its annual progress toward achieving its strategic goals, an extra one-page online module was added to gather data on the largest barrier(s) that the school/unit faced in achieving those goals. Those barrier(s) provided insights into the risks that the school/unit encountered and could be reviewed and aggregated. The data demonstrated that Equity, Diversity and Inclusion; Partnerships; and Organizational Structures (both culture and operational process) presented the highest risks at a broad level to UMB achieving its strategic goals, and that about twice as many risks germinated from internal sources compared to external of UMB. That said, the data were not as beneficial as hoped, with limiting factors including a lack of risk-specific detail and an inability to compare the magnitude of risks (see table 1).

In the annual budget cycle, the planning process specifically asked deans and vice presidents to “identify anticipated risk (financial and non-financial) moving forward” as they submitted and discussed their annual budget to leadership. Connecting the annual budget process to ERM is an important step in UMB’s ERM maturation process.

TABLE 1: SUMMARY OF SCHOOL/UNIT RESPONSES FROM THE STRATEGIC PLAN

School and Unit Responses

<u>Risk Category Identified by School/Unit Strategic Plan Administrator</u>	<u>Frequency</u>		
Equity, Diversity, and Inclusion	10		
Partnerships	8		
Operational and Administrative Processes	7		
Organizational Culture and Structure	5		
Workforce: Attract, Retain, and Support Employees (Faculty and Staff)	4		
Student Enrollment and Engagement	4		
Funding and Budget	4		
Reputation of UMB, School, or Program	4		
Change in External Market Conditions or Competition from External Sources	4		
Incorporating Data, Analytics, and New Technology	3		
Compliance with Laws, Regulations, and Policies	2		
Infrastructure and Physical Facilities: Maintenance and Modernization	2		
Health and Safety	0		
		Primary Risk Audience	
		Internal	23
		Equal	22
		External	12

Revision of Link to Strategic Planning Annual Process for FY2024

The results of ERM’s link to the FY2023 Strategic Planning led us to refine the ERM module for the FY2024 Strategic Plan annual reporting process, with two specific changes. First, the Risk Assessment categories included in the Strategic Planning process were changed to match those developed during the FY2023 ERM Program Risk Assessment process (e.g. likelihood, impact, speed of onset). This alignment will ensure more useable data for the ERM program and also be more consistent for stakeholders as they become familiar with various ERM processes and terminology. Second, the FY2024 process requires a short narrative description of the barrier/risk. That narrative is vital to providing context to the identified risk so that the reported results can be analyzed and prioritized holistically. We anticipate positive results from the process revisions.

ERM PROGRAM OBJECTIVE #6

IMPROVE UMB'S ABILITY TO IDENTIFY ITS MOST VITAL ASSETS AND IMPLEMENT ACTIONS TO SUSTAIN AND STRENGTHEN THEM (CALIBRATE COMMITTEE ONLY)



Among its earliest tasks, the CALIBRATE Committee reviewed and analyzed UMB's most vital assets. This process provided committee members with an actionable way to frame ERM's focus on strategic risks rather than on operational risks, and it triggered discussion among committee members that allowed them to gain insights into how others viewed UMB's strengths, risks, and areas of opportunity. Examples of vital assets include: faculty/staff/students, geographic location, reputation, physical plant and infrastructure, and relationships with stakeholders. Ultimately, the committee's discussions yielded a draft ranking of eleven vital assets and successfully laid the foundation for more in-depth discussions about university risks through the FY2023 ERM Program Risk Assessment process.

ERM PROGRAM OBJECTIVE #2

EMBED A CULTURE OF RESPONSIBLE RISK-TAKING AT UMB

The ERM Program made strides in embedding a culture of responsible risk-taking at UMB through the following actions:

1. **One-on-One Meetings:**

Throughout the course of the fiscal year, ERM program staff held one-on-one meetings with key stakeholders across UMB. These one-on-one meetings allowed ERM staff to establish relationships with key stakeholders by building trust, value, and knowledge. Stakeholders have found the meetings to be beneficial not only for improving their understanding of the ERM process but also for supporting the broader objective of building a risk-responsible culture.

