



Implementation Plan
for
Maricopa Integrated Risk Assessment Project
at the
Maricopa County Community College District

Submitted To:
Dr. Rufus Glasper
Chancellor

Submitted By:
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Risk Manager

November 25, 2003

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Maricopa County Community College District
MARICOPA INTEGRATED RISK ASSESSMENT PROJECT
IMPLEMENTATION PLAN
November 25, 2003

BACKGROUND

The Maricopa Integrated Risk Assessment (MIRA) project embraces a wider view of risk called Enterprise Risk Management (ERM). The maturation of the discipline of risk management from that of traditional risk management -- which deals with “insurable” risks – is reflected in the integrated risk framework of ERM. The ERM framework enables management, working without silos, to collaboratively identify, assess, manage future risks and opportunities, individually and *across* the organization. The Maricopa County Community College District (MCCCD) Governing Board officially approved MIRA in March 2000. There have been several notable accomplishments to date. On October 27, 2003, Dr. Rufus Glasper, MCCCD Chancellor, assigned responsibility for MIRA to Ruth Unks, MCCCD Risk Manager, and asked that she develop and initiate a multi-year MIRA implementation plan.

INTRODUCTION

As higher-education leaders develop business strategies for the 21st century, it is important to recognize and continuously examine the market forces changing not only our society, but also the economy and related business environment that accompany the complex higher education institutions. These institutions are no longer insulated from the realities of constant change. This sector must transform itself to be more responsive to changing business environments and its stakeholders. The following drivers are increasing pressure to transform this sector:

- Fierce competition for faculty, students, staff, and financial resources.
- Pressure for increased productivity, responsiveness, and accountability while reducing cost.
- Increased external scrutiny from government, the public, governing boards, journalists, and taxpayer-rights groups.
- Powerful new technologies that require significant investment of both financial and human capital resources.
- Rapidly increasing entrepreneurial ventures beyond the traditional educational venues are creating stresses and strains on traditional administrative and financial infrastructures.
- Increased competition in the marketplace creating greater business risks.
- Increased level of litigation in general and internally with higher and higher levels of financial consequences.

As higher education leaders map new strategies to address these drivers, business risks have increased. These leaders will need to understand the risks, and they will need to establish a “risk conscious” tone at the top for their organizations. These new risks are:

- **Strategic Risks—Goals of the Organization:** In developing strategic plans, colleges and universities should consider the risks associated with each strategy. Institutions of higher learning must market their unique advantages, strive to be competitive and be a vital presence in the communities they serve. ERM should support the upside risk and protect against the downside risk in all these endeavors.
- **Operational Risks—Processes that Achieve Goals:** Colleges and universities are dependent upon day-to-day operations for their success and must assess operational risks.
- **Financial Risks—Safeguarding Assets:** The potential loss of physical assets or financial resources represents areas focused on by business departments and traditional risk management programs.
- **Compliance Risks—Laws and Regulations:** This includes internal and external reporting and may involve financial and non-financial information. Non-compliance with external rules and regulations can be costly. Some of the most significant penalties have come from ineffective management of compliance risks.
- **Reputational Risks—Public Image:** Many organizations’ images have been damaged and reputations tarnished by failure to effectively manage reputational risks. Emphasis on employee and educational integrity and a clear statement of ethics, moral values and tone at the top is an important component of this risk.

NOTE:

The above risk categories are standard ERM risks; risk categories and definitions may change after we develop a common risk language.

MIRA HISTORY

MIRA PROGRESS TO DATE

Before detailing the plan for implementing an Enterprise Risk Management (ERM) program at MCCCCD, it is useful to quickly summarize the efforts that have brought MCCCCD to this point. In November 1999, Dr. Rufus Glasper created a task force composed of a broad spectrum of the MCCCCD community to initiate the task. From December 1999 through February 2000, the task force identified 80 top risks and prioritized them. Based on written report that the task force presented of its efforts to date, the MCCCCD Governing Board approved moving forward with the program on March 28, 2000.

From that time through October 2003, various MIRA activities took place, including a Financial Advisory Committee Program/Services Review pilot in conjunction with the Facilities Planning and Development Department, and the establishment of a MIRA Project Team to address organizational risks. In January 2003, MCCCCD's Risk Management Advisory Committee (RMAC) was formed to assist in the development of programs focused on traditional risk management issues.

In October 2003, Dr. Glasper merged the MIRA Project Team and RMAC to ensure coordination and consistency in the comprehensive development of a strategy for risk management within MCCCCD. He appointed MCCCCD's Risk Manager, Ruth Unks, to chair the committee.

Appendices 3 and 6 identify the members of the MIRA Committee and contain a short timeline of these events.

SPECIFIC OUTCOMES IDENTIFIED BY DR. GLASPER

Based on the work of the MIRA Task Force, MIRA Project Team, and RMAC, Dr. Glasper charged the Project Chair to develop and initiate a multi-year MCCCCD ERM risk assessment implementation plan by November 30, 2003 with specific timeframes, activities, participants and outcomes. This report is the response to that charge.

Dr. Glasper directed that the plan result in demonstrable progress in calculating risk assessment (and mitigating risks) within the MCCCCD organizational structure, including MCCCCD councils and committees, and in MCCCCD behavior, including attitudes of faculty and staff in all areas of operation – academic, services, administration and management. He identified specific outcomes that he wants the implementation plan to achieve:

- Increased overall effectiveness and accountability
- Sound business process; greater assurance of business continuity
- Clear demonstrated compliance with applicable laws and regulations
- Enhanced employee empowerment and pride
- Reinforcement of the strong MCCCCD cultural identity
- Enhanced competitive advantage

Dr. Glasper established an ambitious benchmark for the plan - the achievement of the outcomes in the first year of operation, and for each subsequent year after that. He further specified that the plan include the preparation of an annual report for the Chancellor's Executive Council (CEC) comparing the planned and actual outcomes for the year, submitted to Dr. Glasper by August 31 annually.

