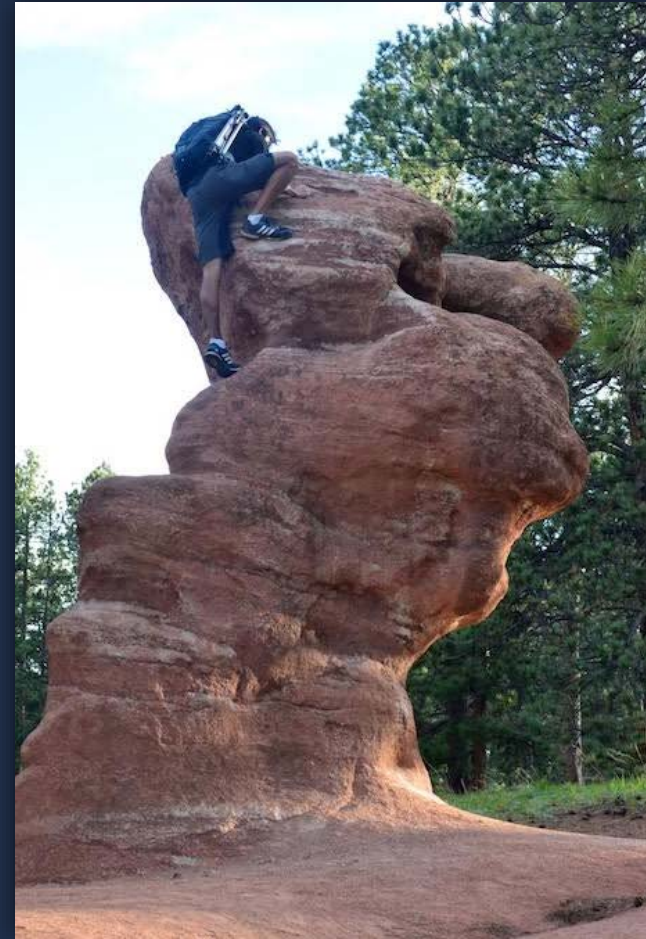Enterprise Risk Management

March 16, 2017

Photo credit: Teddy Kelley (Stocksnap.io)

Agenda

- Team Introductions
- ERM Overview
- Project Management
- Exercise
- Team Rules

Clayton Kramp, Mines Student, Applied Math '18

Team Introductions

Tell us…

- Who you are

- What you do

- How long you've been at Mines

- Something you geek out on

Photo credit: Samuel Zeller (Stocksnap.io)

