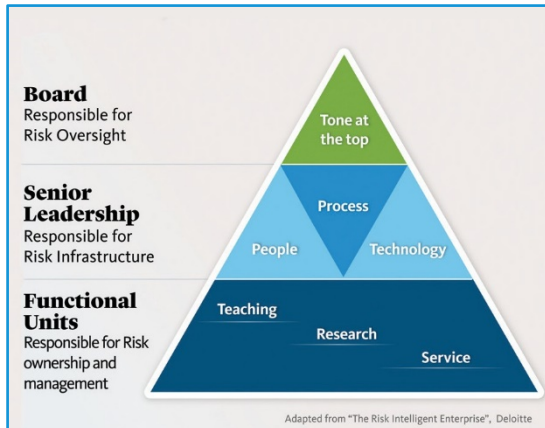


Enterprise Risk Management at the University of California



The University of California, as a public research university, takes a considered and inclusive approach to governance and risk oversight. UC [leadership](#) from the Board of Regents, the Academic Senate, President Napolitano, and across the [parts of UC](#) is effective, engaged, and responsive to changes in external and internal developments that could impact University strategies and activities.

The Board of Regents has several [committees](#) that provide strategic direction and oversight, make recommendations to the full Board, and take action pursuant to delegated authority, on matters pertaining to the committee's charter. The [Compliance](#)

[and Audit Committee](#) has delegated authority on matters pertaining to the quality and integrity of the University's financial reporting systems and controls; the qualifications, performance and independence of the University's independent financial auditor; the function and performance of the University's compliance, internal audit and risk management programs; and the University's commitment to meeting all applicable legal, regulatory and policy requirements.

The [Academic Senate](#) is empowered by the Board of Regents to exercise direct control over academic matters of central importance to the University. Led by UC President Janet Napolitano, the [Office of the President](#) plays a distinct role in helping to shape the overall vision for the university and in carrying out core activities that allow the campuses, medical centers, ANR and the National Labs to function as a single university.

The Board of Regents and University leadership provide effective delegation, direction, and accountability to the University community by clearly specifying organizational priorities, values and strategies. The Board and University leadership consistently model appropriate risk awareness, behaviors and judgements about risk-taking. University policies, procedures, trainings, and communications effectively convey appropriate risk boundaries to University stakeholders. The Board and University management at all locations have deliberate risk consideration processes integrated into strategic planning processes, significant investments, and project decisions. Internal subject matter experts provide context and risk analysis to support decisions on how to manage risks, and internal and external constituent's views are considered in all significant decisions.

Reporting jointly to the Board of Regents and the president, The [Office of General Counsel](#) teams are integrated into decision making across the organization, providing legal opinions, representation, advice, research and training to the Board of Regents, administration, faculty, staff and others acting on the university's behalf.

University of California leaders are inclusive and deliberate in systemwide and local strategic planning. For example: [UC 2030](#) lays out a three-point plan on how the University can help address challenges facing Californians; the [UCOP Strategic Framework](#) guides UCOP divisions in focusing on actions that best position the University of California to achieve its academic, research and public service missions; [UC Presidential Initiatives](#) exemplify UC's response to diverse global challenges; and the [UC Health Strategic Plan](#) outlines 12 goals to set the direction of the UC Health Office through 2022.



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Annual [UC Accountability Reports](#) provide comprehensive assessments of the University's progress in meeting key teaching, research and public service goals. This data informs the University's strategic planning, budgeting and performance management, as well as helps the Board of Regents identify the most important policy issues facing UC. The UC engages periodically in efficiency reviews of various functions and processes. These reviews have improved process efficiencies, saved the UC hundreds of millions of dollars, informed department realignments, and driven strategic procurement initiatives.

Integral to the UC's public service mission, the UC closely monitors, communicates about, and leads responses to environmental, social and economic challenges that affect California and beyond through innovations in research, education, and healthcare. UC has over 20,534 [community programs](#) that bring the UC mission to serve people across California.

The Office of the Chief Investment Officer of the Regents currently manages a portfolio of investments totaling approximately \$120 billion, which includes retirement, endowment, and cash assets. The Chief Investment Office has robust asset and risk allocation processes and policies. The CIO was named in the top 25 [Most Responsible Asset Allocators](#) in the world for incorporating long-term environmental, social, and governance (ESG) related concerns into the investment decision-making process. This is an important way for the University to optimize returns and reduce risks, while aligning portfolios with the broader goals of society.

