



UNIVERSITY OF WYOMING

# **Risk Assessment 2022**

April 18, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA

Chief Risk Officer:

Tim Wiseman

# Table of Contents

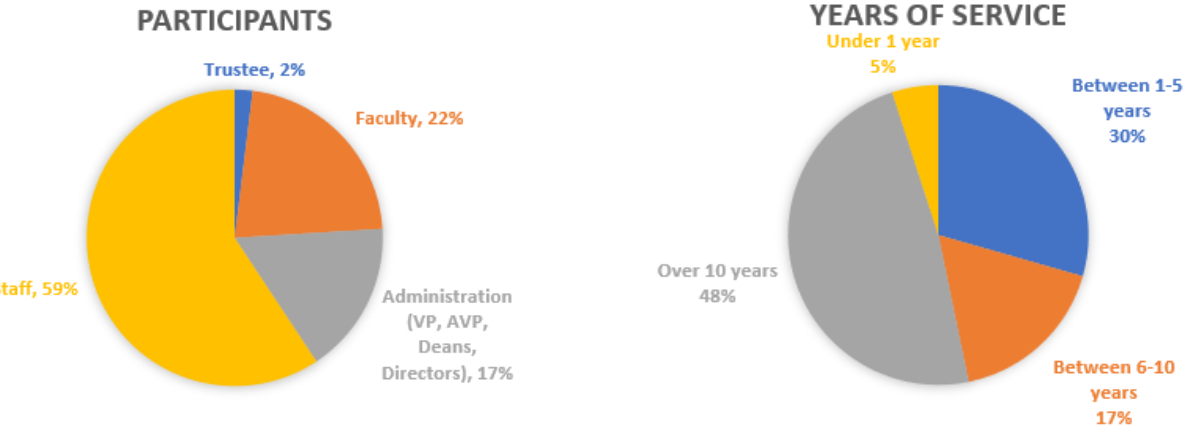
- EXECUTIVE SUMMARY:** ..... 3
- SURVEY RESULTS:** ..... 5
  - Asset and Access Security and Safety:** ..... 5
  - Operational Concerns:** ..... 6
  - Change in Leadership:** ..... 7
  - Top risks facing our university:** ..... 7
  - Strategic Risks:** ..... 8
  - Enterprise Risk Management Projects:** ..... 15
  - Culture and Ethics** ..... 17
- APPENDIX** ..... 22
- DEFINITIONS:** ..... 22
- PURPOSE:** ..... 22
- ENTERPRISE RISK MANAGEMENT (ERM) Background:** ..... 23

# EXECUTIVE SUMMARY:

The report contains the results from the 2022 Risk Assessment. The survey serves as one mechanism to identify and measure risks to the University’s strategic direction. It also provides a measurement of drivers related to ethical conduct.

Survey results are widely distributed, beginning with the Board of Directors, Presidential Cabinet, the Enterprise Risk Management Advisory Committee, Staff and Faculty Senate, and other key stakeholder groups. **The sharing of these results is a pathway to ensure that leaders and compliance partners understand the findings and are equipped to implement controls for addressing risks to strategy, culture, and operations.**

Each year, the assessment process attempts to be more inclusive, reaching additionally identified stakeholders during the previous calendar year. In 2021, the risk assessment received 295 responses. The 2022 assessment received 462 unique and complete responses with respondents representing various stakeholder groups and major budget units. This cross-section provides a more comprehensive view of basic classification groupings for the respondent population.



As the University is in the process of drafting a new strategic initiative, the risk assessment will also provide information that contributes to this planning effort. The results of the 2022 annual risk assessment have the potential to diagnose the current state of strategic efforts and identify risks that may challenge the achievement of objectives related to the mission of the University of Wyoming.

The Enterprise Risk Management Advisory Committee (ERMAC) has reviewed this report to evaluate areas of vulnerability. The committee has used this report to update, formulate and prioritize ERM focus projects and/or recommendations for the coming year.

Internal Audit will also use information in this report to create a risk-based audit plan and make necessary adjustments to the internal audit program.

### The top four risks facing the University of Wyoming include:

- Recruitment and Retention of Staff and Faculty
- Funding and Budget Cuts
- Recruitment and Enrollment of Students
- General Facility and Deferred Maintenance

### The strategic effort most at risk of being achieved is:

- Institutional Excellence
  - The following risk factors were identified:
    - Financial risks related to the reorganization and pay equity

- Strategic risks related to low morale and the hiring and retention of faculty and staff
- Operation risks related to building maintenance, and the health and safety of employees and students
- Reputational risks related to changes in leadership
- Compliance risks related to accounts with deficit balances and data security

The next component of the survey assessed progress on actions plans developed and executed by the Enterprise Risk Management Advisory Committee (ERMAC) to address risks identified in the 2021 Risk Assessment. Overall, the survey responses indicate that these projects need continued action as the risks still present a threat to the University.

An added element to the 2022 Risk Assessment was an evaluation of the ethical culture on campus. An assessment of culture and conduct can provide information regarding the achievement of goals and can impact the risks related to fraud, theft, compliance, and safety issues. The results were favorable as most agreed that positive cultural elements were present. However, the responses also indicate that this is an area where further attention is still needed to make improvements.

In cooperation with the Chief Risk Officer, this risk assessment will be completed annually. The information will allow both offices to monitor the risk environment and contribute toward the management of risks that could present challenges to the University of Wyoming achieving great outcomes.

## SURVEY RESULTS:

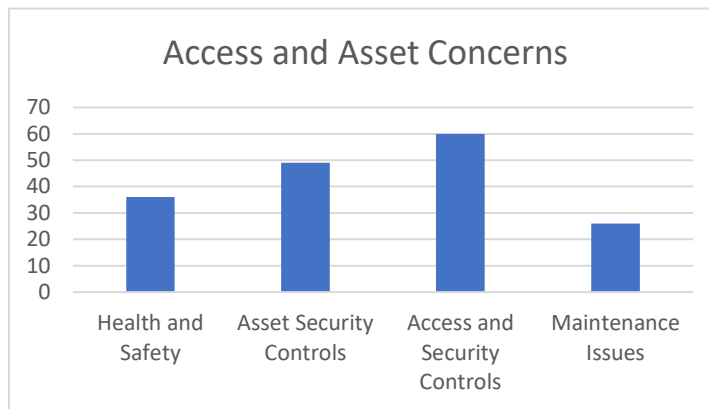
The following tables represent the compiled results from Trustee, Administration, Leadership, and Business Unit survey responses.

### Asset and Access Security and Safety:

“Do you have any building or asset security concerns?”

In fulfillment of its mission and compliance responsibilities, the University must maintain procedures that safeguard University assets. This includes human capital as well as property and equipment.

126 individuals out of the 462 (27%) submitted responses that issued concerns regarding access and asset security.



**Health and Safety concerns:** ice removal, asbestos in buildings, temperature control, accessibility, air quality, poor external lighting, mold issues due to leaks, shared working spaces that increase the risk of infection due to poor ventilation

**Asset Security concerns:** vandalism, theft, tracking of computers and other electronic devices, inadequate protection of digital assets and proprietary equipment, vulnerable exhibits and collections

**Access and Security concerns:** the centralized control of the S2 system requires implementation of new internal controls of review and validation of access, access issues with off-campus sites, various locking mechanisms across campus, security cameras needed in key areas, lack of security due to the reduced physical presence of staff, office doors that cannot be properly secured

**Maintenance Issues:** leaks and floods resulting in mildew and mold, broken elevators, peeling carpet, older buildings that require constant attention, access to maintenance of facilities off-campus

The details of these concerns will be reported to the ERMAC so that the need for action can be assessed. Internal Audit will also use this information in the creation of the Internal Audit plan and program.

