Risk Management in Higher Education

ERM?
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**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.
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Inter-University Council Insurance Consortium

13 Ohio Public Universities
Pool casualty and property risks
Excess Insurance
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**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

and proud.
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

and proud.
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**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
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**Identify**

Create Risk Registry

- Interviews
- Surveys
- Group discussions
- Emerging risks
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**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.
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Monitor

Controls
Reviewed
Suggestions
Accepted
Risk Cycle
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Element of Monitoring

Role of Internal Audit
Evaluate the effectiveness of control policies and procedures
Provide advice, challenge or support decisions
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Documentation and Communication

ERM Analysis
Mitigation Plans
## Risk Management in Higher Education

<table>
<thead>
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<th>Traditional Risk Management</th>
<th>Enterprise Risk Management</th>
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**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