

Enterprise Risk Management (ERM) Resource Toolkit



NORTHERN ILLINOIS UNIVERSITY

Division of Administration
and Finance

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1.0 Introduction

1.1 Identification

Enterprise Risk Management (ERM) is a continuous enterprise-wide process that will enable Northern Illinois University to pursue its strategic mission while identifying, controlling and mitigating risks. Northern Illinois University will use ERM to aid in decision-making and improve the probability of achieving its strategic and operational objectives. The Enterprise Risk Management Resource Toolkit provides information and procedures for the ERM Plan and ERM Mitigation Plan for the Northern Illinois University Enterprise Risk Management program.

1.2 Objectives

The ERM Plan includes project-level objectives for risk management and communications management (which are necessary to support effective risk management).

The ERM Plan includes additional objectives within the ERM framework:

- To implement a methodology for identifying risks (i.e., the conditions or events that could endanger project success).
- To implement a methodology for analyzing the potential impact and probability of identified risks.
- To implement a methodology for establishing the relative criticality of identified risks.
- To implement a methodology for developing and executing responses to risks (mitigation plans).
- To implement a methodology for monitoring the status of each risk, from identification through closure.
- To implement a methodology for regularly reviewing the project level status of risks and risk responses.
- To implement a methodology for regularly reviewing program level status of risks and risk responses.
- To link risk responses (mitigation planning) that require additional resources to the university budget.
- To promote a culture of risk awareness and prevention.

2.0 Risk Management Strategy

This section provides a narrative on the strategy for how risks are identified, analyzed/quantified, mitigated, reported, escalated and tracked.

2.1 Risk Identification

Risk identification is carried out on a unit-by-unit level with representatives from the particular office, department or division submitting risks to the Core ERM Team for inclusion within the current year's risk register. The Core ERM Team facilitates risk identification, but their participation is not required for units to submit risk status update forms with new risk information included.

As part of the risk identification process, representatives from a unit should list the key strategic activities their unit engages in to achieve their objectives and identify the risks associated with each of those key activities (e.g., the risks of putting student athletes on buses to travel to competitions). This exercise serves as the process to review the different types of risk:

- Financial (risk of financial loss, risk to credit rating, risk to financial position/liquidity, etc.).
- Operational (risk of delay, backup, complication to ongoing operations, etc.).
- Health and Safety (risk to individual or collective health and safety).
- Reputational (risk to the reputation of the institution or programs, either direct or indirect).
- Strategic (risk to institutional or program capacity to achieve strategic goals and objectives).
- Compliance (risk of violating federal, state or institutional laws, regulations and policies).

During the identification exercise, unit representatives should consider these additional risk factors:

- External Risks (risks arising from events external to the university).
- Internal Risks (risks arising from actions, procedures, policies or circumstances within the university).
- Emerging Risks (events, actions or circumstances that present new risks to the institution).

Any additional types or considerations for a particular risk as identified by the unit representatives should be included in the risk status update form submitted to the ERM Core Team.

2.2 Risk Analysis

In order to create a Risk Inventory capable of ranking the assessed risks across all of the units, a Risk Scoring Rubric scoring was formulated.

Enterprise Risk Management Risk Scoring Rubric

In order to create a Risk Inventory capable of ranking the assessed risks across all of the units, a scoring formula is produced.

Identified risks are assessed by the units involved for their potential severity (impact) and likelihood for a risk event to occur using the scales below:

Likelihood or Frequency of Risk
1 = Unlikely
2 = Uncommon or Infrequent
3 = Possible or Occasional
4 = Likely or Common
5 = Almost Certain, Inevitable, Regularly Occurring at the Present Time
Severity
1 = Minor
2 = Moderate
3 = Substantial
4 = Serious
5 = Severe
6 = Business Critical

The basic elements of the score indicate the initial assessments of Likelihood (L = 1 to 5) and Severity (S = 1 to 6) provided by the units identifying and assessing each risk. These scores, when multiplied, produce a basic **Unweighted Risk Score (L x S)**.

Weighted Risk Score Factors

Two weighting factors, Velocity (V = 0 or 5) and Cascading Effect (C = 1 to 3), are utilized to determine a weighted risk score.

A Velocity score of 5 points is assigned to a given risk if there would not be time to control or mitigate the immediate effect of the severity of that risk once it occurred (e.g., a power blackout). All other risks should be assigned a Velocity score of 0.

A Cascading indicator is applied to cases where a risk event occurring in one unit or area of campus would have significant effects in multiple areas on campus.

- Cascading effects are classified as: **1 (Limited)**, **2 (Moderate)** or **3 (Significant)**.
- These indicators are used to rank risks with the same overall score, placing those with significant cascading effect at a higher weighted risk.

