Purpose of Submittal:
A short presentation of Western’s Enterprise Risk Management (ERM) process and its goals followed by a high level discussion of the five (5) priority ERM Plans and how they complement the University’s strategic planning processes.

Presentation by:
- Brian Sullivan, Associate Vice President for Business and Financial Affairs
- Paul Mueller, Director, Risk, Compliance and Policy Services

Background:
The ERM Framework for Western was developed by administration, with support from the Finance, Audit and Enterprise Risk Management (FARM) Committee, and was presented to the Board for review and discussion at the June 14, 2018 meeting. The ERM program was implemented shortly thereafter, with enterprise risks identified, evaluated and prioritized by institutional stakeholders, resulting in five (5) priority enterprise risks for Western. Those risks and their corresponding ERM plans, and how they complement the University’s strategic planning processes, will be discussed today with the Board of Trustees.

Supporting Materials:
- ERM Plans:
  - Financial Stewardship
  - Campus Climate
  - Comprehensive Capital and Space Utilization Planning
  - IT Systems, Infrastructure and Governance
  - Buildings and Infrastructure

ERM Framework for Western Washington University June 1, 2018 Rev 3
EDCERSS AY

FINANCIAL STEWARDSHIP

SUMMARY

A strong culture of effective financial stewardship is the basis for the financial well-being of the University, and enhances the University's ability to achieve its strategic plan. The University is entrusted with the responsibility of managing state funds, tuition, self-sustaining funds, fees, and donations on behalf of its stakeholders, including its students and their families. The University is committed to meeting this responsibility, and recognizes that there are always ways in which it can improve stewardship of financial resources within its care.

IDENTIFICATION

Identification of Risk:
Financial Stewardship

Risk Statement:
The University's ability to achieve its strategic plan is impacted by its financial stewardship, including: management of budget and expenditure controls; review of existing programs that include funding and performance measures; state funding requests for programs that were started as self-sustaining or reserve funded; undergraduate tuition limits; enrollment management; resource management of academic programs; and planned reserve spending that addresses potential strategic plan initiatives, downturns in the economy or enrollments, or natural disasters.

Opportunity Statement:
Sound financial stewardship improves the chances that the University will attain its strategic objectives. It also increases financial efficiency and effectiveness; reduces waste; improves affordability, access and debt obligations for students and their families; increases the success of new initiatives; seeks innovative ways to obtain new resources, such as partnerships with other institutions, entrepreneurial initiatives, public-private partnerships, and new funding models; compensates for diminishing state and federal investments; maintains the integrity of reserves; enhances the reputation of the University as a good steward of public resources; and reduces the likelihood of unexpected financial challenges that may bring unwanted media attention.
ASSESSMENT & RATING

Rating: Likelihood: 4 - Likely
Impact: 5 - Severe
Priority: Very High

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<tr>
<th>Likelihood</th>
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<td>1. Low</td>
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**Brief summary of potential impact on:**

**Strategy:**

Sound financial stewardship in support of the new strategic plan requires a new direction for the University. The University must explore ways that it can improve its ability to identify, acquire and monitor all of its revenue, while considering efficiencies, growing enrollment, and repurposing positions and University resources for alignment with high demand and growing academic disciplines. Otherwise, it will be a challenge to improve its capacity to provide a transformational education grounded in the liberal arts and sciences and based on innovative scholarship, research, and creative activity as stated in the strategic plan.

The University may not be able to obtain a designated source of funding from the state in order to achieve its goals in the strategic plan. With limited state appropriations and a cap on resident undergraduate tuition rate increases, the University will need to look internally at all existing fund types and externally at other sources for new initiatives. This may include looking at the one-time usage of institutional reserves, while preserving a sufficient level to maintain an excellent bond rating and be able to respond to unplanned critical expenses.

