



**Welcome to
#URMIA2024**

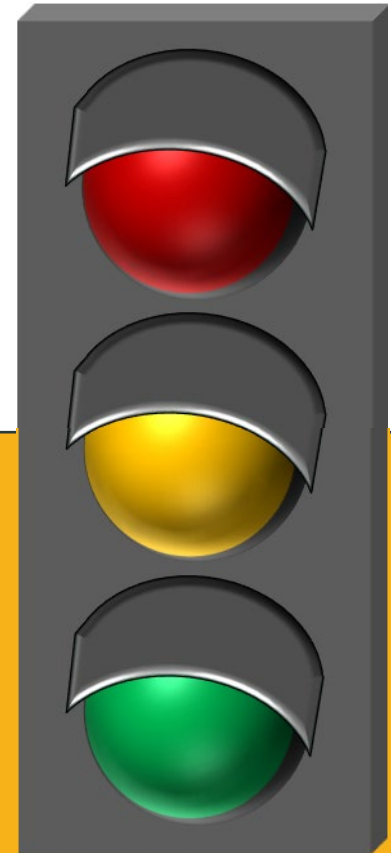


Catching Greenlights:

How to Build an Enterprise Risk Management Program

University of Massachusetts

Christine Packard, Assistant Vice President for Enterprise Risk Management



Inspired by Matthew McConaughey's *Greenlights*



WHAT DOES MATTHEW MCCONAUGHEY HAVE TO DO WITH ERM?

Prescriptions



Recommendations that are
authoritatively put forward

Notes to Self



Self reflections and
awareness

Bumper Stickers

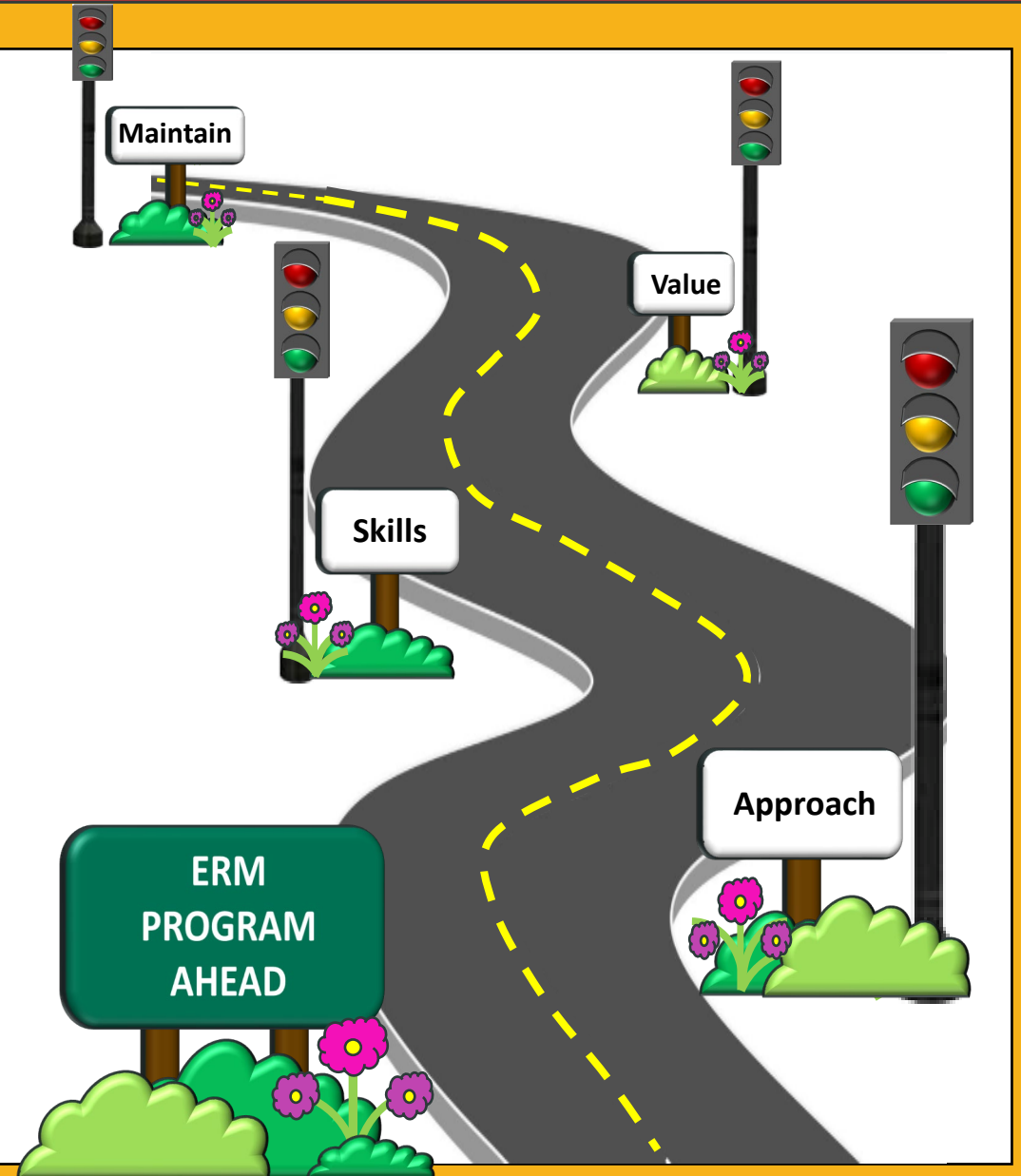


Life's greatest truths
expressed with great
comedic sentiment

ONLY EVERYTHING

Agenda

- University of Massachusetts Overview
- Setting the Stage & Objectives
- Catching Greenlights on your ERM Journey
 - Approach to ERM
 - Skills for Building an ERM Program
 - Demonstrating the Value of Your ERM Program
 - Maintaining Your ERM Program
- Conclusions and Take-Aways





UNIVERSITY OF MASSACHUSETTS SYSTEM

#1 Public University in New England

Five undergraduate & graduate campuses

74,000 students

20,000 graduates annually

\$813M in Research

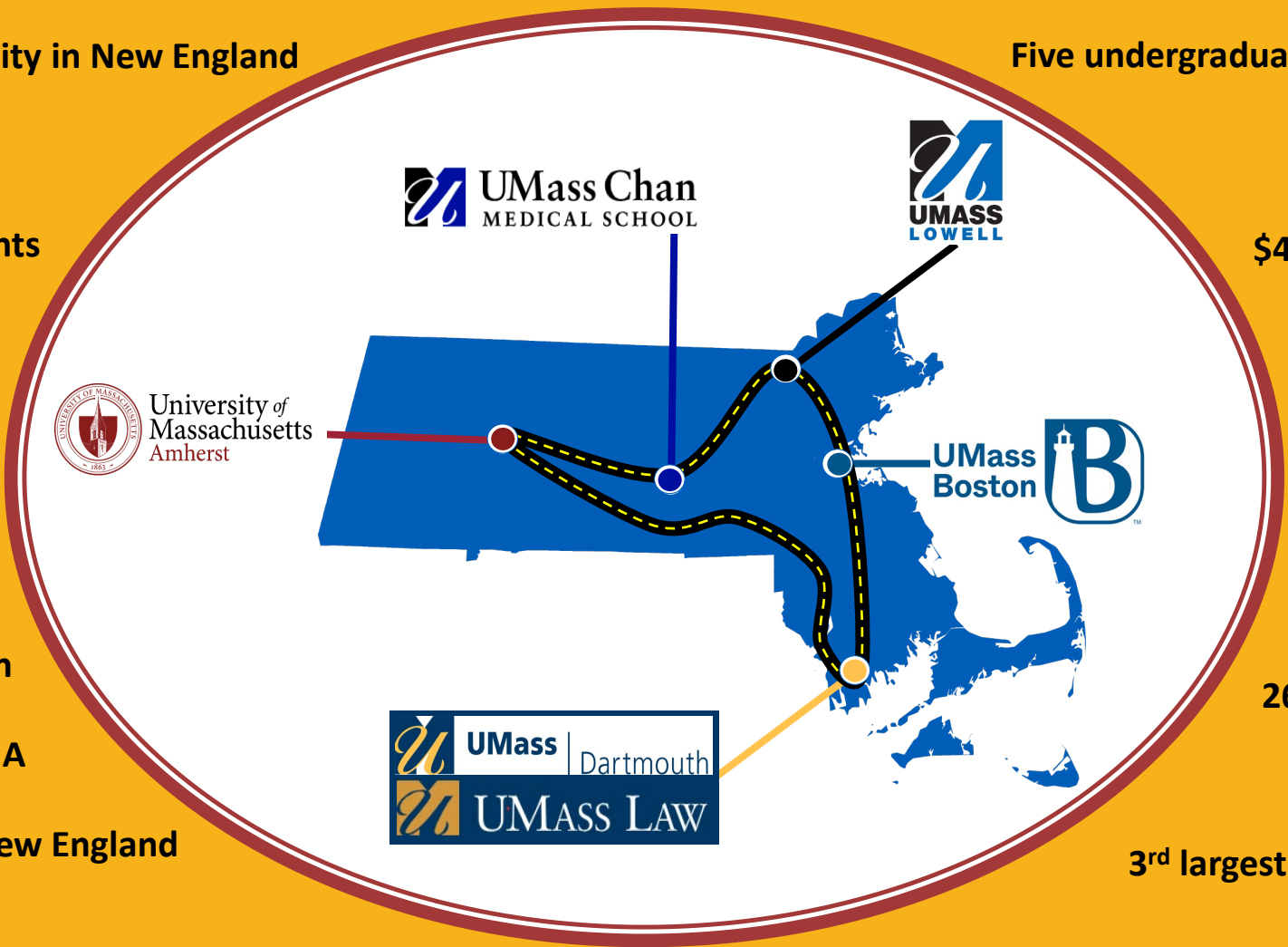
- 3rd largest in MA
- 4th largest in New England