Taken together, these scores produce the **Weighted Risk = Unweighted Risk + Velocity + Cascade** or $L \times I + V + C$.

2.0 Risk Management Strategy (continued)

2.3 Risk Mitigation Approach

The following provides an outline of the risk mitigation planning process which is detailed more thoroughly in the Risk Mitigation Plan.

Step 1: Develop Mitigation Goals and Objectives

- Review and analyze the results of the risk identification and risk assessment process.
- Formulate mitigation plan goals.
- Determine mitigation plan objectives.

Step 2: Identify and Prioritize Mitigation Actions

- Identify alternative mitigation actions.
- Identify and analyze mitigation capabilities.
- Evaluate, select and prioritize mitigation actions.

Step 3: Prepare an Implementation Strategy

- Identify how the mitigation actions will be implemented.
- Document the implementation strategy.
- Obtain the consensus of the planning team and appropriate unit leadership.

Step 4: Determine Plan Maintenance and Update

- Document risk owners and reporting milestones.
- Provide system of monitoring and updates to relevant stakeholders.

2.4 Risk Reporting and Escalation Strategy

Risk Owners will report on new and emerging risks as part of the Enterprise Risk Management annual cycle. Risk Owners additionally provide updates on previously identified risks resulting from changes in the control environment or the progression of mitigation efforts.

As new risks are identified and information about the risks are updated, risks are integrated into the risk register using the scoring rubric. The rubric allows for changes in multiple variables, including (1) likelihood, (2) severity, (3) velocity of event and (4) cascade effects to contribute to a particular risks priority within the register.

Risks will be escalated, or rise in priority within the risk register, either due to a change in one of the variables listed above or as a result of a de-escalation of other risks in the register.

2.5 Risk Tracking Approach

Risks identified as part of the ERM annual cycle will generate regular reporting in two ways, dependent upon the actions of the Risk Owner(s). As part of the ERM annual cycle, Risk Owners will submit risk reports to indicate changes in status of identified risks once per year. A risk may go down in priority as mitigation efforts are completed. Similarly, a risk may go up in priority because of a change in internal or external factors. A risk may also be removed if there is a significant change in environment.

During a specified time within the ERM annual cycle, risk status reports will be submitted and added to a database which will provide risk assessment information and analysis of trends over time by risk, risk owner and unit.

3.0 Risk Management Organization

3.1 Risk Management Roles and Responsibilities

The following table lists specific roles and responsibilities for risk management, as an addition to the roles and responsibilities in the Project Management Plan.

Role	Responsibility
Unit Representatives	Actively pursue the identification of risks. Report identified risks. Provide input into possible mitigation strategies.
Risk Owners	Submit Risk Status Update Forms. Review risk priorities and establish risk tolerance. Submit ERM Project Forms. Link mitigation planning with budget development. Implement and monitor mitigation plans.
Core ERM Team	Integrate new risks and changes into Risk Register. Write and distribute annual report.

4.0 Primary Mechanisms

4.1 Documentation

Risk Management relies on the following documentation:

Document Title	Description
Risk Identification	Begins the annual review cycle (start Oct. 1). Update Risk Register with new and emerging risks identified following the previous cycle. Risk Owners review previous list of risks for their unit/area. Add newly identified risks via Risk Status Update Form. Remove resolved/managed risks, or modify risk significance based on mitigations via Risk Status Update Form. Submit risk status update forms to the Core ERM Team by Oct. 31.
Risk Analysis	Core ERM Team, utilizing data from Risk Owners, integrates new and emerging risks into the risk register. Using a scoring rubric, pertinent data regarding each risk (i.e., changes or new developments) are utilized to rank risks within the register. Draft ranking prepared by Nov. 30.
Risk Evaluation	Full ERM Team and Resource, Space and Budget Committee reviews the Risk Rankings. Risk Owners provide tolerance level for new and emerging risks at the unit level and identify which risks intersect. Risk Evaluation completed by Dec. 31.
Risk Mitigation Plan Development	Risk Owners develop risk mitigation plans for new and emerging risks and update previous plans. Risk Owners identify resource needs for mitigation plans. All information submitted by Jan. 31.
Mitigation Resourcing	Merges with budget development process (March). Needs addressed within current budget capacity, or submitted as unfunded requirement (UFR).
Mitigation Plan Implementation	New Fiscal Year (July).
Enterprise Risk Management Annual Report	An annual report is produced by the Core ERM team using data from Risk Owners. The annual report will include: Relevant background information, top institutional risks, top new and emerging risks (as applicable), highlights of mitigation efforts for previous top risks, top identified opportunities and challenges, appendices of relevant risk related material for top institutional risks. The report will be distributed by Sept. 1.

