

CPS Vision and Enterprise Risk Management Assessment

CPS' Enterprise Risk Management Assessment, as directed by the Board and the CEO, facilitates the identification, measurement, and management of key risks CPS faces in the course of carrying out its mission. The identification of these risks and key mitigating strategies help to protect our Beliefs and Core Principles.

Mission: To provide a high quality public education for every child, in every neighborhood, that prepares each for success in college, career and civic life.

Beliefs: Education Must Be Holistic High Academic Standards Are for All Children Academic Rigor Must be Coupled with Support Equity is a Moral Imperative
School Options Must Serve All Children Well Diversity Must be Celebrated

Commitments:  1. Academic Progress  2. Financial Stability  3. Integrity

Core Principles:

High Quality, Rigorous Instruction

Setting high academic standards for all of our students builds a strong foundation for a holistic education

Talented and Empowered Educators

Talented teachers and administrators are a catalyst for student learning

Safety and Support

Safe and supportive schools create an environment for successful learning



Collective Impact

Strong partnerships with trust earned through transparent engagement, allow Chicago's collective expertise to best support student success

Financial Stability

A "student first" budget builds a stronger financial future

- Objectives:**
- Improving Curriculum
 - Ramping Up Instruction
 - Strengthening Special Education
 - Laying a Stronger Foundation in Pre-Kindergarten
 - Improving High Schools
 - Improving Postsecondary Success

- Teacher Preparation & Recruitment
- Teacher Development & Retention
- Administrator Preparation & Recruitment
- Administrator Development & Retention

- Safe and Supportive
- Financial Stability
- Integrity

Aligning Core Principles to Risk Universe

High Quality, Rigorous Instruction

Talented & Empowered Educators

Safety & Support

Financial Stability

Collective Impact



Academics



People



Student Safety & Wellness



Operations



Financial



Strategy



Legal/Compliance

Accountability & Transparency

- Communication of Data
- Data Analytics & Research
- Data-led Strategic Decisions
- Interpreting Data
- SQRP Metrics

Core Instructional Programming

- Advanced Placement/IB/STEM
- Diverse Learners
- Early Childhood
- English Language Learners/World Language Programs

Core Instructional Support

- Counseling & Advising
- School Network Support
- Social/Emotional/MTSS
- Student Support & Engagement (OSSE)

Educational Strategies

- Core Curriculum
- Educational Model and Instructional Strategy
- High School & Elementary School Strategies
- New Schools Strategy

Educational Supports

- Professional Development
- Student Admission/Enrollment
- Student Assessments

School Programs

- Academic Competitions
- After School Programs
- Sports / Aquatics

School Types

- ALOP/District/Charter



Labor & Benefits

- Compensation & Benefits
- Culture
- Labor Relations

Pipeline, Recruitment & Selection

- Diversity/Bilingual
- Recruitment & Onboarding

Talent Management

- Development and Performance (including Training and Compliance)
- Employee Retention
- Outsourcing
- Succession Planning
- Temporary Staff & Substitutes

Training & Compliance

- Background Checks
- Code of Conduct (District-wide)
- Employee Disciplinary Procedures
- Mandated Reporter Training

Emergency & Crisis Planning

- Crisis Prevention
- Effective Drill Preparedness
- Responding to Emergencies
- Social Unrest
- Terrorism & Malicious Acts

Health & Wellness

- Medical
- Nurses
- Sports Injuries

School Safety & Climate Management

- Discipline Standards
- Safe Passage / Travel
- Safe Haven
- Security Protocols
- Trauma/Violence
- Water Safety

Student Protection

- Background Checks
- Bullying
- Sexual Abuse
- School Supervision
- Student Advocacy
- Transgender Students

Facilities

- Environmental Safety
- Facilities Maintenance
- Safe, Warm & Dry Facilities
- School Cleanliness

Infrastructure

- Accessibility
- Construction
- Maintenance
- Major Renovations
- Real Estate & Capital Improvement Program

Information Technology

- Data Availability & Quality
- Data Protection and Privacy
- IT Availability/Continuity
- IT Infrastructure
- IT Integrity
- IT Management
- IT Security/Access Implementations

Operations

- Nutrition / Food Quality
- Procurement/Vendor Strategy
- Records Retention Mgmt
- School Support Center
- Transportation

