



**FAMU**

FLORIDA A&M UNIVERSITY

**ENTERPRISE RISK  
MANAGEMENT**  
DIVISION OF AUDIT

# Enterprise Risk Management within the Florida SUS and Beyond

Report No. 2023-ERM-04

October 3, 2022



## Executive Summary

On June 2, 2022, the Chair of the Audit and Compliance Committee for Florida Agricultural and Mechanical University’s (FAMU) Board of Trustees, directed the Chief Risk Officer to evaluate enterprise risk management (ERM) programs within the State University System of Florida (SUS). As a result, the Chief Risk Officer (CRO) compiled a list of best practices related to governance and staffing of enterprise risk management programs and met with each SUS institution to determine if those best practices were in place, evaluated whether the top public universities in the nation had established ERM programs, evaluated which states contained higher education systems where the implementation of ERM had been mandated, and provided each institution with a maturity self-assessment tool to gauge the overall maturity of SUS institutions. The following chart depicts some of the key outcomes of the ERM assessment of SUS institutions and the broader nation.

### Implementation of ERM Best Practices in the SUS



Five of twelve SUS institutions have implemented ERM programs. Of those five institutions, only three were reported to be fully functional as of the Summer 2022 academic term. As a result, few governance and staffing elements of a high performing ERM program were in place.

### Top Public Colleges and Universities with ERM Programs



100% of the top ten public colleges and universities listed in the 2021-2022 U.S. News and World Report rankings had established ERM programs. Seven of the ten universities were a part of higher education systems which mandated implementation of enterprise risk management.



### Higher Education Systems with ERM Mandates

Our review identified eleven states where higher education systems had mandated an ERM program be in place within their system’s institutions.



### SUS ERM Maturity Self-Assessment

Our evaluation of the eleven ERM maturity self-assessments submitted by SUS institutions determined that while many of the institutions do not have established ERM programs, they possess some of the foundational building blocks needed to begin development of a mature ERM program.



While FAMU’s ERM program has only been operational since August 2021, the Chief Risk Officer and her team, were able to leverage many of the risk management practices put in place by the Division of Audit, Office of Compliance and Ethics, and other areas within the university to quickly build out the foundation of the program. FAMU’s average maturity rankings for each of the four categories assessed in the United Educators Higher Education ERM Maturity Tool is below:

<b>NO FORMAL ERM PROCESS</b>	<b>LOW MATURITY</b>	<b>MEDIUM MATURITY</b>	<b>HIGH MATURITY</b>
<p>Traditional risk management without a process for managing risk across an institution</p>	<p>ERM program started, but is not yet a regular business process reaching beyond ERM leadership</p>	<p>ERM process established, but is not yet part of the institution’s culture or strategic decision-making; there is room to grow in some areas</p>	<p>Advanced ERM process is part of the institution’s culture and strategic decision-making</p>

FAMU ERM PROGRAM MATURITY	
Maturity ERM Category	ERM Maturity Level: Average Score
<p><b><u>ERM PURPOSE AND SCOPE</u></b>            Consider the scope of your risk management efforts, including the purpose and goals of your institutional risk management program; how the program connects to your strategic, budget, and risk planning processes; and whether your institution has consistent, proactive plans in place for institutional risks.            Topic FAMU Maturity Level FAMU ERM</p>	<p>Average Maturity Level:  <b>MEDIUM</b></p>
<p><b><u>ERM CENTRALIZATION AND ACCOUNTABILITY</u></b>            Consider the extent to which your risk management processes are centralized. This includes who holds the institution accountable for taking meaningful steps to identifying, assessing, and mitigating risks; the board’s role; and whether risk management processes are centralized to manage all institutional risks rather than only certain categories of risk.</p>	<p>Average Maturity Level:  <b>MEDIUM</b></p>
<p><b><u>ERM PROCESS</u></b>            Consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.</p>	<p>Average Maturity Level:  <b>HIGH</b></p>
<p><b><u>CAMPUS RISK MANAGEMENT CULTURE</u></b>            Consider whether the institution has a culture of risk awareness, communicates with and trains the community on ERM, encourages collaboration across areas and department, and makes risk-aware decisions as part of its operations.</p>	<p>Average Maturity Level:  <b>MEDIUM</b></p>

FAMU’s ERM program is one of the more mature programs in the SUS system, as a result of the ERM program staff strategically capitalizing on policies, processes, and procedures already in place and implementation of new industry best practices. Additionally, the support of our Board of Trustees, as well as the Senior Leadership Team, has assisted in setting the tone for a risk-aware culture within the university environment and driving acceptance of new risk management processes for quicker implementation.



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## Background

### Risk Management and Enterprise Risk Management:

Risk management is those processes that ensure university management and the Board of Trustees identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of institutional objectives. Enterprise Risk Management (ERM) is a business process, led by senior leadership and the board, that extends the concepts of risk management to include identifying risks across the entire enterprise; assessing the impact of risks to the operations and mission; developing and practicing response or mitigation plans; monitoring the identified risks; holding the risk owner accountable; and consistently scanning for emerging risks. ERM can be viewed as an extension of traditional risk management with the hallmarks of a good ERM program including:

- Enterprise-wide Approach;
- Executive-level Sponsorship;
- Defined Accountability;
- Intentional, Systematic, and Structured;
- Defined risk tolerance/appetite;
- Establishment and communication of risk management process goals and activities; and
- Monitored treatment plans (i.e., avoidance, accept & monitor, reduce the likelihood, reduce the impact, or transfer).

The underlying premise of ERM is that every institution exists to provide value for its stakeholders and all institutions face uncertainty. The challenge for our board and leadership team is to determine how much uncertainty to accept as we strive to grow stakeholder value. Uncertainty presents both risk and opportunities, with the potential to erode or enhance value.

The Association of Governing Boards<sup>1</sup>(AGB), which all institutions within the State University System of Florida (SUS) is a member of, states in regard to ERM:

*“Only governing boards fully engaged in risk management can effectively support their institutions as they weather the literal and figurative storms facing higher education today. Every committee, not just members of the finance or audit committees, must engage in thoughtful risk assessment and avoid unjustified complacency.”*

*AGB encourages our members to engage in a robust Enterprise Risk Management (ERM) program at the institutions they serve. A comprehensive program enables administrators to “assess and manage institution-wide risks and the external and internal forces that shape the risk environment” of an institution. Ultimately, appropriate board oversight and ERM reports inform governing boards of the most critical risks to fulfilling their strategic plans and institutional mission.”*

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<sup>1</sup> The Association of Governing Boards of Universities and Colleges (AGB) is the premier organization focused on empowering college, university, and foundation boards to govern with knowledge and confidence.