HOW DO WE ACHIEVE THESE OUTCOMES?

To prepare this implementation plan, a wide range of national resources were consulted. ERM in the higher-education setting is in its nascent stages, and MCCCDC is one of the first in the college and university setting to take on this challenge. Surprisingly, only a few institutions of higher learning have truly undertaken a comprehensive approach to ERM. They are: the University of Notre Dame, University of Pennsylvania, University of California-Davis, University of North Carolina at Chapel Hill and the University of Chicago. While these institutions are all at different stages of implementation, the model that is most similar to ours is the University of California-Davis.

Significant expertise in drafting this implementation plan were called upon. For instance, a nationally known expert in the area from Arthur J. Gallagher & Co., MCCCDC's insurance broker, traveled to Phoenix to assist with this effort. Additionally, the membership of the University Risk Management and Insurance Association (URMIA) and the Public Risk Management Association (PRIMA) were called upon to identify any other higher education and public entity resources available for this project. A complete list of the reference materials utilized for this project appears on page 40.

The Council on Supporting Organizations (COSO) was one source. (For a further description of that council and its work, see Appendix 1.) It published a draft ERM model in 2003, which describes the complex and comprehensive attributes that an ERM program must take to be successful. A successful ERM program:

- Takes note of the interrelationships and interdependencies among risks.
- Offers improved ability to manage risks within and across business units.
- Improves the organization's capacity to identify and seize opportunities inherent in future events.
- Considers risk in the formulation of strategy.
- Applies risk management at every level and unit of an entity.
- Facilitates communication by providing a common risk language.
- Takes a portfolio view of risks throughout the enterprise.

The COSO report also identifies the general ongoing activities and components that should be present in an ERM program, and thus must be part of any implementation plan for the program to be successful. Those activities and components are:

- Internal Environment
- Objective Setting
- Event Identification
- Risk Assessment

- Risk Response
- Control Activities
- Information and Communication
- Monitoring

In preparing the implementation plan for MCCCCD and MIRA, traditional risk management processes have been integrated into the activities and components of ERM and condensed into five process phases. Those phases are:

1. Project Planning
2. Evaluate MCCCCD's environment and strategy.
3. Develop a comprehensive risk identification framework and process for evaluating and prioritizing risks.
4. Review risk mitigation options.
5. Develop a risk "nervous system" for communication, reporting and monitoring progress and continual improvement.

THE IMPLEMENTATION PLAN

The discussion below identifies the key steps in the process of implementing a plan to ensure the success of the outcomes Dr. Glasper has proposed. Appendix 10 outlines these steps in a different form that permits tracking and reporting as the steps are implemented. Appendices 7 and 8 describe the resource budget that the Committee will need to move this plan forward, and some of the challenges that it will likely face in its efforts.

1. PROJECT PLANNING

A. Obtain top-level support, commitment, and participation.

In March 2000, the Governing Board approved an initiative to embed ongoing risk assessment and management into MCCCCD's daily operations and culture with support from the Chancellor and the CEC. The CEC reaffirmed its support and commitment in July 2003. A "risk conscious" tone at the top must continue and this will be accomplished by the reaffirmation of MIRA by the Governing Board and CEC on an annual basis. Dr. Glasper should lead this initiative. The launching points to move this initiative forward should be the CEC and senior leadership (deans, department chairs and business administrators).

B. A member of upper management must embrace the need for developing the ERM framework. This person will be the champion of the ERM project, and will appoint a project leader to staff and implement the project.

The MIRA Champion was identified in September 1999; the champion is Dr. Rufus Glasper. Effective October 27, 2003, Ms. Ruth Unks, Risk Manager for MCCCCD, became responsible for staffing and implementing the MIRA project. At some point in the future, MCCCCD should consider whether to appoint a chief risk officer (CRO).

C. The project leader will create a risk management committee comprised of representatives from throughout the institution. The committee should have adequate breadth and depth of participation. These members need to understand the process, respect the organization, advocate the program, help facilitate the process, and become content experts.

Effective October 27, 2003, Dr. Glasper merged the MIRA and RMAC. The majority of the members from both committees will continue as members of the new MIRA committee. (*See Appendix 3.*) Meetings will be held monthly for the first year and at more frequent intervals, if needed. At the next MIRA meeting in January 2004, MIRA members will be asked to name alternates in the case that they are unable to attend regularly scheduled meetings. Ad-hoc sub-committees will be formed to focus on certain committee initiatives.

D. The committee needs to have a clear mission and charge.

At the next MIRA committee meeting in January 2004, the proposed charge of MIRA will be presented. (*See Appendix 4.*)

E. The committee needs facilitated training on ERM concepts. The committee needs to spend time learning about the ERM concept before it can advocate the concept to others.

Facilitated training by an ERM consultant for all MIRA committee members will take place in February 2004. This training will be eight hours long.

2. EVALUATE MCCCCD'S ENVIRONMENT AND STRATEGY

A. A framework for ERM should begin with the institution's strategic plan.

Incorporate ERM strategies into MCCCCD's strategic-planning process and major decision-making processes from MIRA. The MIRA committee chairperson and other committee members will participate in MCCCCD's strategic-planning process. The timeframe for this will be in accordance with the annual Board planning calendars.

B. A commitment to managing risks should be stated and actively supported by the CEO as a key institutional objective that supports the achievement of other institutional goals and objectives.

