



ENTERPRISE RISK MANAGEMENT

PROGRAM PLAN

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I. VERSION HISTORY

The Office of Compliance & Risk develops and maintains the Enterprise Risk Management Plan. The Board of Trustees, Executive Leadership, Risk Owners, and Other Key Stakeholders shall receive a copy of the current version of the Enterprise Risk Management Plan. While this plan is publicly available the documents resulting from actions taken under this plan shall be deemed confidential. It is the intention of this plan that privileged reports and documents will also be created. (See Appendix A: General Counsel Memo).

Version Number	Implemented By	Revision Date	Description of Change
1.0	Tiffany Turner Lynch	4/20/2023	Implementation

II. INTRODUCTION

Per University of North Carolina policy 1300.7, each constituent institution shall establish an enterprise risk management process that aligns with the institution's programs, activities, and management systems and that supports the institution's strategic and other goals. The enterprise risk management processes established at each constituent institution shall include components and appropriate procedures for:

1. Identifying risks that impact the constituent institution's goals;
2. Developing plans to monitor and mitigate risks;
3. Providing periodic updates to the chancellor and the board of trustees; and
4. Reporting significant enterprise risks to the president and, with the president's guidance, to the Board of Governors.

Winston-Salem State University ("WSSU") has identified the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") approach to Enterprise Risk Management. The COSO ERM framework comprises five interrelated components.

1. Governance & Culture
2. Strategy & Objective Setting
3. Performance
4. Review and Revision
5. Information, Communication, and Reporting

This Enterprise Risk Management ("ERM") Plan defines how risks associated with Winston-Salem State University will be identified, analyzed, and managed. It outlines how risk management activities will be performed, recorded, and monitored throughout the lifecycle of the risk and provide templates and practices for recording and prioritizing risks by the Risk Owner and/or Executive Leadership.

III. ROLES & RESPONSIBILITIES

BOARD OF TRUSTEES

The Board of Trustees is responsible for oversight of processes to identify, assess, prioritize, and manage general business risks. This includes the current risk environment, emerging risks, and the interrelationship between risks and the context of the university's risk appetite.

EXECUTIVE LEADERSHIP

Executive Leadership is responsible for identifying the risks, the dependencies of the risk within WSSU, the context, and the consequence of the risk. They are also responsible for determining the impact, timing, and priority of the risk as well as formulating the risk statements and risk appetite statements.

CHIEF COMPLIANCE & RISK OFFICER

The Chief Compliance & Risk Officer assists in identifying and determining the context, consequence, impact, timing, and priority of the risk. If the Risk is unique, the Chief Compliance & Risk Officer may identify risk interdependencies across the University and assign a risk classification and tracking number.

RISK OWNER(S)

The risk owner determines which risks require mitigation and contingency plans and also generates the risk mitigation and contingency strategies. The risk owner is responsible for monitoring, controlling, and updating the status of the risk throughout the risk lifecycle. The risk owner can be a member of the Executive Leadership.

OTHER KEY STAKEHOLDERS

Other stakeholders assist in identifying and determining the context, consequence, impact, timing, and priority of the risk.

IV. RISK APPETITE STATEMENT

The risk appetite statement communicates the standards by which risks at WSSU are measured and will enable risk assessments to report risks relative to the risk appetite. Identified below are the risk areas evaluated according to their consequences, which define the *impact of occurrence* and the *likelihood of occurrence* scales to be used in risk assessments.

- Life Safety
- Environment
- Financial
- Capital Assets
- Interruption of Services
- Reputation & Image
- Teaching & Learning
- Research
- Compliance
- Information Resources

A sample survey used to develop the risk appetite statement can be found in **Appendix A**.

V. RISK MANAGEMENT PROCESS

The Chief Compliance & Risk Officer, working with Executive Leadership, will ensure that risks are actively identified, analyzed, and managed. Risks will be identified as early as possible in the process to minimize their impact. The steps for accomplishing this are outlined in the following sections.¹



Figure 1 WSSU Enterprise Risk Management Model

¹ Adapted from the Committee of Sponsoring Organization of the Treadway Commission.

1. RISK IDENTIFICATION

Risk identification will involve Executive Leadership, and appropriate stakeholders, with evaluation of the strategic plan, environmental factors, and organizational culture.