**ERM Standards:**

There are two widely accepted risk management standards organizations within higher education generally utilize to help manage risks:

- *COSO Enterprise Risk Management – Integrating with Strategy and Performance*: Focuses on the importance of considering risk in both the strategy-setting process and in driving performance.
- *ISO 31000 – Risk Management*: A family of standards relating to risk management codified by the International Organization for Standardization.

FAMU has implemented the *COSO Enterprise Risk Management – Integrating with Strategy and Performance*. The following diagram provides an overview of the framework’s five interrelated components and 20 principles.



Enterprise Risk Management Framework: Integrating with Strategy and Performance © 2017 Committee of Sponsoring Organizations of the Treadway Commission (COSO). All rights reserved. Used with permission.

Integrating ERM with business practices results in better information that supports improved decision-making and leads to enhanced performance. It helps organizations to:

- Anticipate risks earlier or more explicitly, opening up more options for managing the risks;
- Identify and pursue existing and new opportunities;
- Respond to deviations in performance more quickly and consistently;
- Develop and report a more comprehensive and consistent portfolio view of risk; and
- Improve collaboration, trust, and information-sharing.

Specifically, within the State University System of Florida, implementing the *COSO Enterprise Risk Management – Integrating with Strategy and Performance* would allow institutions to implement a focused and systematic approach to addressing risk, and identifying opportunities, to their strategic plans, Performance-based Funding metrics, pre-imminence metrics, and the U.S. National News and World Report Rankings.



**State University System of Florida Board of Governors' ERM Focus:**

In the fall of 2017, the State University System of Florida Board of Governors surveyed member institutions regarding their risk management practices to determine if the institutions:

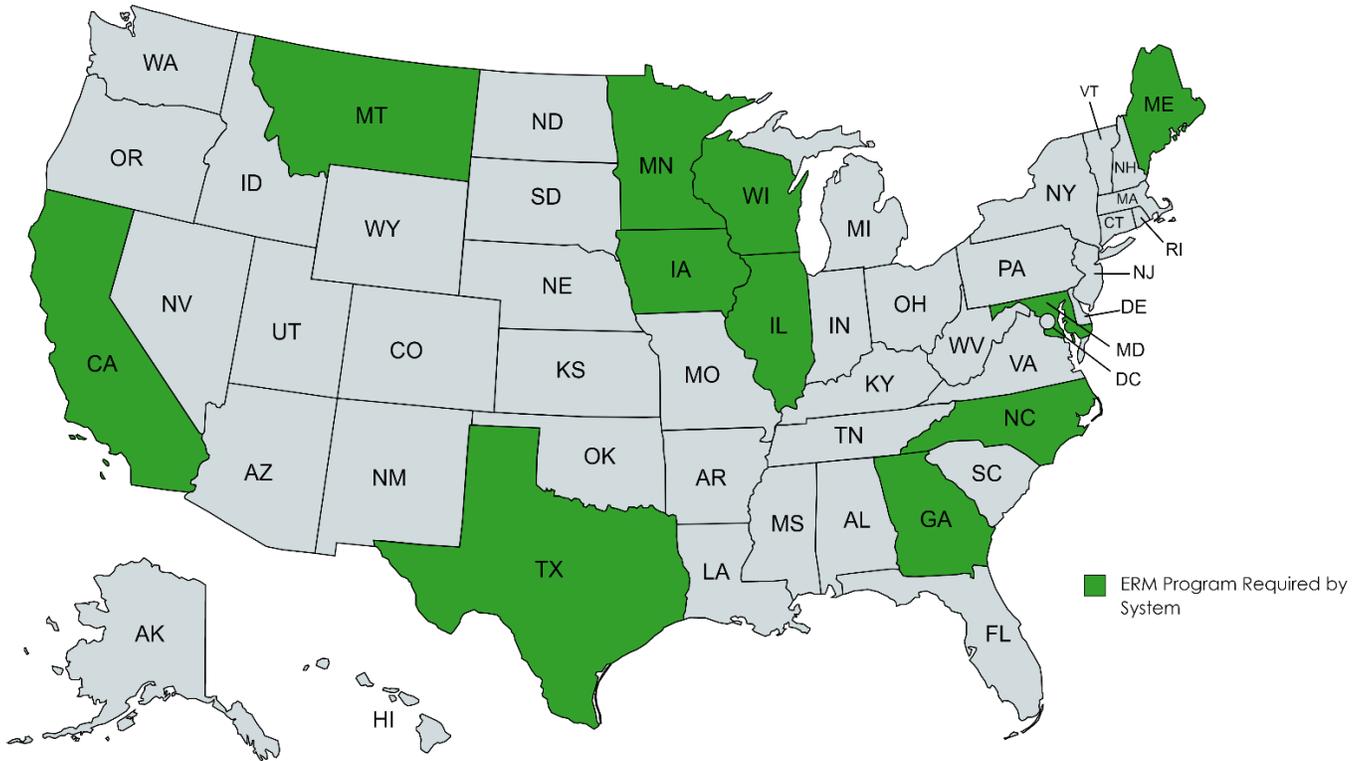
1. Utilized traditional risk management practices to manage risks;
2. Communicated risks to senior management;
3. Maintained an enterprise-level risk inventory;
4. Had a board-level committee responsible for risk management;
5. Had a management-level risk committee;
6. Had an enterprise risk management (ERM) governing document; and
7. Board of Trustees communicated a risk tolerance/appetite.

The results of the survey , as shown below, were presented during January 25, 2018 Audit and Compliance Committee Meeting of the Florida Board of Governors.

Percent	Information
100%	Traditional risk management
100%	Communicate risks to senior management
50%	Enterprise-level risk inventory
100%	Board-level committee responsible for risk management
50%	Management-level risk committee
25%	ERM governing document
75%	Board of Trustees communicates Risk Appetite



The Board of Governors has not acted since this time to mandate an ERM program through regulation, as they have the audit and compliance functions. Our research of other state systems revealed that eleven state college and university systems have issued system policies and/or regulations mandating that each of their system institutions implement an enterprise risk management program. The map below highlights those states (in green) with a system policy and/or regulation in place.





## ERM at Florida A&M University

The FAMU ERM program was established in August 2021 as part of the Division of Audit. President Larry Robinson, appointed Deidre Melton as the University’s Chief Risk Officer, and tasked her with building a first-class enterprise risk management program. Over the past year, Ms. Melton, with the assistance of her ERM Coordinator William Knight, has begun development and implementation of FAMU’s ERM program.