Accounting

- Accounts Payable
- Accounts Receivable
- Accounting, Reporting, & Disclosure
- Balance Sheet Valuations
- Fixed Asset Inventory
- Internal Reporting
- Reporting Integrity

Funding/Expense Management

- Budgeting
- Capital Funding
- Expense Management
- Federal Revenue Compliance
- Fundraising & Donations
- Payroll
- Pension Funding

Liquidity and Credit

- Cash Flow Management
- Capital Markets Funding
- Funding
- Insurance
- Investments
- Ratings
- Working Capital

Governance

- Board Performance and Approval Process
- Control Environment
- Fraud
- Planning & Execution
- Policy Management
- Risk Management
- Social Responsibility
- Tone at the Top

Mission Driven Initiatives

- Equity Initiatives
- Measurement & Monitoring
- Strategic Partnerships & Collaborative Arrangements
- Strategic Planning/Continuous Improvement
- Vision & Direction

Planning & Resource Allocation

- Budgeting & Forecasting
- Funding & Elected Official Alignment
- Instructional Support
- Operational & Business Planning

Stakeholder Communications

- Bilingual Advisory Council
- Citywide Multilingual Parent Council
- Crisis Communications
- Employee Communication
- Family & Community Engagement
- Local School Council Relations
- Media Relations

Code of Conduct

- Employee, Student and Family
- Debarment
- Ethics
- Illegal Acts
- Sexual Abuse

Legal

- Anti-Corruption
- Arrangements/Leases
- Contracts
- Investigations
- Liability
- Litigation

Regulatory

- Board Reporting
- Environment
- Federal & State Grants
- FMLA/Work. Comp.
- FOIA Requests
- Government Relations
- Health & Safety
- State/Local Entities
- Title I, II, III, VI, & IX

External Risks

- Catastrophic Events / Loss
- Economic Conditions
- Emerging Health Hazards
- Demographics
- Labor Market Changes
- Political
- Social Unrest / Civil Disobedience
- Terrorist / Cyber Attacks
- Violence & Crime

What is Enterprise Risk Management?

Enterprise Risk Management (ERM) defined by COSO:

A continuous process, effected by an entity's board of directors, management, and other personnel, applied in a strategic setting across the organization, designed to identify potential events that may affect the entity, manage risk to be within its risk appetite, and to provide reasonable assurance regarding the achievement of entity objectives.✦



Why is it Important?

- “Mission, vision and core values define what an entity strives to be and how it wants to conduct business. They communicate to stakeholders the purpose of the entity.”*
- “Risk affects an organization’s ability to achieve its strategic and business objectives.”*
- An organization “must engage in decision-making with an awareness of both the opportunities for creating value and the risks that challenge the organization in creating value.”*
- While ERM needs to be driven from the top to establish clear “ownership” by leadership, key risk mitigation strategies need to be embedded in management activities, such as the Continuous Improvement Plan, to have an effective ERM strategy for risk mitigation