**Operations:**

University operations need to explore different approaches to revenue generation and prioritization of recurring expenses. Before implementing non-state funded start-up programs, a robust review process should be adopted to address: alignment with the University strategic plan; long-term funding resources; program review timelines and planned versus actual outcomes. When limited institutional reserves are used for initial funding, an exit strategy needs to be planned where state funds cannot be obtained or self-sustaining funds are inadequate.

**Finances:**

In the absence of sufficient funding levels and adequate budget controls, the university has limited ways to grow to accomplish its long-term operational needs, which could lead to budget reductions (cuts in programs or services). Increased demands and unbudgeted expenditures at the divisional level negatively impact institutional reserves and the ability to use them for strategic purposes.
With respect to the Foundation, a downturn in the market means reduced earnings on the University endowment funds, and thus possible changes in allocations for scholarships, faculty support and program support.

Compliance:

Enhanced controls need to be developed to monitor programs, expenses need to be allocated appropriately, and revenue drivers and reserves need to be regularly reviewed for compliance with University policy. Funds earmarked for a particular University purpose need to be expensed as intended, following the spirit in which they were originally intended to be used.

Reputation:

Internally, the reputation of the University suffers when faculty and departments interpret a lack of permanent funding as a lack of support for their research and disciplines. If the University increases tuition and academic course fees, it makes education less affordable for students, possibly leading to a lower level of interest in the University. Externally, there is increased scrutiny of the public sector’s stewardship of public funds, and unexpected financial challenges may bring unwanted media attention to the University.

With respect to the Foundation, a market downturn will affect the Foundation’s ability to fund scholarships, which might affect admissions.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

Identification and expansion of revenue sources, new financial models with incentives for innovation, and aligning financial responsibilities and decision-making. Adherence to financial policies and formalization of reserve policies. Improved training for campus staff on understanding University financial reports and effective budget management. Continued development of tools to monitor and inform divisional budget officers and campus leadership on funds availability and those that appear to be at risk for over expenditure. Develop contingency plans for reduced base funding.

Foundation as part of its internal mitigation plan minimizes potential financial exposures as much as possible with prudent investing and a policy to address the potential loss of scholarships. In addition, policy dictates allocations in line with national standards for "underwater" endowments.
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<tr>
<th><strong>Action Plan(s)</strong></th>
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<tbody>
<tr>
<td>Develop a resource scenario blueprint to identify new revenues and close</td>
<td>In progress</td>
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<td>operational funding gaps in support of the new strategic plan</td>
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<td>Develop and implement Institutional Reserve Guidelines</td>
<td>In progress</td>
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<td>Develop and implement budget and finance training for staff</td>
<td>TBD</td>
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<tr>
<td>Develop tools for monitoring and informing budget officers and campus leadership</td>
<td>Several currently available, will expand as needed</td>
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<td>Develop contingency plans for reduced base funding</td>
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<td>Integrate compliance requirements into the University compliance program</td>
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**OWNERS & MONITORS**

**Risk Owner:** Executive Leadership

**Risk Co-Owner(s):** Executive Leadership includes the President, Provost and Vice Presidents.

**Risk Monitor(s):**

☑ BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

☐ Executive Leadership ☐ Division Leadership
Enterprise Risk Management Plan

December 13, 2019

CAMPUS CLIMATE

SUMMARY
The University states in its strategic plan that, “Western is committed to justice and equity, to inclusive achievement, and to providing a safe, just and equitable University for all employees. We must open our doors wider to welcome a more diverse student body, and we must ensure that we provide the environment and resources all students need to be successful.” In order to achieve its strategic goals, the University must improve its campus climate - policies, structures, and practices - to ensure a caring and supportive, just and equitable environment for all faculty, staff and students.

IDENTIFICATION

Identification of Risk:
Campus Climate

Risk Statement:
The University’s ability to accomplish its strategic plan is dependent on successfully identifying and eliminating existing structural inequalities and injustices.