The United Educators<sup>2</sup> developed a [maturity tool](#) for higher education institutions to evaluate their program. The tool allows institutions to qualitatively assess each aspect of ERM: purpose and scope, centralization and accountability, process, and campus risk management culture. Unlike most maturity models, which aim to produce a numerical score that advances over time, this tool is designed to show which aspects of ERM programs present the greatest growth opportunities.

NO FORMAL ERM PROCESS	LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
Traditional risk management without a process for managing risk across an institution	ERM program started, but is not yet a regular business process reaching beyond ERM leadership	ERM process established, but is not yet part of the institution’s culture or strategic decision-making; there is room to grow in some areas	Advanced ERM process is part of the institution’s culture and strategic decision-making

The following tables highlights FAMU’s current maturity ratings and identifies program highlights and future actions planned over the next 1 – 3 years as the program matures.

ERM PURPOSE AND SCOPE			
Consider the scope of your risk management efforts, including the purpose and goals of your institutional risk management program; how the program connects to your strategic, budget, and risk planning processes; and whether your institution has consistent, proactive plans in place for institutional risks.			
	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
Purpose Statement	Does the institution have a charter, policy, or other document stating purpose for ERM?	<b>HIGH</b> Yes, clearly stated purpose drives explicit ERM goals across institution	<b>Highlights</b> <ul style="list-style-type: none"> <li>The University has both a Board of Trustees Policy (2019-01) and University Policy (UP-01-02) that states the purpose of FAMU’s ERM program.</li> <li>The University has established mission and vision statements to also highlight the goals of the ERM program (See Appendix A)</li> </ul>

<sup>2</sup> With about 1,600 members ranging from large university systems to small, independent K-12 schools, United Educators (UE) is committed to providing the coverage and tools needed to confidently operate your campus while managing education-specific risks.



## ERM PURPOSE AND SCOPE

Consider the scope of your risk management efforts, including the purpose and goals of your institutional risk management program; how the program connects to your strategic, budget, and risk planning processes; and whether your institution has consistent, proactive plans in place for institutional risks.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
Strategic planning and decision-making processes			<p><u>Future Actions</u></p> <ul style="list-style-type: none"> <li>The ERM program will develop awareness campaigns and educational programming to enhance FAMU community understanding of ERM and the program goals.</li> </ul>
	How do strategic processes connect with ERM?	<p><u>MEDIUM</u></p> <p>Strategic processes sometimes informed by ERM data</p>	<p><u>Highlights</u></p> <ul style="list-style-type: none"> <li>The Chief Risk Officer was added to the strategic planning processes for building the 2022-27 <i>Boldly Striking</i> strategic plan. In this capacity, the CRO had the opportunity to provide feedback using risk intelligence.</li> <li>ERM is integrated into the 2022-27 <i>Boldly Striking</i> strategic plan, Priority 5 Organizational Effectiveness and Transformation, Goal 3: Strengthen the University’s culture of strategic decision making through promotion and enhancement of compliance, internal controls, and <b>enterprise risk management</b> practices with an emphasis on engagement, education, reporting, and accountability.</li> </ul> <p><u>Future Actions</u></p> <ul style="list-style-type: none"> <li>The Enterprise Risk Management Advisory Committee (ERMAC) will begin the process of identifying the risks to all strategic plan priorities and related goals in Fall 2022. The completion of this task and ongoing monitoring of risks will allow the University to move to a <b>HIGH</b> maturity level.</li> </ul>
Institutional budgeting processes	How do budget-setting processes connect with ERM?	<p><u>MEDIUM</u></p> <p>Informally consider top risks, ERM mitigation efforts</p>	<p><u>Highlights</u></p> <ul style="list-style-type: none"> <li>The University has informally considered risk to University strategies and Performance-Based Funding (PBF) metrics during the budgeting process on a consistent basis over the past few years.</li> <li>During the budget cycle to determine the FY 22-23 budget, the Budget Council prioritized the funding of PBF initiatives.</li> </ul> <p><u>In-Progress/Future Actions</u></p> <ul style="list-style-type: none"> <li>In Spring 2022, the ERMAC began the process of identifying specific risks and opportunities for each PBF metric, to provide University</li> </ul>



## ERM PURPOSE AND SCOPE

Consider the scope of your risk management efforts, including the purpose and goals of your institutional risk management program; how the program connects to your strategic, budget, and risk planning processes; and whether your institution has consistent, proactive plans in place for institutional risks.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
<b>Reactive vs. proactive planning</b>			management with risk intelligence to enhance decision-making, including budgeting. This process is expected to be completed prior to the start of the FY 23-24 budget planning process and will assist the University into moving to a <b>HIGH</b> maturity level.
	Does the institution manage risk proactively?	<b>HIGH</b> Yes, proactively plans for and mitigates existing, emerging, and long-term risks	<u><b>Highlights</b></u> As part of the ERM program several activities have been instituted to help the University move from employing reactive risk management practices to being proactive. These activities include: <ul style="list-style-type: none"> <li>• June 9, 2022: The Senior Leadership Team (SLT) held a retreat where the Chief Audit Executive and Chief Risk Officer spent the morning holding discussions with SLT on the top risks facing the University.</li> <li>• Starting in July 2022, the Chief Risk Officer began periodically attending SLT meetings to facilitate discussions with SLT on enterprise high risk areas to help management identify appropriate risk response measures.</li> <li>• In July 2022, the ERM Program begin releasing risk bulletins on high and emerging University risks. All high-risk areas bulletins are discussed at a SLT meetings. Emerging risk bulletins are optional for discussion at SLT, but ERM staff works with and monitors actions taken by risk owners.</li> </ul> <u><b>Future Actions</b></u> <ul style="list-style-type: none"> <li>• Develop a process for the CRO to regularly discuss high and emerging risk areas with the SLT.</li> <li>• Develop a process for ERM personnel to monitor progress toward mitigation responses to high risk areas.</li> </ul>