By July 1, 2004, an Administrative Regulation regarding MIRA will be drafted by a MIRA sub-committee with approval and sign-off by the Chancellor.

C. A common risk language (risk categories and definitions) will need to be developed and customized to the organization.

Before risks can be effectively managed, MCCCCD must agree on a common definition of "risk" that is clearly understood by the Governing Board, CEC, and staff. A MIRA sub-committee will develop this common risk language by May 2004.

D. MIRA will evaluate and describe MCCC'D's current environment as it relates to ERM.

The MIRA committee will review the environmental scanning report, CAFR, strategic plan, vision, mission and value statements and develop a description of MCCC'D's environment, culture, and risk appetite by April 2004.

3. DEVELOP A COMPREHENSIVE RISK FRAMEWORK AND PROCESS FOR EVALUATING AND PRIORITIZING RISKS

A. Develop an overall portfolio of risks.

Beginning in March 2004, the committee will review, consolidate, and group by category the 80 risks identified in the risk assessment that was completed in December 1999. (*See Appendix 9.*) The committee will also identify additional risks to be considered and prioritize risks by likelihood, severity and frequency. By May 2004, the committee will select 10-20 risks to mitigate. Phase I of this process will begin with the selection of 10-20 risks to mitigate.

B. Develop risk assessment tools for all employees to utilize.

A sub-committee will research what risk assessment tools already exist and determine if these tools are suitable for use by MCCC'D employees. This sub-committee may also develop risk assessment tools. The sub-committee will be formed at the January 2004 meeting. The RMAC has already developed a risk assessment tool that has not been field-tested yet. (*See Appendix 11.*)

4. REVIEW RISK FINANCING/MITIGATION OPTIONS

A. Develop an implementation plan (including budget). The committee must develop metrics to gauge process and measure success.

Select appropriate strategies for the top risks identified in Phase I. Mitigation strategies and goals for the first 20 risks will be developed by October 1, 2004.

B. The Risk Management Advisory committee will continue to review and advise on traditional risk management initiatives.

The MIRA committee will strongly support MCCC'D's traditional Risk Management program. This is an ongoing process.

C. Institutionalize the process so that the entire organization becomes involved and takes ownership of the outcomes.

The committee will examine MCCC'D processes and determine how risk management can be embedded into those processes and how the silos of these processes can be removed. This will occur between February 2004 and January 2005.

5. DEVELOP A RISK “NERVOUS SYSTEM” FOR COMMUNICATION, REPORTING, AND MONITORING

A. Invest in front-end rollout through comprehensive communication and facilitation to support employees at all levels. Employees must be trained to incorporate risk management into their day-to-day operations.

The need for MIRA must be communicated to all employees. This will be a continuous and ongoing effort. This will be accomplished through presentations at Governing Board meetings and strategic conversations, new employee orientations, newsletter articles, discussions with employee councils, initial and continuous training programs coordinated through EOLT and conducted independently, and a MIRA web site. (*See Appendix 5.*) A marketing/communications sub-committee will be established at the January 2004 meeting.

B. Accountability must be defined throughout the organization and metrics should be in place to assess progress and results. The program must be continuously monitored.

A metrics sub-committee will be formed at the January 2004 meeting to develop these metrics. Tabletop exercises and drills regarding the effectiveness of MIRA to date will be completed in November 2004, November 2005, and November 2006.

The committee will also provide an annual report for FY03-04 to the Governing Board, CEC, Strategic Planning Council, Capital Planning Council, and employees groups by August 31, 2004 and the subsequent years of 2005 and 2006.

The committee must update and review the ethics initiative in December 2004. Tools to measure compliance and success must be determined. The committee must continue to implement and enforce the ethics initiative.

CONCLUSION

We stand to be among an elite group of higher education institutions in our efforts to break down the limitations of the “silo approach” to managing risk by integrating traditional risk management and ERM.

A cookbook recipe for implementing ERM is not feasible because so much depends on the culture of the organization and the change agents who lead the effort. Success factors will require the governing board, Chancellor and senior management to establish a tone of importance for the initiative, specifying it to be a sustaining approach to managing the institution’s resources. Champions of the initiative need to include college presidents, as well as deans, department chairs, and their business administrators. Our culture, existing silo approach to key activities and well-protected turfs will present barriers to successful implementation.

The International Internal Auditors Foundation and the Tillinghast-Towers Perrin report identified six components that are present in successful ERM programs:

- Strong/visible support from senior management and/or the Board of Directors
- Dedicated cross-functional group to drive the implementation and continue to push it in its operational phase
- Closely linking ERM to key strategic/financial objectives and to the business planning process
- Introducing ERM as an enhancement to well-accepted processes—not a stand-alone process
- Import ideas from the outside
- Proceed incrementally and leverage “early wins”

According to other ERM literature, in order to attain the highest probability of success in implementing ERM, the following must be present:

- Top-level support, commitment and participation;
- Adequate breadth and depth for participation within the organization;
- Understanding that ERM is a continuous process, not a one-time event;
- The process of risk assessment must become institutionalized so that the entire institution becomes involved and has ownership of the outcomes.

Organizations that have invested the time and effort to get these fundamentals right have been more satisfied than their peers with the progress of their ERM implementation efforts. They have succeeded because they have laid a clear track to follow, established realistic expectations, assigned clear unambiguous roles and responsibilities, equipped themselves appropriately, and identified objective benchmarks to monitor their progress.

The above implementation plan contains these fundamentals. It is recommended that MCCC follow this plan and make adjustments to it as necessary. If there are any questions regarding this implementation plan, please contact Ruth Unks, Risk Manager.