## Operational Concerns:

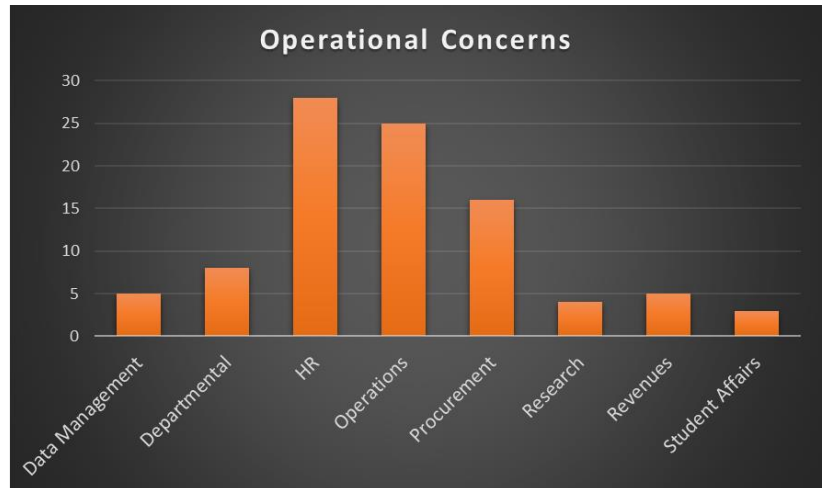
“Please describe a business process, procedure or area that should be reviewed?”

Implementation of the Institute of Internal Audit Performance Standard 2130 requires that the internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the achievement of the organization’s strategic objectives.

98 individuals out of the 462 (21%) who submitted responses indicated operational concerns.

The concerns tabled to the right indicate areas in which operational processes are not meeting expectations.

**The magnitude of programs and services must be calibrated against the capacity to implement proper internal controls.**



**Data Management:** operational concerns regarding the protection of data, data access controls, and procedures regarding the release of sensitive information

**Departmental:** operational concerns regarding specific departments

**HR:** operational concerns regarding compliance with policies and procedures, culture, hiring procedures, pay equity and wages, on-boarding training and orientation, supplemental pay

**Operations:** operational concerns regarding key and electronic access controls for building, timely and complete maintenance of buildings, ADA issues, accessibility and parking, inventory of capitalized and sensitive assets, custodial needs

**Procurement:** operational concerns regarding the cash advance process, p-card utilization and documentation, travel requests, spending against closed Foundation sister accounts

**Research:** operational concerns regarding the establishment of incoming research grants, commercialization, management of sub-awards, management of start-up funds

**Revenues:** operational concerns regarding transparent distribution of tuition revenue, distance education revenues, electronic deposits made to UW

**Student related affairs:** operational concerns regarding the scheduling of classes, faculty tenure, and workload, financial aid distribution to students and the perception of disparities, treatment of gender non-conforming students

The details of these concerns will be reported to the ERMAC so that the need for action can be assessed. Internal Audit will also use this information in the creation of the Internal Audit plan and program.

## Change in Leadership:

“Please describe the change in leadership your area has experienced?”

Effective operational risk management requires consideration of the impact of turnover on business outcomes and can impact the achievement of strategies and objectives. Turnover in leadership roles can impact internal controls, culture, and governance.

89 individuals out of the 462 (19%) who submitted responses identified a change in the following leadership positions.

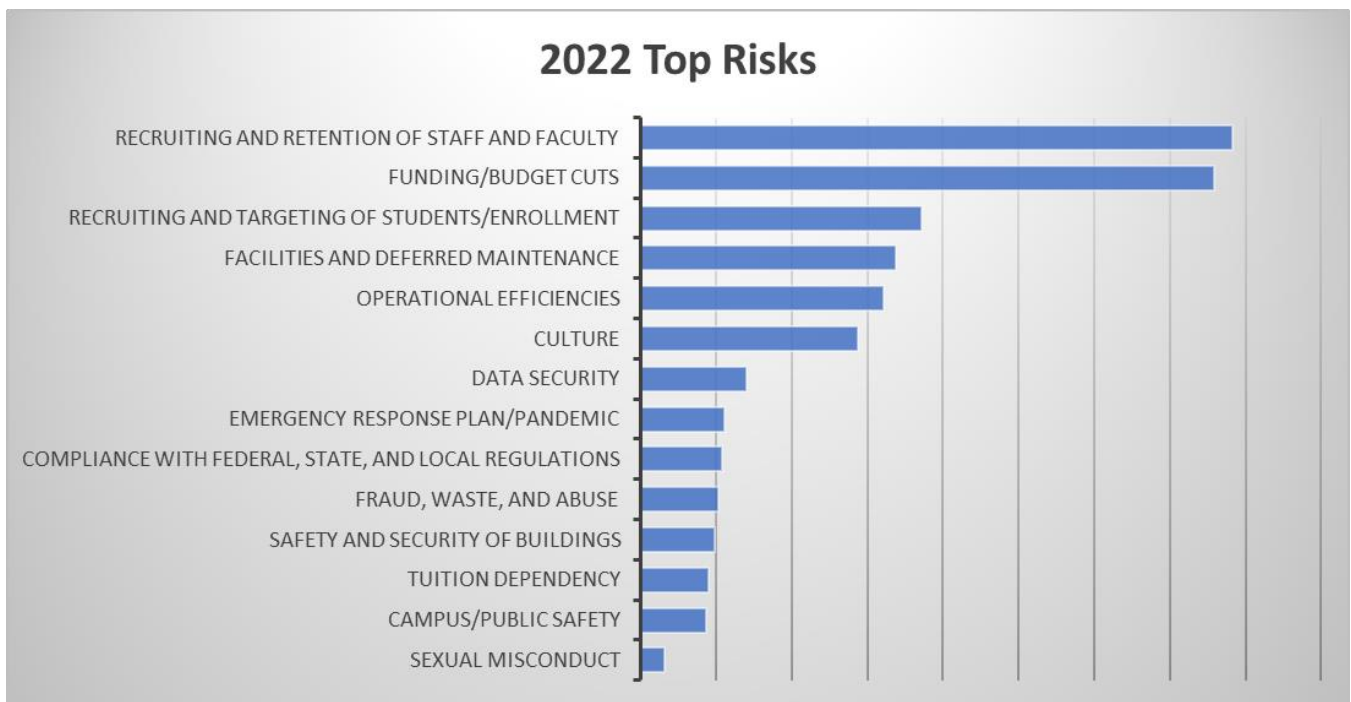
- Managers
- Directors
- Department Heads
- Deans
- Associate Vice President
- Vice President

The change of leadership will be considered in the creation of the Internal Audit plan.

## Top risks facing our university:

“What risks could threaten the achievement of objectives?”

The following chart indicates the top risks facing all colleges and universities today. The respondents were asked to choose the top four risks they believe present the greatest threat to the University of Wyoming achieving objectives.



