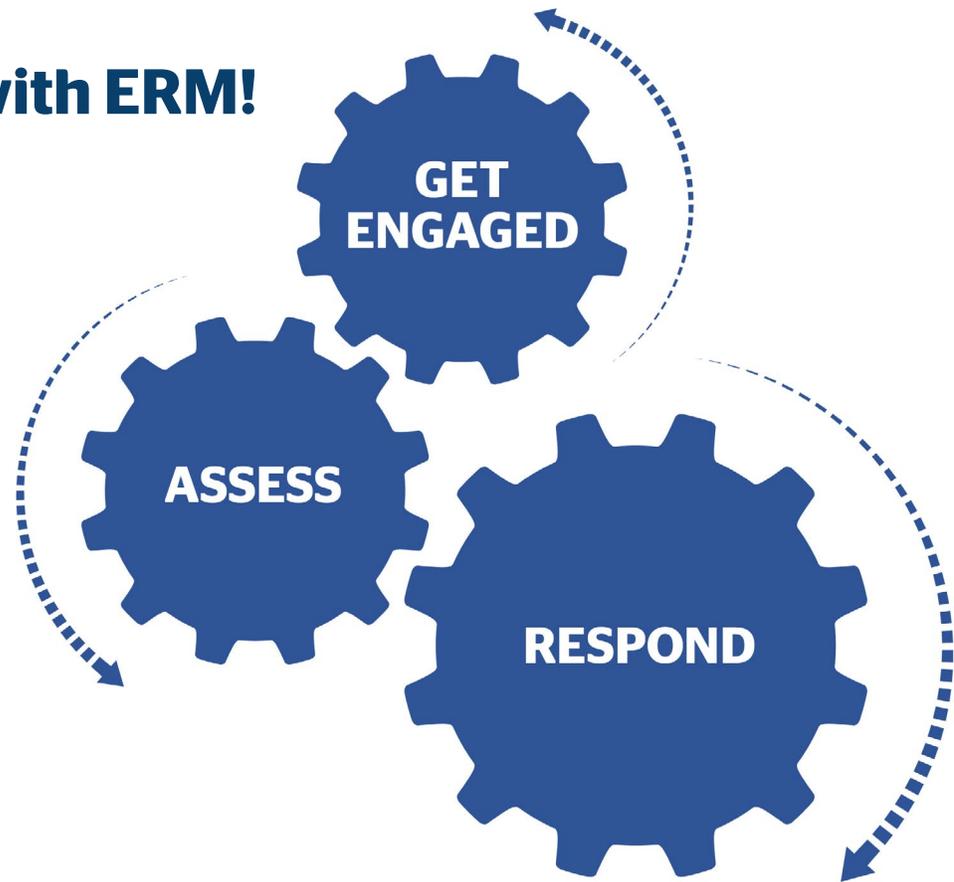


Enterprise Risk Management **GUIDEBOOK**



GEAR up with ERM!



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What is Enterprise Risk Management (ERM)?

Enterprise Risk Management (ERM) works to identify, understand, and address risks that impact our ability to achieve our Mission and objectives. Operationally, ERM is a set of coordinated processes, practices, and resources supporting the assessment and management of risk across Pima Community College (PCC).

ERM creates value for PCC by providing insight to guide decision making, planning, and action. Through ERM, PCC is better equipped to:

- ▶ Identify and act upon potential opportunities for innovation and competitive advantage.
- ▶ Identify and effectively respond to potential negative impacts associated with risk.
- ▶ Advance our strategic priorities.

What is Risk?

For ERM, “risk” is the effect of uncertainty on PCC’s objectives. An “effect” is a result that was not expected or assumed to happen, which can be positive, negative, or both.