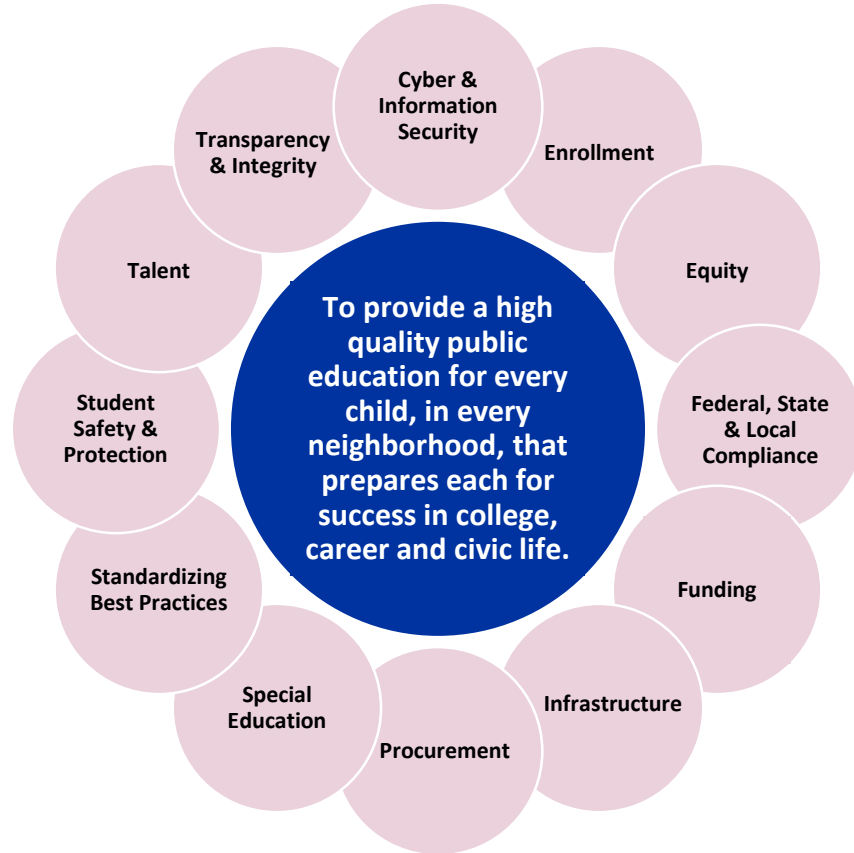
✦ *Enterprise Risk Management Integrated Framework*, Committee of Sponsoring Organizations of the Treadway Commission (COSO), September 2004

* *Enterprise Risk Management - Integrating with Strategy and Performance*. Committee of Sponsoring Organizations of the Treadway Commission (COSO), June 2017

FY2017 vs. FY2019 RMA Process

FY2017	FY2019
<p>Objective:</p> <ul style="list-style-type: none">Identify, evaluate and prioritize the critical risks to developing the FY2017 Internal Audit Plan through interviews, surveys, and facilitated session <p>Process:</p> <ul style="list-style-type: none">Inspected Prior Audit/Risk Management Assessment/Survey ResultsConducted 9 interviews (15 individuals) - 10 departments representedConducted 1 facilitated session (9 individuals) - included risk voting/prioritization <p>Output: Prioritized list of key risks facing CPS that informed areas of focus for FY2017 Internal Audit Plan</p>	<p>Objective:</p> <ul style="list-style-type: none">Identify, evaluate, and prioritize through interviews and facilitated session the critical risks impacting the organizational objectives and key mitigation activities that lessen the impact of the identified risksLink strategies and specific organizational plans to the associated risksEstablishment of risk management program that will allow us to sustainably identify, analyze and manage our risks is critically important to the achievement of our mission and strategy and our long-term success. Effective risk management allows us to remain effective and better serve our students, employees and the community. <p>Process:</p> <ul style="list-style-type: none">Inspected Prior Audit/Risk Management Assessment ResultsConducted 31 initial interviews (48 individuals) - 29 departments representedConducted 39 validation interviews (47 individuals) - included seeking feedback and validation on presentation materials - 25 departments representedConducted 2 facilitated sessions - included risk voting/prioritization <p>Output: Prioritized list of key risks facing CPS with:</p> <ul style="list-style-type: none">Established dialogue, culture and ownership around Enterprise Risk ManagementOpportunities and mitigation strategies for management to monitor on an ongoing basis and to embed in strategic planning and operationsInformed areas for the FY2019 Audit Plan