**Financial difficulties, the recruitment and retention of staff, faculty, and students** remain as top issues that challenge the achievement of strategic objectives. In 2022, respondents identified a greater concern regarding facility maintenance, culture, operational efficiencies, culture, and data security.

Information from this section will impact the Internal Audit program to ensure that high-risk items are assessed in each audit to the degree possible.



### Strategic Risks:

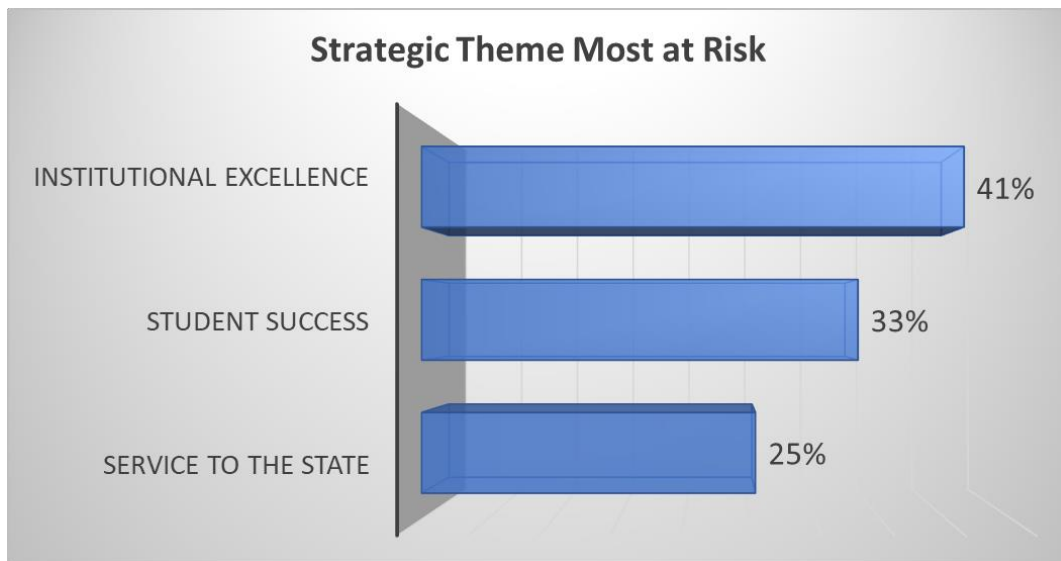
“What are the risks that could threaten the achievement of our mission and strategic objectives?”

In the Strategic Planning process, the University must take account of risk in its outlook and planning. This increases the importance of understanding strategic risks and establishing strategic control solutions, rather than simply trying to establish and achieve targets, despite the risks.

The mission of the University of Wyoming is based upon a framework that includes the following themes:

- Institutional Excellence
- Student Success
- Service to the State

As strategic plans are developed around these themes, the identification of risks will contribute to effective planning.

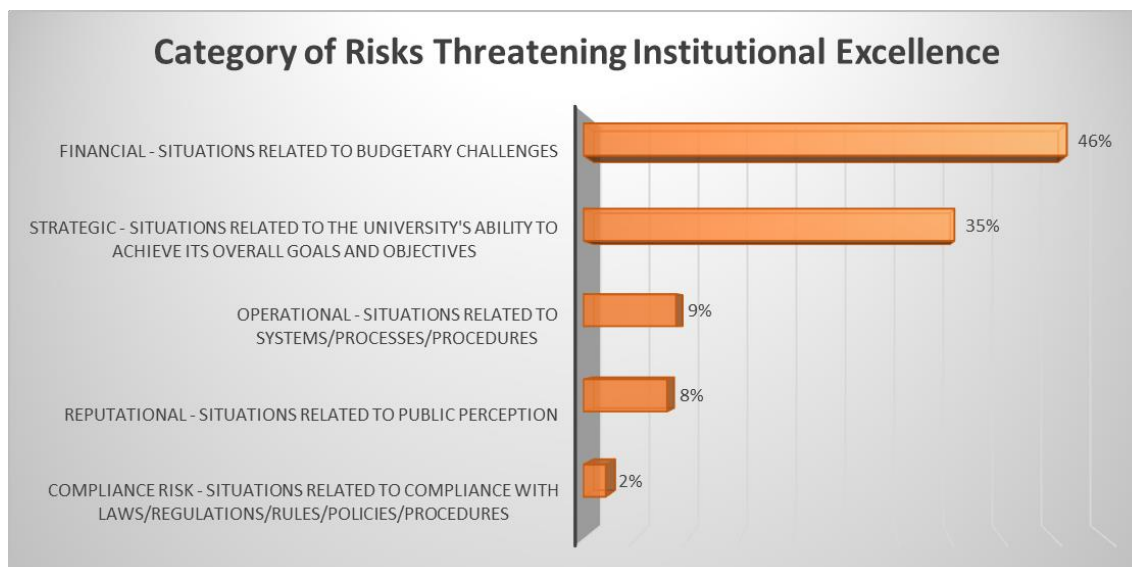


Based on the results, the strategic theme most at risk is achieving Institutional Excellence. The following section provides information regarding the specific risks to each strategic theme and an associated risk score based on the impact and likelihood of that risk.



## Institutional Excellence

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objects established to achieve institutional excellence. Of the risks and concerns that were listed, most were categorized as financial and strategic.



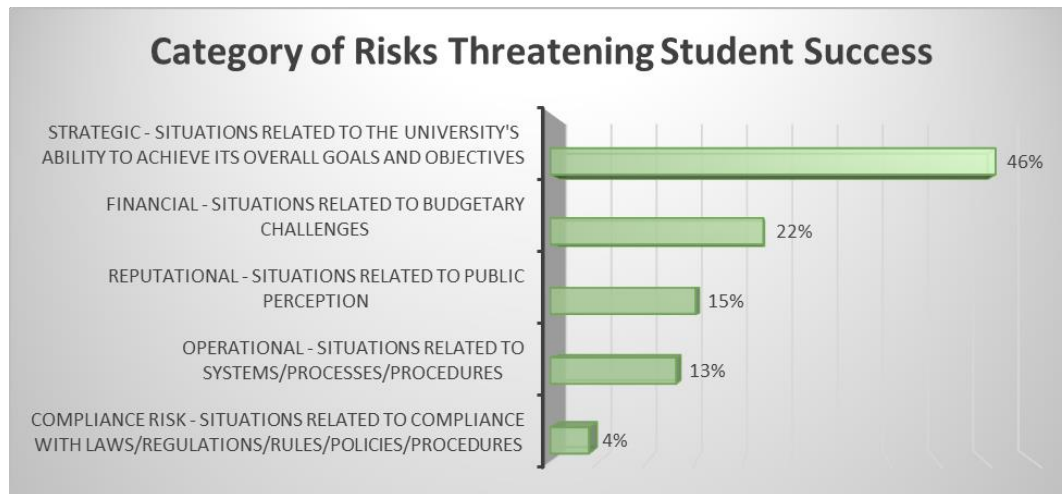
For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