2. **COSO and ISO frameworks:**

The ERM Program adapted elements of the 2017 ERM framework of the Committee of Sponsoring Organizations (COSO) and the 2018 ERM framework of the International Organization for Standardization (ISO 31000) into elements of the Risk Assessment process. Each framework offers unique approaches of establishing an ERM program and applying elements from both standards provided value to the program's establishment.

3. **Committees Involvement:**

In developing the Risk Assessment process and the revision of the link to the Strategic Plan annual process, it was critical to involve members of both ERM committees to offer strategic guidance and institutional knowledge. Along with offering their insights, they became critical stakeholders for ERM throughout the UMB community by sharing their knowledge and promoting risk-responsible approaches with their colleagues in school and units.

4. **Strategic Plan Stakeholders:**

The program cultivated key stakeholders beyond ERM committee members; particularly extending to the school/unit administrators of the Strategic Plan. The revision of the ERM link to the Strategic Planning Annual process for FY2024 allowed the ERM Program to reach and educate several individuals that were not directly involved with the implementation of the Risk Assessment process. These connections are facilitating further conversations with additional key stakeholders on campus, in new parts of the organizational structure.

ERM PROGRAM OBJECTIVE #7

SUPPORT UMB'S ABILITY TO MEET ITS LEGAL, REGULATORY, AND POLICY COMPLIANCE OBLIGATIONS

ERM PROGRAM OBJECTIVE #8

SATISFY THE NEED OF THE BOARD OF REGENTS, EXECUTIVE LEADERSHIP, AND EXTERNAL SHAREHOLDERS FOR AN AUDITABLE AND DOCUMENTED PROCESS FOR MANAGING RISK EXPOSURE AT UMB

UMB's ERM program is steered by the USM's governing policy (see pages 17 - 19). That policy was approved by the Board of Regents in November 2019. The policy "formalizes expectations of each USM institution to establish an ongoing system of risk management appropriate to the institution's mission and strategic initiatives" and "sets periodic reporting expectations and processes for reporting key risk items." Specifically, this USM policy expects that UMB's ERM process: identifies and quantifies risks; includes an inventory, or register, of risks and exposures; identifies a responsible official or department for ERM processes; considers the identification of new and emerging risks; and requires specific reporting from university leadership.

UMB met the several requirements and expectations of the policy in FY2023. As noted above on page 10, UMB's Annual Risk Assessment addressed the bulk of these policy expectations. The Assessment identified a list of current risks, assigned each risk an identified official (risk owner), and received information from the risk owner about likelihood, impact, and speed of onset of each risk as well as potential mitigation measures in place or pending. The entire Risk Assessment process - development of the risk list, creating the assessment tool, and reviewing completed risk evaluations - was reviewed and supported by two university-wide committees: the executive-level CALIBRATE Committee (chaired by Provost Ward) and the ERM Implementation Committee (chaired by A.V.P. Kucskar). As one of the final steps of the assessment process, the CALIBRATE Committee considered the risks that ranked amongst the highest in the risk evaluation process and decided which risks should be prioritized for mitigation - thereby implicitly acknowledging that a certain level of risk exposure remained with the other identified risks. Other steps taken at UMB in FY2023 also support meeting USM policy expectations. As required, President Jarrell communicated with the Chancellor about most significant risks at UMB. Additionally, the ERM program also developed and refined a direct link with UMB's Strategic Planning process, as noted above on page 11. That process will aid in considering new and emerging risks that were not screened during the Risk Assessment process. The ERM program has consciously documented the Risk Assessment process and other activities, and those documents will support any future efforts to audit or review UMB's ERM processes.

Furthermore, UMB was a meaningful contributor to USM-wide efforts to support the implementation of the USM policy. A.V.P. Kucskar is an active member of the USM-wide ERM Workgroup and has provided information and insights to support USM's and individual USM institution's efforts. In addition, UMB's ERM team has had several one-on-one and group conversations with individual institution ERM leaders to share knowledge and collectively support collaborative efforts between USM institutions to further the Board of Regents' objectives.

