



UNIVERSITY
of VIRGINIA

Board of Visitors
Audit, Compliance, and Risk Committee
March 5, 2020

March 5, 2020
Audit,
Compliance, and
Risk Committee
Meeting Agenda

Remarks by Dr. Lateef, Committee Chair

Enterprise Risk Management (ERM) Program
Academic Division Refresh

Audit Department Activities for the Period
December 2019-February 2019

[Written reports] Institutional Compliance and
Medical Center Compliance Goals: Midyear Status
Updates

Closed Session

Melody
Bianchetto, VP
Finance

Carolyn Saint,
Chief Audit
Executive

Enterprise Risk Management Program
Academic Division Refresh



ERM Defined

A collaborative process-*led by senior leadership*-that extends traditional concepts of risk management by:

Identifying risks & opportunities across the enterprise

Assessing the impact on operations, finances, and mission

Planning and implementing mitigation and response

Monitoring impact of mitigation plans and regularly scanning for emerging risks

Managing Risks Starts at the Top



Assessing UVA's Academic Division ERM Maturity

Low-Maturity	Medium-Maturity	High-Maturity
<ul style="list-style-type: none">• ERM is reactive to the latest campus crisis or hot topic.• The ERM process is ad hoc and vulnerable to personalities or bias.• The risk management department is responsible for risk treatment.• Institutional leaders participate minimally or unenthusiastically.• Risk treatment focuses on fixing issues.	<ul style="list-style-type: none">• ERM reacts to past crises while identifying risks to mitigate before they occur.• The ERM process follows the four main steps and repeats regularly.• Institutional leaders treat ERM as a necessary function to protect the institution.• Risk management is often undertaken by campus leaders at the department-level, but accountability could be better.	<ul style="list-style-type: none">• ERM identifies emerging risks.• Risks to institutional strategies are considered before adoption.• The ERM process incorporates the four main steps and repeats regularly.• Risk management is the responsibility of ERM participants who are held accountable for risk treatment.• Institutional leaders develop a risk-aware culture.• ERM manages risks to the institution's mission across silos.

Information from UE's *Use a Maturity Tool to Advance the ERM Process*.

Academic Division Risk	Executive Owner	BOV Committee
ADVANCEMENT - Developing and implementing campaign strategy that adequately addresses philanthropic investment, fundraising strategies, and the governance implications of the resulting distribution of resources	President	Advancement
COMPETITIVE ENVIRONMENT - Assessing the University's competitive space in undergraduate, graduate, and professional programs	EVP-Provost	Academic and Student Life
FACULTY - Attracting, retaining, and developing a distinguishing faculty	EVP-Provost	Finance, Academic and Student Life
INVESTMENTS - Stewarding assets particularly related to investable assets	EVP-COO	Finance
IT SECURITY - Enhancing cybersecurity in an era of increasing threats	EVP-COO	Finance
LEADERSHIP TRANSITION – Accomplishment of ongoing mission and major objectives during a season of executive leadership transitions and new strategic directions	President	Executive
RESEARCH – Leadership, infrastructure, and funding to adequately support the accomplishment of our research objectives	EVP-Provost	Academic & Student Life
RESOURCES - Diminished, or loss of, financial resources from major funding sources (e.g., State, Advancement, Research, Endowment)	EVP-COO	Finance
SAFETY – Maintaining a safe environment for the University community	EVP-COO, VP for Student Affairs	Academic and Student Life
STATE – Concern about whether public policy in the State will continue to be supportive of quality public higher education	President	Finance

Continuing to mature UVA's ERM program for Academic Division

University Risk Register

1. Governance
2. Student retention/graduation
3. Diversification of income
4. Leadership (Deans/Cabinet) turnover
5. Return on investment in capital projects & programs
6. Legal/regulatory compliance
7. Information security
8. Disaster recovery and business continuity
9. Potential for fraud and conflicts of interest

We plan to leverage AGB's member-based research to quickly pivot to re-energizing the ERM program, aligning the model university risk register to UVA's environment and developing plans to monitor and manage key risks and opportunities

UVA ERM Academic Division Refresh Plan Steps

Confirm ERM program mandate and charter with senior leadership and the Board of Visitors

Re-engage ERM Council

Leverage AGB model risk register to make changes to UVA's risks, as needed

Identify and engage risk owners

Develop action plans for key ERM risks

Assign risk oversight to topic-relevant Board of Visitors committees

Develop reporting model to Audit, Compliance, and Risk Committee on ERM program activities and risk mitigation actions

March 5, 2020
Audit,
Compliance, and
Risk Committee
Meeting Agenda

Closed Session

Discussion and consideration of the performance of specific administrative personnel; discussion of information technology security-related matters; discussion of proprietary, business-related information pertaining to Medical Center operations, and consultation with legal counsel employed by the University regarding specific legal matters requiring the provision of legal advice as provided for in Section 2.2-3711(A)(1), (19), (22), and (8) of the Code of Virginia.

