



# TENNESSEE

PUBLIC CHARTER SCHOOL COMMISSION

## ENTERPRISE RISK MANAGEMENT OVERVIEW

JULY 24, 2025

# AGENDA

- Financial Integrity Act of 2023
- What is the Enterprise Risk Management
- Objective Setting
- Risk Identification and Controls
- What the Commission Needs to Be Aware Of



# FINANCIAL INTEGRITY ACT



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- T.C.A. §§ 9-18-101 to 104
- Requires annual risk assessments by each state agency in Tennessee
- Goal is to ensure:
  - Accountability
  - Transparency
  - Effective Controls
- Each agency works with the Office of Internal Audit which compiles and sends all assessments to Finance and Administration



# OBJECTIVE SETTING



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- Each agency is required to define its objectives that align with the agency's purpose in law and overall mission.
- The Commission's objectives align with the adopted strategic plan:
  - High Quality Charter Schools
  - Strong Operational Effectiveness
  - Community and Stakeholder Engagement
  - Agency Oversight



# OBJECTIVE SETTING

- Within each objective, agencies must 1) define a key performance indicator (KPI) and 2) define a risk tolerance level.
- Both items are aligned with the Commission's strategic plan and based on historic results.
- *Example: High Quality Charter Schools*
  - *KPI - Commission receives a 3 or higher on the State Board of Education's authorizer evaluation*



# RISK AND CONTROLS



# ASSESSING RISK & CONTROLS

- Under each objective, each agency must identify possible risks and the controls it has in place to minimize those risks.
- *Example: High Quality Charter Schools*
  - *Risk: Less than 80% of Charter Schools within the Commission's portfolio meet or exceed the standard on the Commission's annual school performance framework.*
  - *Controls:*
    - *Strong application review process*
    - *Strong pre-opening process aligned to national and state best practices*
    - *Annual review of school performance and use of the Commission interview policy*
    - *Thorough renewal process every ten years*



# ANNUAL EVALUATION AND TIMELINE



# ANNUAL TIMELINE

- Each fall, the Office of Internal Audit will reach out to collect the annual assessment.
- Commission staff will review the previous year's assessment, the updated strategic plan, and any learnings to complete the assessment.
- Commission staff will review with Commission chair before submission, and final documents will be shared with full Commission.



# SUMMARY

- The Enterprise Risk Assessment is a statutory requirement of all agencies.
- The Commission aligns its assessment with its strategic plan and the identified action steps.
- Risk is inherent in any work, but this process allows the Commission to proactively identify possible risks and identify controls to minimize risk.
- The 2024 assessment documents are available in the Commissioners' TNShare.





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