Key Risks and Opportunities



Order is not intended to reflect a ranking

Key Risks and Opportunities

Risks	Opportunity/Goals	Key Mitigating Strategies
<p>Cyber & Information Security: Risk of student and employee personally identifiable information being released and of unauthorized access, hacking and virus attacks on the CPS IT infrastructure.</p>	<p>Safeguard information and systems protections to build internal and external stakeholder trust and confidence in sharing information.</p>	<ul style="list-style-type: none"> ● Conducted system-wide analysis/monitoring for detecting hacking, malware & viruses ● Intrusion detection system and operations center to better monitor potential system weakness ● Cyber Liability Insurance coverage obtained along with accompanying supports
<p>Enrollment: Risk that CPS continues to lose enrollment, in addition to the 150,000 unfilled seats, affecting academic accomplishments, financial stability, development of a talented workforce, equity of allocation of resources, and school utilization.</p>	<p>Achieve CPS enrollment that aligns with national and urban trends. Develop and communicate a broader strategy of resource allocation and academic investments to adjust for changing demographics. Engage community stakeholders and civic partners on decisions arising from enrollment trends.</p>	<ul style="list-style-type: none"> ● Program Application RFP/Annual Regional Analysis ● GoCPS provides families with an online platform facilitating enrollment process ● City/State/Sister Agency/Non-Profit Partnerships to address broader socio-economic issues that impact enrollment ● Effective immigration and transportation policies to encourage enrollment ● External partnership funded \$1M marketing program for schools ● Expansion of full day Pre-K program
<p>Equity: Risk of non-equitable allocation of programming, capital improvements and funding, which negatively impacts student outcomes and drives an achievement gap, especially for underrepresented subgroups.</p>	<p>Equitable allocation of programming and funding is imperative to driving our mission forward and providing children with access to high quality education.</p>	<ul style="list-style-type: none"> ● Establishment of Equity Office and Chief Equity Officer ● Program Application RFP/Annual Regional Analysis ● Created a small schools fund in budget to help under-enrolled schools ● Opportunity Schools and other talent initiatives ● Social Worker expansions including related service providers
<p>Federal, State & Local Compliance: Risk of noncompliance with federal state and local laws and non-efficient use of state and federal grant funds. (Refer to related risks and mitigating strategies of Equity & SPED)</p>	<p>Maximize efficient use of federal and state revenues and align CPS procedures with State and Federal values (e.g., ADA, Equity, and Diverse Learning).</p>	<ul style="list-style-type: none"> ● Office of Student Protections and Protecting Chicago's Children (PCC) will help to promote federal compliance ● New Student Information System will increase data availability & quality ● Created Federal Compliance Training Manual ● Extensive audit of compliance with federal programs including Title I, II, and III. FY2017 ISBE review of federal programs resulted in no findings. Budget & Grants works closely with schools to ensure compliance.

Key Risks and Opportunities

Risks	Opportunity/Goal	Key Mitigating Strategies
<p>Funding: Risk that CPS cannot resolve structural budget gap, build up sufficient reserves, and/or meet financial obligations.</p>	<p>Obtain equitable State funding and maximize Federal funding. Develop a long-term sustainable financial plan to address the District’s budgetary challenges.</p>	<ul style="list-style-type: none"> Secured \$900M in additional revenue FY17-18; Continued advocacy for fully funded Evidence Based State Funding Secured rating agency upgrades, reduced short-term borrowing by \$455M, reduced interest costs and refinanced outstanding debt for savings Identify efficiencies internally to lower operating expenditures
<p>Infrastructure: Challenges in maintaining safe, warm and dry facilities addressing building condition needs under extensive deferred maintenance and affordability constraints. Addressing utilization challenges (both over- and under-utilization).</p>	<p>Provide children with safe, warm & dry facilities by addressing maintenance and capital improvements concerns in a timely manner to support students’ well-being and academic progress.</p>	<ul style="list-style-type: none"> FY19 \$989M capital program includes deferred maintenance, overcrowding relief and programmatic investments Increased accountability around school cleanliness (Quality Assurance Program and Monitoring)
<p>Procurement: Challenges to strengthen vendor selection and management processes may result in not receiving the highest quality and value goods and services for the District. This includes providing training associated with CPS procurement policies and procedures.</p>	<p>Strong vendor due diligence, selection, and management processes ensure the proper delivery and quality of good and services. Maximize efficient use of District resources and adhere to relevant laws, Board rules, policies, and procedures.</p>	<ul style="list-style-type: none"> Enhanced implementation of vendor review through due diligence, background, conflict of interest and contract compliance Implementation of on-boarding checklist to ensure vendors meet all requirements Contracting Risk Matrix to identify priority areas to focus on due diligence procedures Board Review Process improvements Improved reporting and analysis of MBE/WBE primary vendors and subcontractors
<p>Special Education: Challenges to provide support to students based on developing adequate Individual Education Plans (IEPs), limited pipeline of certified support personnel, administering reimbursement procedures uniformly, rising costs and budget constraints.</p>	<p>Provide tools and support to ensure that all Diverse Learners receive a high-quality public education. Create and monitor Individual Education Plans (IEPs), as well as work with schools, staff, and families to fulfill these plans towards greater student development and achievement.</p>	<ul style="list-style-type: none"> Principal Professional Learning Communities (PLCs): Principal training to improve delivery of special education services in each network. A year-long series with over 130 principals. Improved parent engagement related to delivery of special education services, including <ul style="list-style-type: none"> Parent Universities for parents with students with IEPs: Providing 6 trainings in 6 locations and providing translation supports to families Created 3 Citywide Parent Specialists who are themselves parents and can help with addressing special education needs of parents and students Diverse Learners Parent Advisory Council provides opportunity for discussion and input on policy, training and programming Multi-Tiered System of Supports (MTSS) providing students with adequate and expanded interventions (counselor, therapist, 504 plan, nurse, case managers) Continued training for teachers/case managers on instructional interventions/IEP requirements Continued relationship with ISBE-appointed monitor to ensure state and federal compliance

