**PimaCountyCommunityCollegeDistrict
Administrative Procedure**

AP Title: **Enterprise Risk Management
                                   (ERM) Program**

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PURPOSE

Enterprise Risk Management (ERM) is an internal resource serving the Governing Board and its Finance and Audit Committee, the Chancellor, executive leadership, management, faculty, and staff. ERM facilitates risk assessment and management across the organization to advance the College's Mission and objectives, manage identified risks within the College's risk appetite, and reduce the College's overall risk exposure.

GUIDING PRINCIPLES

The College recognizes that risk is inherent in all aspects of its operations. The College strives to:

- Balance effective management of enterprise risk with responsible governance, positioning the College to recognize and act upon opportunities for strategic growth and innovation.

- Protect critical assets, including personal and business data, institutional reputation, physical resources, and financial sustainability.

- Demonstrate compliance with applicable legal requirements and accreditation standards.

- Foster and perpetuate a culture of risk awareness and informed decision making at all levels of the organization.

SECTION 1: Objectives

Consistent with Guiding Principles, ERM enhances the College's capacity to proactively identify and manage risk by providing a stable framework, consultation, and facilitation of operational processes, methodologies, practices, and resources (e.g., instruments) to:

1.1   Effectuate transparent communication, meaningful participation, and robust collaboration in ERM operations across the College.

1.2   Identify, analyze, and evaluate risks and associated positive and/or negative impacts across the College consistently and continuously.

1.3   Develop, implement, and assess the efficacy and effectiveness of risk response strategies and measures (i.e., administrative controls) to manage risk within the College's risk appetite and reduce College's overall risk exposure; and

1.4   Report risk assessment and management outcomes, informing organizational planning, decision making, and development of strategic priorities and objectives.

SECTION 2: Definitions

2.1   "Chief Risk Officer" ("CRO") is the person designated by the Chancellor to administer and oversee ERM implementation and operations.

2.2   "ERM Framework" is a structured set of components (e.g., processes, methodologies, practices, and resources) that provide the foundation and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk assessment and management.

2.3   "Executive Owner" is the administrative or executive leader responsible for overseeing risk management within their assigned unit or area of responsibility.

2.4   "Risk" means the effect of uncertainty on the College's strategic and operational objectives. An "effect" is a deviation from the expected, which can be positive, negative, or both. Given this definition of risk, "risk management" is how we lead in light of uncertainty.

2.5   "Risk Assessment" means the coordinated processes, methodologies, practices, and resources utilized to identify, analyze, and evaluate risk. Risk assessment outcomes support the production and maintenance of the College's Risk Register and the development of risk response strategies and measures.

2.6   "Risk Management Action Plan" ("RMAP") is a plan detailing response strategies and measures tailored to manage identified risk (or set of related risks) within the College's risk appetite.

2.7   "Risk Owner" is the person responsible for managing an identified risk(s) within their assigned unit or area.

2.8   "Risk Register" is a dynamic tool that includes the College's "priority risks" (or the highest-ranking risks based on assessment outcomes) and is subject to continuous refinement and updating. The Risk Register is intended to support leadership in decision-making, strategic planning, and alignment of risk response strategies and measures for cohesive risk management.

SECTION 3: Responsibilities

3.1   Assigned Executive Owners and Risk Owners are responsible for the thorough and timely completion of assigned risk assessment and management activities as provided in Standard Operating Procedures (SOPs).

3.2   ERM's scope of responsibility encompasses all systems, processes, operations, functions, and activities conducted by or on behalf of the College. Consistent with applicable law and College policy, the CRO or designee shall have access to all information, activities, records, assets, and personnel necessary to manage and conduct ERM operations and achieve objectives as provided in Section 2 of this Administrative Procedure.