## ERM CENTRALIZATION AND ACCOUNTABILITY

Consider the extent to which your risk management processes are centralized. This includes who holds the institution accountable for taking meaningful steps to identifying, assessing, and mitigating risks; the board's role; and whether risk management processes are centralized to manage all institutional risks rather than only certain categories of risk.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
<b>ERM Centralization</b>	Does ERM have influence across the institution?	<p><b><u>MEDIUM</u></b></p> <p>Not yet across entire institution; some influence across departments involved in the process</p>	<p><b><u>Highlights</u></b></p> <ul style="list-style-type: none"> <li>The Enterprise Risk Management Advisory Committee (ERMAC) is composed of a cross-functional group of leaders across the University which provides ERMAC the opportunity to influence the entire University as the ERM program and ERMAC activities mature.</li> <li>The <a href="#">risk bulletin</a> reporting and discussion process allows for ERM to have some influence on high and emerging risk areas that impact the institution at an enterprise level.</li> <li>The Chief Risk Officer is not currently involved in crisis management situations, such as recent athletics, housing, and band activities that led to an emergency Board of Trustees meeting on September 2, 2022. ERM best practices indicate that Chief Risk Officers should be actively involved when situations reach crisis level to advise leadership in real-time on the risk-based implications of the quick decisions' leaders are faced with making.</li> </ul> <p><b><u>Future Actions</u></b></p> <ul style="list-style-type: none"> <li>Provide training on ERM to all ERMAC members.</li> <li>Create regular communications for ERMAC members to share with their colleagues.</li> <li>Develop a crisis management risk toolkit and work with senior management to understand the role enterprise risk management has in the crisis management process.</li> </ul>
<b>Connection to the Board</b>	Does the ERM committee directly report to and hear back from the board?	<p><b><u>MEDIUM</u></b></p> <p>Yes, regularly reports to board but may not get guidance</p>	<p><b><u>Highlights</u></b></p> <ul style="list-style-type: none"> <li>The Chief Risk Officer is the chair of the ERMAC. The Chief Risk Officer reports out on ERM activities, including those of ERMAC, at each Audit and Compliance Committee meeting of the Board of Trustees.</li> <li>The Chief Risk Officer has received input and feedback from the Board during meetings on activities and direction of the program. Additionally, the Chief Risk Officer, met with several Board members to gain feedback and insights into the development of the University's risk appetite statement.</li> </ul>



## ERM CENTRALIZATION AND ACCOUNTABILITY

Consider the extent to which your risk management processes are centralized. This includes who holds the institution accountable for taking meaningful steps to identifying, assessing, and mitigating risks; the board's role; and whether risk management processes are centralized to manage all institutional risks rather than only certain categories of risk.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
			<p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>The Chief Risk Officer will hold separate quarterly meetings with the Board Chair and Audit and Compliance Committee Chair regarding ERM activities and the University's risk landscape.</li> <li>The ERM program will develop an annual risk survey for all board members to complete to gain feedback on ERM program activities.</li> </ul>
<b>Board Oversight</b>	Does the board hold senior leaders accountable for progress on ERM?	<b>MEDIUM</b> No, board mandates ERM process but no accountability	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The <a href="#">Board of Trustees Policy 2019-01: Internal Controls and Enterprise Risk Management</a> holds the President and his Senior Leadership Team responsible for reviewing and approving recommendations from ERMAC regarding the development and implementation of the ERM program, as well as, ERM progress reports.</li> <li>The board has required management develop risk response plans for all high risk, and some medium risk areas and for the Division of Audit to monitor and report on progress related to the risk response plans.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Automate the risk response plan development and monitoring process.</li> <li>Develop ERM dashboards for board members to help with program oversight and decision making.</li> </ul>
<b>Senior Leadership Oversight</b>	Does the ERM committee hold senior administrators accountable for ERM participation?	<b>MEDIUM</b> Yes, but may not always have authority	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The Chief Risk Officer, who chairs the ERMAC, encourages participation and responsiveness by senior leadership in ERM activities. However, the Chief Risk Officer and ERMAC, does not have the authority to hold senior leaders accountable for participation. Instead, the Chief Risk Officer work with the Chief Audit Executive to gain assistance with responsiveness from his colleagues on the Senior Leadership Team.</li> </ul>



## ERM PROCESS

Consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
<b>Role of campus community in identifying risks</b>	Does the institution empower stakeholders at all levels to report risks and use data to elevate risks?	<u><b>HIGH</b></u> Yes, formal process in place to report risks, collect data, elevate risks to institutional level	<u><b>Highlights</b></u> <ul style="list-style-type: none"> <li>The ERM program developed a risk reporting structure in collaboration with the Senior Leadership Team, which was approved by the Board of Trustees as part of the Risk Appetite Statement.</li> <li>The Division of Audit conducts a comprehensive risk assessment that seeks input from all levels of the University in identifying risks throughout the year through interviews, advisory activities, focus groups, self-assessments, and one-on-one meetings.</li> </ul> <u><b>Future Actions</b></u> <ul style="list-style-type: none"> <li>Develop a risk reporting hotline feature on the ERM website.</li> <li>Host risk workshops throughout each fiscal year to gather additional risk data.</li> <li>Provide risk communications to the campus communication that educate them on risk management best practices, their role and responsibility for reporting risks, and ERM activities.</li> </ul>
<b>Identify risks</b>	Does the institution formally identify institutional risks?	<u><b>HIGH</b></u> Yes, and across all areas to uncover root causes of risk	<u><b>Highlights</b></u> <ul style="list-style-type: none"> <li>The risk assessment process, led by the Division of Audit, uses the Association of College and University Auditors Risk Dictionary to assess all standard higher education risk areas and related controls and categorize them by area.</li> <li>ERMAC is in the process of developing a comprehensive risk profile for the Performance-based Funding metrics with an expected completion of October 2022.</li> </ul> <u><b>Future Activities</b></u> <ul style="list-style-type: none"> <li>ERMAC will develop a comprehensive risk profile for the strategic plan strategic priorities and goals.</li> <li>The risk assessment process will be enhanced to include University Risk Management and Insurance Association risk data.</li> <li>ERMAC will be implementing a risk reporting hotline for all staff, students, faculty, and stakeholders to be able to report risks.</li> </ul>



## ERM PROCESS

Consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
Assess risks			<ul style="list-style-type: none"> <li>The ERM program will work with Gartner to enhance risk identification processes.</li> </ul>
	Does the institution formally prioritize institutional risks?	<p><b>HIGH</b></p> <p>Yes, uses established scale to consistently prioritize risks</p>	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Risks are annually prioritized and reported through the risk assessment process led by the Division of Audit. The eight-point scale ranges from Low Risk to High &amp; Rising.</li> <li>The University also developed a <a href="#">Risk Appetite Statement</a> which identified the highest priority areas for the University and identified a risk appetite level for each priority area ranging from Risk Averse to Opportunity Seeking.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Develop dashboards and processes to synthesize risk data in real-time for regular prioritization and management action.</li> <li>ERMAC will work with the Senior Leadership Team to prioritize risks to Performance-based Funding metrics and the strategic plan upon completion of the risk assessment process to the respective areas.</li> <li>Host ERM workshops with University community to gain feedback into the risk ranking process.</li> </ul>
Mitigate and treat risks	Does the institution develop mitigation plans and hold risk owners accountable?	<p><b>MEDIUM</b></p> <p>Yes, but doesn't hold risk owners accountable for actions on all plans</p>	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The University develops risk mitigation plans for all high-level and select medium-level risks identified in the risk assessment process and risk bulletins.</li> <li>Risk response plans are currently followed-up on quarterly and reported to the Board of Trustees.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Automate the risk-response follow-up process.</li> <li>Follow-up on risk response plans monthly with risk owners.</li> </ul>
Report risks	Does the ERM committee formally report on past, current, and future risk management initiatives?	<p><b>HIGH</b></p> <p>Yes, and uses consistent metrics to establish future goals</p>	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The Board of Trustees receives an update on ERM program initiatives during every Audit and Compliance Committee Meeting.</li> <li>The Senior Leadership Team and Board of Trustees receives risk assessment reports</li> </ul>



## ERM PROCESS

Consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.

	Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
Monitor new and emerging risks			<p>showing current risks and a three-year trend of past risks. Additionally, both groups receive risk bulletins related to emerging (future) risks.</p> <ul style="list-style-type: none"> <li>Risks are regularly assessed against the risk appetite statement, strategic plan goals, Performance-based Funding metrics, and established risk scales.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Establish a regular cadence of communications to disseminate information related to emerging risks within higher education to management and staff.</li> <li>Continue to develop processes to engage the Senior Leadership Team, ERMAC, and the FAMU community in the risk identification and goal setting process.</li> </ul>
	Does the institution regularly scan for new and emerging risks?	<b>HIGH</b> Yes, formal process in place	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>Regular scans of new and emerging risks are done through Senior Leadership Team discussions, attendance at higher education conferences where emerging risks are highlighted, higher education publications, and quarterly emerging risk reports received through our Gartner ERM platform.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Continue to monitor emerging risks and determine appropriate methods for communication (i.e. risk bulletins, management communication, etc.)</li> </ul>
Recurring process	Does the institution regularly repeat the ERM process?	<b>HIGH</b> Yes, is recurring business process that grows annually	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The ERM function is an officially established program of the University.</li> <li>The University continues to enhance the full cycle of ERM business processes including the risk identification and response processes, risk communications, risk tools, and risk awareness and education resources for the FAMU community.</li> </ul> <p><b>Future Actions</b></p>



## ERM PROCESS

Consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.

Topic	FAMU Maturity Level	FAMU ERM Program Highlights & Future Actions
		<ul style="list-style-type: none"> <li>Continue to build a risk-aware culture through education, awareness campaigns, and development of risk tools and toolkits.</li> <li>Enhance the risk assessment and response processes through automation and dashboards.</li> </ul>

## CAMPUS RISK MANAGEMENT CULTURE

Consider whether the institution has a culture of risk awareness, communicates with and trains the community on ERM, encourages collaboration across areas and department, and makes risk-aware decisions as part of its operations.

Topic	FAMU Maturity Level	FAMU ERM Program Actions & Achievements
<b>Culture</b> Has the institution created a culture of risk awareness?	<u><b>MEDIUM</b></u> No, only leaders see importance of proactive, collaborative ERM	<p><u><b>Highlights</b></u></p> <ul style="list-style-type: none"> <li>The Board of Trustees and Senior Leadership Team members regular discuss risk to institutional priorities and seek to collaborate across divisions to address the risks.</li> <li>In April 2021, all management received training on enterprise risk management as part of the President’s mandatory Management Seminar.</li> <li>Faculty and staff as a whole have not generally been trained and made aware of the full importance of understanding the University’s risk profile and integrating risk management best practices into their decision processes on a consistent basis.</li> </ul> <p><u><b>Future Actions</b></u></p> <ul style="list-style-type: none"> <li>Create training on ERM for all faculty, staff, and management.</li> <li>Integrate ERM information into the Division of Audit’s quarterly newsletter.</li> <li>Develop a Risk Champion Program for the University designed to identify and educate participants throughout the University who can assist in championing risk management best practices within their respective divisions, colleges, or schools.</li> </ul>
<b>Communication</b> Does the institution communicate with its community on ERM based on their roles and responsibilities?	<u><b>MEDIUM</b></u> No, but committee members informally communicate with peers and direct reports	<p><u><b>Highlights</b></u></p> <ul style="list-style-type: none"> <li>While the institution is effective at communicating enterprise risk information and activities to the Board of Trustees, Senior Leadership Team, and ERMAC members, communication has not been consistent to lower</li> </ul>



## CAMPUS RISK MANAGEMENT CULTURE

Consider whether the institution has a culture of risk awareness, communicates with and trains the community on ERM, encourages collaboration across areas and department, and makes risk-aware decisions as part of its operations.

Topic	FAMU Maturity Level	FAMU ERM Program Actions & Achievements
Risk Management Training		<p>management, faculty, and staff across the University.</p> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Develop communication tools and channels for distribution of ERM information and tools to the broader FAMU community based on their roles and responsibilities.</li> </ul>
	<p><b>MEDIUM</b>            Yes, but only senior leaders are trained on effective practices</p>	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>In April 2021, all management received training on ERM as part of the President’s mandatory Management Seminar.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>Create training on ERM for all faculty, staff, and management.</li> <li>Create a Risk Owner toolkit that will include an on-demand training on risk and their responsibilities and tools to assist in fulfilment of stated responsibilities.</li> </ul>
Collaboration	<p><b>MEDIUM</b>            Yes, but inconsistently on several institutional risks</p>	<p><b>Highlights</b></p> <ul style="list-style-type: none"> <li>The President, Chief Risk Office, and Chief Audit Executive has consistently encouraged management to work collaboratively across University functional areas to effectively manage risk. However, a collaborative approach has not been consistently instituted by all management.</li> <li>Institutional risks related to operational risk areas and Performance-based Funding metrics have been consistently reviewed. Institutional risks related to the University’s strategic plan has not been consistently reviewed and risk response place established to promote cross-functional collaboration.</li> </ul> <p><b>Future Actions</b></p> <ul style="list-style-type: none"> <li>ERMAC will continue to build comprehensive risk profiles for Performance-based Funding metrics and the University’s 2022-2027 Boldly Striking strategic plan and work with management to identify risk response plans and owners that will allow for a collaborative and effective approach to addressing identified risks.</li> </ul>



## CAMPUS RISK MANAGEMENT CULTURE

Consider whether the institution has a culture of risk awareness, communicates with and trains the community on ERM, encourages collaboration across areas and department, and makes risk-aware decisions as part of its operations.