The following methods to assist in the identification of risks associated with WSSU include but are not limited to:

- Brainstorming
- Interviewing
- SWOT (Strengths, Weaknesses, Opportunities, and Threats)
- Diagramming
- Surveys
- Trade publications

A master Risk Management Log will be generated, updated as needed and maintained by the Office of Compliance and Risk. It is the intention of this plan that privileged reports and documents will also be created. Such documents will be addressed in the assessment scope memorialized by the Chief Legal Counsel in **Appendix B**. A. Executive Leadership shall be responsible for maintaining a risk management log for their identified department(s).

Compliance Risks shall be managed in line with the Compliance & Ethics Program Plan. Risk that share similar properties shall be address through the university's enterprise risk management process.

2. RISK ANALYSIS

All risks identified will be assessed prioritized by their level of importance in the context of the current risk appetite.

A. Qualitative Risk Analysis

The probability and impact of occurrence for each identified risk will be assessed by the Risk Owner with the assistance of the Chief Compliance & Risk Officer, with input from the Executive Leadership. The impact will be assessed on a scale of Low to High with corresponding definitions for each risk area. The probability will be assessed based on the likelihood of occurrence.

Risks that fall within the EXCEEDS and MEETS zones, as defined by the risk appetite, will have a risk response plan which may include both a risk response strategy and a risk contingency plan.

B. Quantitative Risk Analysis

Risk events that have been prioritized using the qualitative risk analysis process will be further analyzed to estimate the effect on University activities will be estimated. A numerical rating will be applied to each risk based to reflect severity of impact, and the results of the analysis will be documented.

3. RESPONSE PLANNING

Each major risk (those falling in the Exceeds & Meets zones) will be assigned to a risk owner for monitoring and controlling purposes to ensure that the risk will not “fall through the cracks”.

For each major risk, one of the following approaches will be selected to address it:

- **Avoid** – Eliminate the threat or condition or protect the project objectives from its impact by eliminating the cause
- **Mitigate** – Identify ways to reduce the probability or the impact of the risk
- **Accept** – Nothing will be done
- **Transfer** – Shift the consequence of a risk to a third party together with ownership of the response by making another party responsible for the risk (buy insurance, outsourcing, etc.)

For each major risk that will be *mitigated*, the Risk Owner(s) will identify ways to prevent the risk from occurring or reduce its impact or probability of occurring. This may include policy amendments or adoptions, procedure revisions, adding resources, etc. Any secondary risks that result from risk mitigation will be documented and follow the risk management protocol as the primary risks.

For each major risk that is to be *mitigated* or that is *accepted*, a course of action, including a contingency budget, will be outlined if the risk does materialize to minimize its impact.

4. MONITORING, CONTROLLING, & REPORTING

The level of risk will be monitored, controlled, and reported throughout the risk lifecycle via the methods described herein. Any changes resulting from this step should be analyzed for their potential impact on the risk.

Risks will be assigned a risk owner(s) who will monitor, control and report on the status and effectiveness of each risk response action to the Chief Compliance & Risk Officer and Executive Leadership on at least quarterly.

As Risk Events occur, the list will be re-prioritized and will reflect any and all changes to the risk lists including secondary and residual risks. Management will be notified of important changes to risk status as a component of risk reporting as needed.

1. The Chief Compliance & Risk Officer will:
 - Review, reevaluate, and modify the probability and impact for each risk item as needed.
 - Analyze any new risks that are identified and add these items to the risk list (or risk database).
 - Monitor risks that have been identified
 - Review and update the qualitative analysis report as needed.
 - Escalate issues/ problems to management. Factors that would determine escalation include but are not limited to:
 - Overall level of risk rising

- Mitigation actions are not effective or producing the desired results
2. The Risk Owner(s) will:
- Develop the risk response and carry out the execution of the risk response, if a risk event occurs.
 - Participate in the review, re-evaluation, and modification of the probability and impact of each risk.
 - Identify and participate in the analysis of any new risks that occur.
 - Escalate issues/problems to Chief Compliance & Risk Officers that,
 - Trigger another risk event to occur.
 - Require action before the next review
 - Indicate the risk strategy is not effective or productive (possibly triggering the contingency plan).

Risk activities will be recorded in the Risk Management Response Log.