3.3   In fulfilling ERM's scope of responsibility, the CRO or designee will:

    a. Develop and implement ERM operational workflows, assignments, and timelines.

    b. Develop and implement ERM processes, methodologies, practices, and resources for risk assessment and management purposes.

    c. Provide information and consultation to College personnel guiding proper employment and use of ERM processes, methodologies, practices, and resources.

    d. Conduct risk evaluation (validation and prioritization) with executive leadership and the Chancellor annually or when necessary to maintain the Risk Register following risk assessment.

    e. Produce and maintain the College's Risk Register and provide guidance for proper use.

    f. Provide consultation to Executive Owners, Risk Owners, and College personnel guiding the selection, development, and implementation of risk management strategies and measures.

    g. Assess the efficacy and effectiveness of implemented risk response strategies and measures relative to the College's risk appetite and overall risk exposure.

    h. Collect, record, secure, and maintain risk management information/data in the College's Governance, Risk, and Compliance (GRC) Platform.

    i. Provide administrative oversight and operational management of the College's GRC Platform, including assignment of user access and permissions, protection, and maintenance of all risk-related records and data.

    j. Generate, distribute, and facilitate review and endorsement as necessary for ERM operational reporting consistent with Section 6 of this Administrative Procedure.

SECTION 4: Risk Assessment

4.1   College-wide risk scanning is conducted to identify assessment needs, initiating the annual risk assessment cycle. Off-cycle assessment is conducted as appropriate, including as needed for:

    a. Strategic/integrated planning.
    b. Budget development.
    c. Development of new projects or programs.

    d.   Refinement in College Board Policy or Administrative Procedures resulting in substantive modification in business functions and/or operations.

    e.   The College's response to emerging risks or evolving internal or external circumstances and conditions potentially impacting the College's Mission and/or strategic or operational objectives.

    f.   Identifying, assessing, and evaluating risk as necessary to maintain the Risk Register.

4.2   Annual risk assessment will yield the following information to facilitate risk validation, risk prioritization, and the development of risk response strategies and measures:

    a.   Identified risks.

    b.   Each identified risk's nature and scope (e.g., causality, locus of impact, etc.).

    c.   Assessed criteria for the evaluation of each identified risk.

4.3   The CRO or designee will coordinate ERM operational activities for risk assessment with other organizational risk assessment activities (e.g., Internal Audit, Compliance) to the extent practicable.

SECTION 5: Risk Register

5.1   The CRO or designee will conduct risk validation and prioritization with the Chancellor, executive leadership, and other applicable College personnel annually, consistent with Section 3.1(a)-(e) of this Administrative Procedure, as necessary to maintain the Risk Register.

5.2   Based on risk validation and prioritization outcomes, the College's priority risks will be recorded in the Risk Register.

5.3   The CRO or designee will administer user permissions and access to the Risk Register.

SECTION 6: Risk Response

6.1   Based on risk assessment outcomes and alignment within the College's risk appetite, risk response strategies and measures employed and implemented to manage each identified risk will vary. Possible risk response actions may include any one or combination of the following:

a. Enhanced monitoring and reporting.
b. Documenting rationale for accepting identified risk.
c. Development and implementation of RMAP.
d. Executive-level or Chancellor oversight.

6.2   The CRO or designee will provide consultation to Executive Owners, Risk Owners, and other applicable College personnel guiding the development, execution, and evaluation of RMAPs, including the design and implementation of risk response strategies and measures supporting cohesive, comprehensive, and cost-effective management of risk.

6.3   The CRO or designee will consult with Executive Owners, Risk Owners, and other applicable College personnel, guiding implementation and timely completion of risk monitoring and reporting activities.

SECTION 7: ERM Annual Report and Additional Reporting

7.1   The CRO or designee will prepare an ERM Annual Report. At a minimum, the ERM Annual Report will provide:

a. College ERM operational overview.
b. Substantive refinement in College ERM operational activities, if applicable.
c. Assessment of College ERM Operational Maturity (level of operational sophistication).

7.2   The CRO or designee will submit the ERM Annual Report to the Chancellor's Office for review and endorsement by July 1st of each calendar year.

7.3   The CRO or designee will generate and distribute additional ERM-related reporting when:

a. Necessary to facilitate or support ERM operations (i.e., risk assessment).
b. Requested by College personnel and deemed necessary by the CRO or designee to facilitate or support College's business functions and operational activities (i.e., strategic/integrated planning, budget development, etc.) or to inform decision making.
c. Consistent with Board Policy 4.03, facilitating regular communications with the Finance and Audit Committee.

      d.   Requested by the Chancellor, the Governing Board, or the Finance and Audit Committee.

7.4   Risk assessment and management information/data provided in ERM-related reporting issued by the CRO or designee will be generated from College's GRC Platform to assure accuracy, consistency, and relevance.