Opportunity Statement:
Identifying, acknowledging, and ameliorating structural inequities in our policies, practices, and impacts is a primary goal under the University’s strategic plan, and an ethical imperative for the institution. Functionally, addressing these issues will create an environment that is welcoming and supportive of diversity, and thus more creative, sustainable, and generative; improve faculty, staff and student recruitment and retention; stabilize enrollment and corresponding tuition revenue; support access and affordability, as well as positive impact in the state; and improve the University’s reputation.
ASSESSMENT & RATING

Rating: Likelihood: 5 - Certain
Impact: 4 - Serious
Priority: Very High

Impact

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Brief summary of potential impact on:

Strategy:
Addressing structural inequities and reducing their impact is a core objective under the University’s strategic plan, which focuses on inclusive success, equity, and justice for marginalized and underrepresented faculty, staff, and student populations. This strategic imperative underpins many of Western’s goals and its mission, and our capacity to deliver on the strategic plan is deeply reliant on its success.

Operations:
When campus climate issues go unaddressed, frustrations are expressed in ways that can impair the daily operations of the institution. Failure in this area may lead to recruitment and retention challenges with faculty, staff, and students, further reducing diversity and excellence and inhibiting our ability to achieve other important strategic initiatives. Diverse faculty and staff are key to creating a culture of equity, justice, and inclusion for students.

Finances:
Enrollment, and corresponding tuition revenue, may be impacted if we cannot attract and retain students because of the University climate and reputation. Worst-case scenarios might involve fines or loss of federal funds if related compliance requirements are not met.
Failed faculty and staff diversity recruitment and retention efforts are costly on many levels, and failed searches and excessive turnover means increased searches, hiring, onboarding, and training, which are expensive.

Compliance:
Compliance with federal and state civil and disability rights laws, affirmative action and equal employment opportunity laws and institutional/program accreditation may be impacted by this risk, as well as internal polices and processes.
Reputation:

Institutional reputation can be very greatly impacted by perceived or actual failure in this area. Without an earned and deserved reputation as a just and supportive organization, we will fail to attract diverse students, staff, and faculty. If we are seen as a non-representative institution, partnerships with other institutions in more diverse parts of the state and country may be compromised. Failure to deliver on these goals of the strategic plan will impede efforts to achieve the other goals, as well.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

Enhance coordination of institutional efforts to develop a comprehensive institutional structure that values and supports inclusive achievement, equity, and justice; infuse responsibility, authority, and capacity appropriately to realize these goals at every level and in every area of the institution; engage in regular assessment of progress, and align resources and incentives to strengthen outcomes.

Recruitment and retention efforts of marginalized and underrepresented faculty and staff should be enhanced to create a culture and community that is more representative of our state and the nation. To this end, we should continue the Provost’s diversity recruiting initiative. We should also take steps to support faculty and staff of under-represented or minoritized identities, so that they have equitable opportunities to excel. In addition, we should continue the Faculty Mentoring collaboration between the Provost’s Office and the Faculty Senate. We should support training and education that prepares all members of the Western community to identify and recognize inequities, to work effectively and collaboratively to change systems and structures that do not support our goals, and promote inclusion, excellence, and justice in all aspects of our work. We need to build strong frameworks for collaboration across difference, for conflict management, and for organizational change.

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<td>Refer to President Randhawa’s webpage on Advancing Diversity and Inclusion at Western which outlines a list of major projects completed, currently underway, and to be addressed at the institutional level with respect to diversity, equity, and inclusion.</td>
<td>Ongoing. See webpage list for timelines.</td>
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OWNERS & MONITORS

Risk Owner: Executive Leadership

Risk Co-Owner(s): Executive Leadership includes the President, Provost and Vice Presidents.

