

UNIVERSITY OF VIRGINIA
ENTERPRISE RISK MANAGEMENT CHARTER
NDED AND APPROVED SEPTEMBER 2017

I. Mission

The purpose of the University of Virginia's Enterprise Risk Management ("ERM") program is to strengthen the University's ability to achieve its mission and strategic objectives. This is done by effectively managing key risks and seizing opportunities related to the achievement of our strategic objectives. In this context, risk encompasses both negative events ("downside risk") and opportunities ("upside risk"). An effective ERM program helps the University effectively deploy its resources in pursuit of its objectives.

II. Scope

The scope of the program includes ERM activities at the Academic Division, Health System, 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 enterprise risk, audit, and compliance functions
- Sharing available resources and knowledge
- Aligning planning and operational efforts

This collaboration is accomplished while recognizing the distinct roles played by each party. Treasury 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.

III. Objectives

In support of the ERM program's purpose, the objectives of the program include:

- Creating a framework to effectively identify, assess, and manage risk
- Ensuring appropriate ownership and accountability of risks
- Promoting communication and collaboration among risk management activities
- Providing senior leaders with key information to make risk-informed decisions and to effectively allocate resources
- Incorporating risk in strategic decision making

IV. Roles and Organization

The President of the University is the owner of the ERM program. Responsibility for administering the program is delegated to the University's Treasurer. ERM is effected by the University's Board and leadership and is a collaborative effort at various levels of the organization, including:

Risk Management Networks

Risk Management Networks ("RMN's") exist for both the Academic Division and the Health System. Membership consists of higher-level individuals who can (1) provide perspective on industry trends, and (2) have a deep understanding of University operations. Their role is to help identify emerging risks and cascade ERM initiatives into the University's departments.

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 guidance and expertise in helping steer the efforts of the ERM program.

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 Visitors' Audit, Compliance, and Risk ("ACR") Committee

The ACR Committee will:

- Approve the Enterprise Risk Management Charter.
- Understand the University's ERM philosophy and approach
- Provide feedback to improve the effectiveness of the ERM program
- Review the institution's 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.

V. Charter Review

The ERM Charter should be annually reviewed and, if necessary, updated to determine if the charter continues to reflect the institution's risk management priorities.