Board of Trustees – CARL Committee
The University of North Carolina at Greensboro

Division of Business Affairs –
Department of Institutional Risk Management
Director Mark McKinney
February 20, 2018

Institutional Risk Management Initiative

Mission: to provide reasonable assurance regarding the achievement of UNCG objectives; specifically by enhancing risk response decisions and working to identify and manage risk across the UNCG community
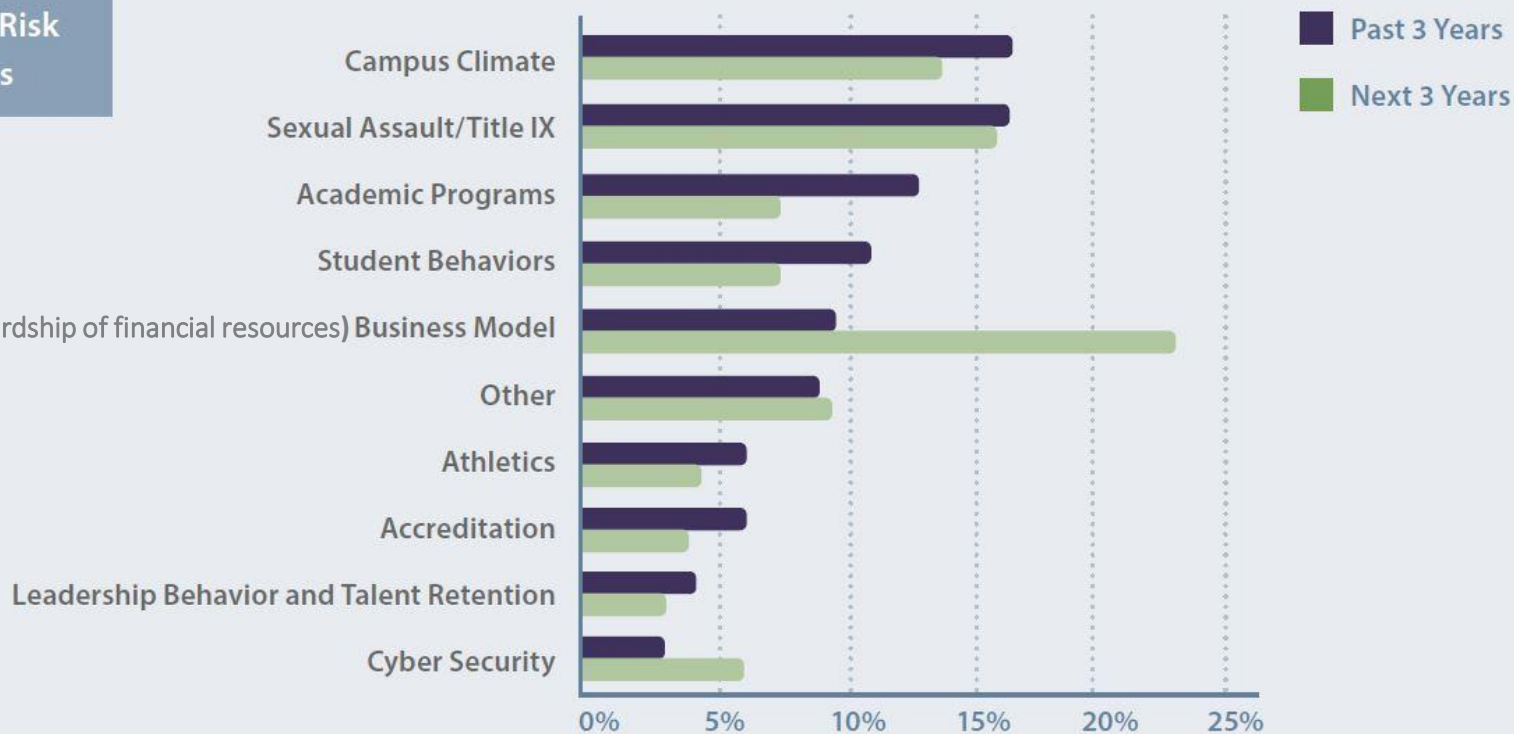
Reputational Risks - Challenges

"It takes 20 years to build a reputation and five minutes to destroy it." – Warren Buffet

- Risks compounded in volatile environments and via social media, leaving low margins for error

- Risks can be difficult to prepare for; at various risk tiers/levels

- Can carry significant opportunity costs

- Difficult to quantify the TCOR (True Cost of Risk - Financial)

- No "owner" or "champion" as we would normally define

- Effects can linger (changing the narrative)

- Can be mitigated with emphasis on systems and structures, but requires significant cultural investment

Reputational Risks – Areas of Concern

83% of respondents believe that Reputational Risk is more important now than three years ago