Risk Monitor(s):

☒ BOT Finance, Audit and Enterprise Risk Management (FARM) Committee
☐ Executive Leadership ☐ Division Leadership
Enterprise Risk Management Plan

December 13, 2019

COMPREHENSIVE CAPITAL AND SPACE UTILIZATION PLANNING

SUMMARY
Adopting improved practices for comprehensive capital and space utilization planning will enhance the University’s ability to achieve its strategic plan, and its related long-term strategic objectives and short-term space needs. As demands continue to increase on the University’s limited capital funding and space resources, it will benefit from a comprehensive, thoughtful and deliberate approach to planning to address existing and future needs.

IDENTIFICATION
Identification of Risk:
Comprehensive Capital and Space Utilization Planning

Risk Statement:
Space constraints are a major risk for the new strategic plan. Current space and capital processes, policies, resources and decision-making practices are insufficient to fulfill the demands of the strategic plan.

Opportunity Statement:
Improved comprehensive capital and space utilization planning will ensure adequate facilities and spaces to meet the growing needs of the University. It will better serve the long-term interests of students and faculty as they pursue their scholarship, research and creative activities; better support administrative services; increase financial and operational efficiency and effectiveness; reduce waste; enhance the reputation of the University as a good steward of public resources; and reduce the likelihood of unforeseen financial challenges.
ASSESSMENT & RATING

Rating: Likelihood: 5 - Certain
Impact: 4 - Serious
Priority: Very High

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Brief summary of potential impact on:

Strategy:

Gaps in the current space to deliver high quality programs jeopardizes the University's ability to meet its long-term strategic objectives and short-term space needs. Additionally, our current Institutional Master Plan, jointly adopted in 2001, is approaching its square footage limit of growth on the main campus in Bellingham (4,000,000 gross square feet) and is beginning to show some limitations regarding the institution's future development flexibility.

Our strategic plans that involve access and inclusive success revolve around the ability to manage and structure program delivery. At present, the key pinch points in programmatic flow include, but are not limited to:

- Size, capacity, quality and quantity of classrooms and labs
- Size, capacity, quality and quantity of research areas
- Quantity of faculty and support staff offices
- Diversity, quantity and quality of housing stock
- Quantity and quality of auxiliary and support spaces
- Quantity and size of exterior program space

Operations:

Without appropriate planning and additional funding, the University's ability to provide the facilities needed to meet the needs of the campus within the next 8 years may be compromised. Those needs include offering a 21st century modern education, adequate space for increases in enrollment, and a safe physical environment for users of campus. Additionally, the campus' current space inventory and utilization deficiencies may not be resolved in order to ensure operations are efficient.

It is important to mention that operations are already impacted by difficulty in securing space. Our lack of space is limiting our ability to: safely accommodate more students in existing lab spaces, assign office space to new tenure-track faculty, and provide Departments the opportunity to apply for grants or seek external funding to conduct new projects.
Finances:

Making planning decisions without a new comprehensive master plan compromises our ability to illustrate the University’s needs to the State and others. This could impact the number of projects and amount of funds available to develop and maintain university facilities. Additionally, this could increase our deferred renewal inventory of our facilities, which costs more to fix at a later date than doing the work right now. In addition, failure to meet infrastructure needs may lead to strict control of growth, which may limit enrollment and tuition revenues.

Compliance:

Certain barriers to accessibility in older, existing buildings may need to be addressed to ensure ADA compliance. Title IX compliance will need to be addressed for spaces like classrooms, public spaces and outdoor spaces.

Reputation:

University stakeholders may view the University’s financial planning for facilities and infrastructure as ineffective in meeting the needs of the University. Also, there is increased scrutiny of the public sector’s stewardship of public funds. Lack of a clear comprehensive capital plan, or a plan that constantly changes, will diminish the public’s confidence in the facilities and infrastructure budget and hurt our ability to secure funding.

