

Emergent Budget Proposal Narrative

Division: Business & Financial Affairs (BFA)

Enterprise Risk Management

Please check the appropriate category for this proposal and provide a brief (1-2 sentences) explaining the selection:

- Urgent unforeseeable items that have arisen since the FY17-19 budget build process
- Items calling for prompt action that are so critical they cannot wait until the FY20-21 biennial budget build process
- Items that have arisen as a consequence of changed conditions, such as, but not limited to:
 - a) additional enrollments,
 - b) a change in leadership at planning unit level, and/or
 - c) State or federal policy changes
- Time-sensitive strategic opportunities that advance the university toward strategic plan fulfillment and are of the highest priority

Development of the University's *Enterprise Risk Management (ERM)* program has been recognized by the University's Board of Trustees Audit Committee and executive leadership as the desired framework for actively engaging the University community in discussions regarding the management of strategic risks in order to provide reasonable assurance of success in fulfilling the University's mission and strategic plan.

Statement of Purpose: *(What is the problem or opportunity being addressed? How will you address this problem or opportunity?)*

ERM is a structured, institution-wide approach to identifying, assessing, monitoring and responding to enterprise risks within the University's risk tolerance, to provide reasonable assurance of success in fulfilling the University's mission and strategic plan. ERM is integrated into the University's existing governance, decision-making and planning and budgeting processes.

ERM is a higher education best practice. The University Board of Trustees Audit Committee and executive leadership have identified the need for ERM so they can routinely identify, evaluate, and plan for risks that have the greatest potential for impacting the University's mission and strategic plan fulfillment. In addition, taking risks offers opportunities, and the Board and executive leadership believe that ERM will allow them to assess risks while taking advantage of opportunities.

To support the development and implementation of the ERM program requires training, support of the Board and executive leadership, and assisting division leadership and risk owners with enterprise risk identification, assessment and mitigation processes.

Anticipated Outcome(s):

ERM will improve the University's governance, decision-making, and planning and budgeting processes. Leadership responsible for achieving the University's strategic plans will find that risk is an unavoidable part of the decision-making process and that risk-taking should be informed and intentional, which is an important outcome for ERM.

Metrics: *(How will outcomes be measured?)*

As part of the ERM program, the performance of the program itself will be monitored through feedback from University stakeholders.

Application of the ERM program will be evaluated based on the following:

- Enterprise risks have been reviewed at least annually by University stakeholders.
- Actionable response plans have been developed and successfully implemented by University stakeholders for each enterprise risk identified under their ERM processes.
- Downward movement on the enterprise risk rating scale and heat map based on the ongoing implementation of risk response plans.
- Documentation of the review of enterprise risks within routine and strategic University stakeholder management functions.
- ERM framework training established and made available for University stakeholders.

How does this project support the University Mission and Strategic Objectives?

This proposal supports University strategic goal:

- To serve as a model for institutional effectiveness, innovation, diversity, and sustainability.

This proposal supports University value:

- Being responsible stewards of resources.

This proposal, and successful implementation of ERM, will also support University, division, college, and departmental strategic plans by reducing the uncertainty of achieving those objectives.

What are the consequences of not funding this package?

Not funding this proposal will hinder the successful development of ERM. As such, the University may be less prepared to address high-priority risks that may challenge its ability to realize its mission and strategic plan.

What alternatives were explored and why was this alternative chosen?

This alternative is a logical and relatively cost-effective way to maintain traditional risk management, along with emphasis on policy and internal control responsibilities, while accommodating the strategic needs of the University by facilitating ERM.

Which units (departments, colleges, etc.) will be involved?

All divisions, departments and Board of Trustees.

Equipment: *(For major (>\$25k) purchases, please provide the following information.)*

Purpose:

N/A

Cost:

N/A

Anticipated Useful Life:

N/A

Replacement Cost if any:

N/A

Human Resources (replace example below with needed resources)

New Position: 1 full-time position in Risk Management

Salary: \$79,647

Fringe Benefits: \$25,771

Operating & Maintenance Costs:

General Operating Expenses: \$5,000

One Time Cost of \$25,000 estimated for recruitment, office space build-out, office furniture and computer equipment.

Space Requirements:

How much new space will be required?

Administrative office space will be required – cubicle or office. Will work with space administration to fit into current space.

Is appropriate space available on campus? Yes No

If no, what space is needed and what features must the space have (e.g., fume hoods, plumbing, 3-phase power, etc.)?

**WESTERN WASHINGTON UNIVERSITY
RISK FINANCE MANAGER AND COMPLIANCE SPECIALIST**

	FY19				Future Years Recurring (if different than FY19)			
	Employee FTE	One Time Costs	Recurring Costs	Total Costs	Employee FTE	One Time Costs	Recurring Costs	Total Costs
Faculty Salaries	0.00		\$ -	\$ -	0.00		\$ -	\$ -
Professional Salaries	1.00		\$ 79,647	\$ 79,647	0.00		\$ -	\$ -
Classified Salaries	0.00		\$ -	\$ -	0.00		\$ -	\$ -
Student Salaries (Graduate Assistants, Hourly Student, etc)	0.00		\$ -	\$ -	0.00		\$ -	\$ -
Benefits			\$ 25,771	\$ 25,771			\$ -	\$ -
Total Salaries & Benefits		\$ -	\$ 105,418	\$ 105,418		\$ -	\$ -	\$ -
Supplies and Materials		\$ 25,000	\$ 5,000	\$ 30,000				\$ -
Professional Service Contracts (please detail below)				\$ -				\$ -
Equipment and Personal Technology - including new faculty set-up costs				\$ -				\$ -
Other Goods and Services (includes memberships, supplies, materials)				\$ -				\$ -
Total Goods and Services		\$ 25,000	\$ 5,000	\$ 30,000		\$ -	\$ -	\$ -
Lodging				\$ -				\$ -
Automobile Rental				\$ -				\$ -
Air Travel				\$ -				\$ -
Ground Transportation				\$ -				\$ -
Other travel costs				\$ -				\$ -
Total Travel		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Total Expenditures		\$25,000	\$110,418	\$135,418		\$0	\$0	\$0

* \$5,000 for general operating expenses

**One Time Cost of \$25,000 estimated for recruitment, office space build-out, office furniture and computer equipment

POSITION TITLE	FY19						Future Years Recurring (if different than FY19)					
	Proposed Annual Salary	Headcount	FTE	Budgeted Salary	Benefits	TOTAL	Proposed Annual Salary	Headcount	FTE	Budgeted Salary	Benefits	TOTAL
Faculty Salaries												
Total Professors	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Total Associate Professors	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Total Assistant Professors	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Total Non Tenure-Track	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Faculty Salary and Benefit Total	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Professional Salaries												
Risk Finance Manager	79,647	1	1.00	\$ 79,647	\$ 25,771	\$ 105,418				\$ -	\$ -	\$ -
Exempt Staff Salary and Benefit Total	\$ 79,647	1	1.00	\$ 79,647	\$ 25,771	\$ 105,418	\$ -	0	0.00	\$ -	\$ -	\$ -
Classified Salaries												
Classified Staff Salary and Benefit Total	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Student Salaries												
Student Salary and Benefit Total	\$ -	0	0.00	\$ -	\$ -	\$ -	\$ -	0	0.00	\$ -	\$ -	\$ -
Total Salary and Benefits - All Positions	\$ 79,647	1	1.00	\$ 79,647	\$ 25,771	\$ 105,418	\$ -	0	0.00	\$ -	\$ -	\$ -