

Enterprise Risk Management Report

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Prepared by: Margaret Wallace, Director of Assurance and Enterprise Risk

Campus Risk Officers: Justin Arndt (MSU), Anta Coulibaly (UM &Tech), Lianne Forester (UMW), Corey Kopp (MSUN), Carmen Roberts (GFC), Kelley Turner (HC), Leslie Weldon (MSUB)

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I. EXECUTIVE SUMMARY

The Montana University System (MUS) mission is to serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana’s economy and society.

The MUS implements enterprise risk management to enhance our understanding of systemwide risks, increase visibility and transparency of activities related to mitigating risk, share information across the System, and support informed decision-making. The systemwide enterprise risk management process seeks to complement and support the risk management and compliance process and activities across the MUS.

The Montana University System Enterprise Risk Management (ERM) Program continues to mature.

II. ABOUT THE MONTANA UNIVERSITY SYSTEM ENTERPRISE RISK MANAGEMENT PROGRAM

Per the systemwide [Charter](#), ERM is a disciplined process to identify, assess, respond to and report on key risks/opportunities to advance the Montana University System mission and create value for stakeholders. ERM helps inform MUS senior management and the Board of Regents (BoR) of the most critical risks to the strategic success of the MUS.

The ERM Program is implemented to:

- Build a common view of enterprise risks and risk management strategies
- Broaden communication and information sharing across the System
- Enhance the understanding of risk exposure across the System
- Increase understanding of how effectively the System mitigates risk
- Better inform decision-making
- Identify ways to share services in the management of risks