5.0 Primary Controls

5.1 Reporting

Enterprise Risk Management Annual Report

- An annual report will be produced by the Core ERM team using data from Risk Owners. This report will be provided to the Finance, Audit, Compliance, Facilities and Operations committee (FACFO).
- The annual report will include:
 - Relevant background information.
 - Top institutional risks.
 - Top new and emerging risks (as applicable).
 - Highlights of mitigation efforts for previous top risks.
 - Top identified opportunities and challenges.
 - Appendices of relevant risk related material for top institutional risks.
- The report will be distributed annually within the first quarter of the new fiscal year.

6.0 Risk Assessment and Mitigation Resources

6.1 Purpose and Participating Units

The purpose of this ERM process is to permit and promote risk-informed decision-making. The process of creating the Risk Inventory and of ranking all of the institution's risks provides a process for prioritizing and addressing needs for risk mitigation resources. As part of the ERM process, forms and processes have been developed to permit those units with high-ranking risks to request funds as part of the annual budget process specific to mitigation efforts for recognized high-ranking risks. As the ERM and budget processes become integrated, units will report their progress toward meeting their mitigation goals to the ERM Program on a quarterly basis.

For all Rank 1 risks, the progress reports will be forwarded to the Finance, Audit, Compliance, Facilities and Operations committee (FACFO) of the Board of Trustees for each meeting. For all Ranks 2 and 3 risks, mitigation status reports will be provided to senior leadership semiannually. In cases where significant improvement is reported, a reassessment of the risk will be performed and reviewed by the committee. As a result, the Risk Inventory will be modified to reflect the change in risk status for that risk, and the ranking will be revised. In this way, the Risk Inventory will serve as a working document tracking the status all risks, with more detailed focus and reporting on those in the top three ranks.

Participating Units

ERM Core Team:

- Facilitates the completion of the risk assessment process and development of risk migration plans.
- Integrate new risks and changes into Risk Register.
- Write and distribute annual report.

Division Representatives:

Works with division risk owners on assessments/monitoring of risks and related risk mitigation efforts.

Executive Budget Committee (EBC):

Reviews risk mitigation plans with funding requests in context of NIU budget process and provides budget recommendation to the NIU Board of Trustees.

Advisory Group (with subject matter expertise):

Provides feedback and insight to the EBC as part of the review of the risk mitigation plans with funding request in the context of NIU budget process.

6.0 Risk Assessment and Mitigation Resources (continued)

Risk Owners:

- Manage the risk.
- Submit Risk Status Update Forms.
- Review risk priorities and establish risk tolerance.
- Submit ERM Project Forms.
- Link mitigation planning with budget development.
- Provide funding requests to the EBC for review.
- Develop risk mitigation plans and funding requests to be utilized in execution of the risk treatment process.
- Execute risk mitigation plans, evaluate risk treatment effectiveness and report on mitigation process.

6.2 Mitigation Plan Contents

What is a Mitigation Plan?

A mitigation plan is an action plan developed by a risk owner, unit and/or division to (1) diminish the likelihood or impact a risk might have to that unit; and (2) prevent the likelihood of increased risk or assist in adapting to changes in the risk addressed.

What should be included in a Mitigation Plan?

A mitigation plan addresses the actual and potential risk assessed through the Enterprise Risk Management process, identifies controls and corrective actions to reduce the likelihood of a future risk related to the addressed risk, and outlines the steps a unit will perform to mitigate the possible risk.

The following is a list of statements that provide the details of an effective risk mitigation plan.

Does the plan describe the scope of the risk/noncompliance being mitigated?

- Has the scope changed from what was originally reported (e.g., additional devices/facilities/personnel found to be in scope)?

Does the plan describe the cause of the risk?

- Has the root cause been identified?
- Were there any contributing factors identified?

Does the plan include all corrective, detective and preventative recurrence actions?

- Do the actions relate to requirements in scope?
- What is being mitigated?
- How is it being mitigated?
- When is it being mitigated?
- Has prevention of increased risk or changes in risk been addressed?
- Have completion dates for all actions completed prior to submission of the plan been included?

Does the plan include milestones as needed?

- Have milestones been defined where appropriate (for future dated actions)?
- If milestones are included, do the milestones have sufficient detail?
- Are the milestone intervals reasonable?
- Are the milestone intervals able to be completed over a single fiscal year?
- Remember to retain evidence to provide proof of completion for all actions taken.

Does the plan include a proposed completion date?

- Will all milestones be completed prior to the proposed plan completion date?

Describe the interim risk associated with the reliability of operations while the mitigation plan is being implemented.

- Does the mitigation plan contain interim steps to address this risk?

