

Q&A

Anita Ingram, Chief Risk Officer, University of Cincinnati

ERM AT THE UNIVERSITY OF CINCINNATI

By Russ Banham



RIMS

Ohio's premier urban research college, the University of Cincinnati (UC), traces its origins to 1819 when two even older institutions of higher education merged. Today, the school is in the top tier of "Best National Universities," according to *U.S. News & National Report*, tallying an annual enrollment of 44,000 students drawn to its curriculum and beautiful campus. As the largest employer in the region, the university contributes a reported \$4 billion to the regional economy.

Anita Ingram, UC's chief risk officer, was recruited in 2014 to design, develop and implement its first enterprise risk management program. Previously, Ingram was in the beginning stages of co-developing the ERM program at Southern Methodist University (SMU) in Dallas. RIMS sat down recently with the chief risk officer to discuss what she had learned from her prior experience at SMU in deploying ERM at UC.

RIMS: Tell us a bit about the approach taken at SMU to incorporate ERM as the school's overarching risk management process.

Ingram: I had been at SMU for 18 years when in my last couple of years there, we embarked on the ERM project. I partnered with the internal auditor, as it works really well in higher education to partner with compliance or audit for ERM. Unfortunately, not long after we launched the process, the project stalled. As we were taking a look at why it stalled, I received a call from a recruiter at UC.

RIMS: Were you able to determine why things broke down before you took the job at UC?

Ingram: I think so. The ERM governance structure at SMU calls for a solid line of reporting to the audit committee of the board of trustees and the president. That was just the natural order of things. Risk management, on the other hand, has a solid line of reporting to the CFO and not to the board. Consequently, it made sense for internal audit to lead the partnership. The problem with audit in the lead on ERM, and my interpretation of the reason why the project stalled, is audit can only go so far before they run into a role conflict. Audit's job is to audit the internal controls and processes. In accordance with the job's charter and guidelines, internal audit must remain objective and so can't get deeply involved with the operations of the organization. Risk management can be very much involved with operations and can also work with the risk owners and provide direction, when needed. So we were stuck—we had a conflict with our ability to work with senior leaders and risk owners when it came to risk mitigation. We paused and said "now what?"

RIMS: And that's when you got the call from the recruiter. So as you made your way to UC as its chief risk officer, how did the experience at SMU alter your approach to the ERM implementation? Were you able to solve the role conflict issue?

Ingram: We did solve it, although I partnered once again with the internal auditor, one of the senior leaders here at UC. What's different is that she really understood (the limitations of) her role from the beginning and felt it would not be a good idea for her to be in the lead on the project. Rather, she would collaborate with me and I would be the lead. That took care of the primary impediment we had confronted at SMU. I also have a dotted reporting line to the audit and risk management committee of the board of trustees for ERM, whereas she reports to both the CFO and the audit and risk management committee. Best of all, she's a great relationship person. She had established healthy relationships with the

operating units and they respect her role as internal auditor and ERM collaborator. Even though she goes in as the auditor, she is able to switch roles as needed when she is collaborating with ERM and not be viewed as adversarial. That helped quite a bit.

RIMS: In developing the ERM program, what were the first steps the two of you took?

Ingram: We started from scratch with a clean sheet of paper, which was so much fun. Together, we outlined the plan for the ERM executive committee and the board's audit and risk management committee of what the governance structure would look like. Every university has its own culture and most are very siloed organizations. It was important to structure the governance in such a way that we had be able to engage people across UC and its 14 colleges, each led by an individual dean. We also wanted to have representation by students, faculty and key administrative staff. These various individuals all became a part of our ERM Risk Council.

RIMS: Tell us more about the council—what it does and why that's important?

Ingram: Sure. We currently have 23 people on the Risk Council, mostly decision makers with the ability to allocate resources should this be necessary. But we also have a student representative on the council and plan to add a graduate student representative next year. We have about 40% academic representation. Altogether, the council's responsibility is to help identify the university's risks, to understand but not create the mitigation plans, and in some cases they are risk owners themselves. For example, the director of public safety at UC is on the council and is obviously a risk owner. We have assembled a great knowledge base (on the Council) that is helping us build a risk-aware culture.

RIMS: Once the governance structure was in place, what came next? Did you determine a process for identifying, assessing, managing and mitigating risks?

Ingram: We did. Based on our analysis of more than 200 one-hour interviews, we created a risk register. I led the interviews along with the internal auditor and a couple of people on my staff. We talked with every senior level administrator (including the president), every board member, the functional heads, deans and so on. We made it clear to everyone that the way we defined risk in the ERM framework was as a double-sided coin. Risk creates both adverse impacts and opportunities. For instance, there are highly positive things the university can do that will move its mission forward, but they may involve some level of risk. To understand what these were, we had asked everyone, "What are the worrisome things that keep you up at night, and what are the exciting things that get you up in the morning?"

RIMS: That is a great way to get a comprehensive sense of the university's risk exposures. Please tell us how these dialogues were captured in the risk register.

Ingram: Well, we formed the register with both risks and opportunities in it. But it's not a once-and-done exercise by any means. Rather, it allows for a continuous assessment process. For instance, we update the register regularly with risk information from various publications and news feeds from around the world, in addition to data on what other educational institutions are doing in their risk management activities and what insurance companies are worried about.

RIMS: What are some of the other components of the ERM governance structure?

Ingram: Within the Risk Council, we have a risk review subcommittee that meets regularly to review new risks that we bring to their attention. These days, we're focused on the risk of concussions in football, active shooters on campus, Title IX discrimination issues, social unrest and related protests. We meet regularly. Just last week, we gathered to talk about adding research data protection and governance to the risk register. I'm not talking about cyber risks or data breach risks, which are already in the register. Rather, the risk involves the possibility of a question arising that one of our researchers might have fudged some of their research findings and the university's ability to prove or disprove that. We're considered a top research institution. If we had received several millions of dollars from the NIH (National Institutes for Health) and a researcher's conduct was later called into question, it would have a potentially devastating impact on our integrity and reputation. We had a pretty deep discussion to determine if we were already managing this risk elsewhere. No decisions have yet been reached.

RIMS: That's something that could easily fall under the radar, were there not a process to discuss such possibilities. So the risk council is at the bottom of the pyramid, reporting up to the board of trustees?

Ingram: Yes, the board, not surprisingly, is at the top as far as oversight. In between is the ERM executive committee, which is composed of the president, provost, and the direct reports to the president. This committee—there are about a dozen people in all on it—is directly responsible for the program and sits above the Risk Council. They assign each member to own several risks, since we strongly believe that risk ownership is important not just at the front lines of operations. While someone who is a Title IX expert owns that risk at the operational level, we also have an executive owner ultimately responsible for managing that risk. An example is succession planning, a risk owned by the president.

RIMS: One last question. How many people at the front lines are responsible for owning the institution's risks?

Ingram: Easily I would say that the direct individual day-to-day risk owners across the organization number about one hundred. Between their ownership and the oversight from above, we're pretty comfortable we're on top of our risks. We like to say ERM means Everyone is a Risk Manager. In that sense we have thousands of risk owners! But there is always room for improvement. ■