FY2024 ACTION PRIORITIES



1. **Execute mitigation activities for risks identified in FY23 Risk Assessment process, with focus on plans for highest and higher priority identified risks**

The Mitigation Action Plan is in development and will continue to build in early FY2024. The plan will involve developing key teams that focus on mitigating each of the top five risks and subsequently building processes to address the next five risks. These risks covered areas such as: student health and wellness; research safety and security; external partnerships; and enrollment. Additionally, the program will monitor all identified risks and encourage risk owners to continue mitigation efforts.

2. **Improve and implement annual Risk Assessment process review**

The ERM program will build upon the success of the annual review process to refine next year's approach, to include areas such as further analysis of "sub-risks", stronger collaboration by risk owners, and defining the scope of the review cycle and appropriate milestones over a period of multiple years.

3. **Data analysis of FY2024 Strategic Plan data collection**

Collection and analysis of the FY2024 Strategic Plan Risk Assessment results will allow the ERM program to identify emerging risks as well as enhance schools' and units' capacity to overcome those risks and spot opportunities to better fulfill their strategic goals through collaboration.

4. **Successful USM engagement, including clean performance audit**

The ERM program will continue to strengthen relationships and exchange knowledge across the University System of Maryland and its constituent institutions, while also fulfilling each component of USM policy and following best practices as applicable to UMB.

5. **Continuation of stakeholder ERM training**

The ERM program will continue to cultivate the responsible risk-taking culture by holding one-on-one meetings/trainings with established stakeholders and reaching beyond that already-established group to new stakeholders. In addition, the ERM Program will continue conducting group presentations campus-wide and within schools and units.

6. **Rollout of "Risk Checklist" to kickstart discussion of novel activities**

The ERM Program, in collaboration with the Office of General Counsel, will establish guidelines to support UMB employees and students in their attempts to establish, expand, or alter activities in a risk-responsible manner.



ENTERPRISE RISK MANAGEMENT

APPENDIX



VIII-20.00 POLICY ON ENTERPRISE RISK MANAGEMENT

(Approved by the Board of Regents on November 22, 2019)

I. PURPOSE

Best practices in effective governance at an institution and System-wide level, requires that management periodically assesses potential risks and exposures, evaluates the probability and the impact of each and where appropriate, adopts risk mitigation strategies. These processes should inform decisions and strategic planning, both within each institution, as well as at the System level.

This policy formalizes expectations of each University System of Maryland institution to establish an ongoing system of risk management appropriate to the institution's mission and strategic initiatives. The policy also sets periodic reporting expectations and processes for reporting key risk items.

II. ENTERPRISE RISK MANAGEMENT (ERM)

A. Institution-level ERM

Pursuant to this policy, each USM institution and regional higher education center, including the USM Office, is to adopt an enterprise risk management process. The process should be developed to assure that potentially significant and likely risk exposures have been identified and communicated to institutional leadership, and that plans to reduce the risk of occurrence, or mitigate the exposure have been developed.

Under the leadership of each institution's President, an institution-wide body, such as a campus cabinet or president's leadership team, is to identify and quantify risks, determine risk tolerances, and oversee risk mitigation strategies or measures where appropriate.

The enterprise risk management process must include an inventory, or register, of risks and exposures that are potentially significant in terms of both likelihood and impact that strategic interests and goals of the institution could be impacted. Each risk should have identified a responsible official or department which will monitor and adopt mitigation strategies as appropriate, and periodically report to the institution-wide body responsible for overseeing the risk management process. Risks are to be evaluated as to the potential impact, as well as the likelihood of occurrence.

Institutions are expected to adopt risk management practices suitable and appropriate to the institution's activities and goals. Tailoring risk management activities to the institution's focus and goals may result in similar institutions assessing the likelihood, and the impact, of similarly described risks differently, with risk tolerance and mitigation

strategies that reflect those differences. Each risk management process is to include the basic steps of:

Risk identification;
Risk assessment;
Risk tolerance, prevention and mitigation; and
Reporting,

the specific risks, determination as to impact and likelihood, and accordingly, prevention and mitigation strategies, are likely to vary from institution to institution. It is important that each cycle of assessment and evaluation of risks, impact and likelihood, also consider the identification of new and emerging risks.