Describe the prevention of future risk to the reliability of the operations.

- How will the successful completion of this mitigation plan prevent or minimize the probability that your unit will incur further risk in the future?
- How will the mitigation plan actions taken prevent the likelihood of increased risk or assist in adapting to changes in the risk addressed?

7.0 Mitigation Planning Process

7.1 Step 1

Develop Mitigation Goals and Objectives

In this step, information revealed in the risk assessment stage of the Enterprise Risk Management program is used to develop clear mitigation goals, general guidelines that explain what you want to achieve, and objectives and statements that detail how those goals will be achieved.

One way to begin this step is to phrase the findings of the risk assessment as problem statements and noting trends or patterns in the types and location of previous or potential risk events; and in the vulnerability of infrastructure, buildings, or populations. You can then structure goals and objectives that steer you toward appropriate mitigation actions.

Review and analyze the Risk Identification and Risk Assessment process results

Most of the information needed to complete this task can be drawn from the NIU Enterprise Risk Management Full Report 2015-2016. Some technical assistance may be needed to interpret these findings.

1. Note the causal factors of each risk. Knowing the causes of a risk will help determine what type of actions you can take to prevent future damage.
2. Note the risk characteristics. How the risk “behaves” will greatly influence the range of actions you take and when you implement them.
3. Note the important and/or critical assets category (historic, civic, emergency facilities, transportation, lifelines, etc.). Look at the asset inventory you completed at the end of Step 3 in Understanding Your Risks for this information.
4. Identify specific characteristics of assets related to risks that contribute to their impact or the likelihood of a risk occurring (i.e., outdated infrastructure or critical systems).
5. Review and identify the areas and risks that would produce the most potential losses. Note whether there are special features or characteristics related to particular areas or specific risks that contribute to their impact.

Formulate Mitigation Plan Goals

Your goals should reflect your unit’s mitigation mission statement as well as the goals of your division and the larger university.

1. Develop proposed goal statements. Goals are broad, forward-looking statements that succinctly describe your aims. Several problem statements can lead to one broad goal. There is no right or wrong way of writing your goal statement. Some mitigation plans have very general goal statements while others may be more specific. The key is to write goals that are achievable through the corresponding objectives.

2. Review existing plans and other policy documents to identify potential conflicts. Risk mitigation goals, while broad, should be consistent with the goals and objectives of other plans in the particular unit. Review existing plans and list the goals established in these plans to assess whether they conflict with those for reducing the effects of risk events. In the event that goals do conflict, it is important to discuss how such a conflict would be resolved. It may be that the existing plan did not benefit from the risk knowledge now obtained. When the goals complement each other, an opportunity to build support for mitigation is created, and there is the potential to implement planning initiatives that serve multiple objectives. Look for plans or policies that address topics that are closely related to mitigating the effects of risks or risk events, including:

- Sustainability
- Economic growth
- Enrollment
- Environmental preservation
- Student engagement
- Research development
- Health and/or safety
- Recreation
- Public partnerships and outreach
- Transportation

When reviewing the plans/policies, note sections and related procedures that could be revised or updated to provide a more comprehensive approach to risk mitigation. These changes may end up as recommended actions. Review goals presented in another unit’s or institution’s mitigation plans within the same region, or those with similar profiles, to determine whether you have overlooked any key issues.

Determine Mitigation Plan Objectives

After you have developed your mitigation goals, you are ready to formulate objectives. Objectives are more specific and narrower in scope than goals. They expand on the goals and provide more detail on the ways to accomplish them. While the planning team undoubtedly will have many good ideas, they should also consider involving peer groups in developing these objectives. It is important to have measurable objectives which will provide a roadmap for successfully implementing the strategy. Some goals and objectives may not be based solely on the results of the risk assessment, but also on social and environmental values, or institutional mitigation priorities and funding opportunities. If this is the case, the planning team should document the reasoning behind these goals or objectives.

7.0 Mitigation Planning Process (continued)

7.2 Step 2

Identify and Prioritize Mitigation Actions

The next step of development is to identify, evaluate and prioritize mitigation actions that address the goals and objectives developed in Step 1. These actions form the core of your mitigation plan, and will be the most outward representation of the planning process to the general public and unit leadership. As such, it may be tempting at this point in the planning process to quickly finalize a list of projects that would simply get the job done. However, it is important to take time to evaluate the relative merits of the alternative mitigation actions and the local conditions in which these activities would be pursued. In doing so, you can be confident that the actions you end up with will have support, and will be the appropriate technical response to the risks which affect your unit. Some actions you identify may be “brick and mortar” projects such as constructing tornado shelters or safe rooms and retrofitting or rehabilitating existing structures to resist flood, wind or seismic forces. Others may be non-construction-related projects such as acquisition and relocation of threatened structures and implementation of educational awareness programs. Regulatory actions are also non-construction alternatives that often take the form of new legislation or amendments to existing laws, building codes or land development ordinances. The evaluation and prioritization of the alternative mitigation actions will produce a list of recommended mitigation actions to incorporate into the mitigation plan. The process outlined in this step includes a comparative evaluation of the pluses and minuses for each potential action. During this effort, the planning team will address a number of important questions, including:

- Which actions can help us meet our mitigation objectives?
- What capabilities do we have to implement these actions?
- What impacts (if any) will these actions have on our community?