Key Risks and Opportunities

Risks	Opportunity/Goal	Key Mitigating Strategies
<p>Standardizing Best Practices: Policies/Procedures/ Training/Compliance: Risk to employees, students, families, and the District if CPS policies and procedures are not clearly communicated. This includes areas such as attendance, cash handling, ethics, information/data handling, integrity and privacy, payroll, procurement, and workplace behavior, and applies to all schools across the District including charters.</p>	<p>Promote the values of principal autonomy and tailoring school management to each community, while enforcing critical policies, procedures, training and compliance to prevent fraud and promote efficiency, employee training, community relations, and clear communications.</p>	<ul style="list-style-type: none"> ● Annual Law conference for principals ● Continue to develop and improve training and compliance programs ● Board Policy Working Group - Comprehensive review of CPS policies; Integrity Memos developed and communicated to principals ● Regular Network Chief Communications (Monthly calls/weekly memos); ISP collaboration ● Development of parent and student handbook ● Developed uniform employee handbook for distribution to employees ● CPS is Service: Service Excellence Training focusing on customer service skill development
<p>Student Safety and Protection: Challenges to keeping children safe from other people, their environment, external event risks and ensuring emergency preparedness procedures are in place.</p>	<p>Safe and supportive schools create an environment for successful learning.</p>	<ul style="list-style-type: none"> ● Protecting Chicago’s Children (PCC) / Background Checks ● Provide training to ensure student safety & protection ● Continue to reinforce emergency preparedness procedures and training ● Coordination with other city agencies (e.g., CPD, CHA)/ Safe Passage
<p>Talent: Challenges in hiring and retaining talented and diverse educators, amidst a national shortage, especially in hard to staff areas (ODLSS, ESL/Bilingual, Nursing, Network Chiefs, PE, Bus Drivers).</p>	<p>Develop a diverse, highly effective workforce of talented and experienced educators and administrators with appropriate development and leadership opportunities for all of CPS.</p>	<ul style="list-style-type: none"> ● Teacher Residencies (Special Education, Bilingual, Early Childhood) ● Teacher Leadership Initiatives ● Teacher Advisory Council/Principal Advisory Committee ● Opportunity Schools ● Performance Management Systems (RISE, REACH)
<p>Transparency & Integrity: Risk of not building and maintaining public trust, which can impair CPS’ effectiveness in carrying out the Mission. This includes accuracy of data/information shared, integrity of procurement of goods/services, timely responses to FOIA requests, tone and nature of dialogue with community and key stakeholders.</p>	<p>Demonstrate integrity and being transparent further strengthens relationship with key stakeholders and builds momentum toward broader engagement in the Mission.</p>	<ul style="list-style-type: none"> ● “Tone at the Top” - evolved culture of CPS promoting transparency and trust ● Integrity in Vision, Integrity Memos, CPS is Service ● Town Halls, ARA Focus Groups, PACs, Bilingual Advisory Council, and Chicago Multilingual Parent Council (CMPC), Principal, Teacher, and Student Advisory Councils ● Transparency in data sharing - Educational Facilities Master Plan (EFMP), Parents Guide to Budget, Popular Annual Financial Report (PAFR), Timely FOIA responses

Next Steps

- Phase II of Enterprise Risk Management - Continued development of mitigation strategies to address key risks
- Embed Risk Assessment in Existing Annual Review processes (including Continuous Improvement)
- Development of Audit Plan



Source: PwC Ethics & Compliance Framework