Reputational Risk Survey Results

Legend: Past 3 Years, Next 3 Years

Categories: Campus Climate, Sexual Assault/Title IX, Academic Programs, Student Behaviors, Business Model (Responsible stewardship of financial resources), Other, Athletics, Accreditation, Leadership Behavior and Talent Retention, Cyber Security

Source: United Educators 2017 Survey

Reputational Risks – Best Practices for Mitigation

- Develop a common understanding of the Institution's reputation

- Clearly articulate values and mission of the Institution, and *how the Institution is intended to operate*

- Identify ownership and lines of communication for *specific* reputational risks

- Know that the complexity of certain issues requires the segmentation of communication to the community

- Pay attention to sacred cows

- Understand the linkages between how risks are connected

- Share risk register and mitigation plans regularly with senior management

- Establish a monitoring system to give early notification of reputational damage

UNCG's Central Process Tenants

Institutional Risk Management (IRM) processes are holistic, flexible and under continuous refinement.

The six types of risks move beyond the traditional focus on financial risks covered by insurance. Risks are broadly defined to represent any impediment to accomplishing institutional goals.

The risk areas, though broad, are regularly analyzed to ensure a relevant and sufficiently narrow focus exists for each.

The figure below illustrates other important IRM process components.

Communication and Consultation

Identify Risk | Analyze Risk | Evaluate Risk | Treat Risk

Monitor and Review

Sources for Risk Identification

- IRMC

- IRM Steering Committee

- URMIA

- Other Institutions via Chronicle of Higher Ed, Inside Higher Ed

- Higher Ed Consultants (EAB, United Educators EduRisk, Arthur J. Gallagher)

- **NETWORK** – UNCG colleagues, Staff/Faculty Senate, Contacts at other Universities

  - Focus Group with Lynne Sanders (VP Compliance and Audit for UNC System), and peers from ECU, UNCW, WSSU, and WCU January 29

  - UNC System ERM Workshop in Chapel Hill April 10-11

IRM Status

- IRMC Meetings in November and February
  - Focus on highest priority Tier I risks
  - Risk register re-evaluation including integration of Safety and Security Steering Committee items

- First meeting of IRM Steering Committee January 2018
  - IRMSC consists of Provost Dunn, VC Maimone, VC Heath, GC Blakemore, IAD Skeen
  - In-depth conversation regarding priority Tier I risks with next steps discussed for IRMC
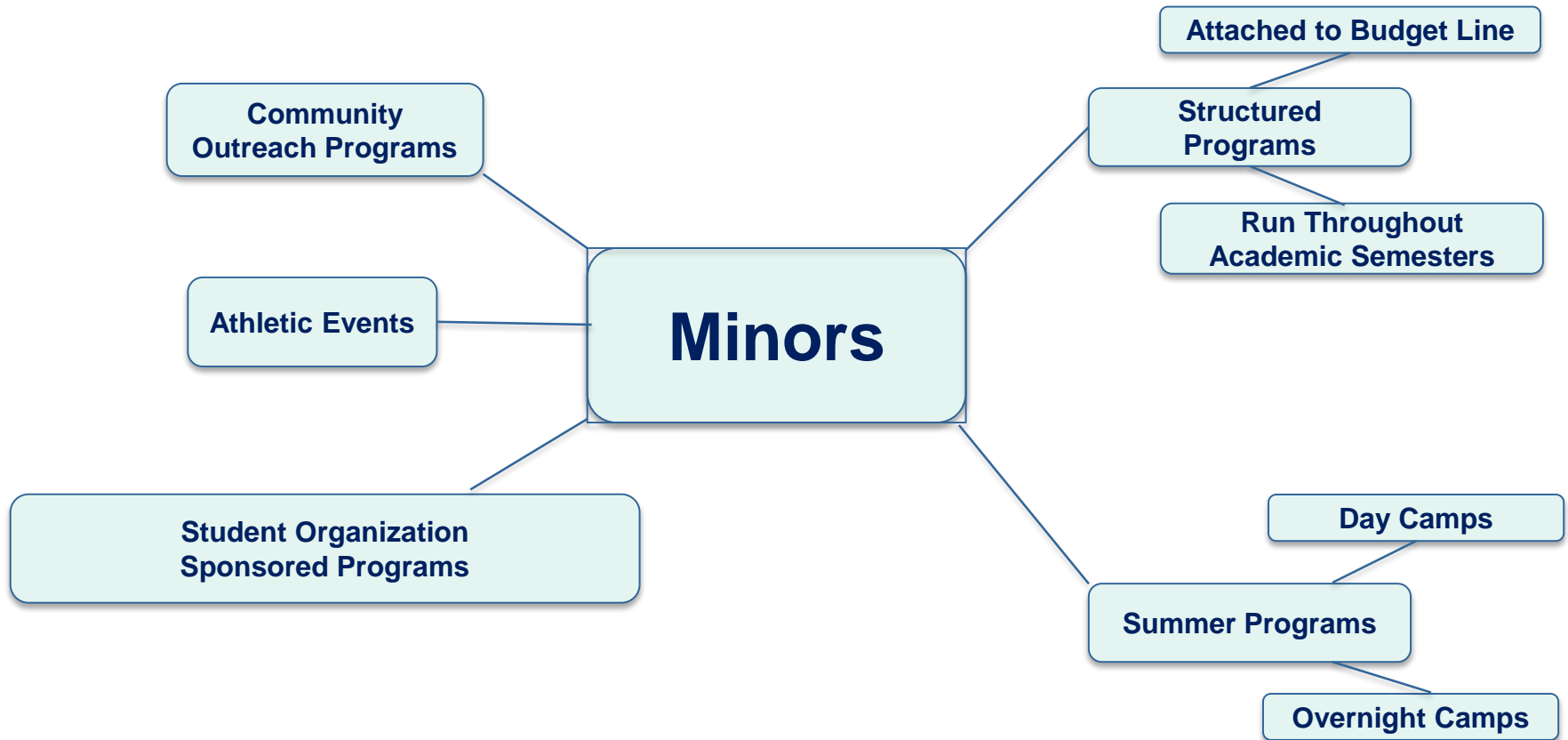
Focus on Tier I Risks –