Appendix 1

RISK MANAGEMENT EVOLUTION AND THE NEW LANGUAGE OF RISK

“Risk management evolved from insurance buying when methods other than insurance buying began to be used to treat risk exposures. Originally the scope of risk management was narrowly defined to include only accidents that resulted in a loss. In the 1980’s, as sophisticated risk financing became an important alternative to insurance, risk management expanded to include other risk transfer and risk control strategies. Now the evolution continues as the focus of traditional risk management expands into strategic risk management, an even more comprehensive approach that does include investment, business, and political risks.” (National Association of College and University Business Officers, {NACUBO} 2000). Another key organization that educates and tracks risk management trends in the public sector is the Public Risk Management Association (PRIMA), which has noted the transformation of risk management to include organizational vision, mission and strategies. (*See Appendix 2.*)

A series of business failures and resulting studies of internal control systems have been the impetus for change in the financial sector. In the late 1980’s, business failures occurred as a result of high risk financing strategies. These events and their negative outcomes resulted in authoritative standard setting bodies for the financial services, accounting, and auditing industries to convene and assess the nature of the business failures. The result was the commissioning of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission to conduct a study of the business failures and to issue guidance on how to prevent reoccurrences. The outcome of COSO’s review of internal control systems was the recognition and communication of the need to shift the focus on managing organizations from strictly a financial focus to a focus on managing “business risks”.

The COSO report provided a common language regarding controls and created an integrated control framework for managing business risks. The framework consists of five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring. The control environment component is considered the framework. It focuses on people, the ethical and moral values (tone at the top) established by an organization’s leadership team and competence. It emphasizes that people are the organization and key determinants of its success or failure. The risk assessment component ensures mechanisms exist throughout the organization to identify, manage, and mitigate unwarranted risks. Therefore goal alignment is critical throughout the organization and integrated into all significant activities. The control activities component provides that policies and procedures should be established and adhered to in order to ensure all actions support the achievement of defined goals. The information and communication component provides that information and communication should occur up, down, and across the organization. It requires that information be timely and complete in order for actions that support achieving stated goals to be completed. The monitoring component provides that the

entire process must be monitored in order to recognize and make necessary adjustments during the course of operations.

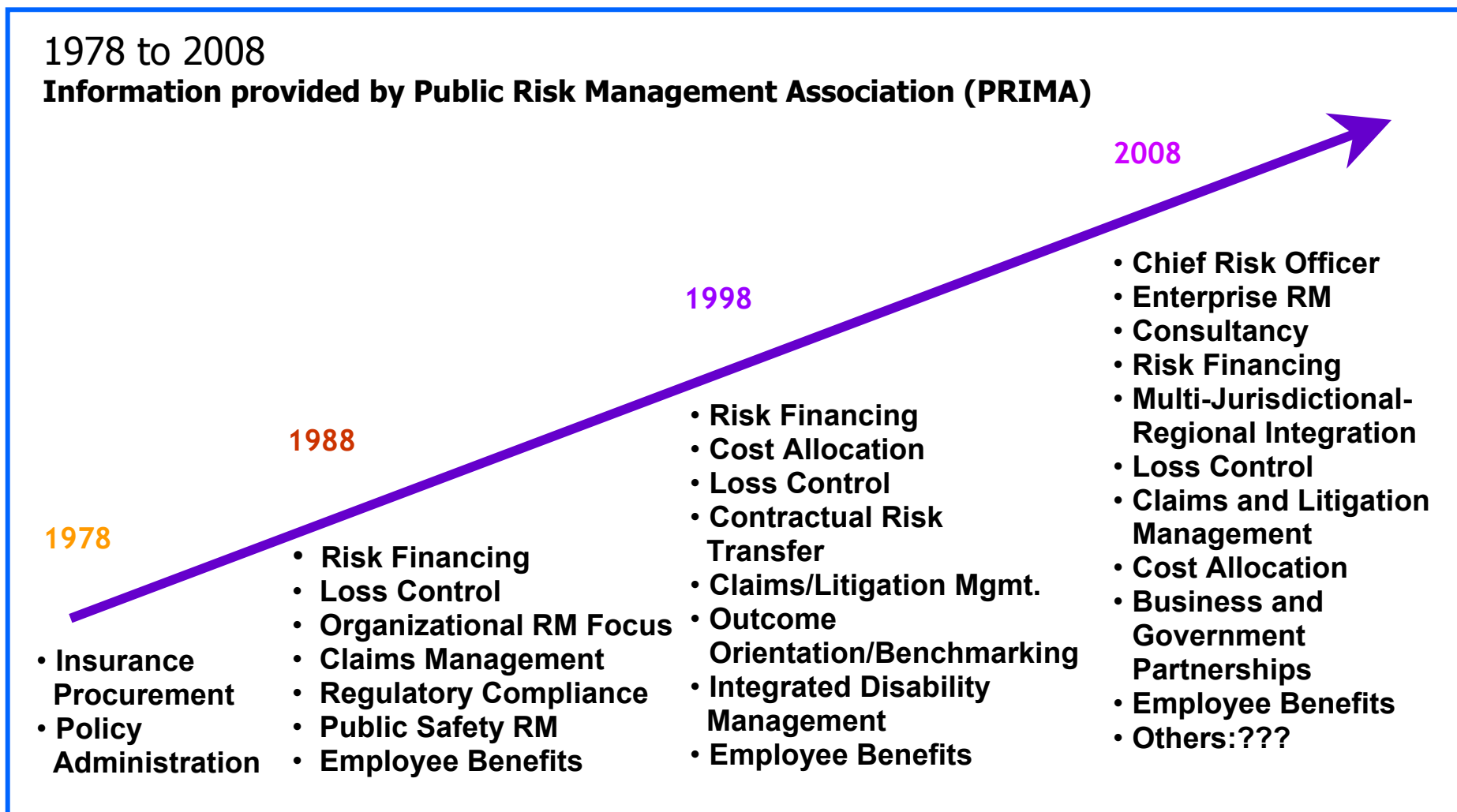
What is “risk”? Before risks can be effectively managed, an organization must agree on a common definition of risk that is clearly understood throughout the organization by the board, management, and staff. NACUBO defines risk as “any issue that impacts an organization’s ability to meet its objectives and that risks fall into typically five categories: strategic, financial, operational, compliance, and reputational.”