Identify Alternative Mitigation Actions

The purpose of this task is to identify a variety of possible actions to address the mitigation objectives you developed in Step 1. After determining your unit’s goal(s) and corresponding objective(s), you should consult a variety of sources to identify potential alternative mitigation actions appropriate for your area.

1. Review existing literature and resources

Using your list of mitigation objectives as the foundation, identify alternative actions that may achieve these objectives. Existing literature can help identify alternative mitigation actions and shed light on specific issues to consider when you evaluate the alternatives later. A number of publications, websites and other resources provide information on the structural integrity, specific design features and approximate cost ranges of actions. Unit leadership, scholars and risk experts (e.g., professors, risk managers, environmental health and safety staff, etc.) have valuable experience in knowing what works to mitigate risks. These experts can help you evaluate whether the mitigation alternative will fulfill your objective; if the action provides a long-term solution to the problem; and possibly what some of the

social, administrative, environmental and economic implications are for your planning area.

Furthermore, some potential alternative actions involve complex engineering and may require additional study before a solution or alternative mitigation action can be identified.

2. Review “success stories”

Other institutions or units may have already addressed your same problem and developed a solution that may also work for your institution or unit. You may ask peer groups or members of the Enterprise Risk Management team to help identify success stories from other institutions or units in order to create a robust catalogue for review.

3. Solicit unit input at multiple levels

Depending on the size of the mitigation effort, it may be beneficial to receive input on potential alternative mitigation actions from unit faculty or staff at different levels within the organization. Some questions to consider include:

- What is the evaluation of what is currently being done to address risks within the unit?
- What do unit members think could be improved upon and what should be enhanced?
- Are there any suggestions or preferences regarding the proposed mitigation actions?
- Which of the mitigation goals and objectives are most important to pursue?

4. Provide a report with recommendations based on the findings

The planning team should provide a report on their research and present it to unit leadership. Any background information the planning team discovers along the way regarding the implications of various alternatives (e.g., relative costs, potential cross-unit impacts, regulatory requirements, etc.) should be available to the whole planning team for consideration in the next task.

Identify and Analyze Mitigation Capabilities

In this task, you will review and analyze institution/unit programs, policies, regulations, funding and practices currently in place that either facilitate or hinder mitigation in general. This inventory and analysis is often called a capability assessment. By completing this assessment, you will learn how or whether your unit will be able to implement certain mitigation activities by determining:

- Types of mitigation actions that may be prohibited by policy, procedure or other regulations at the federal, state, local and institutional level.
- Limitations that may exist on undertaking actions.
- The range of administrative, programmatic, regulatory, financial and technical resources available to assist in implementing your mitigation strategy.

7.0 Mitigation Planning Process (continued)

Review the capability assessment

The capability assessment provides valuable information to determine the viability of certain mitigation actions. Review the information provided in the capability assessment with regard to the following:

- Are resources sufficient to assist you (financially, technically, administratively or with respect to regulations) in implementing specific alternative mitigation actions (e.g., is technical staff or funding available to assist in evaluating your critical facilities for risk vulnerability)?
- Will certain mitigation actions not be available to you (e.g., does the policy prohibit a particular action)?

After you have obtained information on programs, plans, policies, regulations, funding and practices, review the results to gain a greater understanding of how these resources will affect mitigation in your specific unit. Since research into potential mitigation actions and development/identification of unit goals and objectives (Step 1) have already been completed, you can begin to address whether these policies, regulations, etc., will have an impact on the type of mitigation actions you are able to explore.

Compiling this inventory will help the planning team identify what is currently being done and begin to assess what is working well. The second part of a capability assessment is the analysis of how effective the existing actions and capacities are and what gaps exist that hinder implementation. This evaluation allows the planning team to identify what may need to change to enhance what is working, or what to put into place to undertake new actions or implement existing ones. However, the more extensive analysis will occur when the planning team evaluates specific alternative mitigation actions by objective, as described in the next task.

