

FOR HIGHER ED

Use a Maturity Tool to Advance the ERM Process



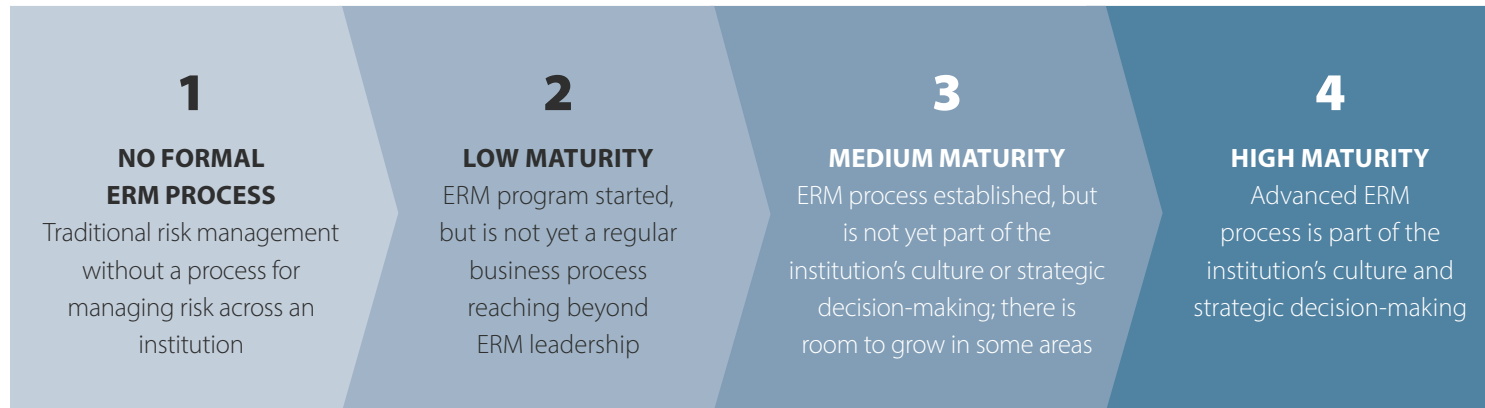
A mature enterprise risk management (ERM) program integrates with strategic planning, budgeting, and departmental initiatives — a necessity in a competitive, changing landscape. It also identifies gaps in developing a college or university's culture of proactive, collaborative risk management.

United Educators (UE) recommends auditing your ERM program with this education-specific maturity tool — informed by research with institutions and experts — to understand where your processes stand today and set future goals.

USING THE TOOL

This tool allows you 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.

To begin your assessment, identify the corresponding maturity level for each aspect. The levels are defined as:

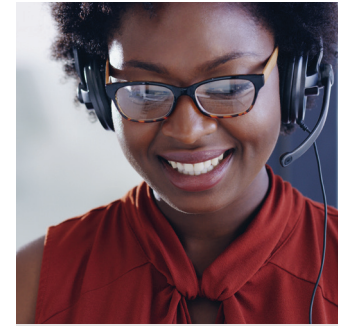


Institutions may be mature in some categories while still having growth opportunities in others.

Once you identify components with the lowest maturity, consider changes that could advance your ERM program to the next level in that area.

ERM programs vary in maturity because every ERM program in education differs based on the institution's unique culture, history, and programs.

Effective ERM programs elevate the risk management process to an institutional level, emphasize cross-functional collaboration, and feed into culture and strategy. A mature risk management function reflects those characteristics.







Contact the UE risk management team with specific questions or for ideas to advance ERM on campus at **Risk@UE.org**.

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.





Select the statements closest to where you are today.

TOPIC		NO ERM	LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
 Purpose statement	Does the institution have a charter, policy, or other document stating purpose for ERM?	No <input type="checkbox"/>	No written purpose statement for ERM <input type="checkbox"/>	Yes, but vaguely stated goals or siloed activities <input type="checkbox"/>	Yes, clearly stated purpose drives explicit ERM goals across institution <input type="checkbox"/>
 Strategic planning and decision-making processes	How do strategic processes connect with ERM?	Disconnected; risk management does not inform the institution's mission and objectives <input type="checkbox"/>	ERM process data reviewed only after strategic decisions occur <input type="checkbox"/>	Strategic processes sometimes informed by ERM data <input type="checkbox"/>	Strategic decisions regularly incorporate ERM data to deliver on mission and objectives <input type="checkbox"/>
 Institutional budgeting processes	How do budget-setting processes connect with ERM?	Disconnected <input type="checkbox"/>	Don't yet consider top risks, ERM mitigation efforts <input type="checkbox"/>	Informally consider top risks, ERM mitigation efforts <input type="checkbox"/>	Formally consider top risks, ERM mitigation efforts <input type="checkbox"/>
 Reactive vs. proactive planning	Does the institution manage risk proactively?	No, considers risk only after crisis occurs <input type="checkbox"/>	No, manages risk only after crisis occurs, but has started to identify institutional risks <input type="checkbox"/>	Yes, but only plans for immediate and near-term risks <input type="checkbox"/>	Yes, proactively plans for and mitigates existing, emerging, and long-term risks <input type="checkbox"/>

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.