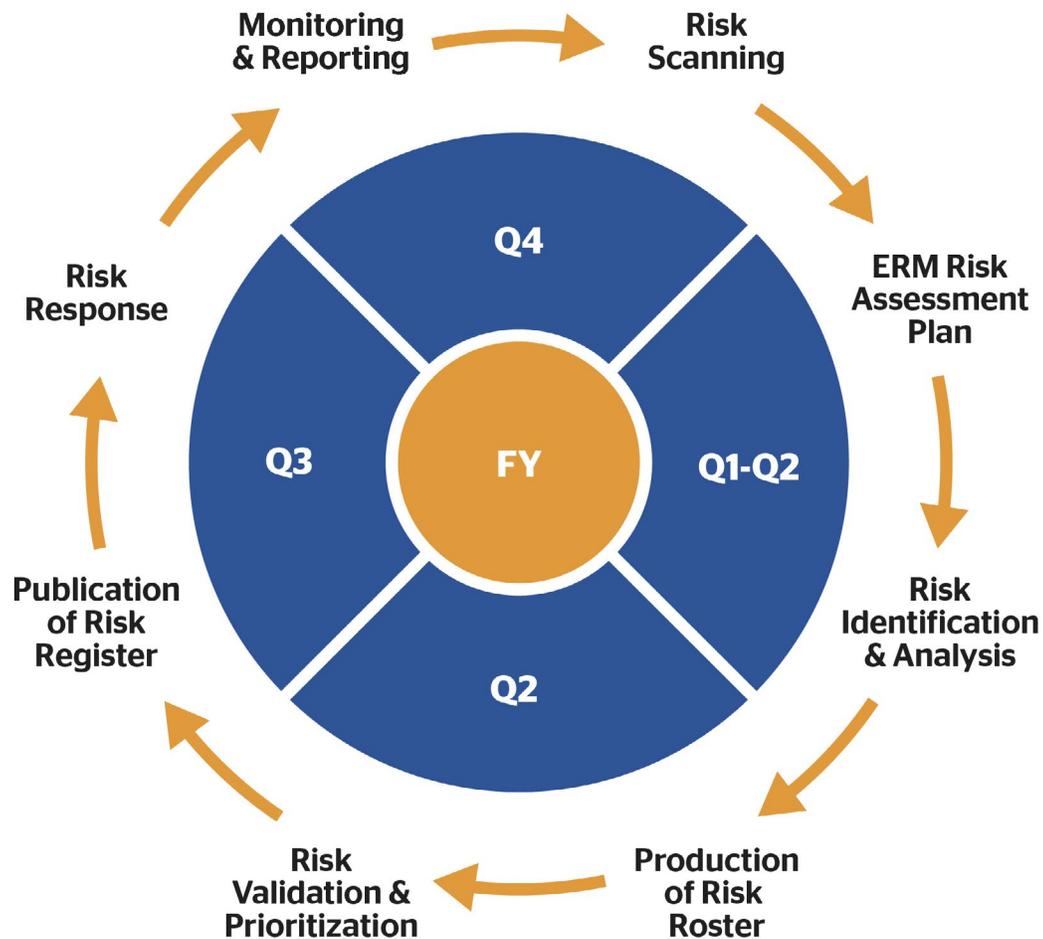


Figure 1: Risk Response

How Does ERM Work At PCC?

ERM provides a risk management framework that includes:

- ▶ Risk scanning and risk assessment planning.
- ▶ Risk identification, analysis, and evaluation (collectively called “risk assessment”).
- ▶ Risk response (also called “risk treatment”).
- ▶ Risk monitoring and reporting.

The design of PCC’s ERM operations supports both “formal” and “informal” risk assessment. Formal risk assessment occurs annually (see Figure 1), or as needed, to produce PCC’s Risk Register. The Risk Register records PCC’s top identified risks (“priority risks”) and provides insight for decision making and planning. Additionally, the Risk Register guides the development and implementation of comprehensive and cohesive risk response strategies and measures across PCC.

What Happens and When During the Annual Risk Assessment Cycle?

Risk Scanning

The Enterprise Risk Manager meets with PCC leadership and personnel to identify risk issues to be examined during annual risk assessment.

Risk Assessment Planning

Based on information gathered from PCC's Annual Risk Survey and during risk scanning, the Enterprise Risk Manager produces the Annual ERM Risk Assessment Plan, including assignment and notification of Risk Owner(s).

Production of Risk Roster

In consultation with the Enterprise Risk Manager, assigned Risk Owners will:

- ▶ Select PCC personnel to participate in risk identification and analysis activities.
- ▶ Coordinate and conduct risk identification and analysis activities.
- ▶ Complete and submit the Risk Statement and Profile Summary and Rating Rubrics (Opportunity Levels and Manage Risk Levels) for each identified risk.

Production of Risk Roster

The Enterprise Risk Manager creates the risk record based on the Risk Statement and Profile Summary submitted for each identified risk.

The Enterprise Risk Manager compiles Risk Record information and produces the Risk Roster for risk validation and prioritization.

Risk Validation & Prioritization

The Chief Risk Officer (CRO) and/or the Enterprise Risk Manager reviews the Risk Roster with executive leadership to:

- ▶ Affirm that risks have been properly identified.
- ▶ Examine whether identified risks fall within or outside of PCC's risk appetite to determine an appropriate risk response strategy.
- ▶ Rank order identified risks to determine PCC's top ("priority") risks for inclusion in the Risk Register.

Publication (Internal) of Risk Register

Following risk validation and prioritization, the Enterprise Risk Manager produces PCC's Risk Register for distribution.