Institutional Excellence		Risk Indicator
<b>Financial Risk- situations related to budgetary challenges</b>		<b>46%</b>
Budget Cuts/Funding.		Red
Staff and faculty recruiting/retention.		Orange
External Environment including impact of possible war or continuation of pandemic.		Yellow
Administration and decisions related to reorganization, pay inequities, and decisions that convey perceived value of people, assets, and collections.		Light Green
Enrollment. The ability to attract and keep students is impacting our financial risks.		Green
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>		<b>35%</b>
Staff and Faculty recruiting/retention. Pay inequities, and shortages create strategic issues.		Red
Changing objectives and performance targets due to change in leadership.		Orange
Relationship with the Legislature.		Yellow
Budget Cuts/Funding.		Light Green
Data compliance and Building Maintenance.		Light Green
Culture and low morale.		Light Green
External Environment including impact of possible war or continuation of pandemic.		Green
Enrollment. The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.		Green

<b>Institutional Excellence</b>		<b>Risk Indicator</b>
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>9%</b>
<b>Changing objectives and performance targets due to change in leadership.</b>		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues.		
<b>Building Maintenance.</b> Buildings are needing maintenance and repair.		
<b>Health and Safety.</b> Snow removal, lack of consistent COVID-19 response, remote work by staff and faculty that impacts adequate presence on campus.		
<b>Cumbersome and frequently changing operational procedures.</b>		
<b>Security.</b> Building security and exterior lighting is an issue.		
<b>Reputational - situations related to public perception</b>		<b>8%</b>
<b>Legislative/Governance actions.</b> Recent action by the legislature to eliminate courses		
<b>Student initiatives/priorities.</b> Declining scholarship budgets, reduced availability of enrichment programs to enhance student experience. Access to buildings is being limited due to reduced parking. Faculty are changing teaching modality to online.		
<b>Staff and Faculty recruiting/retention.</b> Pay inequities, and shortages create reputational issues.		
<b>Changes in administrative leadership.</b> Changes in strategic directions without incorporating input.		
<b>Compliance Risk - situations related to compliance with laws/regulations /rules/policies/procedures</b>		<b>2%</b>
<b>Compliance</b> with ADA and other issues related to maintenance and personal safety.		
<b>Accounts with a deficit balances.</b>		
<b>Data compliance</b> that increases risk of breaches.		
<b>Staff and faculty recruiting/retention.</b>		

## Student Success

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objectives established to achieve student success. Of the risks and concerns that were listed, most were categorized as strategic and financial.



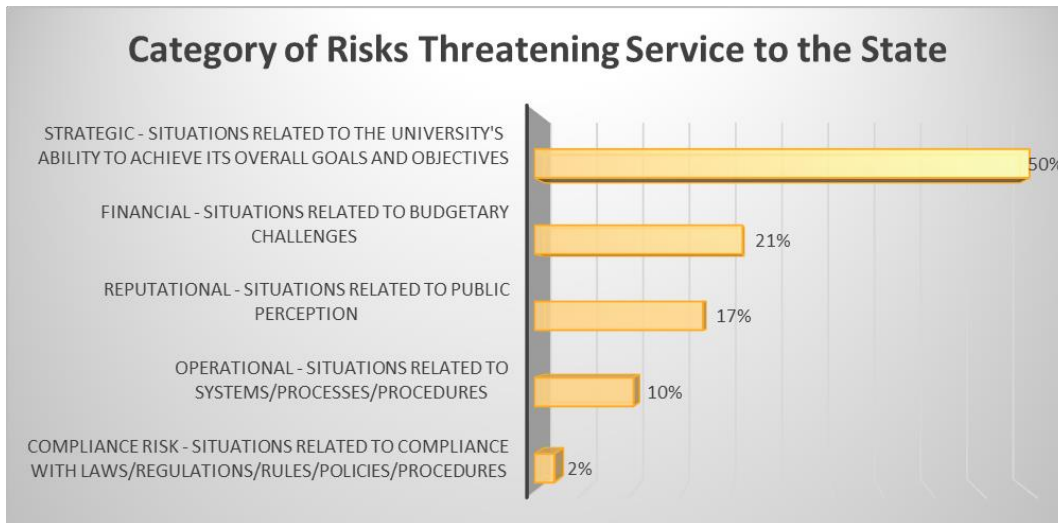
For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

Student Success		Risk Indicator
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>		<b>46%</b>
Staff and Faculty recruiting/retention. Pay inequities, and shortages create strategic issues.		Red
Student programs, resources, course delivery, and tuition costs.		Yellow
Administration decisions and impact on strategic outcomes.		Light Green
Relationship with the Legislature and other cultural influences will impact strategic development		Light Green
Enrollment. The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.		Light Green
External Environment including impact of possible war or continuation of pandemic.		Light Green
Budget Cuts/Funding.		Light Green
<b>Financial Risk- situations related to budgetary challenges</b>		<b>22%</b>
Staff and faculty recruiting/retention.		Red
Budget Cuts/Funding.		Red
Administration and decisions related to reorganization, and program changes.		Yellow
External Environment including impact of possible war or continuation of pandemic.		Light Green
Legislative/Governance actions. Recent action by the legislature to reduce budgets and change program elements.		Light Green
Health and Safety. Transportation.		Light Green

<b>Student Success</b>		<b>Risk Indicator</b>
<b>Reputational - situations related to public perception</b>		<b>15%</b>
<b>Changing modalities of class delivery, student resources, and tuition costs.</b>		
<b>Legislative/Governance actions.</b> Recent action by the legislature to reduce budgets and change program elements.		
<b>Staff and Faculty recruiting/retention and budget cuts.</b> Pay inequities, and shortages create reputational issues.		
<b>Enrollment, Recruiting, Retaining students through graduation.</b>		
<b>Culture and political atmosphere, and emphasis on diversity, equity, and inclusion.</b>		
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>13%</b>
<b>Changing modalities of class delivery, student resources, and tuition costs.</b>		
<b>Health and Safety.</b> Building access and employees to keep buildings clean		
<b>Administration and decisions</b> related to the reorganization, budget cuts, and impact on strategic direction.		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues.		
<b>Cumbersome and frequently changing operational procedures.</b>		
<b>External Environment</b> including impact of possible war or continuation of pandemic and need for alternative educational modalities.		
<b>Enrollment and Recruiting efforts.</b>		
<b>Compliance Risk - situations related to compliance with laws/regulations/ rules/ policies/procedures</b>		<b>4%</b>
<b>Hiring of students and compliance with regulations.</b>		
<b>Legislative/Governance actions.</b> Recent action by the legislature to eliminate courses		
<b>Diversity, Equity, and Inclusion.</b>		
<b>Health and Safety.</b> Fire and building safety.		

## Service to the State

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objectives established to achieve service to the state. Of the risks and concerns that were listed, most were categorized as strategic and financial.