Team Introductions

Academic Affairs

❖ Jahi Simbai

❖ Andrea Morello

❖ Patti Nichols

❖ Vanessa Gonzales/Nichole Bigley

Administration & Operations

❖ Trish Green

❖ Barb O'Kane

❖ Katie Schmalzel

❖ Natalie Martinez

❖ Tressa Constantineau Ries/Deputy Controller
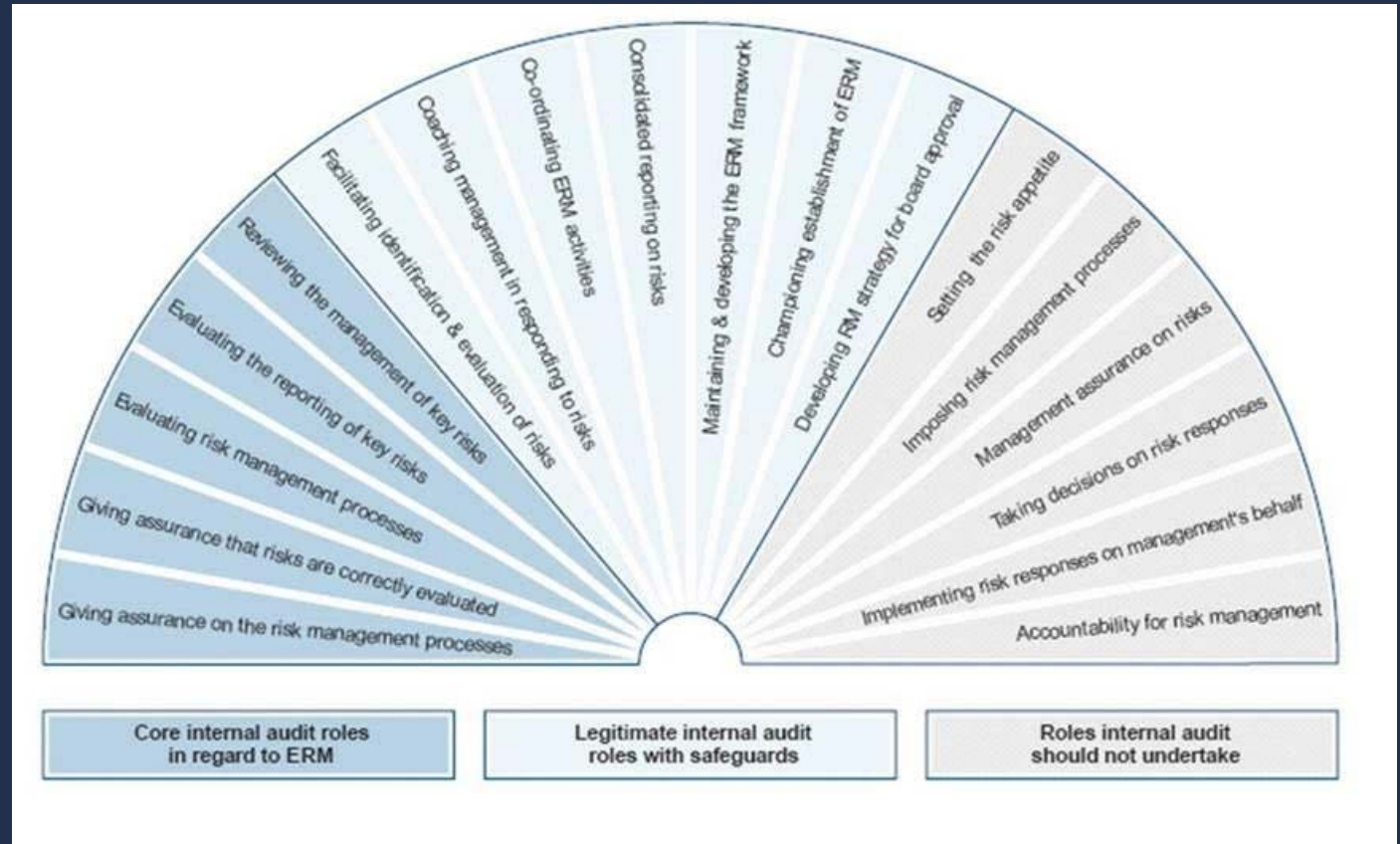
Student Life

❖ Jenny Nichols

❖ Bob Mask

Photo credit: Samuel Zeller (Stocksnap.io)

IA's Role

- Be a resource

- Perform administrative tasks

- Facilitate the process

Source Credit: The Institute of Internal Auditors

"One is too small a number to achieve greatness. No accomplishment of real value has ever been achieved by a human working alone."

- John C. Maxwell

Risks

Risks are **EVERYWHERE** in many forms

- ❖ Operational risk
- ❖ Strategic risk
- ❖ Compliance risk
- ❖ Reputational risk
- ❖ Financial risk
- ❖ Health and safety risk
- ❖ Cyber risks

Photo credit: Laine Metzler (Stocksnap.io)