Risk Response

Based on risk validation and prioritization outcomes, the assigned Risk Owner(s) for each identified risk consult with the Enterprise Risk Manager and the assigned Executive Owner(s) to:

- ▶ Select PCC personnel to participate in the development, implementation, and evaluation of the Risk Management Action Plan (RMAP).
- ▶ Coordinate and conduct development of the RMAP.
- ▶ Complete, submit, and review the RMAP template with the Enterprise Risk Manager.
- ▶ Implement the RMAP in collaboration with applicable PCC personnel.

Monitoring & Reporting

In consultation with the Enterprise Risk Manager and in collaboration with applicable PCC personnel, Risk Owners will monitor and report:

- ▶ Metrics (Key Risk Indicators) to determine changes in PCC's risk exposure.
- ▶ Efficacy and effectiveness of implemented risk response strategies and measures.



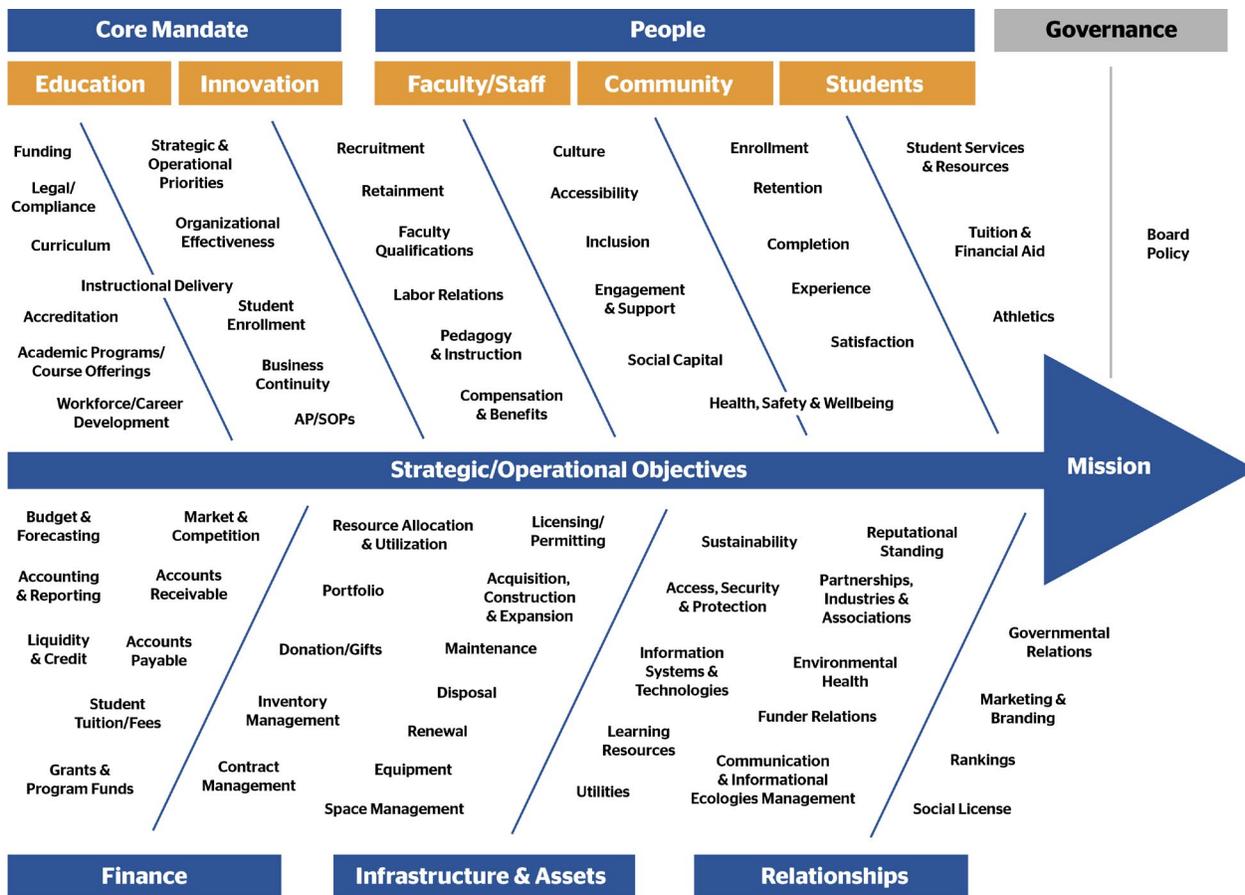


Figure 2: Impact Types and Critical Components

What is Formal Risk Assessment?

