Deloitte.

Developing a risk intelligent institution—The core pillars

Higher Education institutions have complex and unique organizational structures that are often steeped in historical context. While each institution will benefit from a structure that best fits its culture and leadership priorities, institutions with alignment of Enterprise Risk Management, Internal Audit, and Compliance functions are typically found to be more risk intelligent institutions that can be responsive to the myriad of risks they will face.

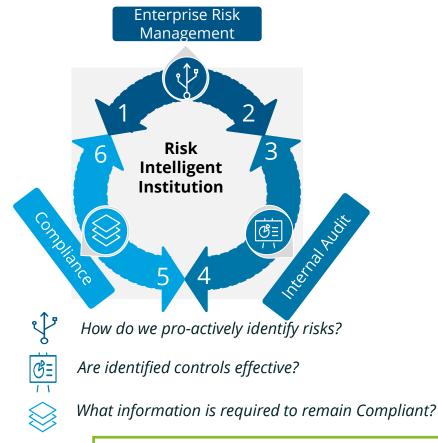
Enterprise Risk Management				Internal Audit				Compliance		
 A program to <i>identify, assess, prioritize, respond to</i>, and <i>monitor</i> risks <i>Key Benefits:</i> Provides the tools, processes, and underlying culture to help uncover risks Transparent, proactive, and consistent visibility of key risks and areas of potential compliance issues 			p ri underlying ent visibility of	 A program to provide <i>assurance</i> that controls are in place and <i>advise</i> on and <i>anticipate</i> on emerging risks <i>Key Benefits:</i> Provides assurance that controls, policies, procedures, and processes are in place Deliver recommendations to address observations identified Advise management on leading practices Address emerging risks in the industry 			e in	 A program to <i>monitor</i>, and <i>ensure compliance</i> with, regulations and the regulatory environment <i>Key Benefits:</i> Identification of applicable regulations Develops actionable plans to ensure good standing with regulations Manages relationships with the various regulatory bodies 		
FOUNDATIONAL ELEMENTS	Risk av risk	K AWARE CULTURE ware culture enables informed decision- g across the institution	RISK REGISTER Maintaining a comprehe register enables the inst understand the variety faces, including	ensive risk titution to of risks it	EXECUT Executive su empowers incorpora	IVE SUPPORT upport around risk stakeholders to ate risk in their o-day work	Writte released provide u	MUNICATIONS n communications on a regular basis to pdates across a range cs to stakeholders	POLICIES AND PROCEDURES Formality of policies and procedures help an institution standardize and processes	
CON	ITACTS	Cynthia Vitters Managing Director Deloitte & Touche LLP Mobile: + 571.424.0046 Email: <u>cvitters@deloitte.com</u>	Dawn Jones Managing Director Deloitte & Touche LLP Mobile: + 703.251.1871 Email: <u>dawjones@deloitte.com</u>		ager	Elizabeth Walton Senior Manager Deloitte & Touche LLP Mobile: + 216.385.3971 Email: elwalton@deloitte.co	Senio Delo Mob	Braunsdorf or Manager itte & Touche LLP ile: + 202.304.8059 l: jbraunsdorf@deloitte.com	1	

Deloitte.

Developing risk intelligence within higher education

Alignment of Internal Audit (IA), Enterprise Risk Management (ERM), and Compliance provides a functional and effective apparatus to identify and respond to risks facing higher education. By aligning these three foundational capabilities, institutions become risk intelligent.

2



Identify, Assess, Mitigate, Respond

ERM → Compliance: Risk mitigation development strategies/plans feeds Compliance's control enhancement and design efforts

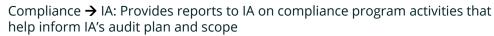
ERM \rightarrow IA: Risk Prioritization output feeds Internal Audit's work plan that focuses on the highest impact risks to audit

Assure, Advise, Anticipate, Act



IA \rightarrow ERM: Provides assurance priority risks are managed appropriately; risk management program & internal control framework are operating effectively IA \rightarrow Compliance: informs potential updates and/or modifications to control designs and policies

Design, Assess, Implement, Articulate



Compliance \rightarrow ERM: Control monitoring output informs the risk register by indicating processes or business units with higher levels of noncompliance

A risk intelligent culture supports the active identification, monitoring, assessment, and ability to respond to risks in a consistent and transparent manner. The diagram provides our perspective on the components of a risk intelligent institution.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication. As used in this document, "Deloitte "Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting. Copyright © 2023 Deloitte Development LLC. All rights reserved.

5

6