Evaluate, Select and Prioritize Mitigation Actions

In this task, the planning team will select mitigation actions suitable to your unit and then decide in what sequence or order these actions should be pursued. Below are provided a series of suggestions for evaluating and prioritizing proposed mitigation actions. There are other ways to evaluate and prioritize mitigation actions. However, the methods suggested here have the benefit of showing how mitigation actions were evaluated and prioritized to unit and senior leadership.

Remember, your evaluation should determine whether the action would work for the specific mitigation objectives you formulated in Step 1. Your evaluation is not a judgment of the general merits of the action, but an assessment of the effect the action will have on the specified mitigation objective in a particular location within your unit. The planning team should agree on the evaluation criteria and the process for prioritizing mitigation actions.

Evaluate alternative mitigation actions

Now that the planning team has completed the capability assessment, it must evaluate whether existing and potential alternative mitigation actions fulfill your objectives and if they are appropriate for the risks

identified. There are many ways to develop and apply evaluation criteria. One method enables the planning team to consider in a systematic way the Social, Technical, Administrative, Political, Legal, Economic and Environmental (STAPLEE) opportunities and constraints of implementing a particular mitigation action in your unit. However, this decision-making is not necessarily a straightforward process; it is highly specific to each unit. This process would be difficult to describe in a step-by-step procedure that would reliably lead all units to the “right” solution, as the possible results or end products of the process are quite varied and do not necessarily follow a straight path.

A unit can go through a process of identifying and evaluating alternative mitigation actions and discover that everything is in place to undertake a certain type of action that would be very effective and easily affordable. However, the unit simply may not like some of the social or environmental implications of that action. As such, the planning team may decide to undertake a more expensive or difficult action that it is not necessarily as equipped for but feels strongly should be the preferred alternative.

Prioritize selected mitigation

Now that the planning team has a list of acceptable and doable actions for your unit, it's time to prioritize them. You may have identified a dozen actions for each of the risks affecting your unit and are now faced with deciding where to start when you may have more than 50 possible actions. You may want to review your goals and objectives to see if you decided from the onset to address a particular risk first, or if the risk assessment and loss estimate found that these occurred more frequently and caused major losses. You should also review and take into account the results of your efforts evaluating the alternative mitigation actions appropriate to your particular risks. You now know, given the capabilities already assessed, what it would take to implement the alternative actions you ultimately select. The following considerations should be kept in mind when prioritizing your mitigation actions:

- **Ease of implementation.** To initiate and/or maintain interest in the planning process, particularly if support is tentative, you may want to select those actions that are easily implemented first. Initiatives such as media attention to risks cost little and reach a large number of citizens.
- **Multi-objective actions.** Some mitigation actions may work toward achieving multiple community goals. For example, an acquisition and demolition project can lead to new open space that provides additional natural storage for floodwaters. This solves the problem of repetitively flooded structures, which are now removed, and provides opportunities for recreational use such as hiking/biking paths.
- **Time.** To demonstrate more immediate progress, you may choose to initiate mitigation actions that are quickly accomplished over those that would take a long time to obtain the necessary approvals or funding to carry out the project.

7.0 Mitigation Planning Process (continued)

- Post-risk event mitigation. A number of potential mitigation actions being evaluated by the planning team may not be able to be implemented in the near term due to funding availability or political and social considerations. In a post-risk event scenario, however, the extent of damages, political will and access to state and federal mitigation funds can dramatically alter the feasibility of implementation. Consider targeting specific mitigation actions for implementation following a risk event.

A common way to rank actions is to have the planning team vote on the actions. This approach is termed “multi-voting.” All of the mitigation actions under consideration must be listed so that the entire planning team can see them. Each team member is then given half the total number of potential actions to use as individual votes. The action that receives the most votes is the highest priority. The item with the second most votes is the second priority, etc.

Numerical ranking is another way to prioritize mitigation actions. Again, all of the mitigation actions are listed and the planning team reviews the entire list. After careful evaluation, the members assign a numerical ranking to each action. You then add the ranks given to the action and the one with the lowest number is the highest priority. If there are a large number of actions and many people voting, you can average the rankings instead of counting each one. Assume that the planning team consists of four people and each person ranks all four actions from 1 to 4. The rankings for each action are added and then divided by the number of votes.

7.3 Step 3 Prepare an Implementation Strategy

In this step, the planning team will prepare a strategy for implementing the mitigation actions decided upon in Step 2. The implementation strategy (1) identifies who is responsible for which actions, (2) what funding mechanisms (e.g., grant funds, capital budget, or in-kind donations) and other resources are available or will be pursued, and (3) when the actions are to be completed. It describes the way the unit will use its resources to achieve its goals of reducing losses from future risk events. It also focuses on coordination between the various individuals and units involved in the implementation to avoid duplicating or conflicting efforts.