Carolyn Saint,
Chief Audit
Executive

Audit Findings and Management's Action
Plans for Reports Issued During the Period
December 2019-February 2020

Appendix

UVA Health System and College at Wise ERM Key Risk Lists (May 2019)

Association of Governing Boards (AGB) and United Educators Research and Content

ERM Key Risks – Health System (May 2019)

Risk	Executive Owner	BOV Committee
FACULTY PRODUCTIVITY – Optimizing faculty productivity and corresponding support for clinical, academic, and administrative efforts	EVP-Health Affairs	Health System Board
IT SECURITY AND GOVERNANCE – Enhancing cybersecurity and data governance in an era of increasing threats and expansion of clinical data uses	EVP-Health Affairs	Health System Board
QUALITY & SAFETY – A major quality or safety event; maintaining Joint Commission accreditation	EVP-Health Affairs	Health System Board
REIMBURSEMENT REFORM – Reduced Medical Center revenues as a result of payer reform	EVP-Health Affairs	Health System Board
RESEARCH – Supporting the accomplishment of our research objectives by providing adequate research leadership, infrastructure, and funding	EVP-Health Affairs	Health System Board
STRATEGY – New strategic direction and alignment of Health System entities in a changing competitive environment; maximizing off-grounds partnerships	EVP-Health Affairs	Health System Board
TALENT MANAGEMENT - Recruitment and retention of key personnel (patient care services positions, research, and leadership)	EVP-Health Affairs	Health System Board

ERM Key Risks – College at Wise (May 2019)

Risk	Executive Owner	BOV Committee
Alignment of Purpose with Programs and Support Services - Ensuring the identity, structure, and curriculum of the College are optimized to best serve students and other key stakeholders	Provost	Wise Committee
Campus Culture - Leveraging the College's rich history to enable the vision and changes necessary to create an environment for future success and growth	Chancellor	Wise Committee
Competitive Environment - Positioning the College to attract and retain the best students in a dynamic and increasingly competitive market of higher education	Vice Chancellor for Enrollment Management	Wise Committee
Faculty and Staff - Attracting, developing, and retaining highly qualified faculty and staff	Chancellor	Wise Committee
Local Community Relations - Proactive services for and collaboration with Wise area residents, businesses, and organizations promoting the benefits of integration with these "co-owners" and stakeholders	Chancellor	Wise Committee
Marketing and Communications - An enhanced and coordinated effort to clearly communicate the value and opportunities of the College to external and internal audiences	Chancellor	Wise Committee
Regional Area - Adapting and responding to the effects of changing demographics and helping to lead and enable the economic response to those changes	Vice Chancellor for Economic Development	Wise Committee
Relationship with UVA - Further defining and leveraging this historical partnership to maximize the benefits for both institutions	Chancellor	Wise Committee
Resources and Stewardship - Oversight of major funding sources (tuition, state, advancement, endowment) including revenue streams, budget process/decisions, and ongoing asset maintenance	Chief Operating Officer	Wise Committee
Student Centric Focus - Strategy for the recruitment, admission, and retention of a motivated and diverse student body resulting in placement ready graduates and ongoing alumni engagement	Chancellor	Wise Committee

AGB's Higher Education Focus and Members' Roles Provide Useful Risk Benchmarking for UVA's ERM program



About United Educators

“United Educators (UE) provides liability insurance and risk management services to more than 1,600 members representing schools, colleges, and universities throughout the United States. Founded in 1987 as a risk retention group, UE is owned and governed by the educational institutions it insures.”

AGB and UE Members' Views on Risks (January 2020)

Top Risks – AGB Membership

1. Financial sustainability of higher education	25%
2. Price of higher education for students and their families	24%
3. Decrease in state funding of higher education	10%
4. Public perception of the value of a college degree	9%
5. Relevance of higher education in helping graduates obtain a better job/career	8%
6. Student debt	7%
7. Incoming students' preparedness for college	6%
8. Other	6%
9. Equal access to higher education among different demographic groups	5%

Statistics from *The AGB 2020 Trustee Index*.



Top Risks – UE Membership

1. Admissions and Retention	56%
2. Funding	23%
3. Operational Pressures	22%
4. Data Security/Cyber	20%
5. Title IX	16%
6. Sexual Misconduct	14%
7. External Pressures	13%
8. Compliance	12%
9. General Premises Safety	11%
10. Public Safety	11%

Statistics from *UE Higher Education Members Identify Top Risks*, published in 2020.