In addition, incoming faculty may perceive us as an institution that is not prepared to welcome them and not prepared to create appropriate working spaces for them. There is anecdotal evidence that students are getting frustrated with an inability to get into the courses they need to graduate on time.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

The University must develop a living, long-term, cross-divisional facilities development plan that will overlay University, Housing & Dining and Parking needs in support of the strategic objectives of the University. This would include a new comprehensive facilities and infrastructure plan, an Environmental Impact Statement (EIS), and new institutional master plan, which must be supported by updated space and budget planning processes and policies. The development of the plan should address resources for space and budget planning and align decision-making processes.

In addition, we need to continue to connect facilities and infrastructure planning to operation planning to create sustainable plans for ensuring growth, mitigating safety concerns, and maintaining quality.
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<th>Action Plan(s)</th>
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<tbody>
<tr>
<td>Capital plan/budget processes</td>
<td>Ongoing</td>
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<tr>
<td>Space modeling process and report (proactive space planning)</td>
<td>In progress, to be completed by June 2020</td>
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<tr>
<td>Develop a new, institution-wide comprehensive campus master plan</td>
<td>In progress, to be completed by June 2021</td>
</tr>
<tr>
<td>Develop environmental impact statement (EIS)</td>
<td>Planned for May thru October 2021</td>
</tr>
<tr>
<td>Develop institutional master plan (IMP)</td>
<td>Planned for September 2021 thru November 2022, City of Bellingham approval thereafter</td>
</tr>
<tr>
<td>Improve connections between operations planning and facilities and infrastructure planning</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

**OWNERS & MONITORS**

**Risk Owner:** Executive Leadership

**Risk Co-Owner(s):** Executive Leadership includes the President, Provost and Vice Presidents.

**Risk Monitor(s):**

- ☒ BOT Finance, Audit and Enterprise Risk Management (FARM) Committee
- ☐ Executive Leadership       ☐ Division Leadership
Enterprise Risk Management Plan

December 13, 2019

IT SYSTEMS, INFRASTRUCTURE AND GOVERNANCE

SUMMARY

A sufficient, sustainable resource and governance plan is necessary to modernize and maintain the University’s IT systems and infrastructure, including its data network and communication systems. These systems provide the University’s critical business processes, which are essential for the University to serve its students and community, and to achieve its strategic plan.

IDENTIFICATION

Identification of Risk:
IT Systems, Infrastructure and Governance

Risk Statement:
The University’s IT systems and infrastructure, including its data network and communications systems, are near end-of-life or out of support, have no replacement schedule, nor have strategic system/equipment priorities been identified (except for Banner 8 to 9). Lack of an institutional IT governance structure compromises IT strategy, security, IT capital planning, offsite backup strategies and data management efforts.

Opportunity Statement:
Modern, reliable IT systems and infrastructure, coupled with a strong IT governance structure, will empower - rather than restrain - both academic and administrative programs, departments and centers as they pursue their respective objectives under the University’s strategic plan.
ASSESSMENT & RATING

Rating: Likelihood: 4 - Likely
Impact: 4 - Serious
Priority: High

Impact

Likelihood
1. Remote
2. Unlikely
3. Possible
4. Likely
5. Certain

1. Low
2. Moderate
3. Significant
4. Serious
5. Severe

Brief summary of potential impact on:

Strategy:

Secure, reliable, compliant, accessible, and sustainable IT systems and infrastructure are necessary to fulfill the University’s mission. Without them, most of our capacity to sustain growth, improve student outcomes, and meet strategic goals will be impacted.

Operations:

The University’s core business processes, from student information systems to financial operations, rely on IT systems and infrastructure that are anywhere from 10 to 30 years old. An increasing number of devices are being run beyond their supported life. Failure of these IT systems will effectively halt a number of critical business functions at the University, from class registration to payroll processing; even basic business functions like email and telephone service are at increased risk of failure. In the event of a disaster affecting the University electrical power plant, aged networking, and especially phone equipment may not come back in service once power is restored. Near end-of-life or out of support systems and infrastructures increase the risk of network failures, breached data, regulatory noncompliance and disaster vulnerability.