Examining risk issues conducted within the scope of the Annual ERM Risk Assessment Plan or for producing PCC's Risk Register is considered "formal" risk assessment. Formal risk assessment requires assigned Risk Owners, in collaboration with PCC personnel, to complete and submit documentation necessary to establish the Risk Record for each identified risk. In addition, Risk Owners, in consultation with the Enterprise Risk Manager, are responsible for:

- ▶ Selecting PCC personnel (staff, faculty, and administrators) whose participation supports robust and thorough examination of a particular risk issue.
- ▶ Setting the context, scope, and objectives for assessment.
- ▶ Conducting assessment activities (e.g., table talks, workshops, scenario simulations, etc.).
- ▶ Selecting and utilizing ERM instruments for risk identification and analysis.
- ▶ Using established rubric criteria to determine ("rate") the Opportunity Level and Managed Risk Level for each identified risk by "Impact Type."
- ▶ "Impact Types" (consisting of Core Mandate, People, Finance, Infrastructure & Assets, and Relationships) facilitate examination of risk across varied organizational structures, business functions, and operational lines (see Figure 2).

Risk Owners are also responsible for conducting risk identification and risk analysis activities. Risk identification aims to clearly describe/define identified risks and associated impacts (both positive and negative) affecting the achievement of PCC's Mission and objectives.

The purpose of risk analysis is to measure the potential impacts (both positive and negative) of each identified risk based on:

- ▶ Information collected and examined during risk identification activities.
- ▶ Established rating criteria (see Opportunity Level Rating Rubrics and Managed Risk Level Rating Rubrics in this Guidebook's "Resources" Section).

Following risk identification and analysis, the CRO or Enterprise Risk Manager will conduct risk evaluation with PCC leadership. Risk evaluation consists of risk validation and prioritization. During risk evaluation, PCC leadership is responsible for:

- ▶ Affirming that risks have been thoroughly examined and appropriately identified;
- ▶ Examining whether identified risks are within or outside of PCC's risk appetite to determine an appropriate response strategy; and
- ▶ Ranking identified risks to determine top ("priority") risks for inclusion in PCC's Risk Register.

Annual production of the Risk Register signifies the conclusion of the formal risk assessment cycle. Formal risk assessment provides PCC with a stable and consistent process to better understand our risk environment. Formal risk assessment also provides a means to guide collective action for leveraging opportunities and reducing negative effects associated with risk. For more information about the formal risk assessment process, see Section 7 of the PCC ERM Handbook 2025-2026.

Importantly, ERM enables and empowers all PCC staff, faculty, administrators, and leaders to incorporate and use ERM risk assessment practices and resources in everyday decision-making and planning. Understanding ERM's role in enhancing organizational competence, agility, and capacity, "informal" risk assessment is strongly encouraged.

Outcomes of Risk Identification

After completing risk identification and analysis activities with PCC personnel, Risk Owners will submit the Risk Statement and Profile Summary containing the following information:

- ▶ "Risk Descriptor" statement naming and describing/defining the nature (i.e., financial) of the identified risk.
- ▶ Who or what area(s) (e.g., units, departments, programs) within PCC are or will be affected by the identified risk (also referred to as the "locus" of risk).
- ▶ Cause(s) of the identified risk.
- ▶ Positive and negative impacts associated with the identified risk (also referred to as the "scope" of risk).
- ▶ Relationships existing between the identified risk and existing risks (referred to as "risk interrelationships").
- ▶ Internal and external circumstances and conditions that trigger effective management of the identified risk (referred to as "risk interdependencies").
- ▶ Metrics (Key Risk Indicators or "KRIs" for short) and data sources supporting monitoring and reporting activities.

What is Informal Risk Assessment?

The examination of risk issues not within the scope of the Annual ERM Risk Assessment Plan is considered “informal” risk assessment. Informal risk assessment is a self-start activity. In other words, any PCC employee can use the resources provided in this Guide at any time to conduct informal risk assessment and make a meaningful contribution to PCC’s Mission and objectives.

Informal risk assessment should be conducted with the sole intention of carefully examining risk issues to gain and share valuable insight that informs and supports organizational decision making, planning, and action.

Formal and informal risk assessment enhances PCC’s capacity to identify and effectively manage risk proactively. Instead of relying on a top-down approach, PCC’s risk management structure recognizes the value of each employee’s experience and expertise. It provides a practical means for all employees to engage in and contribute to the success of PCC and, more importantly, the success of our learners.

How Do I Conduct Informal Risk Assessment?