COSO Defines ERM as “a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

Tillinghast-Towers Perrin defines ERM as “a rigorous approach to assessing and addressing the risks from all sources that threaten the achievement of an organization’s strategic objectives. In addition, ERM identifies those risks that represent corresponding opportunities to exploit for competitive advantage.”

James W. Deloach has conducted one of the most comprehensive assessments of current risk management structures. Deloach has proposed a new risk management model called EWRM, enterprise wide risk management. “It features shared organizational goals and broad coordination or strategic control and yet provides freedom to act within well-defined boundaries. It facilitates the management of risk in a world of uncertainty, leading to broad optimization of opportunities, risk, growth and capital. EWRM is a structured and disciplined approach: it aligns strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the uncertainties the enterprise faces as it creates value. ‘Enterprise-wide’ means an elimination of functional, departmental, or cultural barriers. It means a truly, holistic, integrated forward-looking and process-oriented approach is taken to manage all key business risks and opportunities—not just financial ones—with the intent of maximizing shareholder value for the enterprise as a whole” (Deloach, 2000).

The Evolution of Public Risk Management



Appendix 3

MIRA PROJECT COMMITTEE December 2003

Employee	Title	MCCCD Site	Employee Group
Ruth Unks, Chair	MCCCD Risk Manager	District Office	MAT
Cheryl Syke, Secretary	Administrative Assistant	District Office	PSA
Lee Garza	Dean of Administrative Services	CGCC	MAT
Scott Geddis	Athletic Director	PC	MAT
Georgia Gudykunst	MCCCD Director of Institutional Effectiveness and Outcomes	District Office	MAT
William Guerriero	Dean of Instruction	CGCC	MAT
Christine Hall	Human Resources Director	District Office	MAT
Pat Honzay	Director of EOLT	District Office	MAT
Sue Kater	Director Research Planning and Development	GWCC	MAT
Randy Kimmens	Senior Associate Dean	GCC	MAT
Pete Kushibab	General Counsel	District Office	MAT
Jodi LaBenz	Internal Auditor	District Office	MAT
Sylvia Manlove	Dean of Student Services	GWCC	MAT
Earl Monsour	Director of Planning & Technologies	District Office	MAT
Carol Myers	Director, ITS Security Services	District Office	MAT
Phil Randolph	President	GCC	CEC
Tom Russo	Manager Computer Operations	District Office	
Jane Saldana-Talley	Dean of Administrative Services	PVCC	MAT
Arlen Solochek	Manager, Facilities Planning & Development	District Office	MAT
Charles Summers	Director of College Safety	EMCC	College Safety
TBD			Adjunct Faculty
TBD			Crafts
TBD			M&O
TBD			PSA

Maricopa County Community College District
MARICOPA INTEGRATED RISK ASSESSMENT PROJECT
CHARGE
November 2003

JUSTIFICATION:

In March 2000, the Maricopa County Community College District (MCCCD) Governing Board – with support from the Chancellor and the Chancellor’s Executive Committee (CEC) - approved an initiative to embed ongoing risk assessment and management into MCCCD’s daily operations and culture. In July 2003, the CEC reaffirmed its support and commitment. The Maricopa Integrated Risk Assessment (MIRA) project embraces a wider view of risk management called Enterprise Risk Management (ERM). The Chancellor appoints the MIRA chairperson. The MIRA committee is comprised of representatives throughout MCCCD. These representatives must understand the ERM process, respect the organization, advocate the program, and help facilitate the process.

RESPONSIBILITIES

This committee will:

- a. Promote and advance risk awareness and understanding through discussions and training forums with councils and other employee groups.
- b. Provide leadership in the identification, resolution, and monitoring of cross-organizational issues related to risk.
- c. Assist in the elimination of functional, cultural, and department barriers in dealing with risks.
- d. Construct a risk assessment methodology for continuously identifying risks, both internal and external, across MCCCD.
- e. Assist in the development of mitigation strategies.
- f. Serve as advisors to the risk manager by contributing ideas and feedback on risk management initiatives.
- g. Provide reports to the Governing Board, CEC, Strategic Planning Council, Capital Planning Council, and Employee Groups annually and as requested.
- h. Monitor the progress of the MIRA project.

REPORTING

The MIRA committee reports directly to the Chancellor.

TERM OF APPOINTMENT

The MIRA chairperson will appoint and/or reappoint the MIRA committee members by January 1st of each year. Members will serve one-year terms with the option to be reappointed annually if both the chairperson and the member agree.