Optimal Risk-Taking Yields Maximum Value

Not Enough Risk-Taking

Excessive Risk-Taking

Optimized Risk Taking

Expected Enterprise Value

Risk Level

Source Credit: Revised COSO ERM Framework (2016)
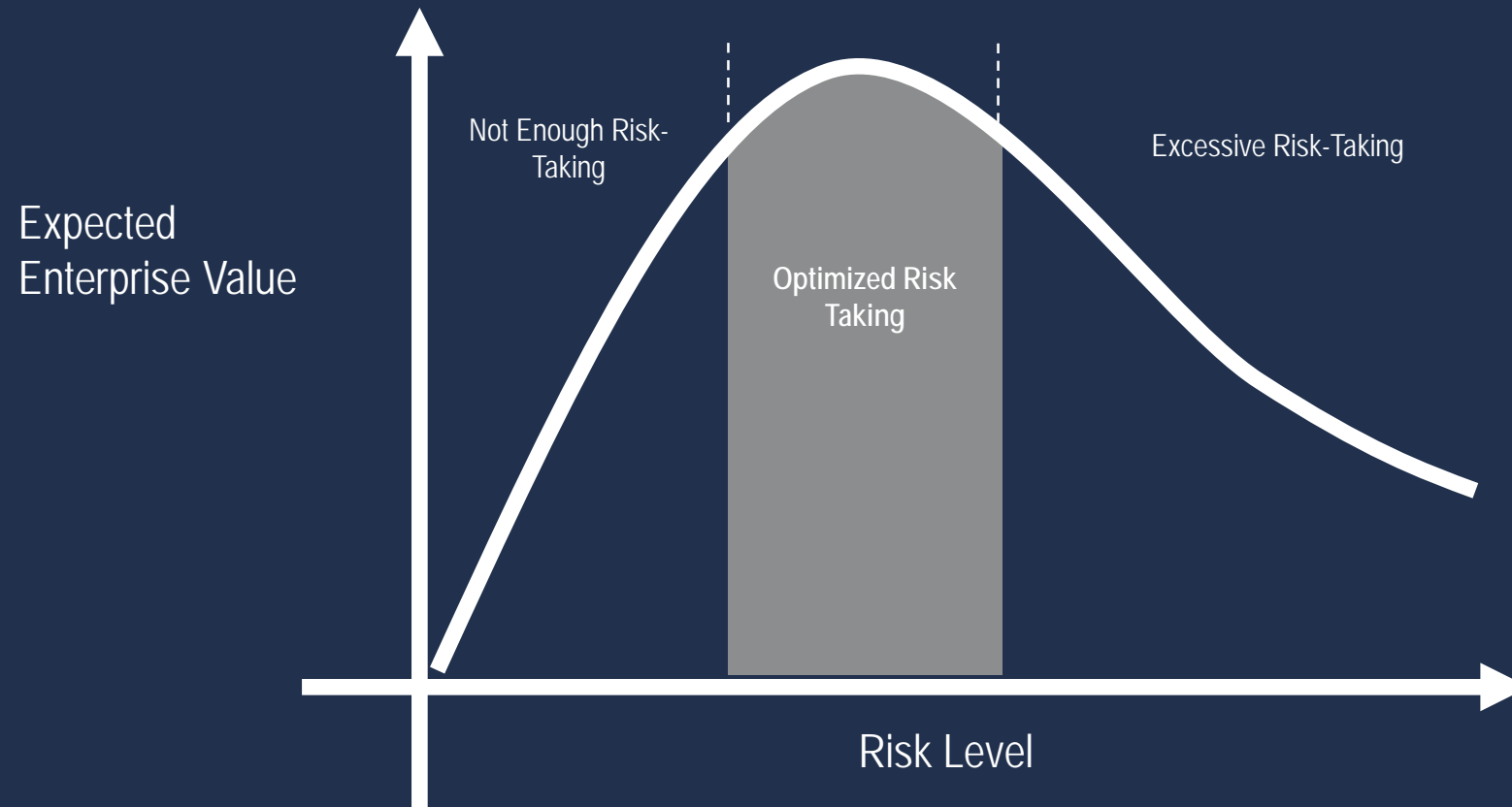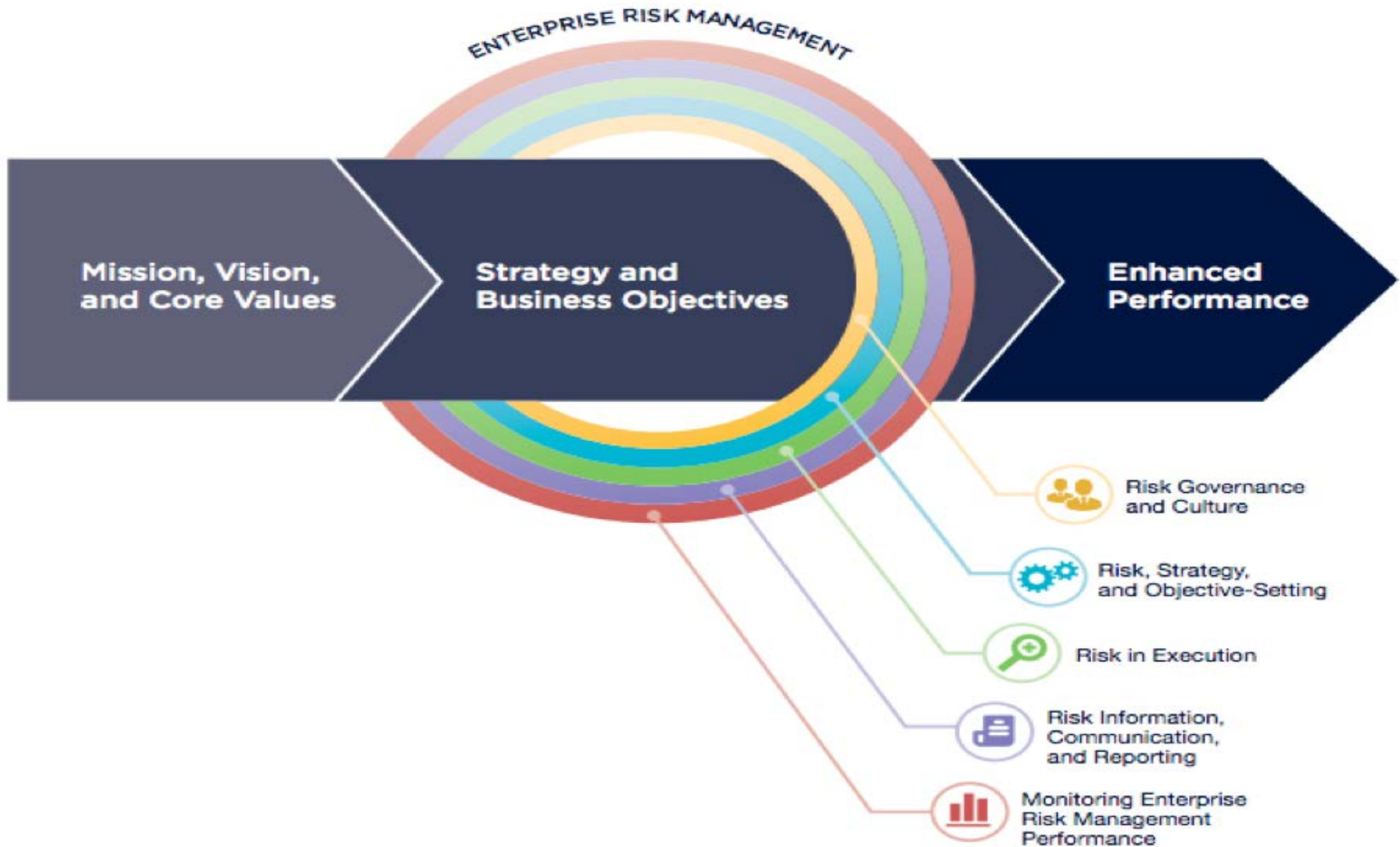
BENEFITS OF IMPLEMENTING ERM