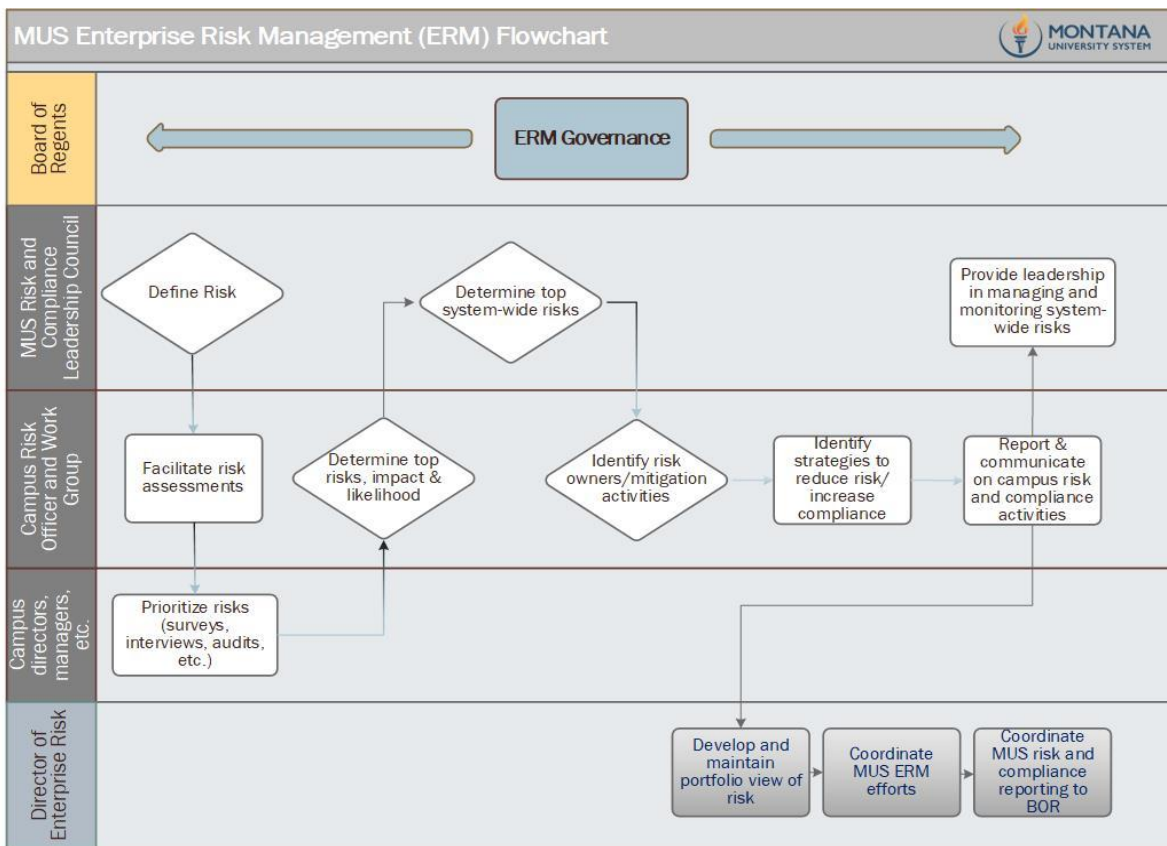
A. GOVERNANCE STRUCTURE

- Board of Regents: The Montana University System Board of Regents supports the systemwide ERM Program and provides direction and guidance to the Program. The Regent’s Budget, Administration, Audit and Planning Committee receives regular updates on the Program.
- Commissioner’s Cabinet: The Commissioner’s Cabinet consisting of the Commissioner, the Deputy Commissioners, and the Chief Legal Counsel supports the ERM Program, providing direction and guidance as needed.
- Risk and Compliance Leadership Council: Composed of senior leaders across the System whose roles within MUS campuses and the Commissioner’s Office allow informed insights regarding risk and compliance within and across their areas of responsibility.

- Risk Officer: Risk Officers at each campus assemble the campus Risk/Compliance Working Groups.
- Campus Risk/Compliance Workgroups: Membership varies from campus to campus. Campus workgroups are responsible for identifying, assessing, and mitigating campus-level risks.

B. ERM PROCESS

The MUS Risk and Compliance Leadership Council Charter is the governing document that outlines the purpose, organization, and responsibilities of ERM stakeholders across the system. The Charter establishes a formal, principles-based approach to identifying, managing, and monitoring risks across the MUS. Risk assessments from campuses are compiled by the Director of Assurance and Enterprise risk and presented to the Budget Committee of the Board of Regents annually. The diagram below depicts the systemwide ERM process.



C. MONTANA UNIVERSITY SYSTEM ERM FUNDING

The goal of the Montana University System (MUS) ERM program is to create value through enterprise-wide integrated and holistic risk management. To help facilitate this process for stakeholders across the MUS, Office of the Commissioner of Higher Education offers funds (as available) for projects, equipment, software, training, or other services that may support the management of risks at campuses and across the MUS.

D. RISK MANAGEMENT AND TORT DEFENSE DIVISION – ERM DISCOUNT PROGRAM

The Department of Administration, Risk Management and Tort Defense Division (RMTD), in consultation with the OCHE, offers a 2.5% general liability insurance premium discount to campuses that implement effective ERM programs. Discounts are applied against the participant's budgeted general liability insurance premium in the next fiscal year.

III. FY22 AND FY23 SYSTEMWIDE ERM PROGRAM ACTIVITIES

A. RISK MANAGEMENT AND TORT DEFENSE DIVISION ERM DISCOUNT PROGRAM PARTICIPATION

Eight campuses and OCHE participated in the fiscal year 2023 enterprise risk management program. Since the executive proposed an insurance premium holiday for the 2025 biennium (i.e., zero premium assessments) and the Legislature approved the holiday, there were no discounts received. However, all eight campuses and OCHE received the full 2.5% discount which totaled approximately \$55,000.

B. SYSTEMWIDE COORDINATION AREAS

- IT Governance
- Campus Risk Officers
- Financial Aid Directors
- Employee Compliance Training
- Campus Safety / Surveillance

IV. FY 2023 TOP SYSTEMWIDE RISKS

Each risk officer works with their campus work group to identify and prioritize their top risks. The risks from each campus are submitted to OCHE and then combined to make the systemwide risk register.