The University has invested heavily in [Systemwide Information Security](#). The UC has adopted the NIST standard, and keeps its policies, required employee trainings, and insurance current to the changing cyber risk landscape. An example of a systemwide resource is the Threat Detection and Identification system that spots malware and compromises, and which allows the University to respond quickly across the system to new threats in a uniform way. Cybersecurity internal audit specialists provide assurance on cyber security control effectiveness.

University campuses and health systems have well-resourced organizational support departments. Every campus has cross-functional risk and compliance committees that meet regularly to understand and build consensus on priorities to manage risks with cross-functional impacts. Every functional group at all levels of the University system, from Chancellors to Directors have systemwide professional cohort groups that meet regularly to communicate on issues, share best practices, and collaboratively develop policies and procedures to address current risk and compliance issues. [Centers of Excellence](#) leverage existing UC expertise in EHS, Risk Management, Healthcare, and Wellness to support the implementation of policies, procedures and training, conduct research on and evaluate new or emerging risk areas, and monitor program success criteria.

Office of the President departments lead and manage the University's systemwide risk infrastructure, comprised of the people, processes, and technologies that supports risk management and control processes across the University system. The collaboration of the *UC Risk Partners* across the University system leverages the combined expertise of Risk Management, Compliance, Legal, & Internal Audit functions.

The University holds systemwide conferences to bring together stakeholders from across the UC to provide a discussion forum and education on current issues and risks, including: Risk Summit, Ethics Compliance & Audit Symposium, Cyber Security Summit, and People Management Conference.



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[Risk Services](#) has robust insurance, safety & loss prevention, resilience, and risk financing programs. Fiat Lux, the University's captive insurance company, provides an efficient framework with which to finance its organizational risks, as well as supporting insurance programs that benefit the entire University of California system.

Risk Services replaced the IBM-platform ERMIS data warehouse with its own [Risk Data Management System](#) (RDMS) for systemwide benchmarking and data analysis. RDMS now has two components: Employee Injury Reporting includes claims data (losses), corporate data (exposures), OSHA Reporting and other information sources. The new Patient Safety & Experience includes event reports, patient experience feedback, complaints and grievances as well as risk management activities that support the UC Medical Centers and Campus Health Centers. [Risk & Safety Solutions](#) is the University's own software company. The Risk & Safety Solutions team collaborates with subject matter experts, from researchers to safety specialists, in developing, maintaining, and supporting innovative risk and safety solutions.

To manage safety and security, every UC campus has a Police Department, Environmental Health & Safety department, Behavioral Threat Team, and Title IX office. The University of California has well-developed systemwide and location specific capabilities in crisis management, emergency management, business continuity and IT disaster recovery. UC campuses benchmark to the rigorous NFPA 1600 standard to inform program improvements.

The University of California has a sound organizational culture, which bolsters effective risk management and control processes, promotes appropriate risk-taking, and ensures that emerging risks or risk-taking activities beyond the University's risk tolerance are recognized, assessed, and addressed in a timely manner. The slogan, *ERM = Everyone is a Risk Manager*, has been widely accepted across the University since it was introduced in 2010. The slogan emphasizes the recognition that those who perform or manage an activity are best suited to manage the risks in their areas of responsibility.

All aspects of the University's mission are highly regulated, and many legal requirements are embodied in University policies. Members of the University community are expected to become familiar with the laws and regulations bearing on their areas of responsibility, and they are expected to transact all University business in conformance with policies and procedures. Each business unit or department head is responsible for ensuring that internal controls are established, properly documented and maintained for activities within their jurisdiction.

[Internal Audit](#) employs a risk-based auditing approach, and management is comfortable seeking out Internal Audit for advice and consultation on matters with internal control implications. There is respect for the Internal Audit program's objectives, a high level of cooperation is received, and there is no interference with the accomplishment of its tasks or its responsibilities to report to the Regents. Management of the University is cognizant of their responsibility for internal controls and takes seriously the need for controls and accountability. Management actively participates in the identification of risks and works collaboratively with internal auditors to address issues raised during audits, advisory services, and investigations.

Taken as a whole, the University's risk management, internal controls, and assurance framework is a vital factor in the successful achievement of the University's mission, strategies and initiatives.