Lack of institutional IT governance structure leads to a decentralized, inefficient and ineffective approach to IT strategy and data management.

Finances:

To fill the lack of a sufficient and sustainable equipment lifecycle budget, the IT infrastructure budget has been overspent for many years and is currently in a $2.5M deficit. This deficit needs to be addressed and long term replaced needs to be developed with funding to create a sustainable IT environment. Out-of-date IT systems and infrastructure leave us potentially vulnerable to a breach of our data; such a security incident is estimated to cost $130 per compromised record (or approximately $2.6 million for all current faculty, staff, and student records).
In the event of a disaster, the University must have resilient IT systems and infrastructure that are able to disperse financial aid from Banner into our cashiering systems that will refund students in order to maintain business continuity during a recovery.

Compliance:

Many federal regulations and compliance bodies (Payment Card Industry Council, FERPA, HIPPA, etc.) impose technical compliance requirements on the University, which require us to keep our IT infrastructure modern and continually up to date. Failure to comply with these requirements puts the institution at risk of fines, litigation, or breach of contract, and may harm our reputation.

Reputation:

Prolonged service outages have previously been reported in local media, making the University appear to be unsafe, poorly run, or technologically "behind the times" to the students and communities we serve. As desires for increased campus security are being addressed, many of the new security solutions depend on stable and reliable IT systems. Given the age of the University's IT infrastructure and lack of security updates provided by our networking vendor, a data breach is possible due to remote cyber-attacks.

RESPONSE

Risk Response: Mitigate/Reduce

Risk Response Plan:

The University must identify and fund a sufficient and sustainable annual equipment lifecycle plan to ensure the ongoing availability and resilience of critical IT systems and infrastructure. An IT governance structure must be established and empowered to advise on long-term IT strategy, data governance, digital transformation, and risk management. Modern technologies bring added functionalities especially designed for quicker recovery in the event of a disaster affecting the University's data and voice networks.

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<tr>
<td>Establish an annual equipment lifecycle plan</td>
<td>Planning complete with some implementation completed based on available funding. Currently working to secure additional funding to execute the largest portions of the plan.</td>
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<tr>
<td>Create an institutional IT governance committee with appropriate stakeholder representation</td>
<td>An IT Advisory Committee (ITAC) was formed by the CIO and began to meet regularly starting February 2019.</td>
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<tr>
<td>Formalize telephony migration plan</td>
<td>In 2020, formalize an institutional migration plan away from the aged telephone system to Voice Over IP (VoIP). Project major cost driver is individual physical desktop phones with a 7-year lifecycle. Plan will minimize physical phones on campus in favor of lower cost desktop and cell phone applications to make and receive VoIP phone calls.</td>
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**OWNERS & MONITORS**

**Risk Owner:** Executive Leadership

**Risk Co-Owner(s):** Executive Leadership includes the President, Provost and Vice Presidents.

**Risk Monitor(s):**

- ☒ BOT Finance, Audit and Enterprise Risk Management (FARM) Committee

- ☐ Executive Leadership

- ☐ Division Leadership
Enterprise Risk Management Plan

December 13, 2019

BUILDINGS AND INFRASTRUCTURE

SUMMARY

Having healthy, well maintained, and efficient building and infrastructure systems is vital to the success of students and faculty, and supports the University’s standing as a leading public comprehensive institution and one of the top public Master’s granting universities in the nation. Moving towards a more deliberate, prioritized funding plan for the renewal and replacement of these systems will assure the University’s continued leadership, and support the anticipated increase in demands on these systems as the University pursues its strategic goals.

IDENTIFICATION

Identification of Risk:
Buildings and Infrastructure

Risk Statement:
The under-funding of renewal needs in the University's aging buildings and infrastructure will result in increased deterioration and system failures, thus negatively affecting the University's ability to achieve its strategic goals. A long-term plan for renewal and replacement of the University’s buildings and infrastructure must be developed in order to align its priorities with operating budget planning and to make informed decisions regarding capital budget needs.