- Achieving Mines' objectives

- Purposeful resource allocation

- Informed decisions

- Collaboration

- Break down barriers

- Impact of interrelated risks

PROPOSED ERM FRAMEWORK

Accountability | Finance and Audit Committee | Oversight

Consult

Assurance | Executive Leadership | Advise

Develop ERM Framework | | Define Mines' Risk Appetite

Consult

Assess Risk | ERM Advisory Team | Determine Responses
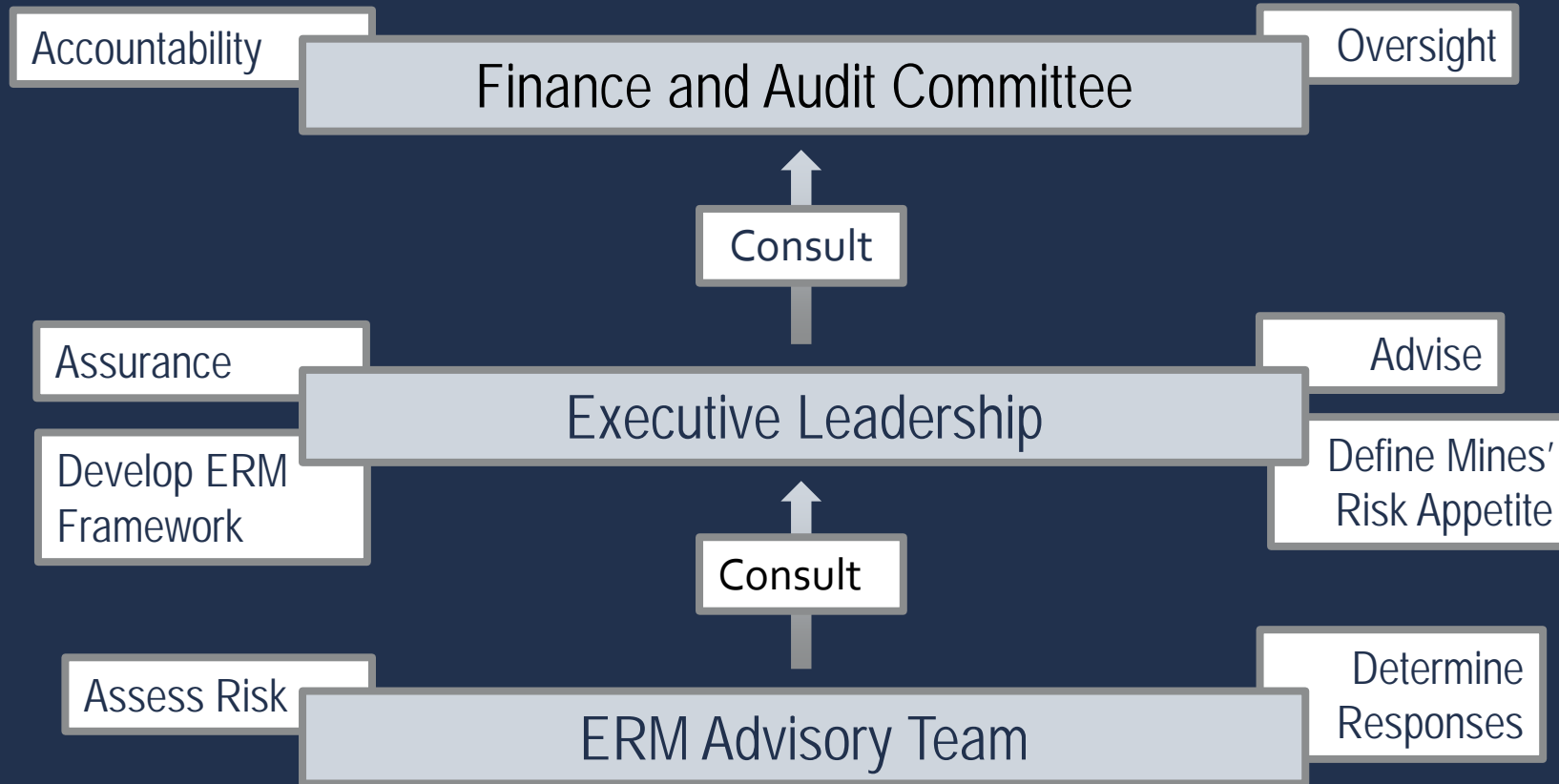
ERM Survey Key Highlights

Purpose: Gain an understanding of how risk management occurs at Mines

- 16 participants
- 3 areas: Academic Departments, A&O, and Student Life
- 7 Questions