Appendix 5

Subject: MIRA Training Component
Date: Thu, 13 Nov 2003 12:16:00 -0700
From: Sherrie Faulkner
Organization: Maricopa Community Colleges
To: Ruth Unks

Thanks for taking the time to discuss your need for EOLT services regarding the MIRA Initiative. I have summarized the key aspects of the conversation for further reference. I believe EOLT can assist you with your need, however I will need to get back to you on who from EOLT will be the project lead and if that lead will directly serve on the MIRA committee as you have requested. I'll follow up on these two items following meetings scheduled for early next week. If you have any questions or need to clarify the information below, please let me know. Thanks

Project Title: MIRA Initiative - Training Component
SME Lead: Ruth Unks, Risk Manager
EOLT Lead: To be determined
Purpose: EOLT has been requested to support the MIRA Initiative training needs. These needs include and are listed in order of priority:

- 1) Enterprise Risk Management (ERM) Workshop- By January, 2004 Risk Management will hire an outside consultant to provide training on the topic of Enterprise Risk Management. EOLT will provide assistance as needed, e.g., infrastructure for marketing, registration, etc., and would be asked to attend this one-day workshop to hear the content presented.
- 2) Train-The-Trainer (TTT) Component - By, April 2004 EOLT would be asked to assist in the facilitator/trainer recruitment process (recruiting from the combined MIRA and Risk Advisory Committees), assessment of training needs, and development of a TTT workshop. The focus would be on effective facilitation/training skills, using the content material from the ERM Workshop noted above.
- 3) Supervisory Core Course - By April, 2004 EOLT will work with SME to re-develop, market and offer the ERM core module of the Supervisory Development Program.
- 4) All Employee Module - By Fall, 2004 EOLT will work with SME to develop, market and offer an all employee ERM module.

MIRA PROGRESS TO DATE November 2003

- November 1999: Task force created.
- December 1999: High level risk assessment conducted; 80 top risks identified
- February 2000: Risks prioritized/critical risks identified
- March 2000: Governing Board approved initiative
- August 2000: FAC Program/Service Review Pilot at Phoenix College
- September 2000: MCCCCD ethics initiative launched
- April 2001: FAC Program/Service Review pilot with Facilities Planning Department
- April 2002: MIRA update to MCCCCD leaders
- January 2003: RMAC (Risk Management Advisory Committee) established to assist risk manager in advancing traditional risk management program.
- April 2003: Program and service review pilots incorporate risk assessment, action planning, and follow-up
- October 2003: MIRA Project Team established; first meetings held
- October 2003: MIRA Project Team and RMAC merged by Chancellor to maintain continuity in the discussions of risk management.

Appendix 7

**MIRA RESOURCES BUDGET FOR 2004
November 2003**

ERM Training for Ruth Unks:

Institute of Internal Auditors (IIA) Seminar, Phoenix, AZ January 26-28	\$ 855
Public Agency Risk Management Association (PARMA) Conference, Monterey, CA, February 9-13, 2004	\$1,350
PARMA Control Self-Assessment Training & Certification Test	\$ 300

MIRA Committee Training:

Facilitated Training on ERM Fundamentals	\$ 750
Facilitated Risk Assessment Training	\$ 750
Other Training:	
Virtual Seminars (PRIMA, IIA)	\$ 450
Institute of Internal Auditors Annual Membership	\$ 115
ERM Resource Material	\$1,000
Printing Costs	<u>\$2,000</u>
TOTAL RESOURCES BUDGET	<u><u>\$5,570</u></u>

MIRA CHALLENGES November 2003

1. Due to our culture, the silo approaches to project activities, and well-protected turfs, it may be difficult to garner the support of MIRA throughout the MCCCCD leadership groups (CEC, deans, and department chairs).
2. Initially, the “new” risk management language will be confusing to employees. A common language and definitions to fit our culture must be developed.
3. There is a perception that there is not a need for Enterprise Risk Management (ERM).
4. There is a lack of understanding about what ERM is; buy-in from employee groups may be difficult to achieve.
5. There may not be adequate resources (budget, staff time, etc.) to accomplish the tasks required for full implementation of MIRA.
6. Full integration of traditional risk management and ERM is a new concept; there are not a lot of model programs to follow, specifically for higher education institutions.
7. The traditional risk management program needs to be brought up to date.
8. Employees may not believe that they have adequate time to attend MIRA training, workshops, exercises, etc.
9. MIRA committee members may have difficulty allocating enough time to be fully involved in the MIRA committee initiatives.
10. The process to create and adopt administrative regulations is slow and may delay certain parts of the implementation.

Appendix 9

(See separate attachment)

MIRA GOALS

As of November 2003

1. Project Planning

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	Obtain top-level support, commitment and participation.	Place MIRA project on Governing Board agenda for their approval. Meeting with CEC to reaffirm their support.	<ul style="list-style-type: none"> ■ Governing Board ■ VC for Business Services ■ CEC ■ MIRA Chair 	Governing Board approved MIRA Project. CEC reaffirms support of MIRA Project.	March 28, 2000 July 23, 2003 July 2004 July 2005 July 2006
B	MIRA Project Leader to be named.	Dr. Glasper to name staff member to be responsible for MIRA Project.	Dr. Glasper	Dr. Glasper named Ruth Unks, District Risk Manager, to staff and implement MIRA Project.	October 27, 2003
C	Create MIRA Committee comprised of representatives from across MCCCCD.	MIRA Chair to review MIRA and RMAC membership rosters. Ensure adequate representation at each MIRA meeting.	Ruth Unks MIRA Committee	MIRA Committee members selected. Alternate members chosen.	November 2003 January 2004
D	Committee needs to have clear mission and charge.	Draft charge. Present charge to committee members for comment/approval.	MIRA Chair MIRA Committee	MIRA charge is approved by MIRA Committee.	January 2004
E	Committee needs facilitated training on ERM concepts.	Facilitated training by a ERM consultant for 8 hours.	<ul style="list-style-type: none"> ■ MIRA Committee & Alternates ■ Consultant 	MIRA Committee members educated on ERM concepts.	February 2004