Rank	Name	Definition
1	Attract, Recruit, Retain, Faculty and Staff	Inability to attract, recruit, and retain qualified, skilled, and reputable faculty and staff.
2	Financial Sustainability	Inability to adapt the MUS business model to ensure financial sustainability, mitigate risk, and adjust to changing circumstances that influence funding or revenue.
3	Enrollment	Inability to sustain and/or increase enrollment of in-state, out of state, international, residential, commuter, undergraduate and/or graduate students.
4	Facilities and Deferred Maintenance	Inability to maintain facilities, including the prioritization of ongoing and deferred maintenance, and/or develop facilities and infrastructure to attract and retain students, staff and faculty, and to support critical research.
5	Information Security	Inability to safeguard data and/or information systems to prevent unauthorized access - whether intentional or unintentional - by foreign or domestic actors or vendors with whom the MUS conducts business.
6	Inflation	Inability to control increasing prices and decreasing purchasing power.
7	Compliance and Regulatory Burden	Challenges to comply with increasing federal, state, and local regulations.
8	Student Health and Mental Health Support	Inability to maintain capabilities and resources to support students' physical and mental health, development, and well-being.
9	Brand Management	Challenges with academic and mission alignment, including effective brand management.
10	Leadership Development and Succession	Lack of strategies and resources to maintain operations when key leaders or staff resign, retire, or move on abruptly.
11	Campus Safety	Inability to maintain preparedness, response and mitigation plans and capabilities related to any threat that could impact the health and safety of the campus community or require the evacuation of a facility, a portion of a campus, or an entire campus.
12	Faculty and Staff Health and Wellbeing	Resource challenges related to fostering faculty and staff health and wellbeing.
13	Reputation Management	As a public institution the MUS faces high-profile challenges to its policies, practices, and procedures.

V. FY23 ERM FUNDING

OCHE offers funds (as available) for projects, equipment, software, training, or other services that may support the management of risks at campuses and across the MUS. Funding for ERM projects is tied to campus risk assessments and preference is given to campuses that work across the affiliation and/or system to identify shared strategies for managing risk.

Campus	Funding Area	Risks/Opportunities Identified	Amount
MSU Bozeman	UIT Campus Guard risk treatment recommendation	Expand endpoint support and 3rd party patching system, Ivanti, to three affiliate campuses, MSU Billings, Great Falls College, and MSU Northern. Addresses need across the MSU affiliation.	\$ 50,000
MSU Bozeman	BIT Training (MUS)	As a result of increasing student and employee mental health crisis and unsafe behaviors leading to harm, suicide or homicide, many MUS campuses have created Behavioral Intervention Teams (BITs). Addresses systemwide need.	\$ 10,000
MSU Bozeman	Research Compliance	MSU organized a statewide research integrity and compliance conference. This is the first of its kind and fills a needed compliance training gap. Addresses systemwide need.	\$ 3,000
Northern	Fire Alarm Plans	The 1955 fire alarm system is no longer functional and should be brought up to code.	\$ 15,000
MSU - B	Surveillance cameras	MSU Billings's City College campus currently does not have any internal or external cameras to provide the necessary security and surveillance measures required by a modern university.	\$ 30,000
Tech	Emergency Preparedness	Campus safety and emergency preparedness/crisis response were identified as top risks by three campuses across the UM affiliation. Addresses need across the UM affiliation.	\$ 25,000
Tech	Multi-factor authentication	Reduce risks of ransomware/viruses/phishing attacks	\$ 10,000
Western	Surveillance cameras	In our ongoing efforts to improve overall campus safety and security, Western identified the need to strategically install surveillance cameras across campus.	\$ 20,000
Helena College	Surveillance cameras and parking lot lighting	Enhanced safety and security through video surveillance and exterior parking lot lighting.	\$ 18,000
UM	Readerboards in priority buildings	UM's current messaging system is 30 years old and no longer supported. UM's ability to instantaneously message the campus in an emergency is vital to student and employee safety.	\$ 36,000
Total ERM Funding			\$ 217,000