ERM Survey Key Highlights

Varying perceptions of Mines risk appetite

On a scale from 1 (risk averse) to 5 (risk taker), how would you define Mines risk appetite?
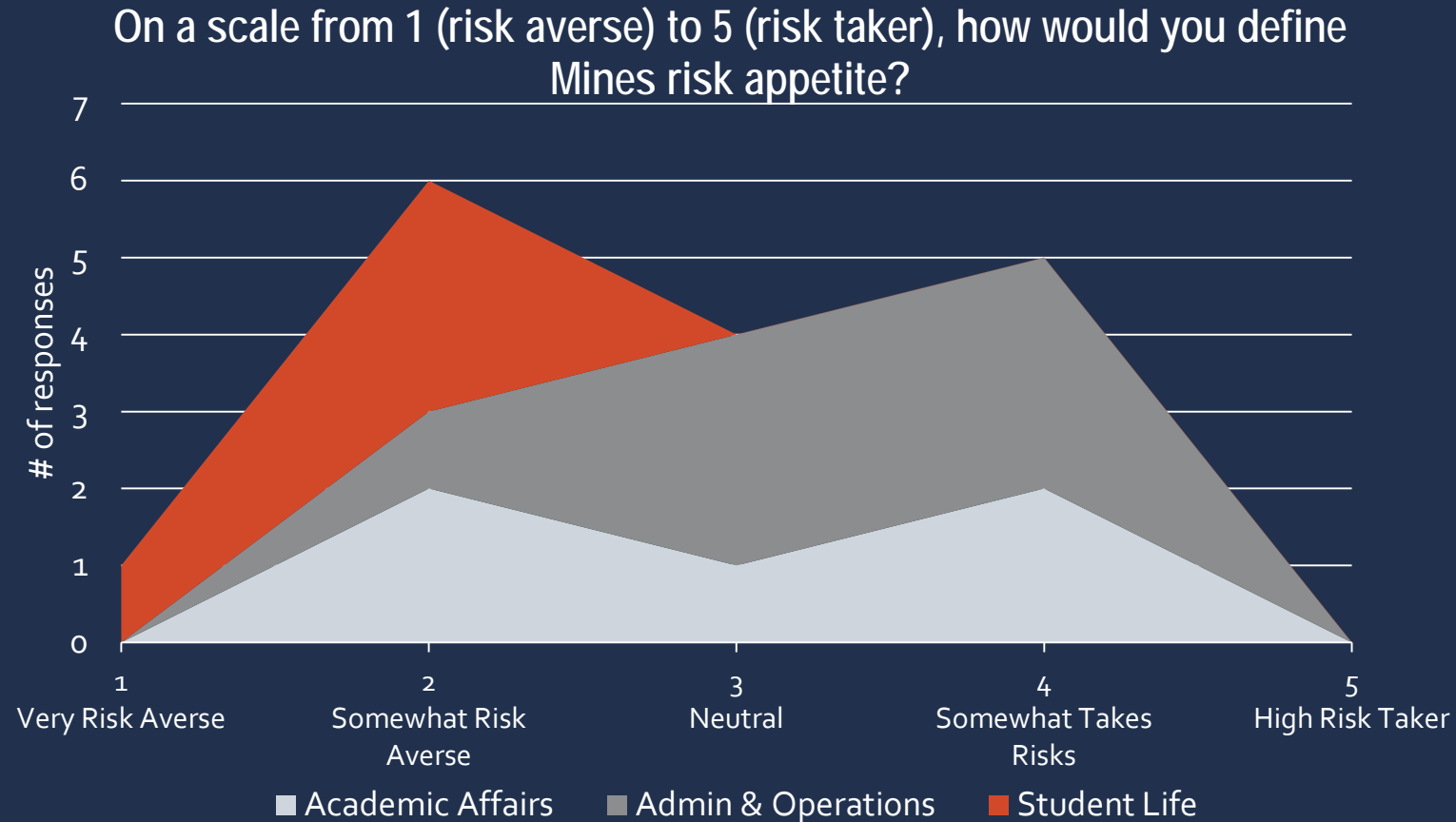
ERM Survey Key Highlights

we take

unknown

risks due to not

knowing the

potential

impact

There is a certain level of risk related to **research**

How would you define Mines' risk appetite?

inconsistent - we are very risk averse on some things that aren't high priority and vice versa

we have a "do what you want" culture and any policy

following is considered **too risk averse**

ERM Survey Key Highlights

Is there a common meaning of risk across campus?   **NO**

How do you define risk?