MIRA GOALS
As of November 2003

2. Evaluate MCCC'D's Environment and Strategy

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	A framework for ERM should begin with the institution's strategic plan.	MIRA Chair and other committee members will participate in MCCC'D's strategic planning process.	MIRA Chair MIRA Committee members	ERM strategies are incorporated into MCCC'D's strategic planning process.	In accordance with Annual Board Planning Calendars
B	Commitment to managing risks should be stated by CEO that supports the achievement of institutional goals and objectives.	Create an Administrative Regulation Sub-Committee. Draft Administrative Regulation regarding MIRA.	MIRA Committee	Administrative Regulation approved and signed off by Chancellor.	February 2004— July 2004
C	Common risk language needs to be developed and customized to the organization.	Create a Common Language Sub-Committee.	MIRA Committee	Sub-Committee to develop and customize risk management language for MCCC'D.	February 2004— May 2004
D	Develop a description of MCCC'D's environment, culture and risk appetite.	MIRA Committee will evaluate the environmental scanning report, CAFR, strategic plan, and mission and vision statements.	MIRA Committee	MCCC'D's risk appetite is determined.	February 2004— April 2004

MIRA GOALS
As of November 2003

3. Develop a Comprehensive Risk Framework and Process for Evaluating and Prioritizing Risks

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	Develop and overall portfolio of risks.	<p>Phase I: Review, consolidate and group by category significant risks, utilizing matrix of 80 risks. Identify additional risks. Prioritize risks by likelihood, severity, and frequency. Select 10-20 risks to mitigate.</p> <p>Phase II: Identify other risks from matrix, environmental scans, and brainstorming.</p> <p>Phase III: Identify other risks from matrix, environmental scans, and brainstorming.</p>	MIRA Committee	Provide a mechanism to ensure decision makers are addressing the most significant risks.	<p>March 2004— May 2004</p> <p>November 2004— January 2005</p> <p>November 2005— January 2006</p>
B	Develop risk assessment tools for all employees to utilize.	Research what risk assessment tools currently exist and determine if these tools are suitable for MCCCCD employees to use. May also develop customized risk assessment tools.	MIRA Risk Assessment Sub-Committee	Provide tools to assist employees to identify and assess risks, and develop and implement mitigation strategies.	February 2004— July 2004

MIRA GOALS
As of November 2003

4. Review Risk Financial/Mitigation Process

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	Ensure that all mitigation efforts are coordinated and effective in managing those identified risks to an acceptable level of exposure.	Select appropriate strategies for the risk identified in Phase I, II and III.	<ul style="list-style-type: none"> ■ MIRA Committee ■ CEC ■ Employee Councils 	Help decision makers strategically manage their risks.	August 2004— October 2004 February 2005— May 2005 February 2006 – May 2006
B	Traditional Risk Management Program continues to move forward.	Review and provide feedback on risk management initiatives.	Risk Management Advisory Sub-Committee	New risk management initiatives are implemented.	Ongoing
C	Institutionalize the process so that the entire organization becomes involved and takes ownership of the outcomes.	Align MIRA with existing processes. Draft Administrative Regulation regarding risk management.	MIRA Committee MIRA Administrative Regulation Sub-Committee	Remove silos of risk management processes. Administrative Regulation approved and signed-off by Chancellor.	February 2004— January 2005 February 2004 – July 2004

MIRA GOALS
As of November 2003

5. Develop a Risk “Nervous System” for Communication, Reporting, and Monitoring

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	Invest in front-end rollout through comprehensive communication and facilitation.	Create Marketing/Communications Sub-Committee.	MIRA Committee	Marketing/Communications Sub-Committee to help develop and implement marketing communications plan.	January 2004
		Present MIRA information at Governing Board meetings, strategic conversations, new employee orientations, and employee councils.	MIRA Committee	Create general awareness of MIRA.	Ongoing
		Create web site that is linked to existing MCCCCD web sites.	MIRA Marketing/Communications Sub-Committee	Provide general information about MIRA.	June 2004
		Develop training programs with EOLT.	<ul style="list-style-type: none"> ■ MIRA Marketing/Communications Sub-Committee ■ EOLT 	Provide resources for risk assessment. Educate all employees on risk management.	February 2004–October 2004

MIRA GOALS
As of November 2003

5. Develop a Risk "Nervous System" for Communication, Reporting, and Monitoring

	GOAL	ACTIVITIES	PARTICIPANTS	OUTCOME	TIMEFRAME
A	(continued) Invest in front-end rollout through comprehensive communication and facilitation.	MIRA articles to appear in MCCCDC newsletters MIRA awareness e-mails to be sent to all employees.	MIRA Marketing/Communications Sub-Committee MIRA Marketing/Communications Sub-Committee	Educate all employees on risk management. Educate all employees on risk management	Ongoing Ongoing
B	Metrics should be in place to measure progress and results.	Tabletop exercises and drills will be conducted. Produce an annual report for the Governing Board, CEC, Strategic Planning Council, Capital Planning Council and Employee Groups,	MIRA Metrics Sub-Committee MIRA Marketing/Communications Sub-Committee	Specific outcomes of MIRA are being accomplished. Provide update on goals and accomplishments.	November 2004 November 2005 November 2006 August 2004 August 2005 August 2006
C	Update and review the ethics initiative	Determine tools to measure compliance and success	MIRA Metrics Sub-Committee	Continue to implement and enforce the ethics initiative.	December 2004

