Enterprise Risk Management

BACKGROUND

OSU's enterprise risk management (ERM) program is a process the university uses to identify and support the mitigation of major risks that may impact the university's ability to meet its mission and objectives. OSU's ERM model, as approved by the Executive & Audit Committee (EAC), is coordinated by the Office of Audit, Risk and Compliance. It includes three phases:

- **Information gathering**: Review of the university's strategic plans and goals; scanning of the higher education landscape, including federal and state agency activity; examination of university risk topics and plans; and re-examination of the university environment, including people, services, tools and facilities/infrastructure employed to accomplish its mission. This phase is led by the chief audit, risk and compliance executive with the engagement of university leadership, including the university cabinet and members of the provost's senior leadership team.

- **Risk identification**: Assessment of the operational, compliance, safety, financial, reputational, and strategic risks that could impede the university from meeting its mission and objectives if not addressed. The top identified risks are selected and agreed upon by the president, provost, and EAC members.

- **Remediation and monitoring**: Remediation and monitoring of programs under the top identified risks, following plans created by the risk owner(s). Progress reports are presented annually to Board committees, as assigned by the EAC, based on charter responsibilities.

As adopted by the Board, OSU tracked six *enterprise risks* in 2021:

1. Talent management
2. Interpersonal violence prevention, support and response
3. Hazard planning and business recovery
4. Workplace safety
5. Research infrastructure
6. Information technology (IT) ecosystem and security

The university made significant progress over the last year in addressing these enterprise risks:

- Establishment of a talent management model to inform improvements in human resources practices;

- Improved clarity and communications regarding OSU's approach to preventing and responding to sexual misconduct; improved protocols used to inform the president and senior leaders of sexual misconduct cases; and additional investment in support programs;

- Successful deployment of the university's all hazards emergency response plan;

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- Adoption of new measures to strengthen OSU's workplace safety culture;

- Significant improvements in research space and general support infrastructure;

- Substantial improvement in the university's cybersecurity tools, practices, and systems;

- Implementation of processes to ensure compliance with the university-wide critical training program for all employees and students, which supports management of several enterprise risks.

DETERMINATION OF 2022 ENTERPRISE RISKS

In fall 2021, as part of the annual ERM planning process, the chief audit, risk and compliance executive worked with senior management and the EAC members to review and assess the existing six enterprise risks for continued relevance as well as identify any additional risks.

Continuing enterprise risks. OSU's 2021 enterprise risks have been consistently identified by the Board for focus over past four to five years. Although significant progress has been made in their mitigation, consensus among EAC members and university leadership is that all six remain significant risks for OSU and there is merit in continuing their status as enterprise risks in 2022.

At the same time, in the coming year, the owners of these enterprise risks will conduct a comprehensive assessment of past mitigation efforts and future mitigation needs. This will provide a longer-run perspective on the trajectory of the university's mitigation efforts and inform the possible change in status of one or more of the identified enterprise risks.

Other identified risks. During the risk identification process, several risk areas were highlighted. Upon evaluation, it was determined that each of these areas (summarized below) has assigned responsibilities, oversight, and mitigation strategies in place. Therefore, none need to be classified as enterprise risks and tracked independently through the ERM process.

- *Board oversight and responsibility:*
  - Presidential search process, hire, and transition

- *President's oversight and responsibility, delegated as follows:*
  - *Provost and executive vice president*
    - Higher education changing landscape – innovation needs to meet learner/consumer demand and increased enrollment competition
    - COVID-19 planning and implications
    - Student mental health
    - Internationalization – global strategy, including international student enrollment

  - *Vice president, finance and administration*
    - Future revenue pressures – net tuition revenue and government funding trends

- o *Vice president, research*
  - Research administration – central and distributed administrative support for long-term growth in research, including provision of support for large, complex projects; award support; and compliance on conflicts of interest, foreign influence, and export controls

- o *Vice president and chief diversity officer*
  - Diversity, equity, and inclusion

- o *Vice president and director, intercollegiate athletics*
  - Athletics competitiveness, financial impacts and compliance obligations related to changing collegiate sports model, including name, image and likeness (NIL), pay for play and changes to the National Collegiate Athletic Association (NCAA)

- o *Vice president for university relations and marketing*
  - Social and political activism awareness

NEXT STEPS

On January 27, 2022, the Executive & Audit Committee will discuss the 2022 enterprise risks and reporting schedule, as outlined in Attachment 1**.**

**Oregon State University
Enterprise Risk Management
2022 Enterprise Risks**

RISK MITIGATION STRATEGY

Oregon State University will continue to support efforts to reduce the risk profile in the six designated enterprise risks noted in the table below. The risk owners are responsible for approving, leading or assigning, and monitoring risk mitigation strategies, as well as for providing the university community and Board committees with accountability reports on risk mitigation strategies.

ERM TOPICS

ERM Topic and Risk Owner(s)	Goal	Board Committee Progress Report Schedule
Talent Management Risk Owners: Provost and Executive Vice President, and Vice President for Finance and Administration	Attract and retain the best talent; reduce attrition in a tight labor market; improve management to support employee retention and reduce claims and litigation	ASC May 2022
Interpersonal Violence Education, Prevention, Support and Response Risk Owners: President, Provost and Executive Vice President	Provide effective prevention, outreach, support and response programs that foster a safe environment and support student and employee well-being and success.	ASC January 2022
Hazard Planning - Business Recovery Risk Owner: Vice President for Finance and Administration	Ensure effective preparation and recovery plans are in place for hazards such as an active shooter, disease outbreak, earthquake, or inclement weather events	EAC May 2022
Workplace Safety Risk Owners: Provost and Executive Vice President, Vice President for Finance and Administration	Establish safety measures that prevent: injury and unsafe environments, improper disposal and storage of supplies and waste; and violation of state and federal laws	ASC October 2022

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ERM Topic and Risk Owner(s)	Goal	Board Committee Progress Report Schedule
Research Infrastructure Risk Owners: Provost and Executive Vice President, Vice President for Research	Provide adequate research space and equipment to attract and retain top faculty, leading to increased research productivity, an increase in grant awards, ability to attract and retain undergraduate and graduate students, and increased student experiential learning	FAC May 2022
Information Technology (IT) Ecosystem and Security Risk Owners: Provost and Executive Vice President, Vice President for Finance and Administration	Safeguard IT resources against loss of research, operational or student data; safeguard network services to prevent disruptions of service, financial loss, or negative perceptions of operational controls and maintain compliance with national security laws; effectively implement the strategic IT infrastructure plans	EAC April 2022