VI. CLOSING A RISK

The Chief Compliance & Risk Officer shall have the authority to close a risk. Risks will be considered closed when any of the following criteria are met:

- Risk is no longer valid
- Risk Event has occurred
- Risk is no longer considered a risk

VII. REVIEW

An annual review of the Enterprise Risk Management Plan shall be conducted to assess performance.

Risk Appetite Survey

Start of Block: Introduction

Welcome to the Office of Compliance & Risk Risk Appetite Survey. This survey is being conducted to determine:

Levels of risk WSSU is willing to accept in providing value to stakeholders (risk appetite)

Variations of risk acceptable in achieving objectives (risk tolerance)

This survey develops the standards by which risks at WSSU are measured and will enable risk assessments to report risks relative to the risk appetite. This survey organizes risks by categories according to their consequences, which define the impact of occurrence and the likelihood of occurrence scales. The goal for the audience of this survey is to set for each category the acceptable levels of impact, likelihood to be used in risk assessments.

The survey should be answered with the WSSUs' current environment, resources, and [strategic commitments](#) in mind.

You may only take the survey once, but you can edit your responses until the survey is closed on May 08, 2023. All responses are required.

If you have any questions about the survey, please email [Tiffany Turner Lynch](#)

Impact of Occurrence - Probability that an incident will have a measurably negative effect on the business

Likelihood of Occurrence - Probability that the event will occur daily, monthly, yearly, once every five years, etc.

End of Block: Introduction

Start of Block: Life Safety

Life Safety - Events causing human life to undergo mental distress, pain, injury, illness or loss.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Life Safety**

- High - Multiple Deaths (1)
- Medium-High: Death, severe permanent disability, significant injuries, or life-threatening illness (2)
- Medium Illness or injury requiring hospitalization (including chronic hospitalization) (3)
- Low - Medium Illness or injury treatable by a doctor causing extended absence (4)
- Low No injury or illness or injury treatable with first aid (5)

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Life Safety**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Life Safety

Start of Block: Environment

Environment - Activity causing harmful effects on the biophysical environment

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Environment**

- High Release into environment with detrimental effect requiring significant resources; fines or penalties (1)
 - Medium - High Release into environment that can be mitigated and restoration probable (2)
 - Medium Release into environment that is contained on-site without assistance (3)
 - Low - Medium Minimal environmental damage (4)
 - Low No environmental damage (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Environment**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Environment

Start of Block: Financial

Financial - Monetary loss, detrimental increase in liabilities or expenditures, or decline in net financial position.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Financial**

- High Loss is greater than 100% of committed resources (1)
 - Medium - High Loss is 100% of committed resources (2)
 - Medium Loss is greater than 50% of committed resources (3)
 - Low - Medium Loss is greater than 25% of committed resources (4)
 - Low Loss is negligible (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Financial**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Financial

Start of Block: Capital Assets

Capital Assets - Losses of land, infrastructure, buildings and improvements, equipment, libraries, collections or construction in progress

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Capital Assets**

- High Complete loss of a capital asset (1)
 - Medium - High Significant loss of use of a capital asset (2)
 - Medium Major damage to a capital asset (3)
 - Low - Medium Minor damage to a capital asset (4)
 - Low Little or no impact on a capital asset (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Capital Assets**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Capital Assets

Start of Block: Interruption of Services

Interruption of Services - Events disrupting the delivery of our teaching, research, and public services.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Interruption of Services**

- High Complete loss of a mission-critical service to function correctly and on schedule (1)
 - Medium - High Substantial loss of a mission-critical service to function correctly and on schedule (2)
 - Medium Significant disruption of a needed service to function correctly and on schedule (3)
 - Low - Medium Minor disruption of a needed service to function correctly and on schedule (4)
 - Low Little of no impact on services (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Interruption of Services**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Interruption of Services

Start of Block: Reputation & Image

Reputation & Image Stakeholders perceiving the university as not being a good steward of their trust.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Reputation & Image**

- High National media interest; 3rd party actions; drop in rankings, donations, funding, enrollments and stakeholder confidence (1)
 - Medium - High High news profile, local media interest; 3rd party actions; adversely impacts all stakeholders (2)
 - Medium Substantiated, public embarrassment, moderate news profile; adversely impacts a segment of stakeholders (3)
 - Low - Medium Substantiated, low impact, low news profile; minor adverse impact on one to many stakeholders (4)
 - Low Unsubstantiated, little or no impact, low profile, no news items (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Reputation & Image**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Reputation & Image

Start of Block: Teaching & Learning

Teaching & Learning - Adverse effects on our ability to educate students at all levels, create an educated workforce that keeps the economy competitive, or provide continuing education for North Carolinian to improve their job skills and enhance the quality of their lives.