Top Tier Risk Areas containing risks with potential to affect the university's mission, strategies, and goals

- Interaction with Minors – ensuring proper policies at the university level and procedure requirements at the department level exist to ensure safety of minors

- Overall University Regulatory Compliance – evaluating quality of compliance responses, understanding the current environment and trends in university compliance

- Increased Collaborative Partnerships – understanding the complexity of the management and compliance of business interactions with the community
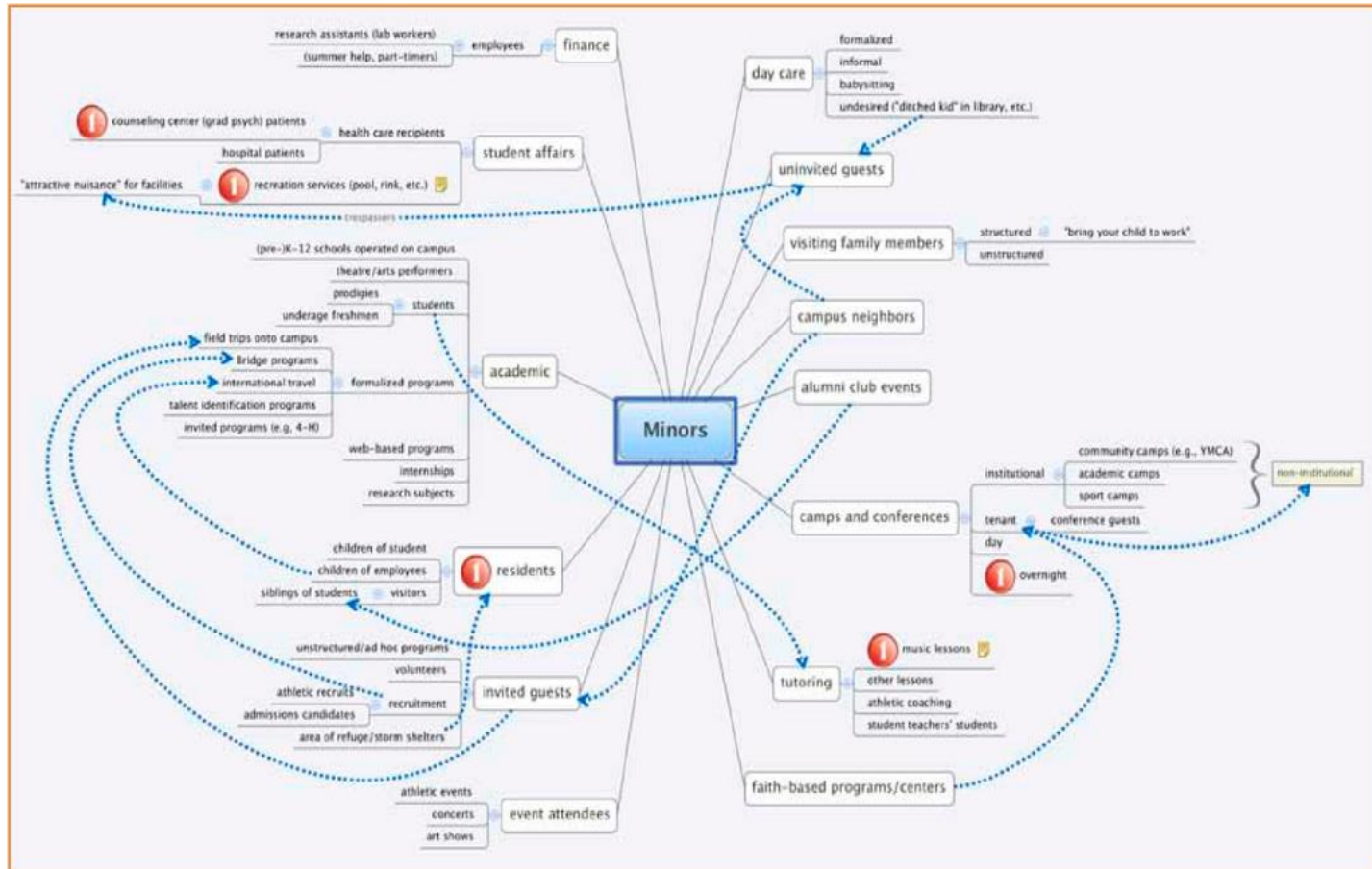
Interaction with Minors – Issues at Hand