\$4.3B annual budget

\$395 million in University-generated financial aid

26,000 employees

3rd largest employer in MA





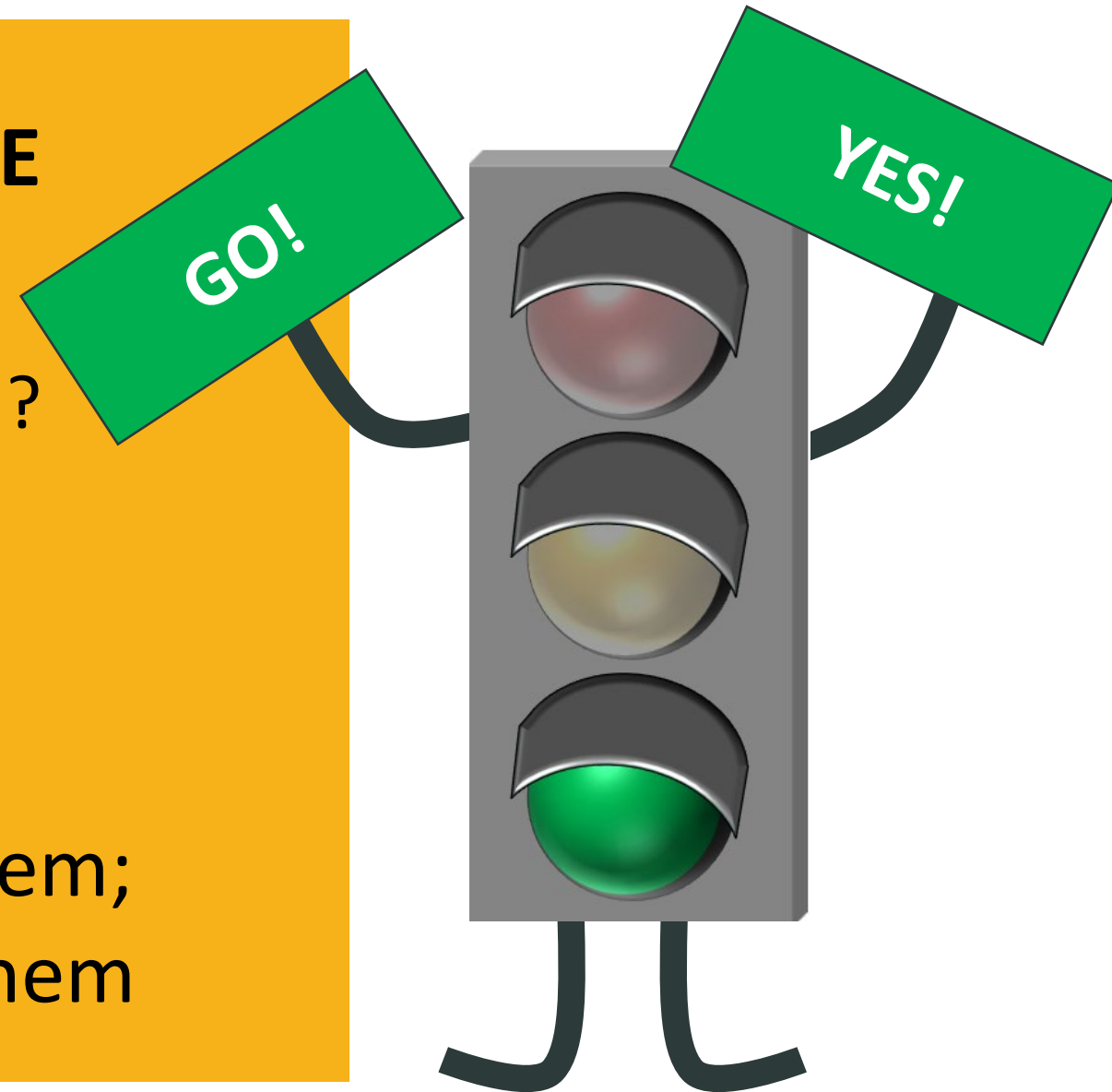
Setting the Stage & Objectives

SETTING THE STAGE

What is a Greenlight?