- ❖ "Risk is the **likelihood** that a person may not be **harmed** or suffers adverse health effects if exposed to a **hazard**"
- ❖ "Management of **uncertain** or **unanticipated** conditions that impact business operations/goals"
- ❖ "**Rule breaking** or **results in harm** to CSM"
- ❖ "I generally think of risk as the **likelihood** of something (generally bad) – a threat - **being realized**"
- ❖ "**Don't know**"
- ❖ "Your definition of types above is the **first time** I've specifically considered a **definition**"
- ❖ "Causing significant harm to Mines from a **financial, reputation,** and **academic standing** perspective"

ERM Survey Key Highlights

Challenges/barriers to risk management

Category	Percentage
No barriers or challenges	~6%
Other	~19%
Lack of authority	~31%
Lack of knowledge	~44%
Lack of collaboration across departments	~50%
Lack of training	~50%
Lack of tools/resources	~62%

Next Steps

Establish roles, commitment and define risk

Develop framework to assess risk

Perform initial risk assessment

Monitor performance and report on metrics

Expand the team and refine the process

Create and train core team of risk owners and leaders

Planned Milestones

2017

2/28/2017
Socialize ERM and identify participants

5/31/2017
Formalize **goals**

10/31/2017
Develop **framework**

12/31/2016
Determine **need** & make recommendations

4/30/17
Train participants

8/31/17
Define **risk appetite**

Planned Milestones (cont.)

2018

4/30/2018
Prioritize risks and develop **response plans**

Ongoing Communication

2/28/2018
Perform **initial risk assessment**

6/30/2018
Monitor performance and reporting

Questions ?

ERM Charter & Project Plan

Vision Statement for Project Management

"Project Management tools and techniques are common knowledge across the Mines community and are leveraged, in the course of business, to increase the success of projects."
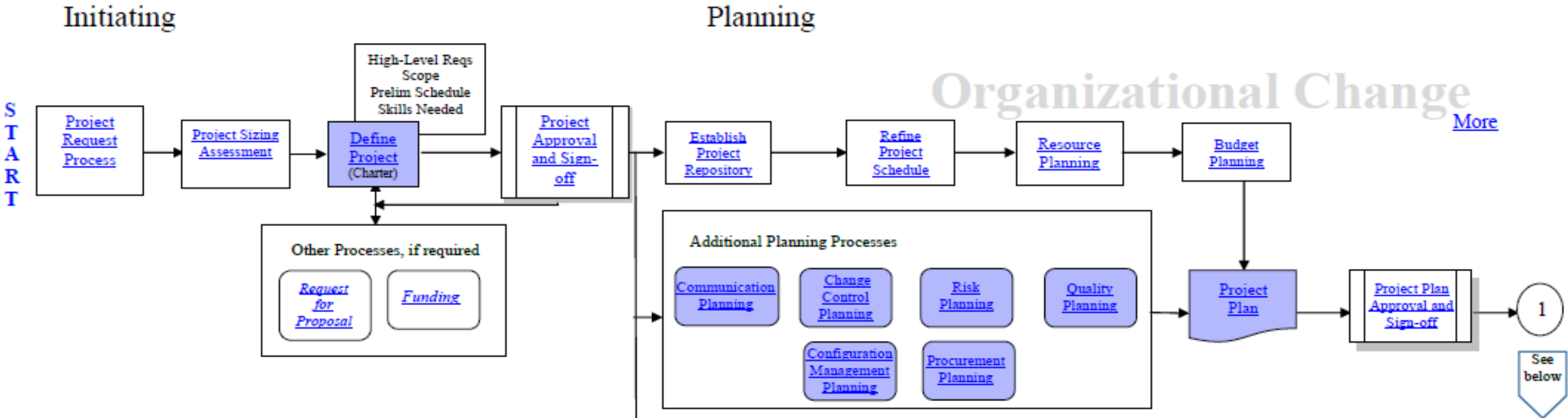
Link:
ppm.mines.edu

Contact:

Clayton Durkee
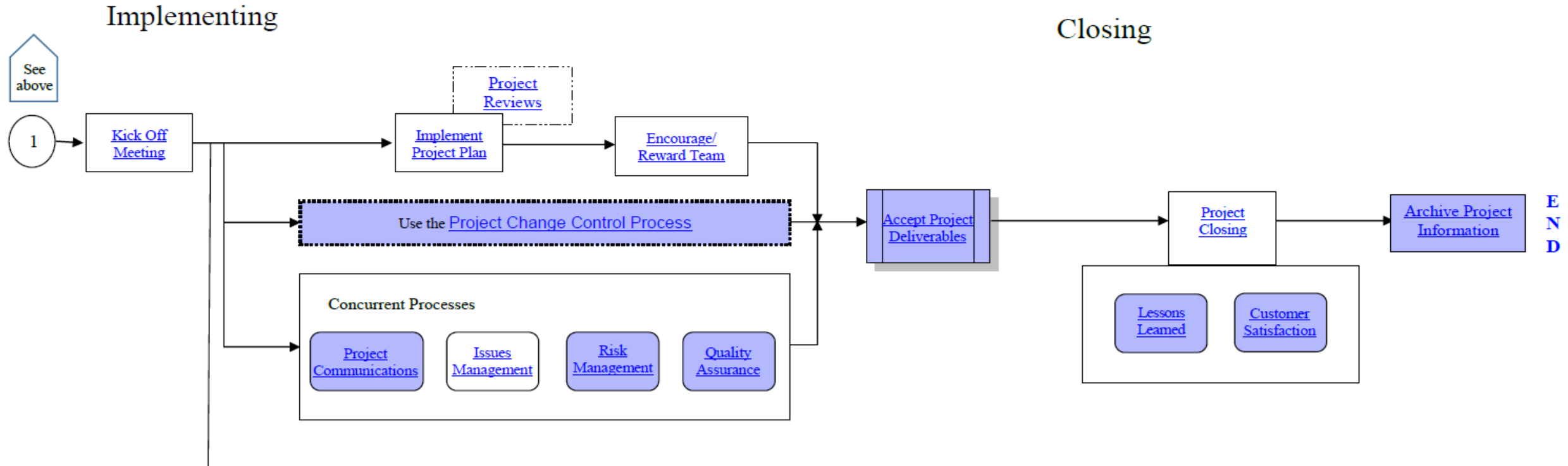Project & Portfolio Manager
cdurkee@mines.edu
303-273-3019

Project Delivery Process

COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT

Initiating

Planning

Organizational Change

More

START

Project Request Process → Project Sizing Assessment → Define Project (Charter) → Project Approval and Sign-off

High-Level Reqs
Scope
Prelim Schedule
Skills Needed

Establish Project Repository → Refine Project Schedule → Resource Planning → Budget Planning

Other Processes, if required

Request for Proposal   Funding

Additional Planning Processes

Communication Planning | Change Control Planning | Risk Planning | Quality Planning

Configuration Management Planning | Procurement Planning

Project Plan → Project Plan Approval and Sign-off → (1)

See below

Method for Specific Project Deliverables

☐ - Key project processes

PROJECT DELIVERY PROCESS

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Implementing

Closing

See above

1

Kick Off Meeting

Project Reviews

Implement Project Plan

Encourage/ Reward Team

Use the Project Change Control Process

Accept Project Deliverables

Project Closing

Archive Project Information

END

Concurrent Processes

Project Communications

Issues Management

Risk Management

Quality Assurance

Lessons Learned

Customer Satisfaction

Method for Specific Project Deliverables

☐ - Key project processes

Team Exercise

Get with a partner and plan a surprise party for a friend. Each person takes turns saying a sentence, starting each sentence with "Yes, but"…

…now do the same thing but instead of "Yes, but" say "Yes, and."

https://www.youtube.com/embed/HOfVon-4dzc?autoplay=1&hd=1&rel=0&KeepThis=true&TB_iframe=true&height=370&width=640?autoplay=1&hd=1&rel=0

Source: Avish Parashar, www.dinghappens.com

Team Rules!

1. "Yes, and"
2.
3.
4.
5.
6.
7.
8.
9.
10.

Next Meeting

March 28, 2017 from 3:30pm to 5pm
Student Center E134

Action Items

- ✓ Review charter and project plan and provide feedback by March 27 (All)