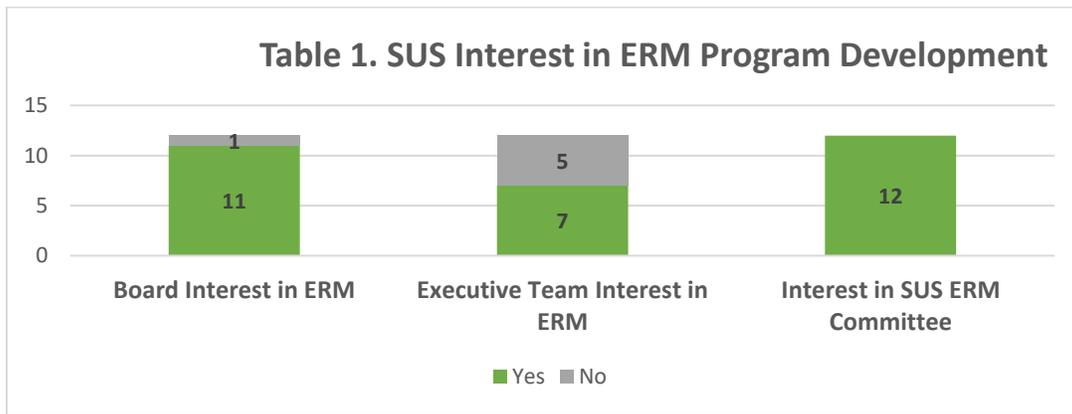
Topic		FAMU Maturity Level	FAMU ERM Program Actions & Achievements
<b>Risk-informed operational decisions</b>	When making operational decisions, does the institution consider possible risks?	<p><b><u>MEDIUM</u></b>            Yes, but only leaders involved in ERM consider risk</p>	<p><b><u>Highlights</u></b></p> <ul style="list-style-type: none"> <li>Currently Senior Leadership Team members and management comprising the ERMAC committee consider risks when making operational decisions. However, management and leaders at all levels of the University have not been trained on methods for integrating risk intelligence into the decision-making processes.</li> </ul> <p><b><u>Future Actions</u></b></p> <ul style="list-style-type: none"> <li>Create training and tools for all faculty, staff, and management to educate them on how to integrate University risk intelligence into the decision-making process.</li> </ul>



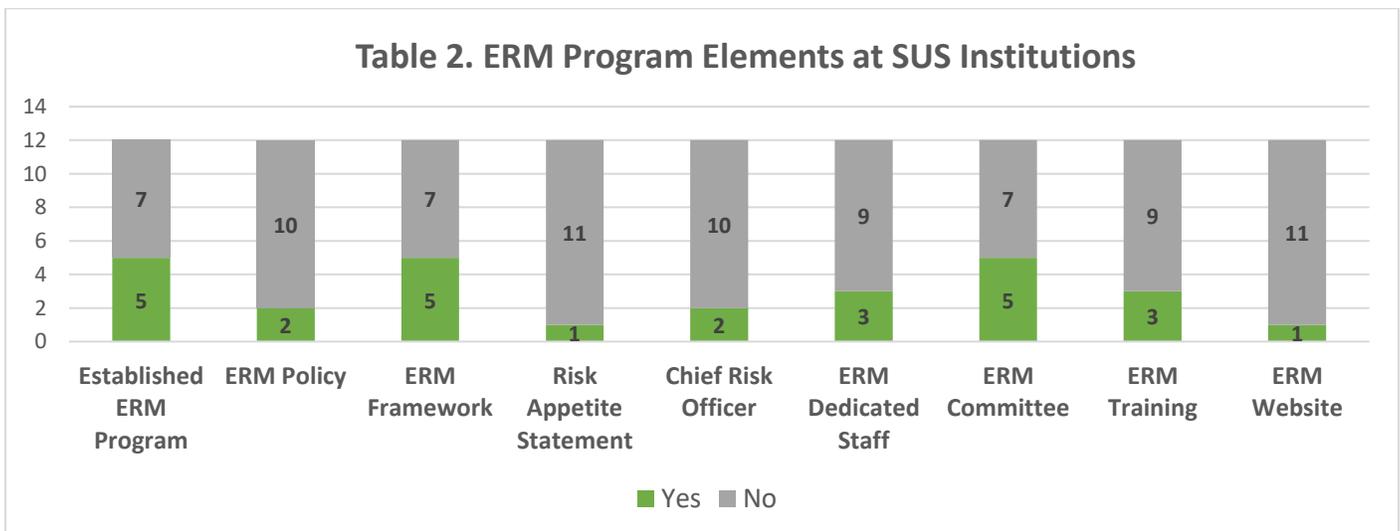
## ERM in the State University System of Florida (SUS)

As a follow-up to the 2017 ERM Survey of SUS institutions, the Office of Enterprise Risk Management at FAMU, interviewed representatives from all eleven sister SUS institutions to determine ERM program elements in place and interest in ERM program development. Representatives interviewed resided in their University’s audit and/or compliance functions.

As Table 1 below illustrates, there is broad interest in developing ERM programs within the SUS. While a majority of SUS Boards of Trustees have expressed keen interest in the development of ERM programs, only 58% percent of SUS executive teams are interested in ERM programs. Additionally, 100% of representatives interviewed express interest in participating in a SUS ERM Committee, should one be established, to help with advancing ERM practices at their institution.



Many of the SUS institutions did not have in place key elements of an ERM program to help support and govern ERM practices throughout their institutions, as illustrated in Table 2 below. While five institutions had established ERM programs, at the time of the interview, only three were fully operational. The remaining two were working on redeveloping their programs.