Affirmation

Sometimes you catch them;
sometimes you create them

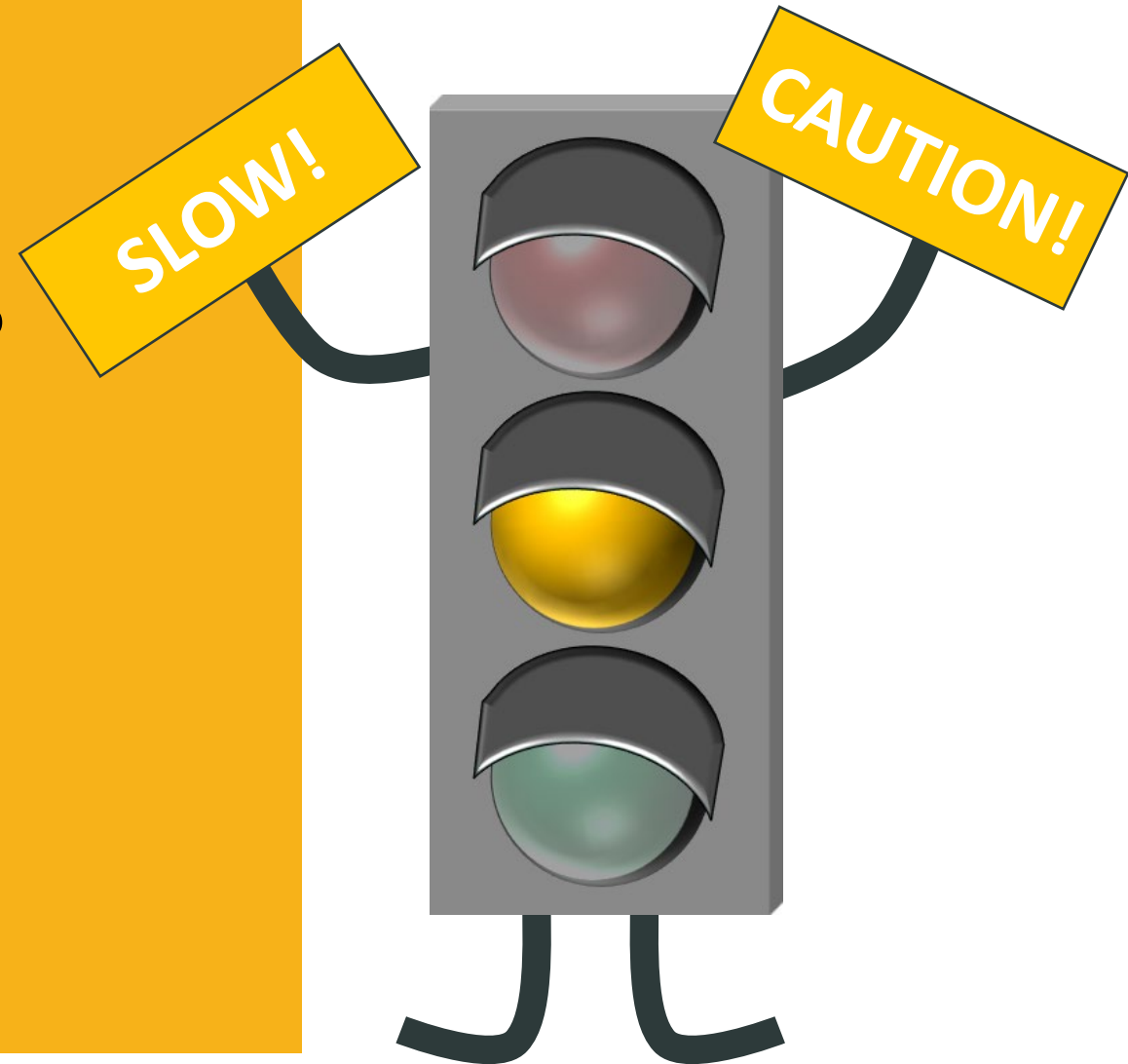


SETTING THE STAGE

What is a Yellow Light?

Pause

Sometimes welcomed,
sometimes not

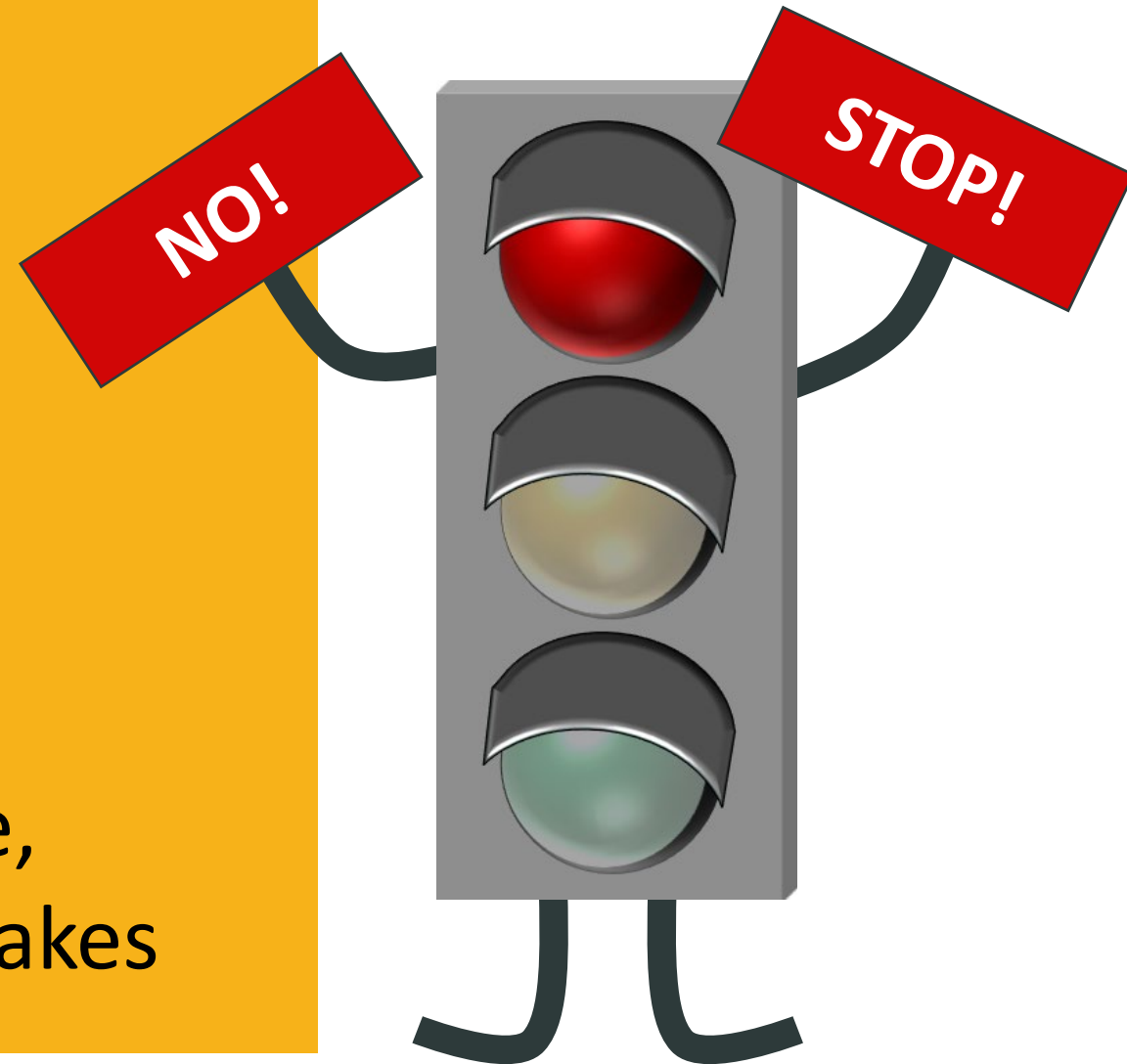


SETTING THE STAGE

What is a Red Light?

Interruption

Sometimes a gentle glide,
sometimes a slam on the brakes





OBJECTIVES FOR CATCHING GREENLIGHTS

"Catch more 'yes's than 'no's" to build or enhance your program

"Recognize when a 'no' might be a 'yes' " and leverage those opportunities

*Recognize that "yellow and red lights are hard,
but sometimes they give us what we need"*



Approach to ERM



TWO PRIMARY ERM GUIDANCE DOCUMENTS

COSO

(Committee of Sponsoring Organizations)

- Five organizations: American Accounting Association, American Institute of CPAs, Financial Executives International, Association of Accountants and Financial Professionals in Business, and the Institute of Internal Auditors
- Guidance: Enterprise Risk Management—Integrated Framework

ISO

(International Organization for Standardization)

- Independent, non-governmental association with 167 national standards bodies as members
- Guidelines: Principles, framework, process for managing risk