For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

Service to the State		Risk Indicator
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>		<b>50%</b>
Legislative/Governance cooperation and alignment of values and objectives.		Red
Staff and Faculty recruiting/retention. Pay inequities, and shortages create strategic issues.		Orange
Administration decisions and impact on strategic outcomes. Emphasis on research over teaching.		Light Orange
Budget Cuts/Funding.		Light Green
Student programs, resources, course delivery, and tuition costs.		Light Green
Enrollment. The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.		Green
Current efforts are not efficient or not recognized		Green
External Environment including impact of possible war or continuation of pandemic.		Green
<b>Financial Risk- situations related to budgetary challenges</b>		<b>21%</b>
Budget Cuts/Funding.		Red
Staff and faculty recruiting/retention.		Light Green
Legislative/Governance relations. Recent action by the legislature to reduce budgets and change program elements. UW's reliance on funding.		Light Green
Administration and decisions related to strategic direction, reorganization, and program changes.		Green
Enrollment, Recruiting, Retaining students through graduation.		Green
External Environment including impact of possible war or continuation of		Green

<b>Service to the State</b>		<b>Risk Indicator</b>
<b>Reputational - situations related to public perception</b>		<b>16%</b>
<b>Legislative/Governance cooperation and alignment of values and</b>		
<b>Staff and Faculty recruiting/retention and budget cuts.</b> Pay inequities, and shortages create reputational issues.		
<b>Budget Cuts/Funding.</b> These cuts have had an impact on our ability to serve the state.		
<b>Excution of programs/departments to serve stakeholders.</b>		
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>10%</b>
<b>Excution of programs that serve diverse regions of the state.</b> Operationally not meeting legislative/stakeholder expectations and land grant mission.		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues. Difficult tenure and promotion processes. Lack of staff to meet land grant mission.		
<b>Budget Cuts/Funding.</b>		
<b>Enrollment and Recruiting efforts. Impacted by the lack of in-person classes</b>		
<b>Health and Safety.</b> Building access and transporation for public.		
<b>Procedures addressing conflict of interest might limit service to the state.</b>		
<b>Compliance Risk - situations related to compliance with laws/ regulations/ rules/ policies/procedures</b>		<b>2%</b>
<b>Academic integrity</b>		
<b>Health and Safety.</b> Fire and building safety.		
<b>Administration and decisions</b> related to reorganization, and program		
<b>Staff and faculty recruiting/retention.</b>		

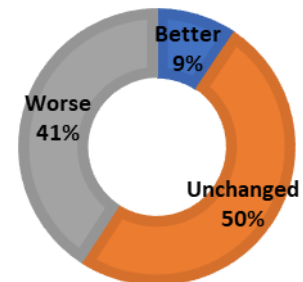
## Enterprise Risk Management Projects:

“What is your impression of the current status of the following ERMAC projects as compared to the condition one year ago?”

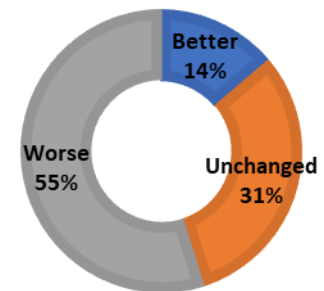
The Enterprise Risk Management Advisory Committee (ERMAC) uses the annual risk assessment to isolate projects that address campus-wide risks. Individuals from various departments across campus develop action plans to treat the risks. The purpose of this section is to assess the progress against projects identified in the 2021 Risk Assessment.

Information in this section will be used by the ERMAC in adjusting action plans and in planning risk management projects for next year.

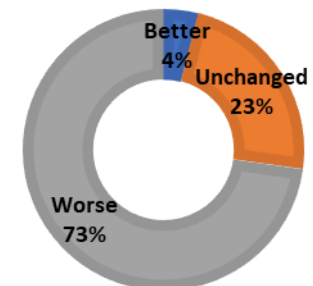
GOVERNMENTAL - LEGISLATIVE RELATIONS: action plan addresses how UW can better support the State and engage in the legislative process



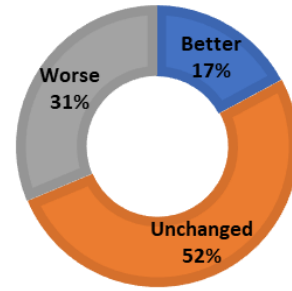
UW FISCAL SITUATION AND BUDGET: action plan addresses an assessment of risks associated with program re-alignment and budgetary adjustments; communicating with administration regarding the progress



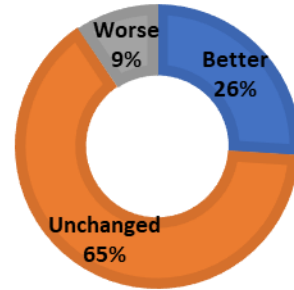
RECRUITING, HIRING, AND RETENTION OF QUALITY FACULTY AND STAFF: action plan addresses efforts to better contextualize current and planned initiatives



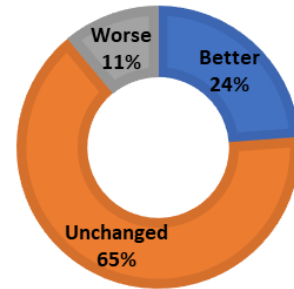
ENROLLMENT MANAGEMENT AND STUDENT SUCCESS: action plan addresses efforts and additional engagement initiatives to attract and retain students



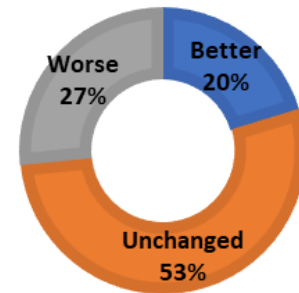
BUILDING SECURITY AND ACCESS CONTROLS: action plan addresses the assessment of high-risk situations and monitoring of the design plan to implement improvements



EMERGENCY RESPONSE PLAN UPDATE: action plan addresses a review and edit of the current plan to ensure departmental business continuity planning



INCLUSIVENESS: action plan addresses the dialogue surrounding the current status, risk identification, and response