Opportunity Statement:
Sound stewardship of buildings and infrastructure improves the likelihood that the University will attain its strategic goals. It enhances and increases the University’s capacity to support programs, departments and centers as they serve the growing demands of student and faculty scholarship, research, and creative activity. It improves the University’s financial efficiency and effectiveness, compliance with regulations and code, accessibility, aesthetics, reputation, and recruitment and retention of students, faculty and staff.
**ASSESSMENT & RATING**

Rating: Likelihood: 4 - Likely  
Impact: 4 - Serious  
Priority: High

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**Brief summary of potential impact on:**

**Strategy:**

The strategic plan contains several direct and indirect references to the need for improved infrastructure that supports scholarship, research, working conditions. Our aging and obsolete buildings and utility infrastructure may limit our ability to expand programs to accommodate growth. Resources are likely to be directed toward restoring capabilities as opposed to enhancing and increasing capabilities.

**Operations:**

While buildings themselves are typically designed to last 50 to 100 years, the major systems (i.e. roof, HVAC, fire, plumbing, and electrical) require renewal and replacement at about 25 years. Elevators require renewal and replacement as well. The average age of our buildings and infrastructure places our systems at high risk of failure over the next 5 to 10 years.

**Finances:**

The University’s state-owned physical assets (buildings and infrastructure) have an estimated replacement value of just over $1 billion. Numerous industry studies indicate that a reasonable funding metric for attaining the full service life expectation of these assets is between 2% and 4% of the replacement value per year. Targeting the low end of that scale, a 2% investment rate equals roughly $20 million per year. Excluding new construction, the University’s reinvestment rate has averaged $12.9 million per year over the past 5 years – a figure which includes the large Carver renovation work plus a recurring portion of the operating budget. This roughly 33% underfunding leads to the continuing growth of the backlog of deferred renewal and deterioration of our buildings and infrastructure.

**Compliance:**

Buildings may not keep pace with building codes, ADA compliance and Title IX requirements.
**Reputation:**

The indirect cost of deteriorating and functionally obsolete buildings includes staff and student safety, increased energy costs, diminished aesthetics, loss of faculty (or loss of candidates), and negative impact to recruiting both employees and students.

---

**RESPONSE**

**Risk Response:** Mitigate/Reduce

**Risk Response Plan:**

There are several activities already underway:

1. In partnership with the other 4 year Washington State higher education institutions, we have contracted with a facilities benchmarking consultant to develop a long term strategy for operating and capital budget discussions with Olympia, building the case for investment in buildings and infrastructure.

2. We have and will continue to locally fund one-time studies to document the condition of our buildings and infrastructure.

3. We will develop capital budget plans over the span of several biennia for increased and staggered infrastructure reinvestment.

4. We will focus on strategic building system renewals using minor preservation funds and seek to increase this funding.

5. We will align major renovations with significant academic program needs as they are identified.

<table>
<thead>
<tr>
<th><strong>Action Plan(s)</strong></th>
<th><strong>Status</strong></th>
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<tbody>
<tr>
<td>Evaluate recommendations from facilities benchmarking consultant report</td>
<td>Final report due by December 31. We intend to pursue increased level of minor preservation funding over the next several biennia in order to keep our risk at an acceptable level.</td>
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<tr>
<td>One-time studies to document the condition of our buildings and infrastructure</td>
<td>TBD</td>
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<tr>
<td>Capital budget plans over the span of several biennia</td>
<td>The FY21-23 capital planning/budget will be under development soon.</td>
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<tr>
<td>Strategic building system renewals</td>
<td>Limited minor preservation funds for 19-21 biennium are being used to replace sections of failing systems.</td>
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<tr>
<td>Align major renovations with significant academic program needs</td>
<td>This will be accomplished through the capital planning/budget process</td>
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**OWNERS & MONITORS**