- Paramount to include, but need to go beyond issues at Penn State and Michigan State – all physical safety, emotional, mental safety

- Knowing our contact points (including, but certainly not limited to academic/arts/athletic day and overnight camps, Middle College, Moss Street Partnership School, community events, CCEP)

- Understanding the entire scope of risk factors and mitigations across our contact points

- Layering of policy and other policy related issues

Interaction with Minors – Perceived Presence

Mind map centered on **Minors** with connected nodes:
- Community Outreach Programs
- Athletic Events
- Student Organization Sponsored Programs
- Structured Programs
  - Attached to Budget Line
  - Run Throughout Academic Semesters
- Summer Programs
  - Day Camps
  - Overnight Camps

Source: Arthur J Gallagher & Co. 2012 –
Managing the Risk of Minors on Campus

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125 UNCG CELEBRATING 125 YEARS OF OPPORTUNITY & EXCELLENCE

Interaction with Minors – Actual Presence

Source: Arthur J Gallagher & Co. 2012 –
Managing the Risk of Minors on Campus

Interaction with Minors – Expected Outcome

- A University Policy That:
    - Reasonably Ensures the Physical, Emotional, and Mental Safety of Minors Who Interact With UNCG
    - Delegates the Procedures to the Appropriate Entities
    - Establishes Review Process at Departmental Levels
- A "Champion" for This Issue
- Continued Access with Limited Restriction that Promotes Positive Community Interaction for Minors and Their Parents/Guardians

Other Defined Tier I Risks

- Maintain IT Demands/Security (Data, Systems)

- Legislation (Federal, State & Local)

- Ability to Recruit & Retain High Quality Employees

- Financial Resources Limitations

- Campus Safety (Situational Awareness)

- Major Market Downturns

- Keeping Outdated Internal Processes and Procedures That Restrict Opportunities

- Inability to Meet Enrollment/Retention Targets

- Space and Facilities For Academic Initiatives

- Travel – International/Domestic

Tier II and III Risk Areas and Emerging Risks

Tier II - Shared risks across multiple areas – interconnectedness with potential velocity and potential cascading impacts. Often Tier II risks require continuous analysis and always exist in various stages of analysis, evaluation, and treatment:

Tier III - Unit or single area risks which are largely identified and managed at the department level. The process of assessment also aids in developing front line managers' risk awareness, risk evaluation, and risk mitigation skills:

- Conflicts of Interest - Research
- Replacement of Phone Lines Serving Emergency Systems
- Actions Taken by Student Organizations That Cause Harm and Reflect Upon UNCG
- Revised AED Policy

- IT Succession Planning for Senior IT Staff
- NCAA Compliance
- Deferred Maintenance Issues
- Key Inventory

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Implementation Plan – Follow-up and Next Steps

1. Continue to Refine Risk Register with Emphasis on Tier I and Impactful Tier II

2. Research Internal and External Policies and Best Practices

3. Identify Champions for Tier I Risks, Owners for Key Tier II and III

4. Determine Research Allocations (Velocity)

5. Establish Mitigation Plans for Identified Tier I Risks

Implementation Plan – Follow-up and Next Steps

6. Implement Mitigation Strategy *with Follow-up* (IAD, Compliance)

7. Establish Risk Management Culture – at all levels. (Recent updates/points of emphasis from Standards – ISO 31000 and COSO)

8. Assist with Recognizing Potential Adverse Events, Assets, Risks, and Establish Responses (All Tiers)

9. *Begin Preliminary Review of University Risk Management Policy (due for full review in February 2019)*

10. *Update of Risk Management Website*

Discussion