This policy is not intended to require a specific risk identification, assessment, mitigation or reporting process and acknowledges that institution's may have different approaches and processes to address enterprise risk management.

B. System-wide

The Chancellor is to develop a risk management process for the University System of Maryland appropriate for a comprehensive state-wide university system, that identifies, assesses, mitigates and communicates System-wide risks and exposures, and complements risk management practices at each institution. The risk assessment is to be done in consultation with the Director of Internal Audit, vice chancellors, and institution presidents, and should represent a set of identified System-wide risks and exposures appropriate to System-wide planning and action.

A review and discussion of System-wide risks and exposures, the assessment of impact and likelihood, and strategies and efforts in place to address, prevent or mitigate System-wide risks is to be considered by the Board of Regents Committee on Audits at least annually.

III. REPORTING REQUIREMENTS

Institution Presidents are expected to communicate to the Chancellor that an institutional enterprise risk management process is in place and operationally functional, and review with the Chancellor, as a part of the presidential performance review process, the 3-5 risks assessed to be the most significant concerns to institutional leadership in terms of setting strategic goals and planning.

Institution Presidents, by March 31st annually, are to provide notification to the Chancellor that a review or update of the institution's risk assessment and management plan has been performed, and are to provide a listing of significant events that have occurred in the prior calendar year that were contemplated and planned for in the institution's risk management process.

IV. DEFINITIONS

Strategic risks – an event or activity, whether internal or external, that has the potential to negatively impact the institution’s ability to pursue its mission and/or achieve its key strategic goals and objectives. These risks include inadequate strategic planning and goal setting, crisis response and business continuity, reputation and brand, and community relations.

Financial risks – risks and exposures that are associated with inadequate financial planning, management and operational outcomes, including the budgeting and financial reporting processes, financial controls, debt management, endowment investing, and risk management and insurance provision.

Operational risks – risks and exposures that do not have an immediate financial impact but impact the core mission and objectives of the institution. Included here are risks to the academic enterprise such as academic quality, tenure and faculty promotion, accreditation, faculty recruitment, on-line learning, program development (including closures, new programs, and international programs). Weather events, power disruptions, and other potential events impacting availability of facilities, would be another group of operational risks, to the extent that those risks are both likely and significant in impact. Research activities and issues surrounding medical centers would also fall under the category of operational risks.

Reputational risks- risks and exposures that may harm education mission by casting doubt on commitments by campus leadership and negatively affecting the image of the University. Such risks may include claims of harassment and discrimination, waste and abuse, scholarly misconduct. Reputational risks may also be strategic, financial and operational risks depending on the nature and severity.

Risk mitigation-steps taken at the institution and System level to identify, assess and address and report on potential risks. Risk mitigation may include institution level threat and risk assessment team efforts, trainings, coordinated efforts across institutions to identify and mitigate risk.

Risk tolerance –ability or willingness by an institution or the System’s leadership to accept a certain level of likelihood that a particular risk exposure materializes. Risk tolerance is important in considering the possibilities for mitigating or eliminating particular risks and exposures, each of which are likely to carry an associated cost or set of requirements.

CALIBRATE AND ERMIC MEMBERSHIP AND AFFILIATIONS

CALIBRATE Committee

<u>Member</u>	<u>Affiliation</u>
Roger Ward (Chair)	Provost and Executive Vice President and Dean of Graduate School
Dawn Rhodes (Vice Chair)	Senior Vice President and Chief Business and Finance Officer
Jon Kucskar	Special Assistant to the President and Assistant Vice President for Enterprise Risk Management
Alana Kyriakakis	Acting Vice President and General Counsel
Jennifer Litchman	Senior Vice President for External Relations
Donna Parker	Professor of Medicine and Senior Associate Dean for Undergraduate Medical Education, School of Medicine
Mark Reynolds	Dean of the School of Dentistry