There is no prescribed method for conducting informal risk assessment. To this point, good risk assessment is all about asking the right questions at the right time. Here are some suggestions to help you get started:

1. Identify the risk issue and set the scope of your risk assessment. Ask yourself what you want to examine and why.
2. Engage others (e.g., supervisor, colleagues, etc.) based on the scope of the assessment.
3. Describe/define the risk issue. Ask yourself how this internal or external factor, condition, or circumstance currently or potentially impacts (positively and/or negatively) PCC and, more specifically, your unit, department, program, or area of responsibility.
4. Use the Risk Statement and Profile Summary to guide your assessment and identify instruments to support examination of the risk issue. You may also consult with PCC’s Enterprise Risk Manager for additional support.
5. Identify reliable information/data sources to support examination of the risk issue.
6. Once you have completed your assessment, talk with your supervisor about your findings/ observations and, depending on the scope of response required, develop a course of action to address the issue.

Immediately notify your supervisor and contact the Enterprise Risk Manager if you determine the risk issue:

- ▶ Impacts multiple business functions and/or operational activities across PCC.
- ▶ Results in significant opportunity or negative impact(s) for PCC.
- ▶ Requires significant organizational resources and coordination to manage effectively.

Do I Have to Submit a Risk Statement and Profile Summary for Informal Risk Assessment?

No. The Risk Statement and Profile Summary is used for guidance during informal risk assessment.

Risk Identified... Now What?

PCC's response to an identified risk will vary based on risk validation and prioritization outcomes. Possible responses include:

- ▶ Enhanced monitoring and reporting.
- ▶ Development and implementation of a Risk Management Action Plan (RMAP).
- ▶ Chancellor/executive leadership oversight.

Suppose it is determined that a RMAP is necessary to manage an identified risk. In that case, the Risk Owner collaborates with applicable PCC personnel to develop and implement the plan. Additionally, Risk Owners will consult with the CRO or Enterprise Risk Manager to ensure that the RMAP works in cohesion with other risk response strategies and measures implemented across PCC.

If you identify a risk during informal assessment, notify your supervisor and contact the Enterprise Risk Manager before taking action in response. A response to the identified risk may be developed and implemented following consultation with your supervisor and the Enterprise Risk Manager if it is determined that:

Outcomes of Risk Analysis

After completion of risk identification and analysis activities with PCC personnel, Risk Owners will submit the Risk Statement and Profile Summary containing the following information:

- ▶ Opportunity Level rating for each identified risk by "Impact Type;" and
- ▶ Managed Risk Level for each identified risk by "Impact Type."

Issue Spotting for Informal Risk Assessment

Your experience and expertise are critical in gaining a better understanding of PCC's risk environment. When considering whether to conduct informal risk assessment, you should consider what issues best match your experience, expertise, and, most critically, your role/area of responsibility within PCC. Possible issues for informal risk assessment include:

- ▶ How a change in federal or State law/regulation effects a business function/operational activity for which you are responsible (i.e., impact of new compliance requirements)?
- ▶ How a proposed change in PCC Policy, Administrative Procedure or standard operating procedures effect a business function/operational activity for which you are responsible?
- ▶ How integration of new technologies effects a business function/operational activity for which you are responsible?
- ▶ How changes in stakeholder (i.e., learner) preference effect a business function/operational activity for which you are responsible?

- ▶ The risk is effectively managed with means (i.e., refinement of standard operating procedures) and resources available to and under the direct control of your respective unit, department, program, or area of responsibility;
- ▶ Effective management of the risk **does not** require the involvement of other business functions or operational activities within PCC; and
- ▶ Effective management of the risk **does not** require procurement of out-of-budget resources.

The Enterprise Risk Manager will elevate the matter to formal risk assessment if these criteria are not met.



GEAR up with ERM!

GET ENGAGED...

- ▶ Integrate ERM practices and resources into everyday decision making and planning.
- ▶ Take the time to talk about risk and effects of uncertainty on our Mission and objectives with your supervisor, direct reports and colleagues.
- ▶ Participate in risk assessment activities when asked or conduct your own risk assessment with available resources.

ASSESS [Risk]...

- ▶ Identify risks and examine potential impacts (both positive and negative) on PCC's Mission and objectives.
- ▶ Gain and share valuable insight guiding PCC's response to identified risks.
- ▶ Use risk assessment as a tool for decision making, planning, and continuous improvement. Remember, risk assessment is more than just "looking for problems."

RESPOND [To Risk]...

- ▶ Contribute to the development and implementation of risk response strategies and measures to effectively manage risk across PCC.
- ▶ Talk with your supervisor, direct reports, and colleagues about ways to manage risk to increase operational efficiency and effectiveness.

Visit the My Pima ERM Page to access PCC resources for risk assessment and management.

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