Please select the highest risk impact of occurrence level that WSSU is willing to accept relative to **Teaching & Learning**

- High Termination of accreditation by regional accrediting agency leading to loss of federal funds for research & student financial aid, and authority to issue student and worker visas (1)
 - Medium - High Placed on probation by the regional accrediting agency; subject to reviews and visits by a 3rd party (2)
 - Medium Failure to meet one or more accreditation standards, letter of warning from regional accrediting agency (3)
 - Low - Medium Weakness in meeting one or more accreditation standards of professional accrediting agencies (4)
 - Low Little or no effect (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Teaching & Learning**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Teaching & Learning

Start of Block: Research

Research - Adverse effects to research at WSSU causing leading scholars and promising students to perceive that WSSU does not provide a unique environment in which they can strive together to expand fundamental knowledge of human nature, society, and the natural world.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Research**

- High-Human subject death or permanent disability; Research misconduct (fabrication, falsification or plagiarism) impacting credibility; Debarment and penalties > \$1 million; Research materials - loss of rights, flaws and inability to publish (1)
 - Medium - High Human subject illness or injury requiring extended care; Animal subject death or permanent disability; Termination of funding and penalties of up to \$1 million; Research materials - liability for flaws or problems (2)
 - Medium Human or animal subject injury treatable with first aid; Failure to meet one or more compliance requirements, may trigger a granting agency warning letter (3)
 - Low - Medium Incidental non-compliance with requirements of granting agency (4)
 - Low Little or no effect (5)
-

Please select highest acceptable **likelihood of occurrence** level WSSU is willing to accept relative to **Research**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Research

Start of Block: Compliance

Compliance - Failure by the university to fulfill its responsibilities to the people of North Carolina in an ethical environment that is compliant with applicable laws, rules and regulations and in which the public trust is maintained.

** Monetarily capped by the North Carolina Torts Claim Act 143-300.6*

*** Implicates other state funding; Outside of the UNC System*

*** System Office Authority; Remains WSSU Liability
+ Within the WSSU campus delegation

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Compliance**

- High Penalties for noncompliance exceeding \$1 million and/or prosecutions with potential for incarceration* (1)
 - Medium - High Penalties for noncompliance costing \$150,000 to \$ 1 million** (2)
 - Medium Penalties for noncompliance costing \$75,000 to \$150,000*** (3)
 - Low - Medium Penalties for noncompliance costing \$1 - \$74,999+ (4)
 - Low Little or no effect (Non-Monetary) (5)
-

Please select the risk 'likelihood of occurrence' level that WSSU is willing to accept for **Compliance**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Compliance

Start of Block: Information Resources

Information Resources - Academic and administrative information is improperly disclosed, modified or destroyed by unauthorized persons, not reliable or not available when needed.

Please select the highest risk **impact of occurrence** level that WSSU is willing to accept relative to **Information Resources**

- High Death, physical injury, emotional harm or devastating financial loss to any person from the unauthorized release of private information; Destruction or unauthorized alteration of data and systems (1)
 - Medium - High Harassment or endurable financial losses to a person from the unauthorized release of restricted information; Improper modification of proprietary information; System disruption of one month or longer (2)
 - Medium Unwanted communications (e.g., sales, political) resulting from the unauthorized release of restricted information; Disruption of mission-critical systems lasting one week to one month (3)
 - Low - Medium Minor adverse impact (e.g., occasional junk mail); Disruption of mission-critical systems lasting up to one week (4)
 - Low Little or no effect (5)
-

Please select the risk 'likelihood of occurrence' level that WSSU is willing to accept for **Information Resources**

- High Almost certain to occur in most circumstances (1)
- Medium - High Likely to occur (2)
- Medium Moderate possibility of occurrence (3)
- Low - Medium Unlikely to occur (4)
- Low Rare- may only occur in exceptional circumstances (5)