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TOPIC		NO ERM	LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
 ERM centralization	Does ERM have influence across the institution?	No, siloed risk management department has little influence <input type="checkbox"/>	No, influence limited to departments leading ERM process <input type="checkbox"/>	Not yet across entire institution; some influence across departments involved in process <input type="checkbox"/>	Yes <input type="checkbox"/>
 Connection to board	Does the ERM committee directly report to and hear back from the board?	No, little or no access to board <input type="checkbox"/>	Sometimes, may informally report to board <input type="checkbox"/>	Yes, regularly reports to board but may not get guidance <input type="checkbox"/>	Yes, and hears back from board on ERM goals, mitigation progress, next steps <input type="checkbox"/>
 Board oversight	Does the board hold senior leaders accountable for progress on ERM?	No <input type="checkbox"/>	No, board doesn't inquire about progress <input type="checkbox"/>	No, board mandates ERM process but no accountability <input type="checkbox"/>	Yes, and leaders held accountable for participation <input type="checkbox"/>
 Senior leader oversight	Does the ERM committee hold senior administrators accountable for ERM participation?	No, not tasked with risk management initiatives <input type="checkbox"/>	No, has little influence to hold others accountable <input type="checkbox"/>	Yes, but may not always have authority <input type="checkbox"/>	Yes, and regularly checks in with risk owners for progress reports <input type="checkbox"/>

ERM PROCESS

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






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TOPIC		NO ERM	LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
 Role of campus community in identifying risks	Does the institution empower stakeholders at all levels to report risks and use data to elevate risks?	No <input type="checkbox"/>	Risk reporting process in place, but community uninformed on process <input type="checkbox"/>	Community understands reporting process but risks not formally elevated to institutional level <input type="checkbox"/>	Yes, formal process in place to report risks, collect data, elevate risks to institutional level <input type="checkbox"/>
 Identify risks	Does the institution formally identify institutional risks?	No <input type="checkbox"/>	No, only individual risks or departmental risks are reported <input type="checkbox"/>	Yes, only within scope of departments participating in ERM <input type="checkbox"/>	Yes, and across all areas to uncover root causes of risk <input type="checkbox"/>
 Assess risks	Does the institution formally prioritize institutional risks?	No <input type="checkbox"/>	Yes, but inconsistently based on gut feeling, risk event, or political issue <input type="checkbox"/>	Yes, but only uses established scale to prioritize risks in some cases <input type="checkbox"/>	Yes, uses established scale to consistently prioritize risks <input type="checkbox"/>
 Mitigate and treat risks	Does the institution develop mitigation plans and hold risk owners accountable?	No <input type="checkbox"/>	Not yet, but plans on it <input type="checkbox"/>	Yes, but doesn't hold risk owners accountable for actions on all plans <input type="checkbox"/>	Yes, and develops clear cross-functional mitigation activities <input type="checkbox"/>
 Report risks	Does the ERM committee formally report on past, current, and future risk management initiatives?	No <input type="checkbox"/>	No, institution only reports on progress of top risk activities inconsistently <input type="checkbox"/>	Yes, reports on current risks but not on past efforts or future goals <input type="checkbox"/>	Yes, and uses consistent metrics to establish future goals <input type="checkbox"/>
 Monitor new and emerging risks	Does the institution regularly scan for new and emerging risks?	No, manages risk only after occurrence <input type="checkbox"/>	No, only monitors identified risks <input type="checkbox"/>	No, but informally monitors at year's end <input type="checkbox"/>	Yes, formal process in place <input type="checkbox"/>
 Recurring process	Does the institution regularly repeat the ERM process?	No <input type="checkbox"/>	No, process treated as one-time event ending after first year <input type="checkbox"/>	No, isn't yet regular business process <input type="checkbox"/>	Yes, is recurring business process that grows annually <input type="checkbox"/>

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.

Select the statements closest to where you are today.

TOPIC		NO ERM	LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
 Culture	Has the institution created a culture of risk awareness?	No <input type="checkbox"/>	No, community doesn't see need to develop effective programs or make strategic decisions <input type="checkbox"/>	No, only leaders see importance of proactive, collaborative ERM <input type="checkbox"/>	Yes, everyone understands their role in managing risk and consider it in daily and strategic decision-making <input type="checkbox"/>
 Communication	Does the institution communicate with its community on ERM based on their roles and responsibilities?	No <input type="checkbox"/>	No, communications limited to ERM committee members <input type="checkbox"/>	No, but committee members informally communicate with peers and direct reports <input type="checkbox"/>	Yes, and it tailors messages about risk management value, scope, and role for audiences at all levels <input type="checkbox"/>
 Risk management training	Does the institution train its leaders on ERM based on their roles and responsibilities?	No, individual departments train on individual risks <input type="checkbox"/>	No, only the risk manager is trained on effective risk management <input type="checkbox"/>	Yes, but only senior leaders are trained on effective practices <input type="checkbox"/>	Yes, senior leaders and individuals implementing ERM are regularly trained on effective practices <input type="checkbox"/>
 Collaboration	Does the institution encourage collaboration on ERM across all area departments?	No <input type="checkbox"/>	No, individual departments oversee risk initiatives in silos <input type="checkbox"/>	Yes, but inconsistently on several institutional risks <input type="checkbox"/>	Yes, it encourages cross-departmental collaboration and input in managing risks <input type="checkbox"/>
 Risk-informed operational decisions	When making operational decisions, does the institution consider possible risks?	No <input type="checkbox"/>	No, ERM process exists but leaders don't regularly consider risks <input type="checkbox"/>	Yes, but only leaders involved in ERM consider risk <input type="checkbox"/>	Yes, leaders at all levels regularly consider risk <input type="checkbox"/>

By Liza Kabanova, Risk Management Consultant

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