

UNIVERSITY OF VIRGINIA
ENTERPRISE RISK MANAGEMENT CHARTER

Introduction

The University of Virginia's Enterprise Risk Management (ERM) program is designed to provide reasonable assurance that the University is managing risks that impact its ability to achieve its objectives. Risk encompasses both negative events and missed opportunities and includes inherent as well as emerging risks. An effective ERM program helps the University effectively deploy its resources in pursuit of its objectives.

It is the approach of the University to establish and support the ERM Program to assist the University in accomplishing its objectives by facilitating management's processes for identifying potential events and risks that could affect its strategic plans and to coordinate its responses to mitigate such risks.

Scope

The scope of the ERM program will include risk management activities at the Academic Division, Medical Center, and College at Wise. The ERM function will work closely with the Audit and Compliance functions. Efficiencies are gained through collaboration among the three functions, including:

- Linking work across the enterprise risk assessment, audit plan, and compliance plan.
- Sharing available resources
- Cross-leveraging each function's competencies

This collaboration is accomplished while recognizing the distinct roles played by each party. The ERM program is responsible for leading ERM within the organization. Compliance is responsible monitoring and promoting adherence to laws and regulations. Internal Audit is responsible, in part, for examining and evaluating the adequacy and effectiveness of the University's governance, risk management, and internal controls.

Objectives

The objective of the ERM program is to provide reasonable assurance that the University is managing risks that impact its ability to achieve its objectives. This includes:

- Creating a framework to effectively identify, assess, and manage risk.
- Promoting collaboration to manage cross-functional risks
- Assist in defining risk appetite and aligning that with strategy
- Enhancing risk response decisions
- Incorporating risk in the decision to allocate resources

Roles and Organization

The University's Treasurer is responsible for administering the University's ERM program. The Treasurer reports to the Executive Vice President and Chief Operating Officer. ERM is a collaborative effort that includes involvement at various levels of the organization, including:

Operating Units

ERM should be integrated into a unit's planning process. ERM should be part of assessing and implementing strategies related to strategic and operating objectives. Those responsible for managing unit budgets and programs are in the best position to manage risk. Leaders of individual schools and units will provide a key role in the day-to-day management of such risks and the execution of related mitigation strategies.

Risk Management Council

The Risk Management Council ("RMC") is comprised of representatives from the major functional areas of the University, including the Health System. The RMC's objectives are to provide a comprehensive assessment of risk at the University and provide reasonable assurance that the University is managing risks that impact its ability to achieve its objectives. This group would focus on both inherent risks and emerging risks, both of which are critically important. The RMC assesses risks and discusses risk mitigations approaches. The RMC will share these insights with the University's executive leadership for discussion.

University Executive Leadership

The RMC will review key risks and mitigation strategies with the University's executive leadership. Executive leadership will help set the University's risk appetite, contribute to the assessment of risks, and provide guidance on how to report key risks to the ACR.

*The Board of Visitor's Audit Compliance and Risk ("ACR")
Committee*

The ACR Committee will:

- Approve the Enterprise Risk Management Charter.
- Receive communications from the Treasurer on the University's Enterprise Risk Management assessment and mitigation efforts.
- Review, at least annually, the institutions risk governance framework including the risk assessment and mitigation strategies.
- Make appropriate inquiries of management and the Treasurer to determine whether all ERM efforts have the necessary resources and direction to be as effective as possible.

The Treasurer will communicate and interact directly with the Chair of the ACR committee, including in executive sessions and between ACR committee meetings as appropriate.