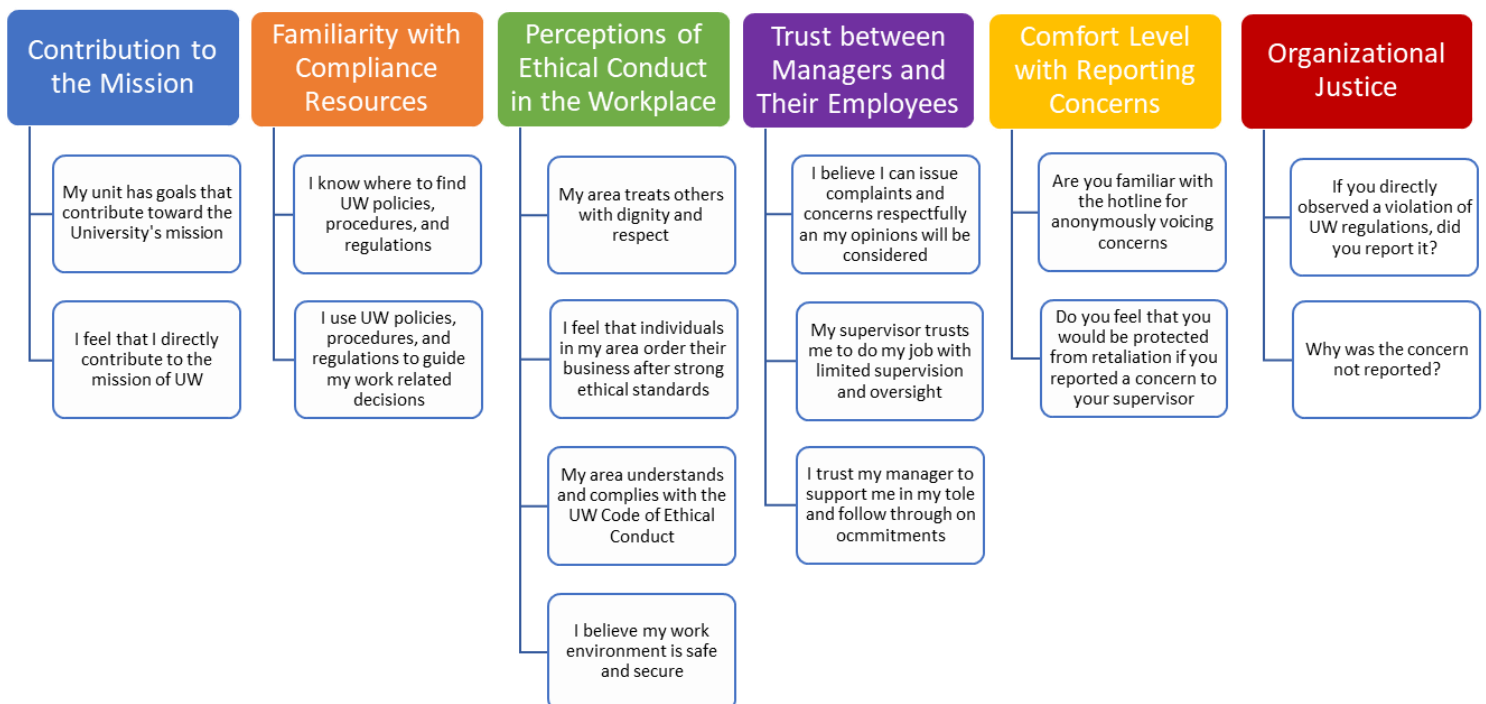
## Culture and Ethics

“Please provide answers related to the culture and ethical climate in your area.”

An assessment of culture and conduct can provide information regarding the achievement of goals and can impact the degree of issues related to fraud, theft, compliance, and safety issues.

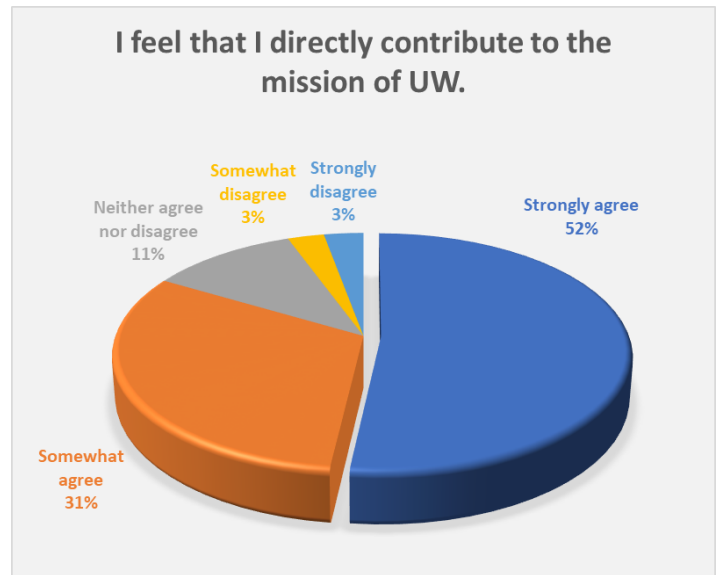
Peter Drucker (an Austrian-American management consultant) famously said, “culture eats strategy for breakfast”, and that is why so many organizations spend millions on strategy and get poor results because an unhealthy culture acts as brakes and/or misalignment element that make the organization move slowly or veer off course. An assessment of culture can help identify areas of attention so that this element can be addressed.

According to the Fraud Triangle developed by Donald R. Cressey, the three key elements surrounding fraud are opportunity, pressure, and rationalization. Of the three elements, opportunity is hardest to spot – and it’s typically managed via operational controls like user access restrictions and approval thresholds. An assessment of culture helps the administration to **evaluate the potential magnitude of rationalization**. The following elements of the ethical culture were assessed:



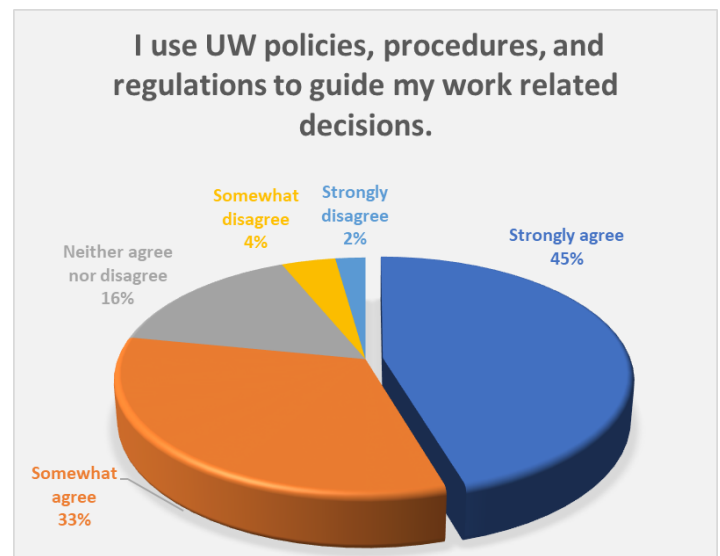
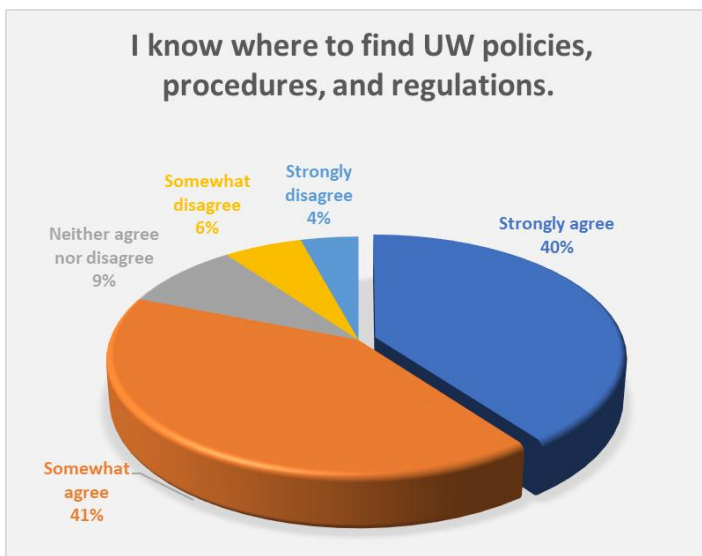
### Contribution to the mission of the university

A strong culture is one in which each unit understands its unique contribution to the mission and strategic plan of the University. The following questions assessed this element.



### Familiarity with Compliance Related Resources

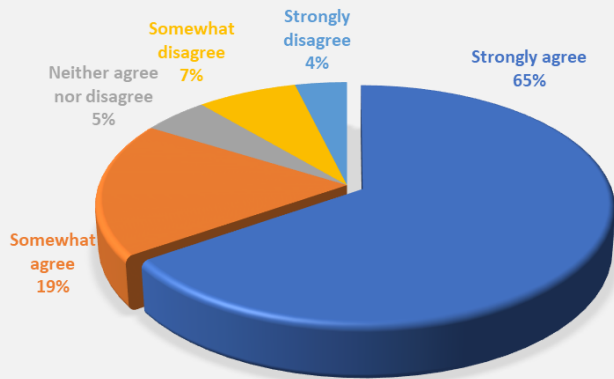
General Counsel serves as a resource to the university community, providing guidance and tools such as the UW Code of Ethical Conduct, and Policy Library. The following questions measure the familiarity with these resources and the degree to which these resources are used on a daily basis to guide decisions.



