



From Rubber to Road:

Turning Strategic into Operational

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AGENDA

- Benefits of Conducting Risk Assessment
- University Demographics
- WSU Operational Risk Management
- UMass Enterprise Risk Management
- Conclusions and Takeaways

Learning Objectives

- Understand ways to assess risk and find one that works for your organization
- Identify ways to operationalize risk assessment
- Learn how to leverage leadership to promote a risk-aware culture



BENEFITS OF CONDUCTING RISK ASSESSMENT

- Risk assessment is a launching pad, not end game
- Risk assessment informs the mitigation of risk
- Risk assessment can be used as a platform to launch discussions and action, not solely to create a risk registry
- Risk assessment can be used as a tool for inclusion



UNIVERSITY DEMOGRAPHICS



UNIVERSITY DEMOGRAPHICS

WSU	
Campuses	Six undergraduate & graduate
Students	26,490 students
New Graduates	8,000 annually
Employees	8,339 employees
Research	\$307M
Budget	\$1.3B annually

UMass	
Campuses	Five undergraduate & graduate
Students	74,000 students
New Graduates	20,000 annually
Employees	24,000 employees
Research	\$813M
Budget	\$4.3B annually



WSU Operational Risk Assessment



UMass Enterprise Risk Management Program



RISK MANAGEMENT AT WSU

- WSU Executive Policy on Risk Management (RM)
 - Gives RM authority and responsibility for risk assessments
 - Policy references ISO 31000:2018- Risk Management Guidelines
- WSU uses policies to establish overarching institutional principles and framework
- Risk Committees are utilized as a basis for gathering expert knowledge to assess significant risks. Example, is Risk Management Advisory Group



ASSESSING RISKS AT WSU

- University policies
 - Formalize a risk management framework
 - Define common risk terminology
 - Establish avenues for review and oversight responsibilities
- Risk Management Committees
 - Provide oversight and assess risk for unique situations



ONGOING PROCESS

- Developed a risk assessment form to help units work through risk analysis – reviewed materials at several institutions and with thanks to Oregon State University, used their form to build from.
 - RM working to increase use
- Risk assessment form for risk identification, risk scoring, risk prioritizing, and deciding on risk controls
- Regular meetings with stakeholders across system to promote using a scoring methodology
- Promoting the use of a structured risk assessment process with scoring is a way to operationalize risk management.



WHAT RISK ASSESSMENT FORM CAN DO

- Evaluate the **Likelihood** and **Impact** of each identified risks occurrence
- Analyze and score each risk: **Likelihood** x **Impact** = Risk Score
 - Risk Score serves as a tool to compare the risks and then prioritize risk control efforts
- Choose Risk Control Measure
 - Risk Reduction; Risk Transfer; Risk Avoidance; Risk Acceptance
- Risk owner identifies completion date and person responsible for implementation of risk controls.



WHAT RISK ASSESSMENT FORM CAN DO

Risk Assessment Scoring Tool	
Impact	Likelihood
1 Very Little: impact on operations, reputation, or financial condition; no safety or health hazards present.	1 Very Unlikely: Nearly unlikely to happen in the near future and no immediate action is needed.
2 Minor: impact on operations, reputation, or financial condition; minimal safety or health hazards present	2 Unlikely: Moderately unlikely to happen in the near future and minimal action is needed.
3 Moderate: Could delay operations, effect short term programs, require moderate management effort, may draw publicity, minor to moderate safety or health hazards present	3 Likely: Likely to occur and actions should be taken to reduce or control the risk.
4 Major: effect on long-term programs, could result in major property damage, significant financial loss, negative publicity, or cause severe injury.	4 Very Likely: More than likely to occur and management or organizers should begin to mitigate.
5 Critical: Long-term and serious effect on ability to continue operations, recruit students, staff or faculty, financial support; material breach of confidence and reputation; may result in severe injury and/or death.	5 Certain: High probability the risk will occur; immediate action plans required.



WHAT RISK ASSESSMENT FORM CAN DO

Risk Categories

- (S/O) Strategic/Operational:** affect our ability to achieve our strategic goals and objectives; impact our ability to conduct business processes, serve students, and conduct research
- (R) Reputational:** negatively affect public perception and the University's reputation that may lead to a loss of funding, enrollment, donations, and grants
- (F) Financial:** lead to a loss of resources needed to run operations, serve students, or conduct research
- (L/C) Legal/Compliance:** violate laws, rules and regulations restricting our ability to conduct business processes, serve students, or conduct research
- (H) Health/Safety:** lead to significant injury or loss of life
- (E) Employment:** have significant impact on employment procedures, policies and best practices

Management Strategies

- (RL) Reduce Likelihood/Impact:** measure or set of measures taken to reduce or eliminate identified risks. First strategy for mitigating risk is to reduce the likelihood that the event will occur, second is to reduce the impact that the risk would have if it did occur
- (T) Transfer:** Involves the transfer of risk through insurance and non insurance techniques to shift the financial consequences of loss to another party. This transfer does not change the risk
- (V) Avoid:** involves ceasing or never undertaking an activity so that the possibility of a future loss occurring is eliminated
- (A) Accept and Monitor:** Acceptance or Retention is a risk financing technique by which losses are retained by generating funds within the organization to pay for the losses. This strategy involves acknowledging the risk and making the conscious decision to accept it



WSU OPERATIONAL RISKS

Risk Management Strategic Focus for 2024

1. Protection and Safety of Minors

2. International Risk Management

- Both involve an intersection of other risks: privacy, regulatory, and compliance



PROMOTING A RISK-AWARE CULTURE

- **Engage Leadership:** WSU's [Executive Policy on Risk Management](#) grants Risk Management Executive Committee (RMEC) “executive oversight for enterprise and operational risk management.”
- **Become a Facilitator:** Facilitate regular meetings (open dialogue) with risk committees to foster collaboration and a holistic approach to risk management.
- **Regular Communication:** Work to communicate out regular messages about risk management to your campus. Examples are listserv emails, and newsletters.



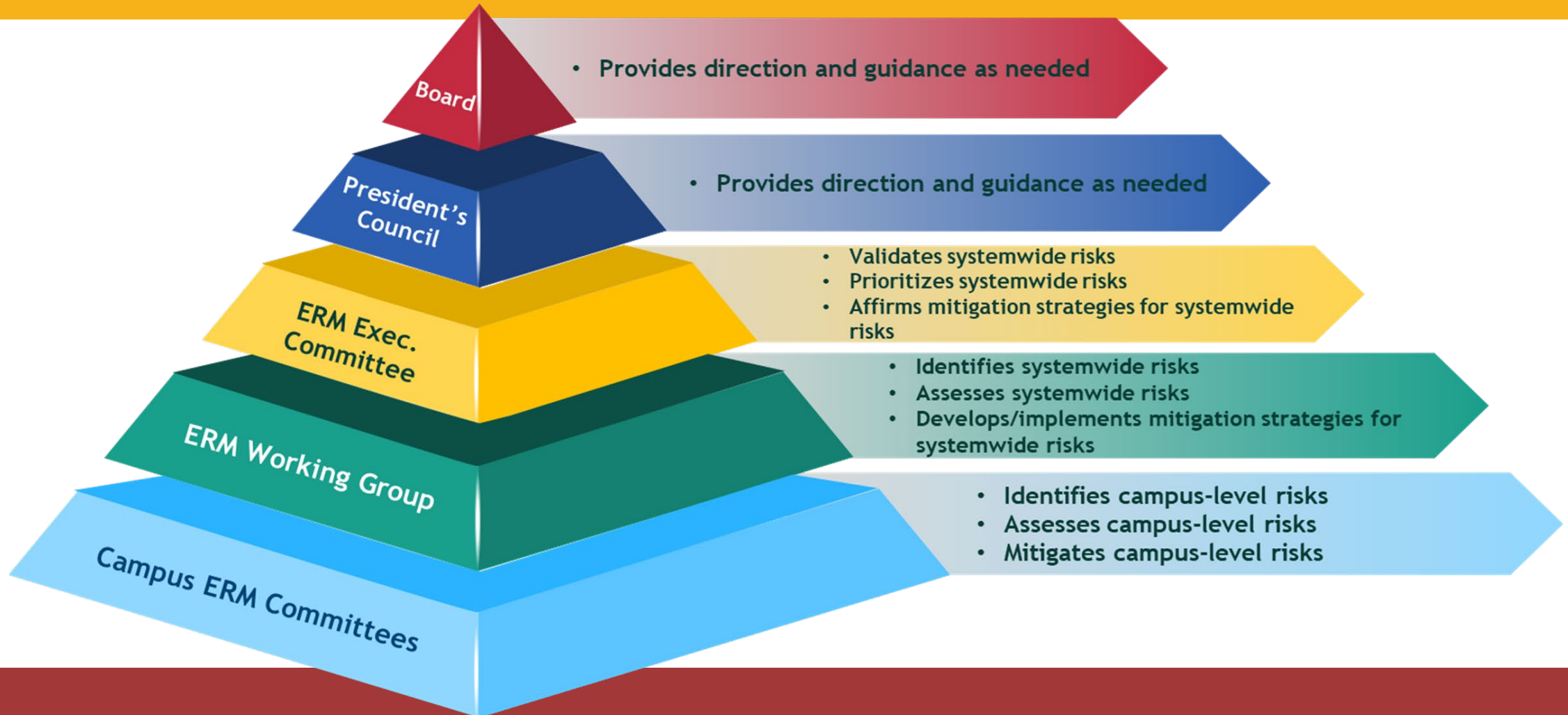
PROMOTING A RISK-AWARE CULTURE

- **Training and Education:** Risk Management can educate leaders and stakeholders on their role in managing risk. Examples are using one of the standing committee meetings to education stakeholders about specific risk topics.



UMass Enterprise Risk Management

UMASS SYSTEMWIDE ERM PROGRAM GOVERNANCE



UMASS SYSTEMWIDE ERM PROGRAM CYCLE

Two-Year Program Cycle





UMASS RISK ASSESSMENT PROCESS

- Focused on systemwide impacts
- Evaluates inherent exposure* of the University to the risk
- Rates risks across three factors
 - Likelihood*: Could the University system experience this risk?
 - Consequence*: How much would the University system be impacted by this risk?
 - *Service/Operations Disruption*
 - *Financial*
 - *Legal/Compliance*
 - *Workforce*
 - *Reputation*
 - *Life Safety*
 - Urgency: How soon does the University system need to prioritize this risk?
- Generates an Inherent Risk Score for each risk

**Risk assessment does not account for mitigation strategies in the evaluation of likelihood and consequence*



UMASS LIKELIHOOD ASSESSMENT

Rating Value	Rating	Description		Probability of Occurrence		Rate of Occurrence
4	Certain or Almost Certain	HIGH Almost certain to occur, expected in most circumstances	OR	>75%	OR	more than 2x per year
3	Likely	MEDIUM HIGH Likely to occur or will probably occur		50 to 75%		1-2x per year
2	Possible	MEDIUM Possible, this could occur		25 to 50%		once every 2-5 years
1	Unlikely	LOW Unlikely, not expected to occur		Up to 25%		more than 5 years

- Values of 1-4
- Assessed by ERM Working Group
- Assessed for inherent risk exposure



UMASS CONSEQUENCE ASSESSMENT

Rating Value	Rating	Service Disruption, Process Impact on Operations	Financial Impact	Legal / Compliance	Workforce	Reputation	Life Safety
4	High	Serious disruption to or failure of service <i>AND/OR</i> Significant impacts to more than two campus	State appropriation reduction of more than 15 percent <i>AND/OR</i> Loss of revenue or increase in expenses of greater than 15 percent or combination of both <i>AND/OR</i> Need to use stabilization fund <i>AND/OR</i> Impacts to all campuses	Increased state or federal regulatory scrutiny for additional campus(es) <i>AND/OR</i> External agency sanctions such as debarment or civil and/or criminal liability <i>AND/OR</i> Litigation exposure with significant financial (\$10M+), reputational or precedent exposure <i>AND/OR</i> Substantial audit findings	Inability to recruit or retain employees with essential knowledge, skills and abilities <i>AND/OR</i> Work culture is defined by excessive internal conflict or widespread negativity <i>AND/OR</i> Inability to collaborate across the system or limited information sharing and cooperation <i>AND/OR</i> Low level of trust among colleagues	Negative national media coverage or negative social media activity ("viral") for multiple days <i>AND/OR</i> Tangible, long-term impacts to enrollment (more than one cycle), philanthropy and public support <i>AND/OR</i> Significant personnel actions <i>AND/OR</i> Widespread internal reaction	Fatality or permanent disability of one or more people
3	Medium	Moderate disruption to service <i>AND/OR</i> Significant impact to one campus	State appropriation reduction of 10-15 percent <i>AND/OR</i> Loss of revenue or cost increase of 5-10 percent, or combination of both (est. \$175M - \$350M) <i>AND/OR</i> Impacts to BDL or UMA or UMMS	Restrictions or requirements placed on the University's operational activities <i>AND/OR</i> Substantial (\$1M+) regulatory fines and/or response costs <i>AND/OR</i> Moderate audit findings <i>AND/OR</i> Litigation with substantial financial (\$1M - \$10M), reputational or precedent exposure	Difficulty recruiting or retaining employees with essential knowledge, skills and abilities <i>AND/OR</i> Work culture experiences frequent internal conflict or significant <i>AND/OR</i> Significant obstacles to system-wide collaboration <i>AND/OR</i> Decreased information sharing in many circumstances	Negative regional (northeast) media coverage or some negative social media activity <i>AND/OR</i> Tangible, short-term impacts to enrollment (one cycle), philanthropy and public support <i>AND/OR</i> Significant internal reaction	Serious injury of one or more people
2	Low	Minor impact on service <i>AND/OR</i> Some impact to more than one campus	Between \$5M and 1 - 5 percent revenue loss or expense increase or combination of both (est. \$5M to \$175M impact) <i>AND/OR</i> Impacts to up to two campuses	Regulatory fines (less than \$1M) <i>AND/OR</i> Minor audit findings <i>AND/OR</i> Litigation with financial (less than \$1M), reputational or precedent exposure <i>AND/OR</i> Internally-imposed consequences or requirement for formal corrective action	Minor impact to recruitment or retention <i>AND/OR</i> Work culture experiences some internal conflict or negativity <i>AND/OR</i> Challenges with system-wide collaboration <i>AND/OR</i> Decreased information sharing and cooperation in limited circumstances	Negative local media coverage or minimal social media activity <i>AND/OR</i> Moderate on-campus/internal reaction	Minor injury to more than one person
1	Negligible	Annoyance	Less than \$5M impact	No to minimal impact	No to minimal impact to recruitment or retention <i>AND/OR</i> No to minimal impact to workplace culture <i>AND/OR</i> No to minimal impact to system-wide collaboration or information sharing	No to minor internal reaction	No impact or minor injury to individual

- 6 categories
- Values of 1-4
- Assessed by ERM Working Group
- Assessed for inherent risk exposure

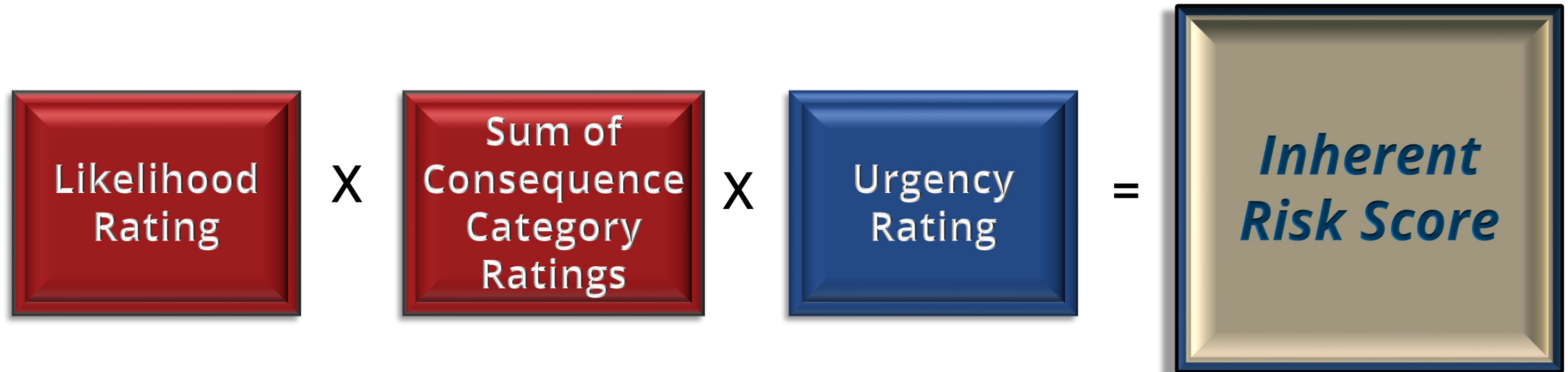


UMASS URGENCY ASSESSMENT

Rating Value	Rating	Timeframe
3	High	Within the next 12 months
2	Moderate	1-3 years
1	Low	More than 3 years

- Values of 1-3
- Assessed by ERM Executive Committee
- Mitigation measures are contemplated in this assessment

UMASS INHERENT RISK SCORE CALCULATION



- Assessed by ERM Working Group
- Assessed by ERM Executive Committee



FY 2024 SYSTEMWIDE RISK REGISTRY

■ Priority Risks

Rank	Risk
1	Enrollment
2	Information Security
3	Facilities and Deferred Maintenance
4	Financial Sustainability
5	Student Health & Mental Health Support
6	Artificial Intelligence
7	International Activities
8	Research
9	Diversity, Equity, Inclusion and Accessibility
10	Attract, Recruit, Retain Faculty and Staff

Rank	Risk
11	Information Privacy
12	All Hazards Planning & Response Capabilities
13	Labor Relations
14	Data Management
15	Vendor Risk Management
16	Sexual Assault Policies & Response Procedures
17	NCAA Regulations
18	IT Disaster Recovery
19	Continuity Planning
20	Environmental Health, Public Health, & Safety Regulations

Rank	Risk
21	Alcohol and Substance Abuse
22	Fraud, Waste, and Abuse
23	Crisis Communications
24	Uninsured Loss
25	Multi-State Payroll Tax
26	Multi-State Business Tax
27	Employment Laws and Regulations
28	Policies and Procedures Regarding Minors on Campus
29	Academic Quality and Standards
30	Oversight of Student Organizations





LEVERAGE ERM RISK ASSESSMENT DATA TO IDENTIFY TOP OPERATIONAL RISKS

High

- **Enrollment**
- **All Hazards Planning**
- **IT Disaster Recovery**

Medium

- *Listed by highest operations exposure, then by Inherent Risk Score*
- *FY24 Top 10 risks are bolded/italicized*

- **Information Security**
- **Facilities & Deferred Maintenance**
- **Financial Sustainability**
- **DEIA**
- **Attract, Recruit Retain Faculty and Staff**
- Information Privacy
- Data Management
- Vendor Risk Management
- NCAA Regulations
- Continuity Planning
- Uninsured loss

Low

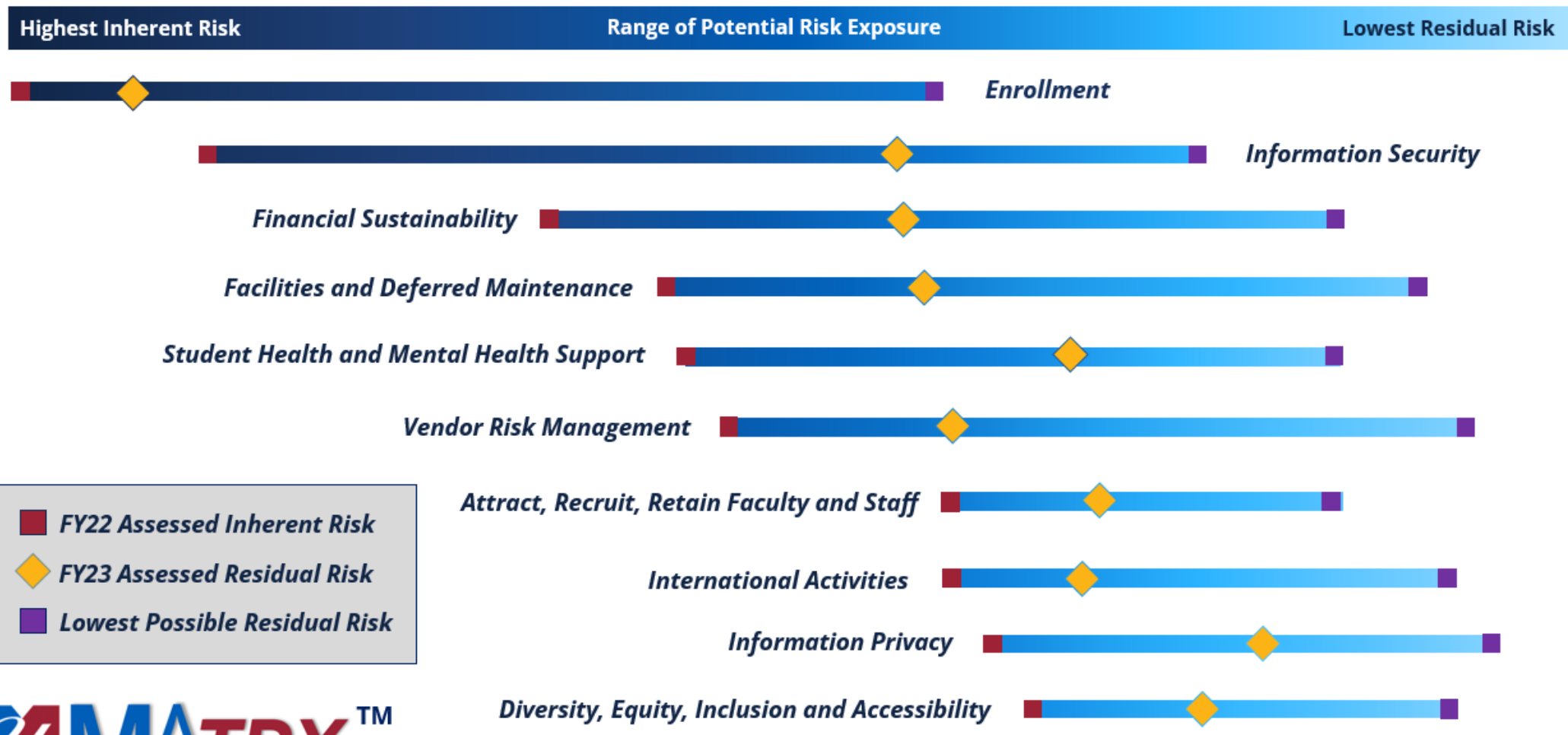
- **Student Health & Mental Health Support**
- **Artificial Intelligence**
- **International Activities**
- **Research**
- Labor Relations
- Environmental Health, Public Health & Safety
- Fraud Waste & Abuse
- Crisis Communications Coordination
- Academic Quality & Standards

Negligible

- Sexual Assault Policies and Response Procedures
- Alcohol & Substance Abuse
- Multi-State Payroll Tax
- Multi-State Business Tax
- Employment Laws & Regulations
- Policies/Procedures Regarding Minors on Campus
- Oversight of Student Organizations

OPERATIONALIZE ERM THROUGH USE OF DATA

FY22 Risks: Movement in Reducing Risk Exposure





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**Thanks for
attending!**