Not specific to higher education



PEER ERM PROGRAMS

Reach out to and share with other institutions

Brainstorm

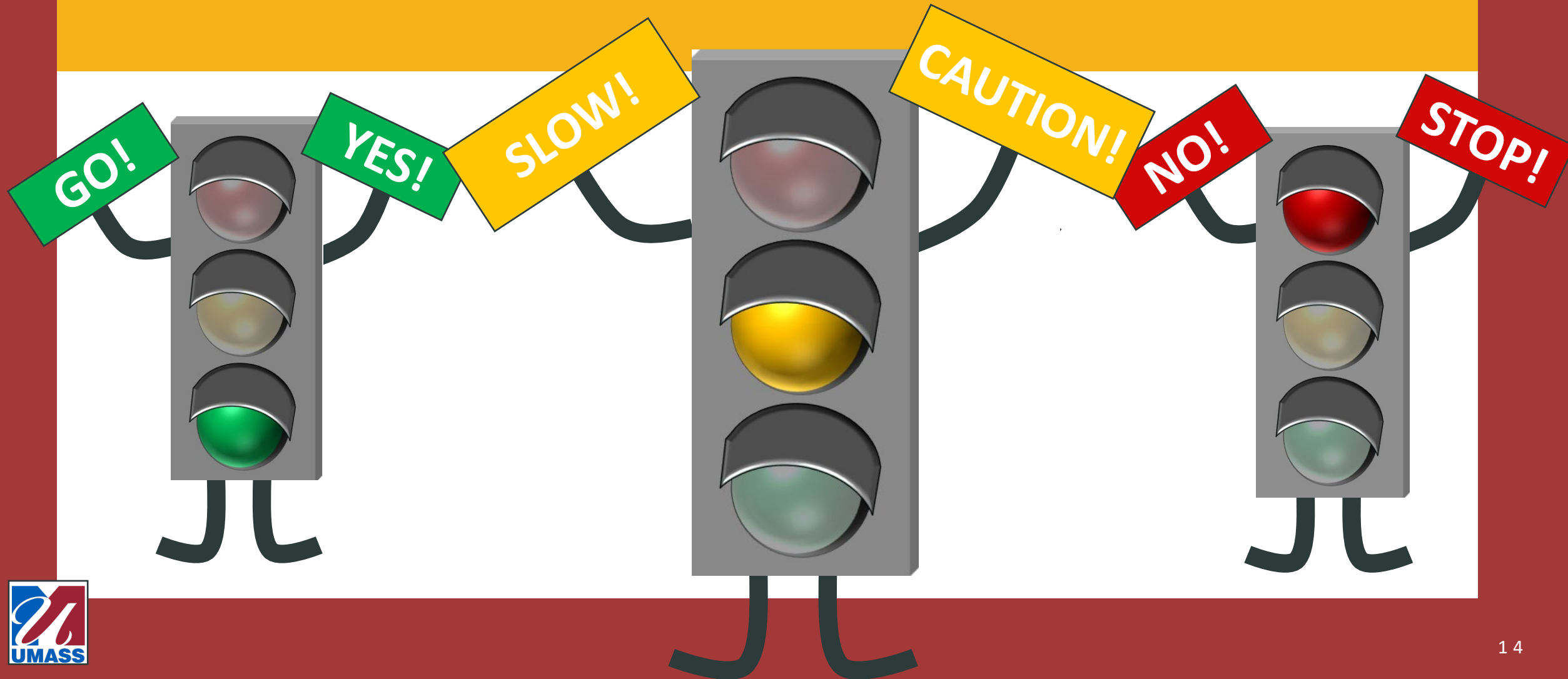
**Talk through
successes &
challenges**

Borrow Ideas



"Sometimes we don't need advice. Sometimes we just need to hear we're not the only one."

POLL: WHAT KIND OF LIGHTS ARE COSO, ISO AND PEER PROGRAMS?



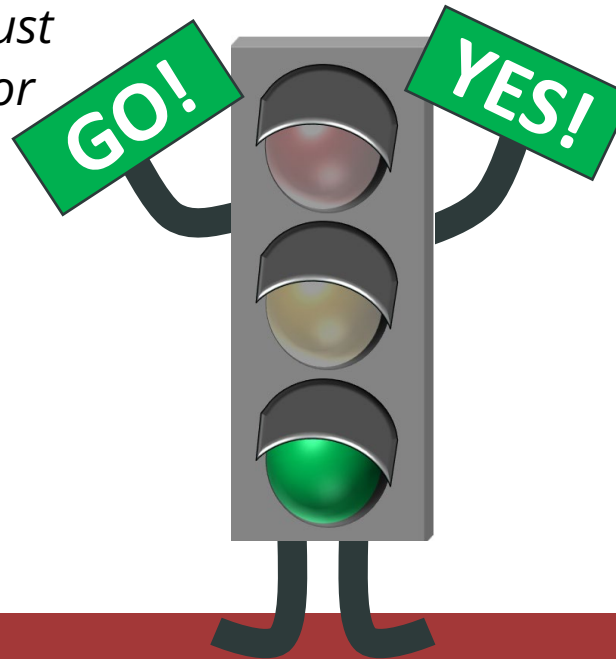
BEST APPROACH TO ERM

YOURO(wn)



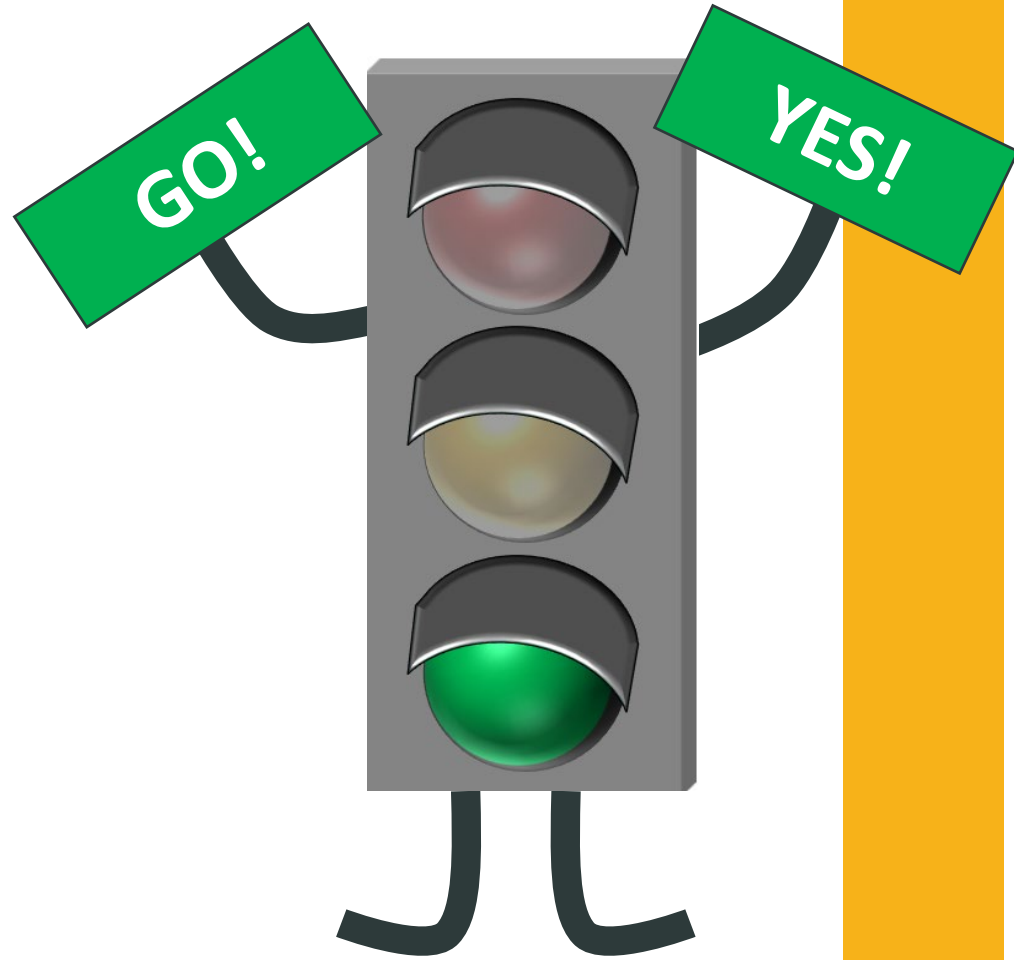
"Ask yourself if you want to do it before you do it; don't do it just because someone else does or because it's in front of you."

- Be advised by but not beholden to guidance documents
- Don't be pressured to "Keep Up with the Joneses"



"I'll take a little common sense with that knowledge"