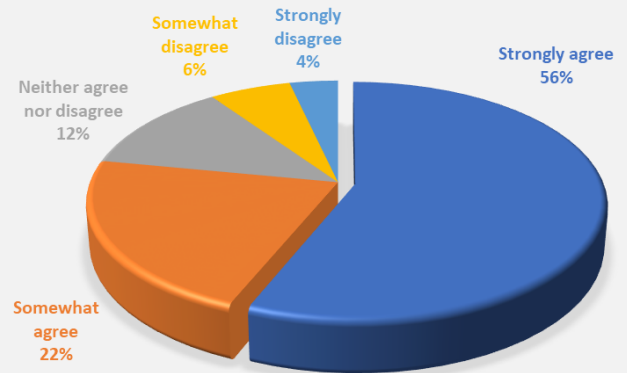
## Perceptions of Ethical Conduct in the Workplace

The following questions were included in the survey to measure conditions in the work environment including safety, security, and ethical perceptions of peers and those in leadership roles.

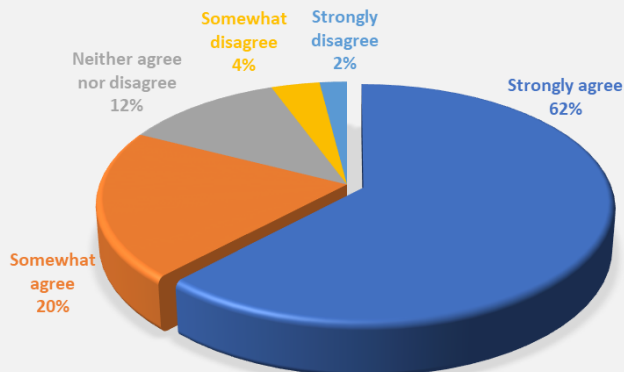
**My area treats others with dignity and respect.**



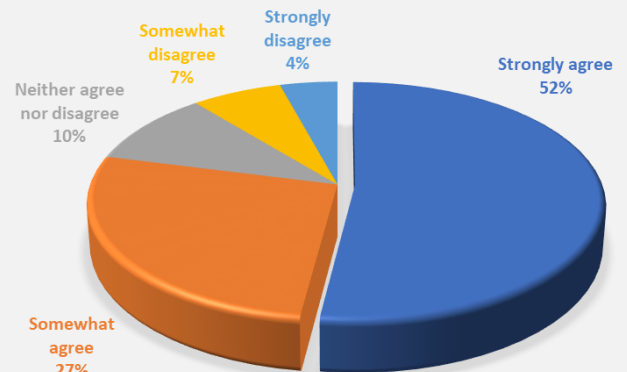
**I feel that individuals in my area order their business after strong ethical standards.**



**My area understands and complies with the UW Code of Ethical Conduct.**

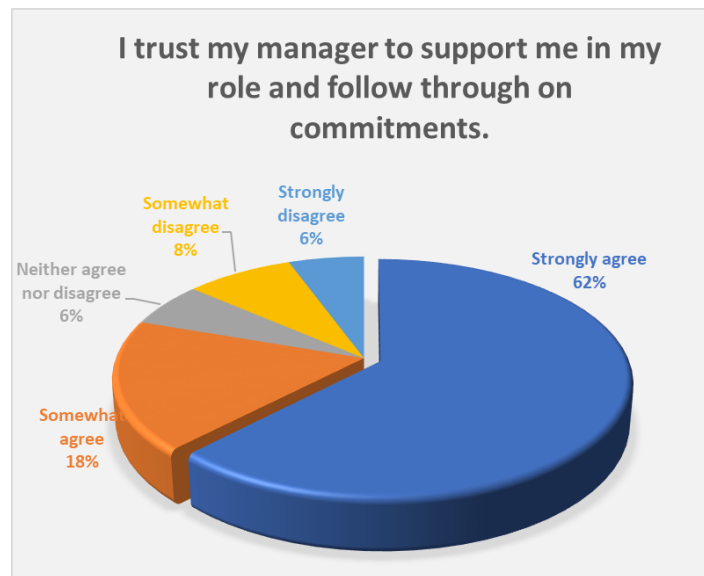
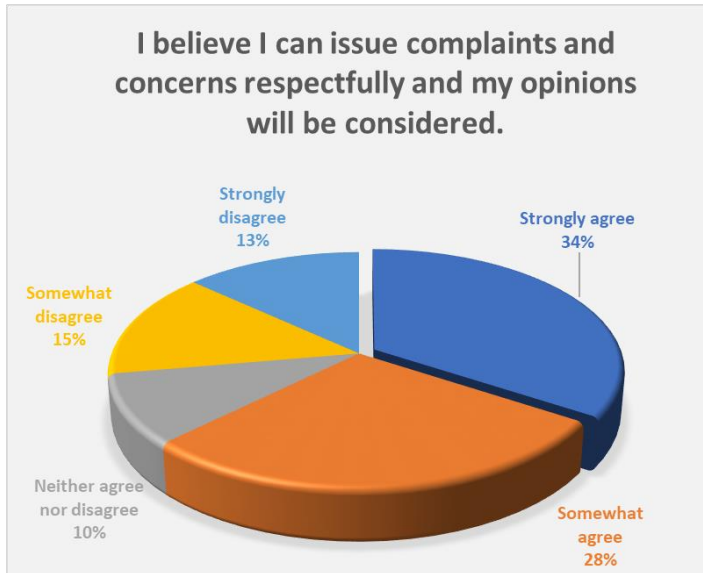


**I believe my work environment is safe and secure.**



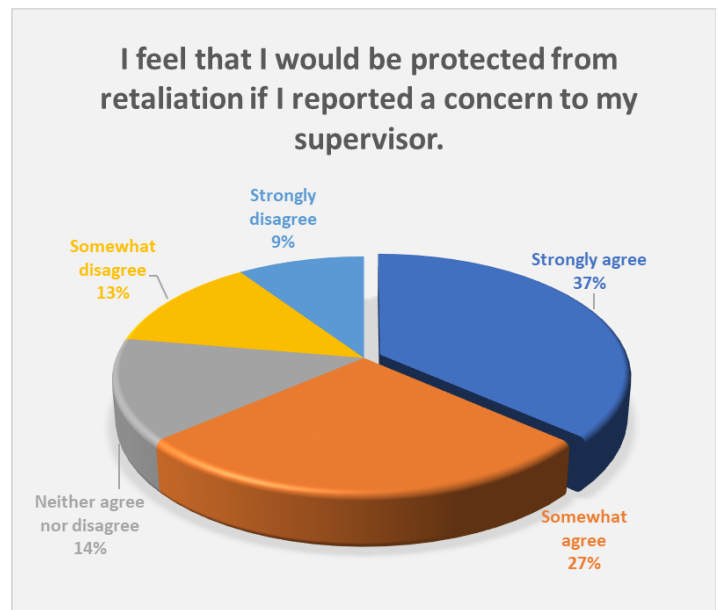
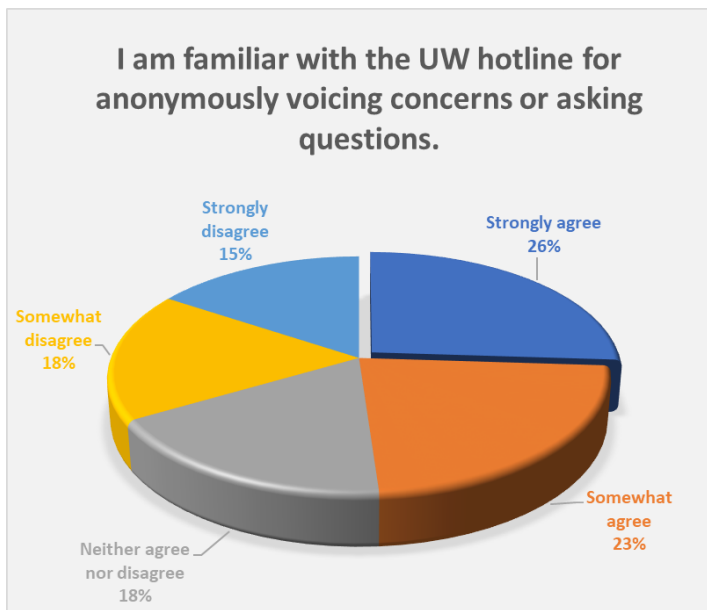
## Trust Between Managers and Their Employees