**Risk Owner:** Executive Leadership

**Risk Co-Owner(s):** Executive Leadership includes the President, Provost and Vice Presidents.

**Risk Monitor(s):**

- ☑ BOT Finance, Audit and Enterprise Risk Management (FARM) Committee
- ☐ Executive Leadership
- ☐ Division Leadership
Enterprise Risk Management Plans: 
Clearing the Way to Achieving our Objectives

December 13, 2019
Today’s Topics

• Review of June 14, 2018 Board of Trustees (BOT) Presentation
  – What is Enterprise Risk Management (ERM)?
  – ERM Overview
  – Western’s ERM Framework
• Implementation of ERM Program
• ERM Plans for Priority Risks
• Discussion
Review of June 14, 2018 BOT Presentation
What is Enterprise Risk Management (ERM)?

In order to provide reasonable assurance of success in fulfilling the University’s mission and strategic plan, ERM provides a structured, institution-wide approach to identifying, assessing, monitoring, and responding to enterprise risks, and their related opportunities.
ERM Overview

• Why ERM is Important
  – Encourages proactive management of risk
  – Increases the Likelihood of achieving University objectives
  – Improves communication, reporting and governance across the University
Western’s ERM Framework

Based on the ISO 31000 ERM model, which defines essential elements, offers a common language, and provides clear direction and guidance for ERM. This model is encouraged by the State of Washington.

- Commitment
- Terms, Concepts and Principles
- Roles, Responsibilities and Reporting
- Implementation
- Tools
Implementation of ERM Process
## Appendix F: ERM Implementation Plan Timeline

### Objectives

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<th></th>
<th>Summer 2018</th>
<th>Fall 2018</th>
<th>Winter 2019</th>
<th>Spring 2019</th>
<th>Summer 2019</th>
<th>Fall 2019</th>
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<td>Sep</td>
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<td><strong>Bot Reporting</strong></td>
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<td><strong>RCPS Develops Training/SharePoint Site</strong></td>
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<td><strong>Training, Division and Institutional Risk Profiles, Integration into Existing Management Processes</strong></td>
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<td><strong>Unit Consultation and Training, only as needed</strong></td>
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**Colors and Notifications**

- **Yellow**: RCPS Develops Training/SharePoint Site
- **Green**: Training
- **Light Green**: Risk Owners - College and Divisional Units Develop Risk Profiles and Management Plans
- **Teal**: Division Leadership - Provost and Vice Presidents' Develop Risk Profiles and Management Plans
- **Blue**: Institutional ERM Committee - Compiles Divisional Profiles into Draft Institutional Risk Profile and Management Plans
- **Purple**: Executive Leadership - Reviews andPrioritizes Institution Risk Profile and Management Plans
- **Red**: ERM Reports to Board of Trustees
- **Current Status**: Draft ERM Report to BOT (1 of 2)

**Timeline Notes**

- ERM Report to BOT - Full Round

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**ERM Plans**
Appendix E - Enterprise Risk Management (ERM) Flow Chart

1. Board of Trustees
2. Finance, Audit & ERM Committee of the Board
3. Executive Leadership
4. Institutional ERM Committee
5. Internal Audit
6. Division Leadership
7. Risk Owners

- ERM Report
- Institution Risk Profile
- Division Risk Profiles - Source of enterprise risks for Institution Risk Profile
- Source of enterprise risks for Division Risk Profiles
- Risks identified from internal audit surveys and interviews
- Internal Audit Functional Reporting
ERM Plans for Priority Risks
• Priority Enterprise Risks
  – Financial Stewardship
  – Campus Climate
  – Comprehensive Capital and Space Utilization Planning
  – IT Systems, Infrastructure and Governance
  – Buildings and Infrastructure

• Looking Ahead
Discussion
Thank You!