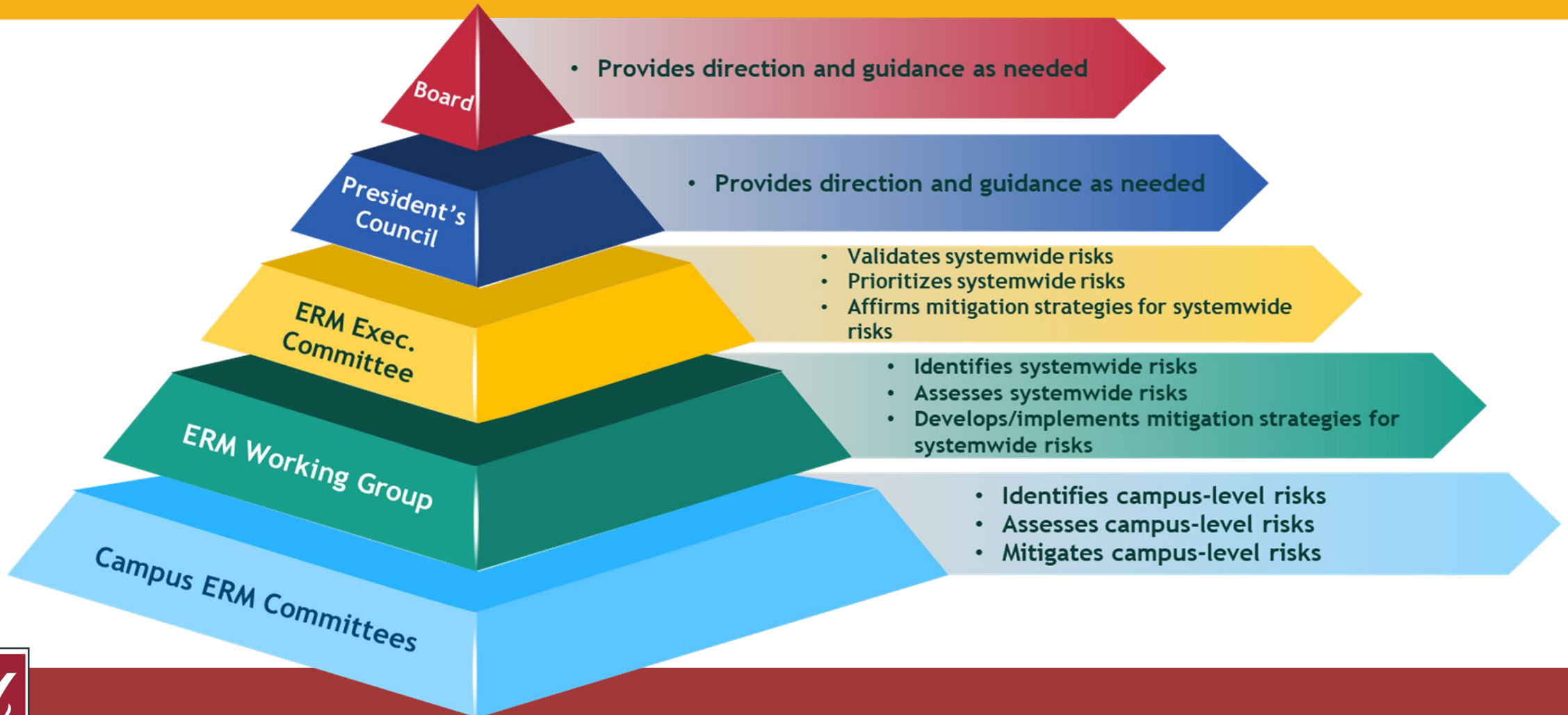
- Your ERM Program has to work for your institution
- Only you know
 - What will get traction with your stakeholders
 - How to design your program to achieve your institution's objectives



UMASS SYSTEMWIDE ERM PROGRAM

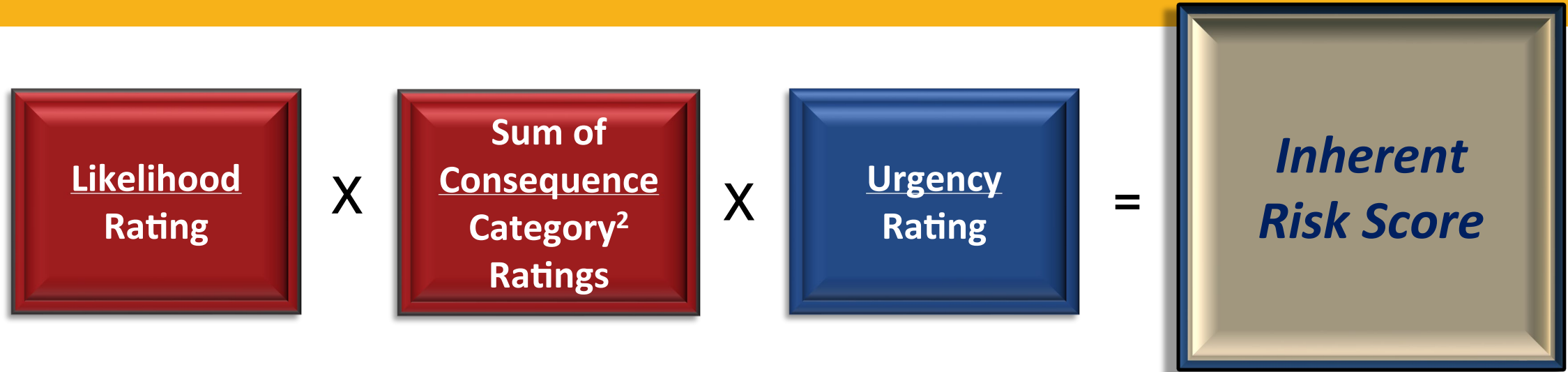
- Aligns with ISO (more so than COSO)
- Adapted best and peer practices
 - Governance
 - Use of SMEs to represent risk partners
 - Defining roles and responsibilities
 - Risk assessment
 - Creation of “Urgency” factor to reflect risk appetite
 - Use of consequence categories as basis of risk “taxonomy”
 - Mitigation Assessment
 - Adapted our own approach to ensure assessment of mitigation correlates to risk assessment

UMASS SYSTEMWIDE ERM PROGRAM GOVERNANCE





UMASS SYSTEMWIDE ERM PROGRAM RISK ASSESSMENT¹



■ Assessed by ERM Working Group

■ Assessed by ERM Executive Committee

¹ A link to the detailed information on each risk factor is provided

² There are six consequence categories: Service/Operations Disruption, Financial, Legal/Compliance, Workforce, Reputation, Life Safety

UMASS SYSTEMWIDE ERM PROGRAM MITIGATION ASSESSMENT



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Individual
Effectiveness
Score

The impact the individual mitigation strategy has in reducing the University's exposure to that risk

Mitigation
Strategy
Rank

Ranking of mitigation strategies based on individual effectiveness scores

Residual
Risk Score

The impact all mitigation strategies combined have on reducing the University's exposure to that risk



Skills for Building an ERM Program

POLL: WHICH SKILLS ARE ESSENTIAL TO CATCH GREENLIGHTS IN YOUR ERM PROGRAM?



Navigation



Timing



Soft Skills



NAGIVATION SKILLS

- *Mapping out your path to avoid red lights*
- *Enabling agility to swerve where you can*

ERM Considerations

- Prioritize building a strong foundation for your program; the stronger the foundation, the fewer red and yellow lights
- If you don't have a map, don't cancel the trip! Don't be afraid to get a little lost along the way
- Learn from your wrong turns and update your map
- Recognize when you have to swerve



TIMING SKILLS

- *Recognizing the relationship among red, yellow & green lights*
- *Determining whether a red or yellow light will influence catching a greenlight up ahead*

ERM Considerations

Iterative Approach

- Short-term goals with long-term vision
- Bite-size, attainable pieces

Regular Cadence

- Program cycle
- Meetings of governance structure

Seize Opportunities

- Is this red light a green light in disguise?



SOFT SKILLS ARE AN ESSENTIAL COMPONENT OF NAVIGATION AND TIMING SKILLS

Role	Reason
Relationship Builder	Relationships are essential to an ERM Program
Dot Connector	Demonstrate connection among ERM, strategic priorities, and operational activities
Problem Definer	Enable partners to understand the problem before identifying solutions; knowledge that not all problems are resolved with money or personnel
Navigator	Politics, politics, politics
Facilitator	Manage multiple projects across disciplines, departments, schools, campuses, etc.
Shepherd	Herd cats, dogs, horses, sheep ...



Demonstrating the Value of an ERM Program



*“Pivot and persist or concede:
it’s your choice every time.”*

- Provide consistency and repetition in messaging
- Leverage ERM data in unique ways
- Proactively acknowledge what the program can and cannot do
- Show the proof in the pudding (but be prepared for the jalapeños)



*“If you’re not a starter and think
you should be, give them no
choice in the decision.*

Play so well it’s undeniable.”