These questions measure the level of trust employees feel with their direct manager, which impacts comfort in speaking up to establish clarity or to report concerns, demonstrating ethical conduct and accountability, and contributing to overall university health.



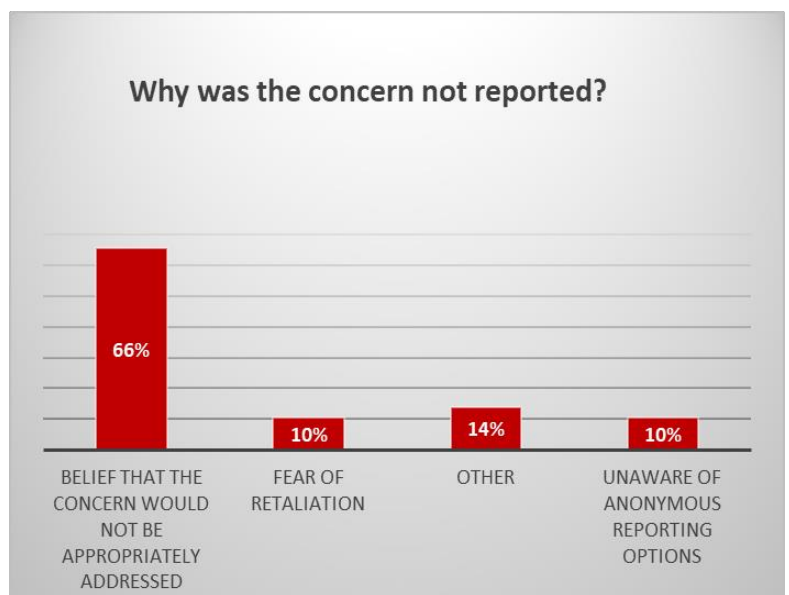
### Comfort Level with Reporting Concerns

Employees were asked about their knowledge of UW's anonymous reporting line and to rate their comfort level with reporting issues to their manager. They were also asked whether they felt they would be protected from retaliation when reporting through various channels. This data was collected to evaluate whether respondents felt they could raise concerns without fear of retaliation.



### Organizational Justice

Organizational justice refers generally to employee perceptions of fairness in the workplace (more specifically related to outcomes, processes, information, and treatment). This survey section aimed to measure the satisfaction of issue response and resolution and inquired as to feelings and perceptions related to conduct in the workplace after voicing concerns. Measuring and monitoring these components is critical to understanding more about what is, or is not, reported *and why*.



## APPENDIX

### DEFINITIONS:

**Enterprise Risk Management (ERM)** – describes a broader approach to managing risk. It is the coordinated activities to direct and control an organization with regard to risk.

- It defines risk as the effect of uncertainty on objectives. It, therefore, ties the management of risk to what is most important to the organization. This uncertainty about outcomes can be either positive or negative.
- The responsibility for managing risk is spread across the organization to those who have accountability and authority – risk owners.
- It is an approach to managing all of an organization’s key business risks and opportunities with the intent of maximizing the shareholder value [or stakeholder satisfaction].
- Major Risk Categories: Strategic, Financial, Operational, Compliance, Reputational.

**Strategic risk** – situations related to the University’s ability to achieve its overall goals and objectives including the ability to hire and retain competent personnel, and/or the ability to attract and retain students

**Financial risk** – situations related to budgetary challenges and financial deficits

**Operational risk** – situations related to systems, processes, and procedures to prevent errors, waste, misuse

**Compliance risk** – situations related to compliance with laws, regulations, rules, policies, and procedures; ability to enforce physical and data security protocol

**Reputational risk** – situations related to public perception, political issues, fraud, etc.

**Risk** - the threat that an event, action, or non-action will adversely affect UW’s ability to achieve its objectives and execute its strategies successfully

**Risk assessment** – overall process or method of identifying, analyzing, and evaluating hazards and risk factors that have the potential to cause harm

**Risk register** – a tool in risk management and project management used to list potential risks to an organization and used to recognize potential issues that can derail intended outcomes for the University of Wyoming

**Audit universe** – a list of auditable entities, processes, systems, and activities within the University including an evaluation of risk based on predetermined factors. As such, the audit universe is determined and updated based on assessed risks, information from the risk register, past audits, and emerging risks

**Enterprise Risk Management Advisory Committee (ERMAC):**

- 19 members from all areas of the university plus additional subject matter experts/advisors
- Meets regularly and has a growing university “best practices” reference library

### PURPOSE:

The annual risk assessment is an important piece of the Enterprise Risk Management framework. It provides leadership and other risk owners information regarding threats and opportunities that might affect the achievement of strategic goals. The results also contribute toward keeping the risk register current.

The results of an annual risk assessment can be meaningful for various levels of the University as it has the potential to identify threats and diagnose the current state of strategic goal achievement.

There is a tendency to view risk assessment and risk management as an effort to identify compliance issues that can be solved by drawing up lots of rules and making sure that all employees follow them. Many such rules are sensible and do reduce some risks that could severely damage the University. But rules-based risk management will not diminish either the likelihood or the impact of major threats to the strategic vision.

Not only does this risk assessment provide strategic information regarding risks to our strategic goals, but it also provides Internal Audit with information to update the audit universe and develop the Internal Audit Plan for the coming year.

[Section 2010 – Planning – 2010.A1](#) of the International Standards issued by the International Professional Practices Framework (IPPF) state: The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

This standard:

- Makes the best use of limited resources
- Improves ability to impact the organization
- Generates buy-in from management
- Assists with maintaining value

## ENTERPRISE RISK MANAGEMENT (ERM) Background:

- UW has a strong vision for ERM implementation with the introduction of key aspects of the framework to senior leaders and trustees in Year 0 (2020), a launch of Year 1 actions/activities (2021), and plans to build upon the ERM foundation in years to come.
- A more comprehensive approach to identifying and managing our institutional risks helps us maintain our credibility with stakeholders (elected officials, parents, donors, students, alumni, accreditation bodies, rating agencies, etc.).
- By addressing our risks proactively and avoiding negative consequences (many of which have a huge financial penalty aspect), we keep scarce resources intact for uninterrupted application toward UW's strategic objectives.
- Our goal is not risk elimination, but rather risk awareness and solid controls to help us avoid damaging consequences of unnecessary risk exposure associated with our activities.