ERM Implementation Committee

<u>Member</u>	<u>Affiliation</u>
Jon Kucskar (Chair)	Office of the President
Victoria Meadows	Office of Enterprise Risk Management
Jane Allgair	Office of Research and Development
Patty Alvarez	Office of Student Affairs
Sarah Archibald	Office of Accountability and Compliance
Andy Coop	School of Pharmacy
Herty Cortez Diaz	Office of International Operations
Steven Deck	Office of Public and Occupational Health
Kevin Donegan	Budget & Financial Analysis
Crystal Edwards	School of Law
Michele Evans	Office of Change Management and Advisory Services
Jodi Frey and Marc Lennon	School of Social Work
Reetta Gach	Office of Equity, Diversity, and Inclusion
Bill Gardiner	School of Nursing
David George	School of Dentistry
Brian Godette	Ombudsperson
Aaron Graham	Staff Senate Representative
Carl Jackson	Office of Academic Affairs
Laura Kozak	Office of Communications and Public Affairs
Tricia O'Neill	Office of the Provost
Irma Robins	Office of General Counsel
Lacie Rockel	Office of Risk Management
Brian Scruggs	Institutional Effectiveness, Strategic Planning and Assessment
Nirav Shah	School of Medicine
Fred Smith	Center for Information Technology Services
Christopher Stanton	Office of Emergency Management
Brian Sturdivant and Liv Myers	Office of Community Engagement
Stephanie Suerth	Office of Accountability and Compliance

CALIBRATE AND ERMIC MEETING DATES

<u>CALIBRATE Committee</u>
March 29, 2022
June 07, 2022
August 30, 2022 (canceled)
October 28, 2022
February 08, 2023
April 19, 2023
June 22, 2023

<u>ERM Implementation Committee</u>
May 25, 2022
July 21, 2022
August 24, 2022
November 17, 2022
January 12, 2023
March 23, 2023
May 10, 2023

University of Maryland, Baltimore
Enterprise Risk Management Program
Risk Assessment and Mitigation Tool

Confidential – Executive Internal Deliberative Purposes Only – Privileged – Do Not Forward

FY 2023 Ranking	Risk Information		Libelihood	Strategic	Impact							Mitigation Actions				Residual Risk Score	CALBRATE Mitigation Recommendation	
	Risk Name	Risk Owner (School/Unit)			Health & Safety	Financial	Operations	Legal & Compliance	Reputation	Speed of Onset	Inherent Risk Score	Policy & Procedures	Dedicated People & Resources	Control Activities	Ability to Accurately Monitor			Mitigation Total

University of Maryland, Baltimore Enterprise Risk Management Program Risk Assessment Evaluation Form

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	<p style="text-align: right;">Risk Name: Inherent Risk Score: Mitigated Risk Score: Ranking overall: Risk Category: Risk Description: Risk Owner (School/Unit):</p>
<p>Likelihood rating scale:</p> <p style="text-align: center;">Please indicate what column you used to make your decision:</p>	
Almost Certain	Likelihood Rating Score (initial):
Likely	Details supporting ranking:
Possible	
Unlikely	
<p>Impact rating scale:</p> <p style="text-align: center;">Please indicate what column you used to make your decision:</p>	
Severe	Impact Rating Score (initial):
High	Details supporting ranking:
Medium	
Low	
None	
	Health & Safety Score (initial):
	Details supporting ranking:
	Financial Score (initial):
	Details supporting ranking:
	Operations Score (initial):
	Details supporting ranking:
	Legal & Compliance Score (initial):
	Details supporting ranking:
	Reputation Score (initial):
	Details supporting ranking:
<p>Speed of Onset rating scale:</p> <p style="text-align: center;">Please indicate what column you used to make your decision:</p>	
Immediate	Speed of Onset Rating Score (initial):
Fast	Details supporting ranking:
Moderate	
Slow	
<p>Mitigation rating scale:</p> <p style="text-align: center;">Please indicate what column you used to make your decision:</p>	
Robust	Mitigation Rating Score (initial):
High	Policy & Procedures Score (initial):
Medium	Details supporting ranking:
Low	
	Dedicated People & Resources Score (initial):
	Details supporting ranking:
	Control Activities Score (initial):
	Details supporting ranking:
	Ability to Accurately Monitor Score (initial):
	Details supporting ranking:
	Other Considerations Score (initial):
	Details supporting ranking: