

Risk Management in Higher Education



ERM?

Risk Management

Is the process of making and implementing decisions that will minimize the adverse effects of an accidental loss.



Insurance

Insurance reduces financial uncertainty associated with an accidental loss.

Last step in the risk management process.



Inter-University Council
Insurance Consortium

13 Ohio Public Universities
Pool casualty and property risks
Excess Insurance



IUC-IC Casualty Program

**General, Auto and Educators Legal Liability
Retention with
Dedicated limits
And shared excess limits**

Crime, Foreign liability, Medical Malpractice, Cyber, Pollution, ISOS



IUC-IC Property Program

Replacement Buildings and Contents

Deductible Applies

Dedicated limit

Shared excess limit



Traditional Risk Management

Fragmented

Negative

Reactive

Ad hoc

Historical Looking

Cost-based

Risk Silos

Functional driven



Enterprise Risk Management

ERM is a Strategic Process

Identify potential events (risks) that adversely affect an organization and proactively and continuously manage those risks in a manner consistent with goals and objectives.



ERM Objective and Goal

To create a risk and governance culture by improving the capability to proactively identify, assess, prioritize and mitigate risks.

NOT to eliminate risk but MANAGE
Everyone is a Risk Manager



Risk Categories

Strategic: ability to achieve goals & objectives

Compliance: laws & regulations

Operational: processes & procedures

Technological: electronic information

Financial: profitability & efficiency

Reputational: not Separate but consequence



Five Steps - ERM Process

1. Identify
2. Analyze and prioritize
3. Mitigate
4. Monitor
5. Communicate



Identify

Create Risk Registry

Interviews

Surveys

Group discussions

Emerging risks



Analyze and Prioritize

Risk Council

Evaluate/rank risk in two dimensions

Probability/likelihood

Severity/impact

Leadership in the identification and assessment of risks.

Assist in the development of mitigation strategies

Promote and advance Risk Awareness



Mitigate

Risk Owner: identified to lead development and implementation of mitigation plan.

Plan: program, process or physical investment intended to control or reduce likelihood and/or impact.



Risk Management in Higher Education

Monitor

Controls

Reviewed

Suggestions

Accepted

Risk Cycle



Element of Monitoring

Role of Internal Audit

Evaluate the effectiveness of control
policies and procedures

Provide advice, challenge or support decisions



**Documentation and
Communication**

ERM Analysis
Mitigation Plans



Risk Management in Higher Education

Traditional Risk Management

- Fragmented
- Negative
- Reactive
- Ad hoc
- Historical-looking
- Cost-based
- Narrowly focused
- Risk Silos
- Functionally driven

Enterprise Risk Management

- Integrated
- Positive
- Proactive
- Continuous
- Forward-looking
- Value-based
- Broadly-focused
- Systematic
- Process driven



Benefits of ERM

Create risk aware culture
Informed decision making
Better financial stability
Protect resources
More efficient allocation of resources
Reduce chance of loss
Address emerging risks
Accountability and Documentation



ERM is Not

One time project

Silver bullet to prevent risks from occurring

Substitute for traditional risk management

Checklist that guarantees results



ERM is Opportunity

Mission, Vision and Strategy
Collaboration
Platform for Team Building

Risk aware culture + addressing risk holistically = Organized Uncertainty