Identify How the Migration Actions will be Implemented

In this task, the planning team will identify the responsible party or parties, funding resources and a time frame for implementing the actions selected in Step 2. The planning team should apply this process to all of the selected actions.

1. Identify parties, define responsibilities, and confirm partners

The capability assessment will be very helpful in completing this subtask. The planning team should review the list of units and organizations identified in the assessment and how they function so that the team can match the appropriate department or office with the actions called for in the implementation strategy. It is also important to review the

capability assessment findings to better understand the administrative process necessary to see an action through to completion. Knowing the process will assist the planning team in developing a more realistic time frame to accomplish the action. This is a good time for team members to contact or meet with unit leadership and stakeholders who will play a role in implementing the actions. This will provide an opportunity to confirm their commitment and cooperation. This is also a good time for these partners to provide input on the steps necessary to carry out the actions, allowing the planning team to fine-tune the proposed schedules. Department or unit leadership should make sure the person(s) responsible for each task under each action has the time and ability to follow through, otherwise implementation may be delayed.

2. Identify resources to implement the actions

Resources include funding, technical assistance and materials. The team should prepare a preliminary cost estimate or budget, broken out by task, for each of the actions. Knowing the cost will help the planning team target a variety of sources to fund the action. The planning team should also prepare a list of materials (equipment, vehicles and supplies) that would be required to effectively implement the action. When preparing the list, note which items you have and which you would need to purchase and include these costs in the budget. Additionally, long-term maintenance may be required for projects such as acquisitions. Be certain to factor the necessary maintenance funding into cost estimates and assign responsibility for the maintenance to the proper party. The team will probably need to seek help in preparing these budgets. To back up these estimates, the team should work with the unit or organization that will be responsible for the action. The planning team should look at the capability assessments to identify resources to implement the identified mitigation actions. The team should examine resources from all levels of government, private sector organizations and universities to explore all possible sources of assistance. The planning team should take appropriate action to ensure that funding for mitigation projects is incorporated into divisional and unit-level budgets. These include:

- Capital improvement budgets can incorporate mitigation costs into capital improvement project budgets (i.e., including costs to retrofit a building or obtain particular assets). A key goal of the mitigation planning process is for mitigation to be considered in all capital improvement projects vulnerable to major risks.
- Operating budgets of specific units can include costs for consultants, supplies and salaries to complete mitigation actions.
- Special funds can be established to deal with post-risk event funding needs. Many states have initiated “rainy day funds” to help provide the local match required for most federal grant programs.
- Staff time has costs associated with its use in risk mitigation projects. Most planning, policy and regulatory actions require only staff time and leadership commitment. Staff time can be used as an in-kind match. In an event setting, employees can coordinate projects and volunteers, assist in the clean-up effort or help with other activities that can reduce losses and business interruption.

7.0 Mitigation Planning Process (continued)

It is critical to obtain unit leadership support for mitigation early on in order to have units commit to significant staff time. Year-end resources may become available toward the end of the fiscal year. To capitalize on this situation, the planning team should:

- Make priority projects known to leadership. If the appropriate individuals have been included in the planning process all along, your unit may be well-positioned to hear about these opportunities and successfully request funding.
- Assign a team member to track information on new federal, state and regional grant programs.
- Examine how a project could be broken into parts or phases that could be quickly completed when funding becomes available.

In addition to funding, the planning team should keep in mind that experts may be available to assist project implementation. Many of these experts were probably consulted when the team profiled the risks during Phase 2 of the planning process.

Having an approved mitigation plan in place is required to receive funding of any sort. The following provides suggestions of ways to obtain funding/support in implementing an approved mitigation plan:

- Private sector organizations and businesses have a lot to gain by engaging in activities to reduce risks in the community. Businesses and other private interests may be willing to contribute time, labor, materials, space and other support as part of their commitment to community improvement. The planning team should also consider securing private grant funds that are available for environmental and natural resource protection, and for sustainable community development and redevelopment.
- The link between risk mitigation and sustainability may not be as clear to some private funding sources and they may not list mitigation goals in their requests for proposals. In this case, the planning team may decide to submit a grant application to fund that portion of the project that most closely matches the sustainability grant requirements.
- Academic departments can provide valuable resources in the form of technical expertise, the latest data related to your mitigation efforts and training resources for planning and related tools.