PROVIDE CONSISTENCY AND REPETITION IN MESSAGING

UMass includes the systemwide risk registry in every ERM presentation and shares at the beginning of every ERM-based discussion

UMass FY24 Systemwide Risk Registry

■ Priority Risks

Rank	Risk	Rank	Risk	Rank	Risk
1	Enrollment	11	Information Privacy	21	Alcohol and Substance Abuse
2	Information Security	12	All Hazards Planning & Response Capabilities	22	Fraud, Waste, and Abuse
3	Facilities and Deferred Maintenance	13	Labor Relations	23	Crisis Communications
4	Financial Sustainability	14	Data Management	24	Uninsured Loss
5	Student Health & Mental Health Support	15	Vendor Risk Management	25	Multi-State Payroll Tax
6	Artificial Intelligence	16	Sexual Assault Policies & Response Procedures	26	Multi-State Business Tax
7	International Activities	17	NCAA Regulations	27	Employment Laws and Regulations
8	Research	18	IT Disaster Recovery	28	Policies and Procedures Regarding Minors on Campus
9	Diversity, Equity, Inclusion and Accessibility	19	Continuity Planning	29	Academic Quality and Standards
10	Attract, Recruit, Retain Faculty and Staff	20	Environmental Health, Public Health, & Safety Regulations	30	Oversight of Student Organizations

LEVERAGE ERM DATA IN UNIQUE WAYS

UMass provided risk assessment information to the Executive Compliance Committee to assist the Committee in identifying top compliance risks for the University

FY24 Risks* Ranked Based on Highest Legal/Compliance Exposure

**Top 10 FY24 systemwide risks are bolded/italicized*

High

- **Information Security**
- **Research**
- **Diversity, Equity, Inclusion & Accessibility**
- Employment Laws & Regulations
- Academic Quality & Standards

Medium

- **Facilities & Deferred Maintenance**
- **Student Health & Mental Health Support**
- **Artificial Intelligence**
- **International Activities**
- Information Privacy
- All Hazards Plans & Response Cap.
- Vendor Risk Management
- Sexual Assault Policies & Response Procedures
- NCAA Regulations
- Env. Health, Pub. Health, & Safety Regs
- Alcohol and Substance Abuse
- Fraud, Waste, and Abuse
- Multi-State Payroll Tax
- Multi-State Business Tax
- Policies/Procedures Minors on Campus

Low/Negligible

- **Enrollment**
- **Financial Sustainability**
- **Attract, Recruit, Retain Faculty/Staff**
- Labor Relations
- Data Management
- IT Disaster Recovery
- Continuity Planning
- Crisis Communications Coord.
- Uninsured Loss
- Oversight of Student Organizations

PROACTIVELY ACKNOWLEDGE WHAT YOUR ERM PROGRAM CAN AND CANNOT DO



YES!

- Identify and assess risks with systemwide implications
- Support informed decision-making
- Facilitate systemwide coordination on risk identification and assessment
- Assist in identifying risk owners
- Facilitate coordination of mitigation activities
- Facilitate the assessment of effectiveness of mitigation activities on risk



NO!

- Own risk
- Own risk mitigation strategies
- Implement risk mitigation strategies
- Own compliance review or monitoring
- Own campus ERM programs or plans

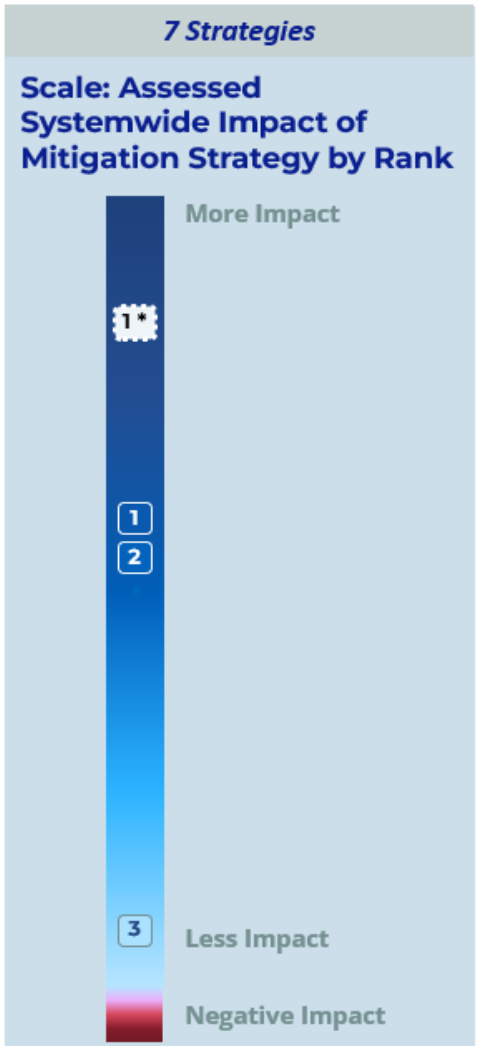
SHOW THE PROOF IN THE PUDDING

Mitigation Assessment Results: Facilities & Deferred Maintenance Risk (FY22)

Rank	Mitigation Strategy as of June 30, 2023	Implementation Status
1	Reaching/Maintaining Keep Up Targets	Partially*
	Reaching/Maintaining Catch Up Targets	Partially*
2	Annual Update of Campus Deferred Maintenance (Gordian)	Fully
	Capital Policy & Standards	Fully
	Reporting – Biannual Capital Plan	Fully
	Reporting – Quarterly Capital Reporting Including Keep Up and Catch Up	Partially
3	Tracking Spending Against DCAMM Contracts	Partially

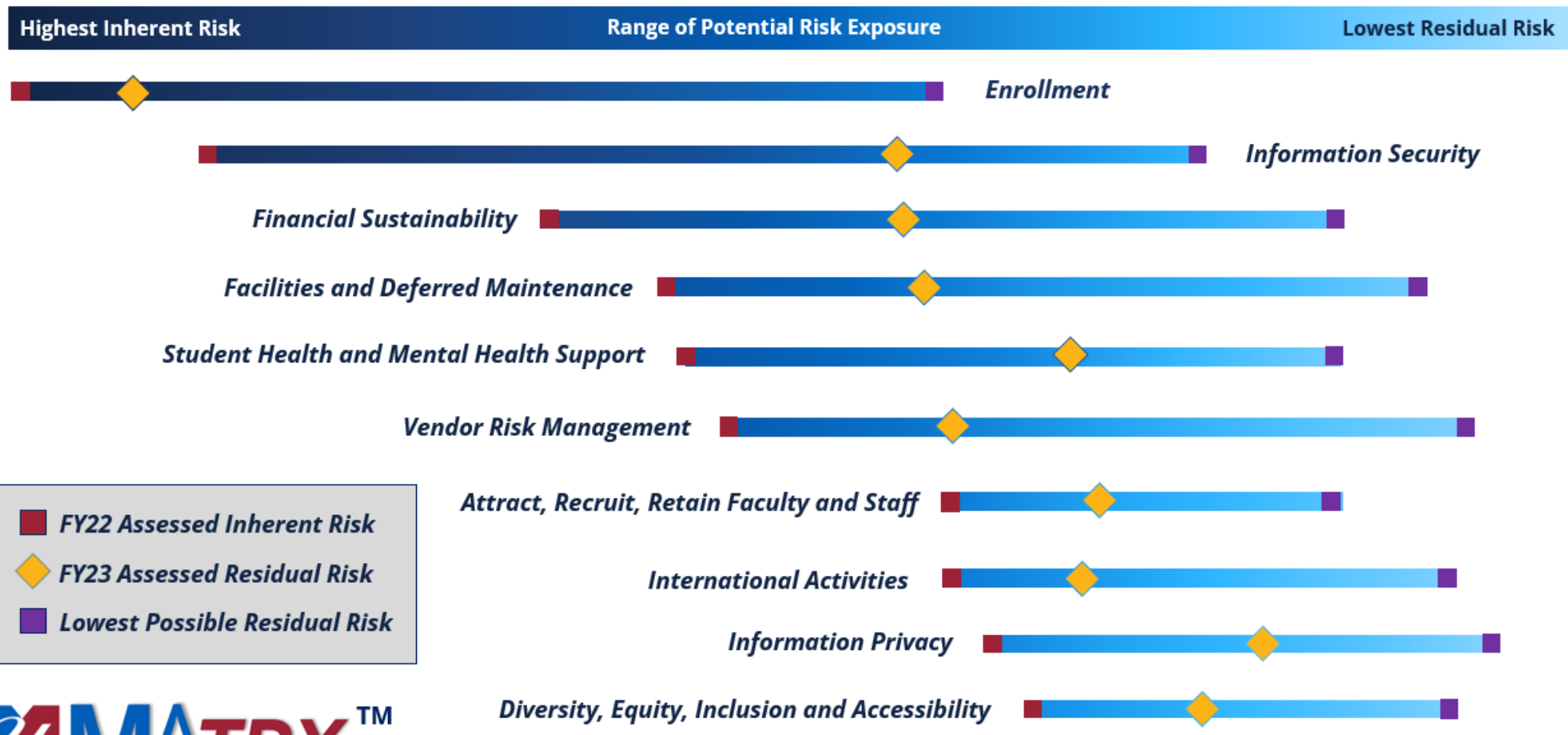
* The impact of these strategies would be significantly greater if these strategies were fully implemented. See scale.