End of Block: Information Resources

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APPENDIX B: SCOPE OF ASSESSMENT – GENERAL COUNSEL MEMORANDUM



WINSTON-SALEM
STATE UNIVERSITY

Suite 125 Blair Hall ➤ Winston-Salem, NC 27110
Phone: (336) 750-2105 ➤ Fax: (336) 750-2107

Ivey Brown, J.D., Ed.D.
Chief Legal Officer

TO: FILE

DATE: April 19, 2023

SUBJECT: Scope of Privileged/Confidential Assessment Pursuant to Risk Management Plan

This memorandum is drafted to memorialize the status of documents created for a legal purpose under the WSSU Risk Management Plan (Plan). It is the intention of this Plan that multiple variations of reports may be created:

- A. *Non-privileged reports for public consumption*
- B. *Reports with sensitive information that may not neatly fit the definition of non-public records pursuant to the current interpretation of NC General Statutes*
- C. *Privileged reports for use by legal counsel containing assessments, analyses, and conclusions with respect to risk management (including plans and procedures), deficiencies, and relevant situational factors to which the university is subject. At this point, the creation of a Master Risk Management Log is contemplated as an example of such a document.*

This memo addresses documents that may fall under B and definitely fall under C above.

WSSU recently created a Division of Institutional Integrity led by the General Counsel & Vice Chancellor for Institutional Integrity (GC). This new Division combines many of the university's departments that regularly manage and use confidential or privileged information (Legal Affairs, Title IX, and Audit). The Division also includes a newly-created department dedicated solely to risk and compliance management.

The creation of this new Division has created a unique opportunity as the university now has the ability to gather and synthesize data related to risk and compliance for use in legal strategy. As part of trial preparation, this risk data will help craft the university's approach to the resolution of legal issues (including helping determine whether a particular argument or even the decision to engage will expose the university to greater or ancillary liability).

Additionally, as the records produced pursuant to the Plan will relate to risks, the GC is cognizant that the Public Records Act (NCGS 132 et al.) currently excludes plans to prevent or respond to terrorist activity under certain circumstances. It is expected that the risk assessments created under the Plan may meet the criteria for exclusion for this reason.

The privileged and confidential documents created pursuant to the Plan have not existed previously, and the documents would not have existed but for legal purposes. As such, the documents are crafted under the guidance and direction of the GC, and the documents will be treated like other privileged and confidential documents and communications.

In the event there is a public records request for the information being handled as privileged or confidential, the following steps should be taken:

1. Share that there is a document identified as public and a document treated as privileged or confidential.
2. Ask if the public version will suffice. Explain that if the public version will not suffice, the North Carolina Attorney General's office will have to be consulted for an opinion.
3. Contact the North Carolina Attorney General's Office for an opinion pursuant to 132-9(c)(3). For convenience, the following indicia of privilege have been designed into the creation of the documents related to the Plan:
 - The privileged documents will have non-privileged versions; they will be created with an idea that the public version would suffice for record requests.
 - The privileged versions will be treated consistent with other privileged documents (control is maintained by few individuals, and the document will be shared on a need-to-know basis)
 - The documents have not previously been released or shared as a public record.
 - The privileged documents will be used by legal counsel to aid in the fulfillment of legal duties. The current strategy of the General Counsel involves a drastic reduction in the minimization of litigation. The privileged documents will aid this effort.
 - The privileged will be created under the authority of the General Counsel. The Chief Compliance and Risk Officer is a direct report to the General Counsel and is acting at General Counsel's direction to assist the General Counsel in providing legal advice.
 - All investigation and data collection is done to allow the university to assess risks to limit liability.
 - The Master Risk Management Log will contain detailed analyses and formulas reflecting contemporary strategies and leadership directives. Directives and strategies can change quickly; sharing the privileged information identified will likely lead to unintended and incorrect conclusions without context.

VIII. APPENDIX C: KEY TERMS

The following table provides definitions and explanations for terms and acronyms relevant to the content presented within this document.

Term	Definition
Enterprise Risk Management	The culture, capabilities, and practices that organizations integrate with strategy-setting and apply when they carry out that strategy, with a purpose of managing risk creating, preserving, and realizing value.
Risk	The possibility that events will occur and affect the achievement of strategy and business objectives.
Risk Management	The process of identifying and assessing risks and creating a plan to minimize or control those risks and their potential impact on an organization
Major Risk	Risks falling within Meeting or Exceeds of the Risk Appetite Statement