TENNESSEE
PUBLIC CHARTER SCHOOL COMMISSION

Enterprise Risk Management Overview

July 23, 2026

Agenda

- The Financial Integrity Act and Enterprise Risk Management (ERM)
- Setting Objectives
- Identifying Risks and Controls
- Timeline

Financial Integrity Act & ERM

What is the Financial Integrity Act?

- T.C.A. § 9-18-101 through 9-18-104 requires an annual assessment of risk by each state agency
- Intended to assist agencies in improving accountability and effectiveness of state programs and operations through the implementation of enterprise risk management

What is Enterprise Risk Management?

- Helps agencies achieve goals without unexpected setbacks
- Gives a clear and consistent picture of risks across the organization
- Combines risk management (proactively identify risks) with internal controls (ways to minimize risks)
- Each state agency works with the Office of Internal Audit to complete the risk assessment, which is then sent to Finance and Administration

Setting Objectives

Commission Objectives

- Each agency is tasked with defining objectives that align with its mission and goals
- The Commission's objectives align with the strategic plan
  - High-Quality Charter Schools
  - Strong Operational Effectiveness
  - Community and Stakeholder Engagement
  - Agency Oversight

Objectives & Key Performance Indicators

- Within each objective, an agency must
  - Define a Key Performance Indicator (KPI)
  - List a level of variation (risk tolerance)

Objective

- High-Quality Charter Schools

Key Performance Indicator

- 100% of schools meet or exceed standard on the Commission's School Performance Framework (SPF).

Risk Tolerance

- 20% on SPF ratings

Identifying Risks and Controls

Risk & Controls

- Within each objective, an agency must also
  - Identify risk and the controls it has in place to minimize this risk

Risk

- Less than 80% of schools meet or exceed the standard on the Commission's School Performance Framework (SPF).

Controls

- High-bar for new start appeal and application review process
- Strong pre-opening process aligned to national and state best practices
- Annual review of school performance and use of the Commission intervention policy
- Thorough renewal process every ten years

Timeline

Timeline

- Each fall, the Office of Internal Audit will reach out to our team to discuss the annual risk assessment
- Commission staff will review the previous year's assessment and update the following as needed
  - Objectives
  - Key performance indicators
  - Risk tolerance
  - Risks and controls
- Commission staff will review the assessment with the Commission chair before submission; final documents will be shared with the full Commission

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