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SHOW THE PROOF IN THE PUDDING

FY22 Risks: Movement in Reducing Risk Exposure



FY22 Assessed Inherent Risk

FY23 Assessed Residual Risk

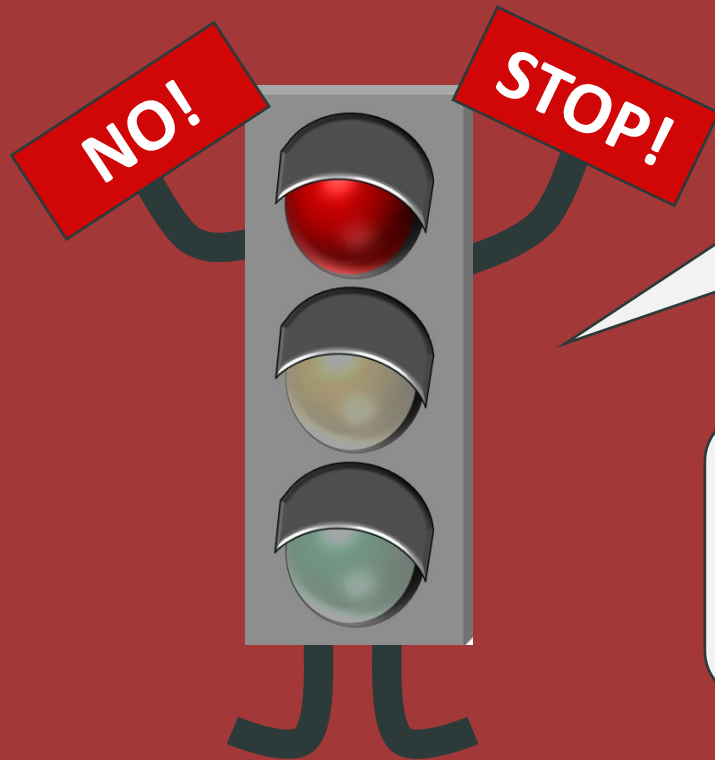
Lowest Possible Residual Risk



BUT BE PREPARED FOR THE JALAPEÑOS

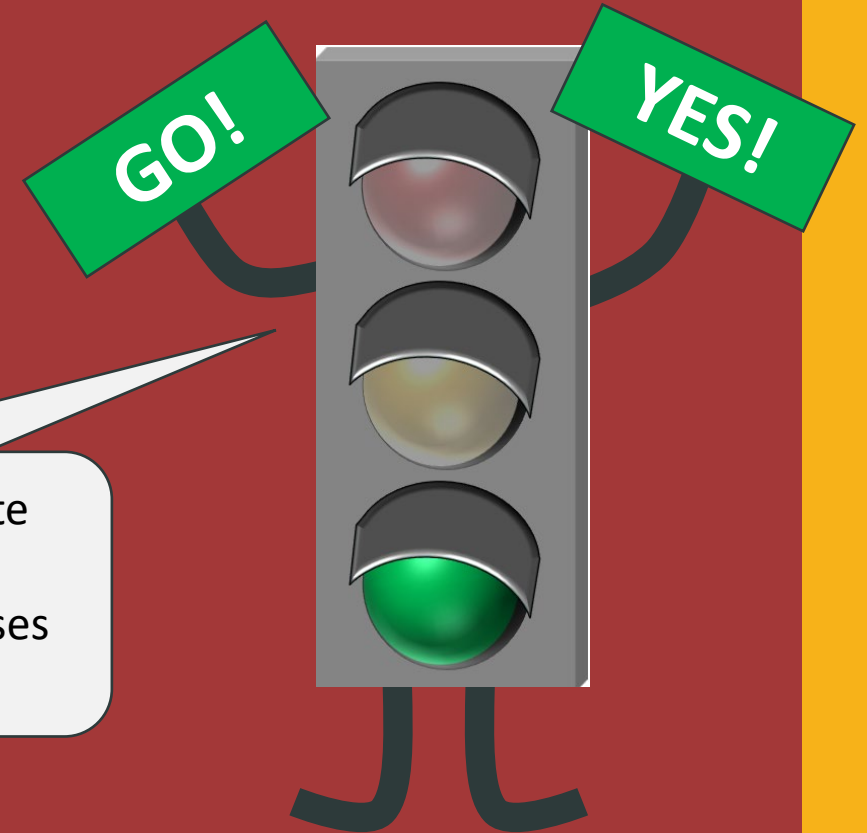


"The truth is like a jalapeño: the closer you get to the root the hotter it gets."



ERM is increasing
our vulnerability!

Actually, ERM helps demonstrate
our strengths in reducing risk
exposure and facilitates processes
to address vulnerabilities.