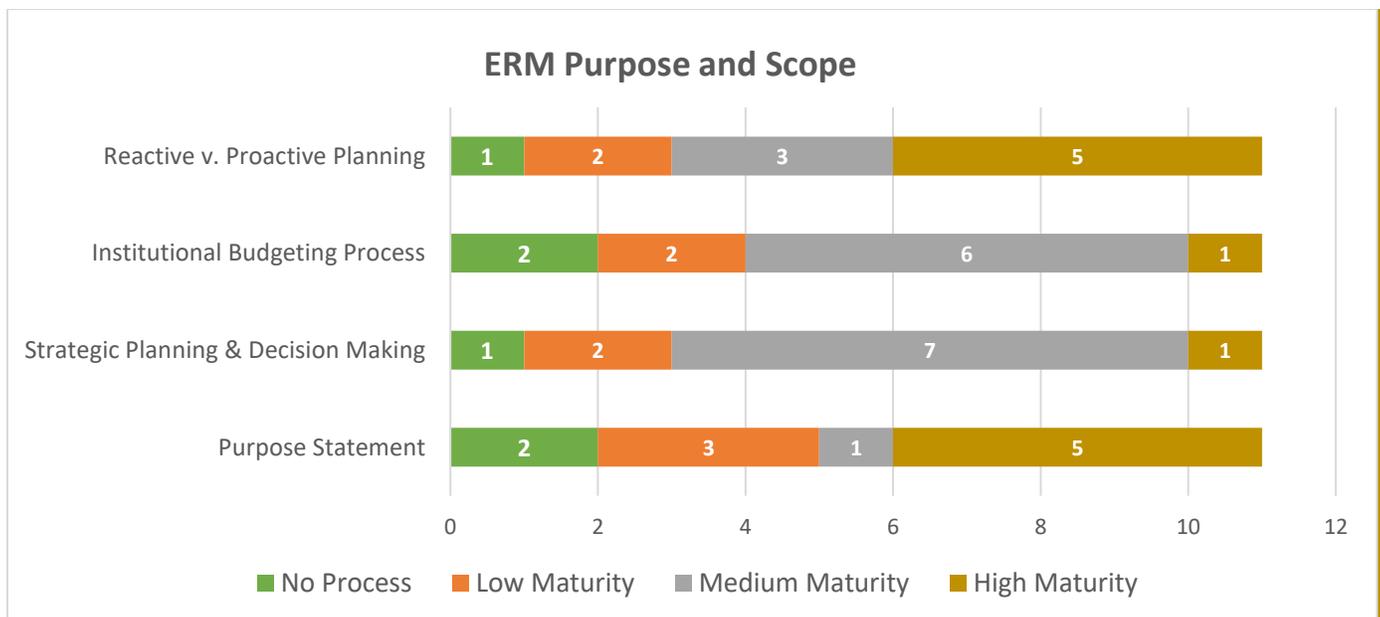


All SUS institutions, with the exception of Florida Gulf Coast University, completed the United Educators ERM maturity self-assessment. The average maturity levels for SUS institutions in each of the four major categories assessed in the tool (purpose and scope, centralization and accountability, process, and campus risk management culture) is identified in the charts below. While most SUS institutions do not have formal ERM programs to ensure a comprehensive look at risks across their institutions, many respondents indicated their institution considers institutional top risks and tries to address them using more traditional risk management practices. It is important to note, that information submitted in each institution’s maturity self-assessment was not verified for accuracy by FAMU’s ERM program staff.



**ERM Purpose and Scope**

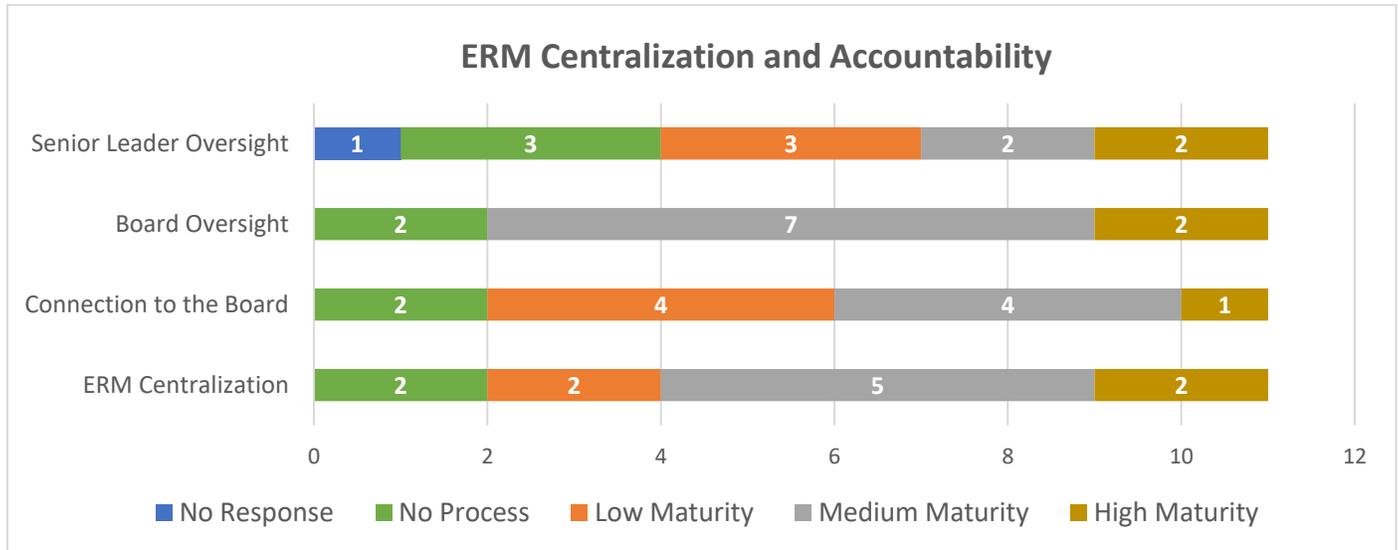
The ERM purpose and scope category required each institution representative to consider the scope of their risk management efforts, including the purpose and goals of the institutional risk management program; how the program connects to their strategic, budget, and risk planning processes; and whether your institution has consistent, proactive plans in place for institutional risks.