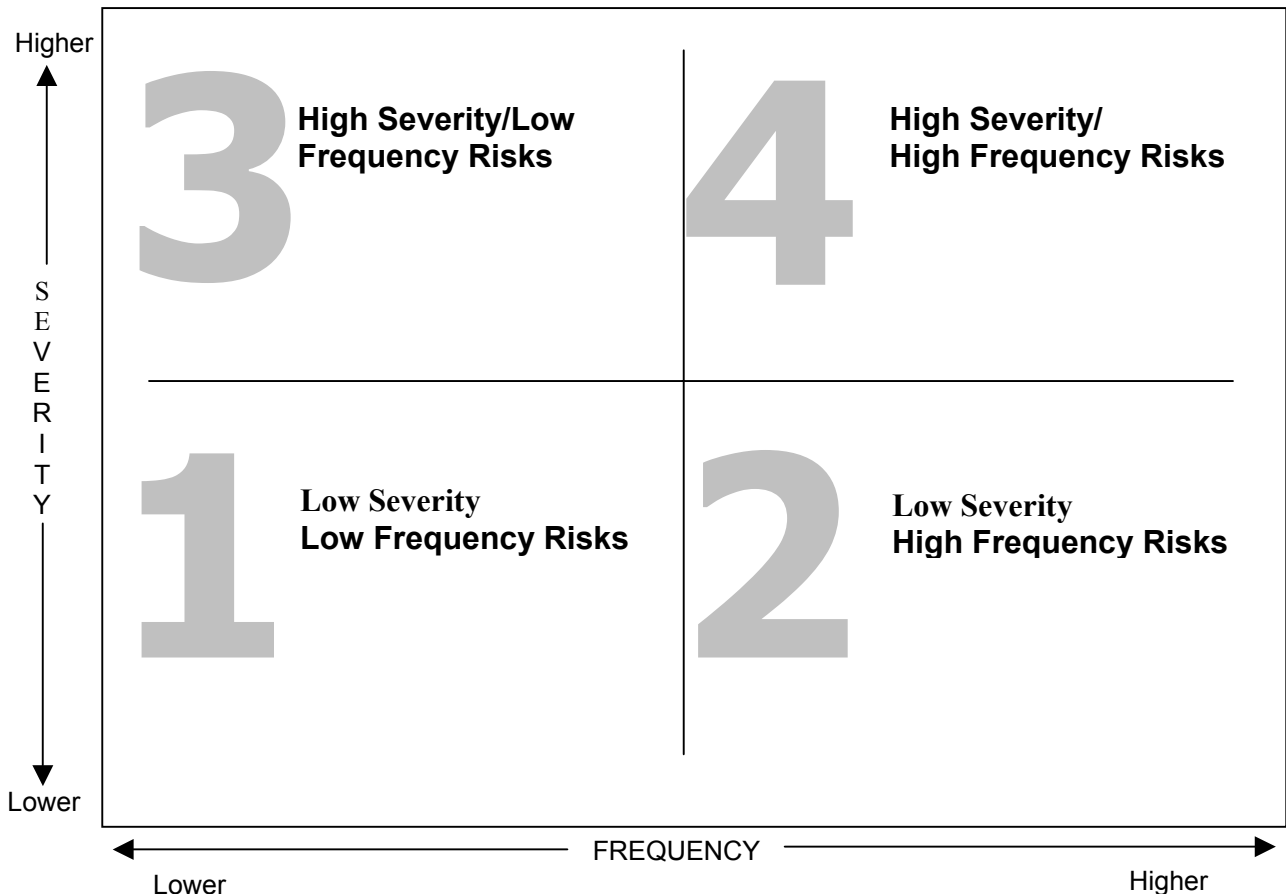


**Risk Management
Risk Assessment Worksheet Instructions**

Each activity can produce a broad variety of potential losses or adverse events. This worksheet will assist you in determining those losses/events and in developing strategies to manage those risks.

1. Think of all the possible losses/adverse events that can happen from the proposed activity.
2. Evaluate how each loss/adverse event might impact us in the categories below. (In some cases, there might not be any potential impact.)
3. If there is an impact, record it in the appropriate “Description of Possible Losses” column.
4. For each loss/adverse event and its possible impact, determine its risk category and enter that into the “Frequency and Severity Category” column. (Include a summary of any information you relied upon to reach this determination.)
5. In the “Comments and Potential Strategies” column, write any comments about the impact and any strategies you believe might reduce these impacts (i.e., avoidance, reduction, control, or transfer). Further list sub-strategies (i.e., students should sign an assumption of risk form).

Risk Categories



**Maricopa County Community College District
Risk Assessment Worksheet**

Proposed Activity: _____

Location: _____

Department: _____

Completed By: _____

Date: _____

Impact to District's...	Description of Possible Losses "What Can Go Wrong?"	Risk Category (circle most appropriate number)	Comments and Potential Strategies (circle most appropriate) "What Can We Do To Prevent It From Going Wrong?"	Sub-Strategies (How risk can be reduced)
Financial Resources		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Human Resources		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Service Delivery		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Public Perception of Entity		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Liability to Third Parties		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Environment		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	
Community		1 – 2 – 3 – 4	Avoidance Reduction Control Transfer	

Avoidance: Risk avoidance involves eliminating the risk producing activity entirely (or never beginning it). Although avoidance is highly effective, it is often impractical or undesirable, either because we are legally required to engage in the activity or because the activity is so beneficial to the community that it cannot be discontinued.

Reduction: Risk reduction strategies reduce the frequency or severity of the losses resulting from a risk, usually by changing operations in order to reduce the likelihood of a loss, reduce the damages, or both. (i.e., duplication, segregation techniques)

Control: After a loss has occurred, risk control strategies keep the resulting damages to a minimum. Examples include the effective administration of third party claims and the use of previously established contingency plans to reinstate discontinued services as quickly as possible.

Transfer: Risk transfer strategies turn over the responsibility of performing a risky activity to another party, such as an independent contractor, and assign responsibility for any losses to that contractor. (When used as a risk financing method, such strategies transfer the liability for losses to another party, such as an insurance carrier.)

Questions: Call District Risk Manager at 480-731-8879.

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