BUT BE PREPARED FOR THE JALAPEÑOS



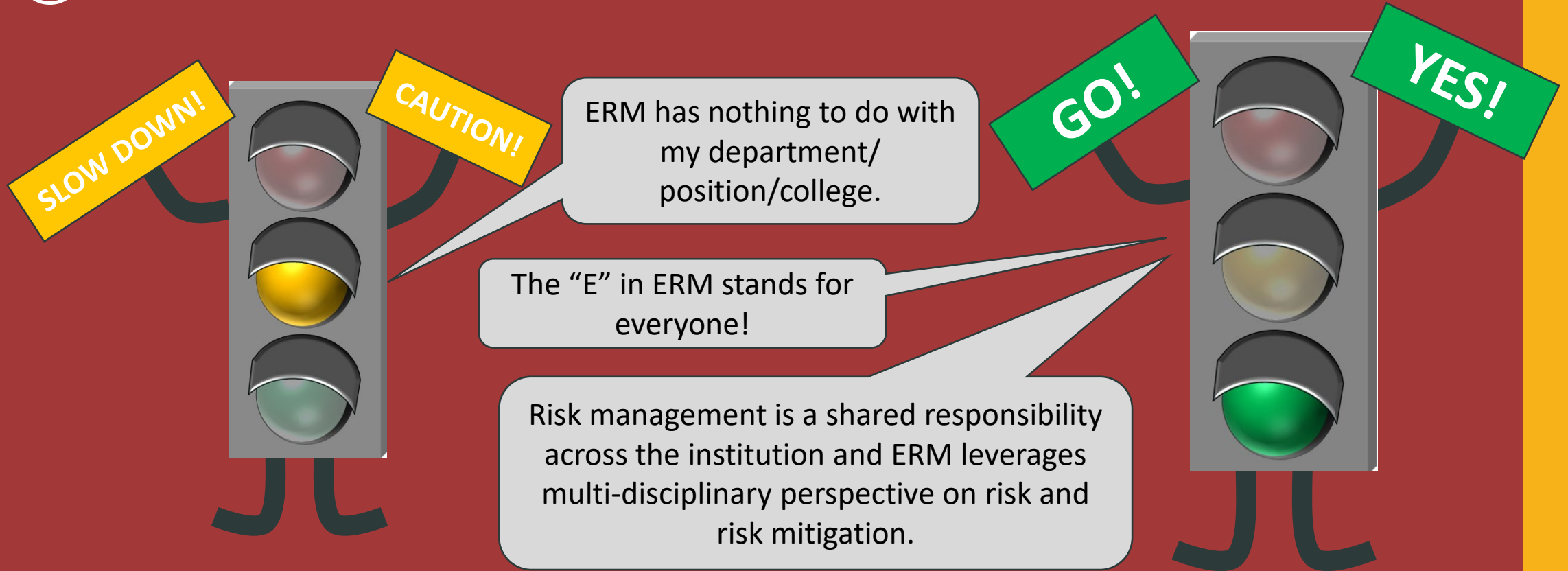
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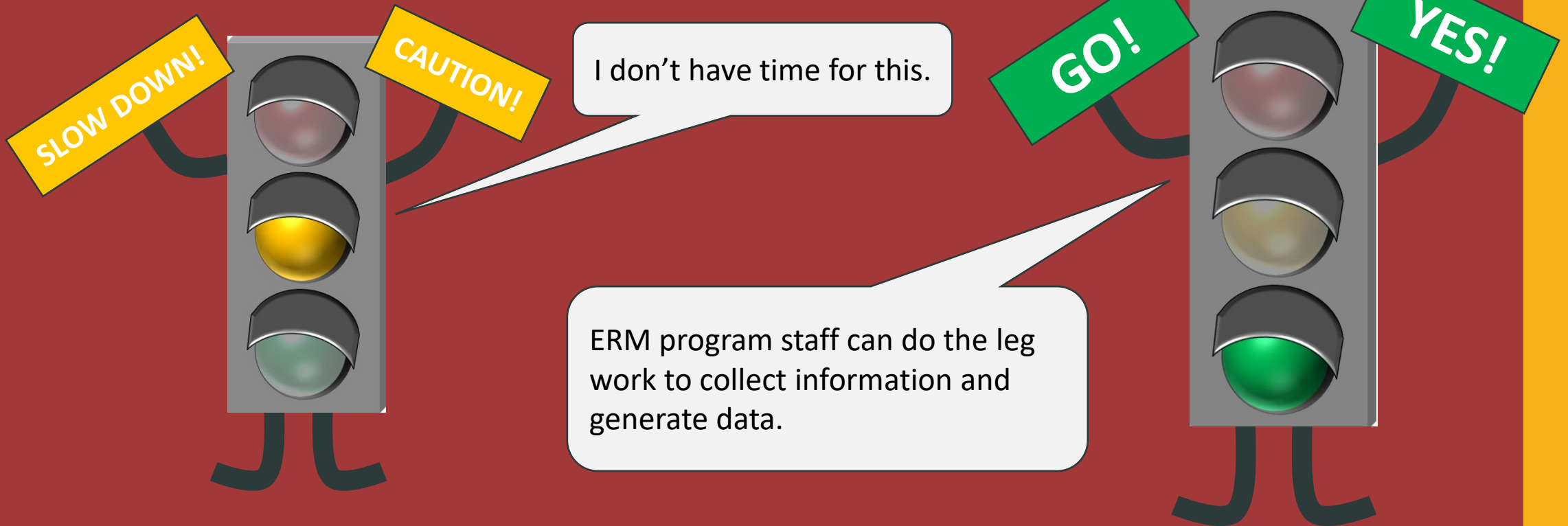
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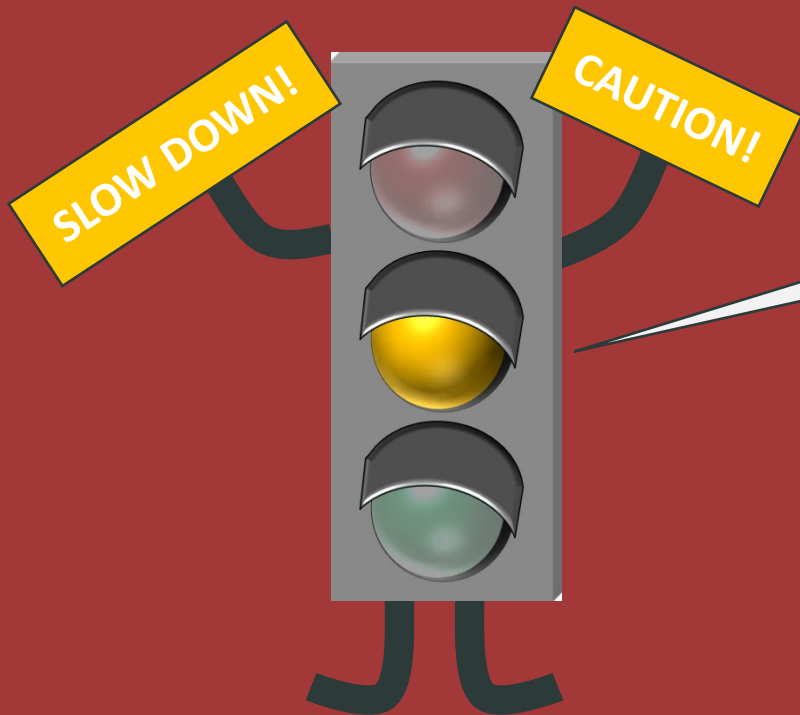
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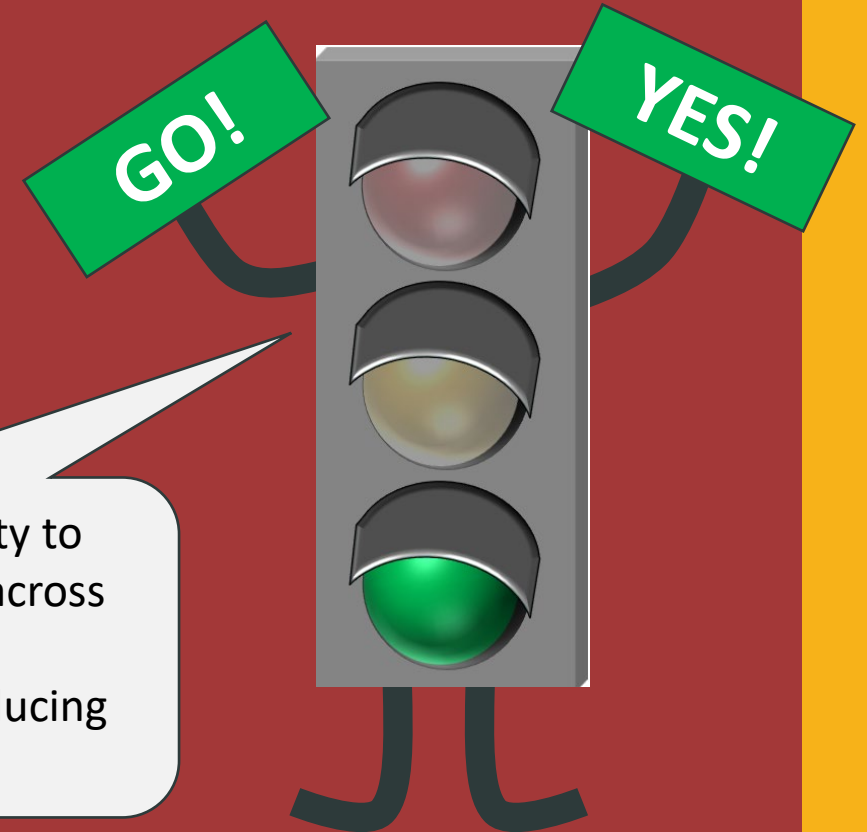


"The truth is like a jalapeño: the closer you get to the root the hotter it gets."



You'll make us look like slackers.

ERM provides the opportunity to highlight the work partners across the institution already have underway that is actively reducing risk.





Maintaining Your ERM Program



***“ERM** is like money and health; once you have it, you have to work to keep it up.”*





Conclusions and Takeaways



“It’s not about win or lose, it’s whether you accept the challenge. By accepting the challenge, you already win.”

- Stop talking and start doing
- Adapt approaches so they work for YOUR institution
- Build a strong foundation of the “basics”
- Take an iterative approach – one success at a time, over and over
- Find and use a champion
- Demonstrate the value of ERM
- Create a sense of shared responsibility for addressing risk mitigation goals/targets
- Do the leg work (that maybe only you can do)
- Don’t be afraid to jettison practices/ideas that don’t get traction or don’t serve program objectives
- Play the long game





Christine Packard

Assistant Vice President, Enterprise Risk Management

University of Massachusetts

cpackard@umassp.edu

www.umassp.edu/enterprise-risk-management