3. Define the time frame for implementing the actions

The planning team and responsible units should develop a specific time frame for implementing each mitigation action that will be pursued. Determining the time frame with staff members from the departments or units that are responsible for the mitigation action will greatly enhance the chance of your mitigation plan succeeding. The time frame should detail when the action will be started, when interim steps will be completed and when the action should be fully implemented. When identifying start dates, keep in mind any special scheduling needs such as seasonal climate conditions, funding cycles, unit work plans and budgets. Funding cycles will affect when you can begin implementing an action. After you have identified the start dates, you may want to review

the priority you initially gave to the actions to ensure that you address the issues in that order, whenever possible. If the order of priorities has changed, the planning team should make sure to document the reasons why. Once implementation begins, the planning team should periodically revisit the plan and actions to make sure they fit the changing needs of your community.

Document the Implementation Strategy

As part of any implementation strategy, the implementation and results of mitigation efforts should be documented. Determine the format for presenting your implementation strategy. This, along with discussions of goals and objectives, and identification and prioritization of actions, will comprise your overall mitigation strategy. If an action is currently being implemented, indicate it as ongoing under the time frame and indicate an end date, when applicable. Be sure to indicate long-term maintenance activities as ongoing. If you choose short-term and long-term time frames, make sure you define, at the beginning of the implementation strategy, the time period you consider to be short and long term (e.g., short-term actions are usually considered to be those that can be accomplished within one year of plan adoption).

Obtain Consensus of the Planning Team and Appropriate Unit Leadership

The planning team should review the resulting strategy and come to a consensus on the timing of the mitigation actions and on the units or other parties involved. When the team confirms that the timeline and use of resources are realistic, and the appropriate units or individuals are designated the appropriate responsibilities, it confirms that the strategy is headed in the right direction.

Planning for Post-Risk Event Recovery and Reconstruction

Prevention should be the focus and top priority for any mitigation plan. However, the fact remains that risk events may still occur even with robust mitigation measures in place. By addressing these issues before a disaster strikes, units can rally around a recovery strategy that considers long-term sustainable development objectives rather than rebuilding back to pre-disaster conditions. These units will have more success if and when post-disaster funding and technical assistance become available. Units are encouraged to incorporate a post-risk event recovery component into the overall implementation strategy by addressing a set of priorities and policies that will help guide the recovery and reconstruction process. At a minimum, units should consider a set of risk mitigation actions that may not be economically or politically feasible in the near term, but may become a realistic opportunity following a risk event. These “on-the-shelf” mitigation actions could be evaluated against the actual damages following a risk event and, if appropriate, incorporated into a recovery strategy. Considering policies that would efficiently and wisely guide post-risk event reconstruction in the implementation strategy is a wise investment of resources for any unit developing a risk mitigation plan.

Before finalizing the strategy, the team should take another look at all of the mitigation actions to ensure that the projects, taken together, reflect the goals, objectives and priorities of the institution and unit. It would also ensure that the timelines of the actions show

7.0 Mitigation Planning Process (continued)

project completions spanning from a short time after plan adoption through longer time frames. A consensus on the implementation strategy, followed by the adoption of the plan, has the essential ingredients of a functional plan that can truly help a unit mitigate its losses from a risk event.

7.4 Step 4 Determine Plan Maintenance and Update

The maintenance, assessment and updating of mitigation plans does not comprise a single step, but is instead a continuous process which should take place throughout the planning and implementation of a risk mitigation plan.

Risk Mitigation Plan Maintenance

As part of any mitigation plan, risk owners need to measure and assess the efficacy of projects and implementation. Periodic updates should be provided to Unit Leadership and relevant stakeholders. Importantly, by maintaining communication to stakeholders, you provide an environment for opportunities to emerge and for the cultivation of enhanced support for mitigation efforts. This can increase the likelihood that a project will be supported and resources will be provided to a mitigation effort as the needs of the unit or control environment changes.

Additionally, Risk Owners should maintain records of identified risks and their status to provide data and report on trends and changes over time. This is important to the success of a project because it highlights the efficacy of a mitigation effort, and enhances decision making for risk owners and unit leadership by providing and utilizing data. By providing a history of mitigation efforts and their efficacy, risk owners can build support for enhanced resource allocation and encourage risk awareness.

Updating a Risk Mitigation Plan

The Enterprise Risk Management program is implemented using an annual cycle based around the Financial Year which links mitigation planning to budget. As part of this process, risk owners should provide data illustrating the progress of mitigation efforts and any changes to identified risks or risk environments. A risk status update form (included on the following page) is provided for both the identification of new risks and to update the perceived impact and/or likelihood of previously identified risks. By documenting the progress of mitigation efforts, risk owners and project managers ensure that their mitigation efforts will continue to be supported and can enhance the likelihood that they will receive additional resources for additional mitigation efforts.

Where to find the online forms.

Enterprise Risk Management Risk Status Update Form:

niu.edu/risk-management/enterprise/risk-status-update-form.shtml

Enterprise Risk Management Project Form:

niu.edu/risk-management/enterprise/erm-project-form.shtml