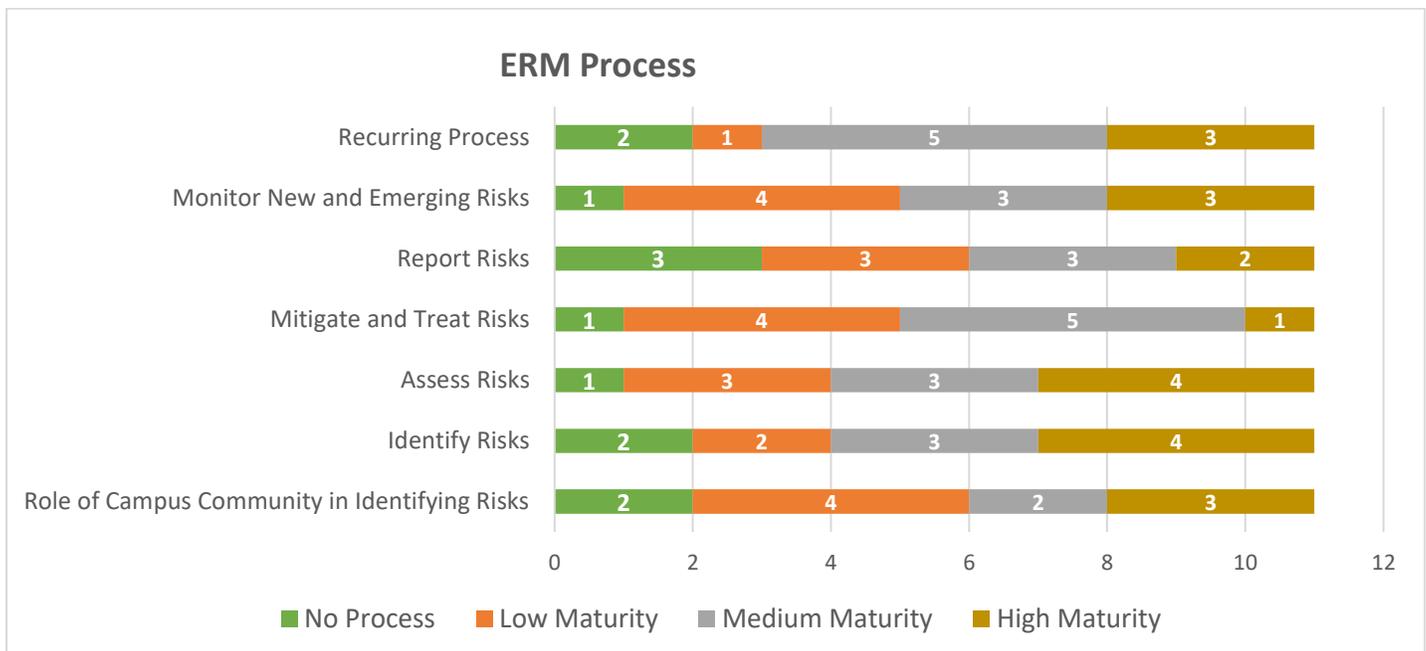
**ERM Centralization and Accountability**

The ERM centralization and accountability category required each institution representative to consider the extent to which their risk management processes are centralized. This includes who holds the institution accountable for taking meaningful steps to identifying, assessing, and mitigating risks; the board’s role; and whether risk management processes are centralized to manage all institutional risks rather than only certain categories of risk.



**ERM Process**

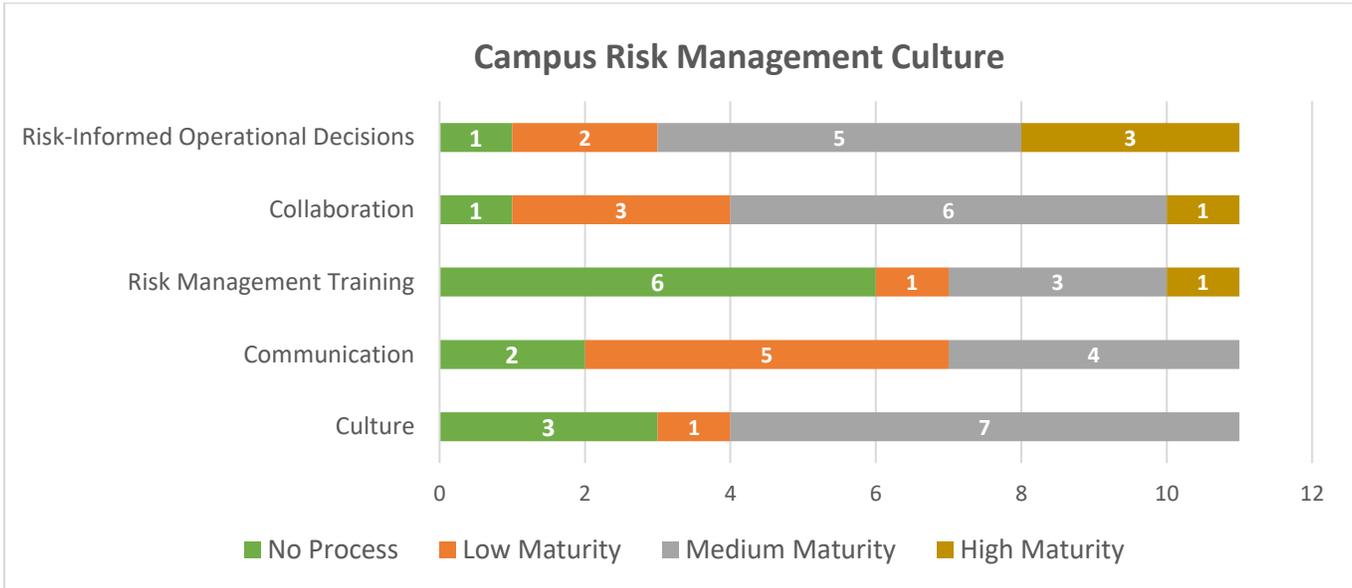
The ERM process category required each institution representative to consider whether the institution has regular, recurring processes for implementing the four steps of ERM and considering new and emerging risks.





**Campus Risk Management Culture**

The campus risk management category required each institution representative to consider whether the institution has a culture of risk awareness, communicates with and trains the community on ERM, encourages collaboration across areas and department, and makes risk-aware decisions as part of its operations.





## ERM at the Top 10 Public Colleges and Universities in the U.S.

The Office of Enterprise Risk Management at Florida Agricultural and Mechanical University (FAMU), reviewed whether the top ten public colleges and universities in the United States (U.S.) as identified by the 2021- 2022 Best Colleges U.S. News and World Report Rankings, had implemented ERM programs. We were able to determine that 100% of the top 10 public institutions had an ERM program. It is important to note, that seven of the ten universities, are part of systems that have prioritized and mandated ERM programs.

Institution	Ranking	ERM Program	ERM System Mandate
University of California – Los Angeles	1	Yes	Yes
University of California - Berkeley	2	Yes	Yes
University of Michigan – Ann Arbor	3	Yes	No
University of Virginia	4	Yes	No
University of California – Santa Barbara	5 (Tie)	Yes	Yes
University of Florida	5 (Tie)	Yes	No
University of North Carolina at Chapel Hill	5 (Tie)	Yes	Yes
University of California – San Diego	8	Yes	Yes
University of California - Irvine	9	Yes	Yes
Georgia Institute of Technology	10	Yes	Yes



## APPENDIX A: FAMU ERM Mission and Vision Statements



### Mission Statement



To provide meaningful, actionable, and timely strategic and performance risk intelligence to our stakeholders to enhance decision making and resource alignment while appropriately balancing risk and opportunity.

### Vision Statement



The FAMU ERM program strives to become a thought leader in enterprise risk management practices through development of innovative and cost-effective methodologies that integrates enterprise risk management practices into the culture and strategic decision-making processes of academic, student, and administrative functions within educational institutions.



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