# Enterprise Risk Management (ERM) – Overview

## What is ERM?
- A framework by which the major risks facing the University are identified and evaluated.
- Facilitates an appropriate risk response to ensure NU can meet its objectives
- A University wide initiative to bring a risk focus to prioritize and optimize current programs, solutions, and goals

## Why are we doing it?
- Regulatory Requirements / Best Practices / Industry Benchmarking
- Standards & Poor's/ Moody’s have expanded their ratings criteria for non-profit entities to include consideration of ERM
- Federal Sentencing Guidelines (FSG) - consideration is given depending on the vigor of the risk and compliance function an organization maintains.
- AICPA Statement on Auditing Standards 99 requires risk assessments are performed to identify risks which may be material to the organization.
- Higher Ed peer schools increasingly looking at ERM initiatives; increased focus on ERM in industry publications
- NU Board of Trustee expectations

## Roles & Responsibilities
- President Schapiro & his Senior Staff (PSS) own the process
- Foundation of ERM program is the people who actively manage risk, risk decisions reside with Risk Owners - Deans / VPs / Directors
- Increased awareness of risks affecting daily work by staff & faculty
- Audit and Advisory Services facilitates the process and manages a central database of risk information

## How to do it?
- Dual Track Implementation: Top-Down (RISC) and Bottom-Up (Units and Schools)
- Assemble List of Top Risks – share with President’s Senior Staff, Deans, and VPs
- Risk Owners will meet with President’s Senior Staff to discuss plans for remediation of risks

## Expected Results
- ERM helps protect NU against serious and costly risks; helps identify risk trends
- Risk knowledge eases compliance w/legal and regulatory requirements
- Ensures that controls in place are efficient and effective but not over-burdensome
- Allows alignment of objectives, budget, and priorities

## ERM Lifecycle

![ERM Lifecycle Diagram](image)

- **Assessment**
  - Identify Key Risks
  - Risk Impact / Likelihood
  - Risk Mitigation w/ Owners
- **Management**
  - Risk Reports For Mgt
- **Quantification**
  - Risk Heat Map

## Risk Heat Map

![Risk Heat Map](image)