A Framework for Risk Management

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Risk Management Framework

- A business process that expands the core (traditional) concepts of risk management:
  - Identifying risks & opportunities across the enterprise
  - Assessing the impact of the risks to the plans and mission
  - Developing and testing mitigation plans
  - Monitoring identified risks and consistently scanning for emerging risks
Best Practices

- Tone at the top matters; champions are essential
- Understand and embrace specific roles, while building bridges across campus
- Question sacred cows
- Incorporate RM into planning
  - Annual, strategic and project planning
  - Ask questions, require annual updates, establish accountability
University of Alberta RM process

Processes

1. Board of Governors
2. Other Board Committees (Finance, Safety, HR etc)
3. Input into Annual Audit Plan
4. Board Audit Committee
5. President’s Executive Committee
6. ERMC updates Top Risks
7. ERMC preview/update
8. Seek input Expert Forum, deans, chairs, senior admin
9. Risks included in Budget Planning Document

Top Ten Institutional Risks update and approval cycle
1. Adequacy of financial resources
2. Information technology infrastructure, systems and support
3. Age and condition of facilities and physical plant infrastructure
4. Recruitment and retention of top personnel
5. Individual and institutional conflict of interest, employee misconduct, regulatory non-compliance
6. Execution of Strategic Plan
## University Risk Register

1. Governance  
2. Student enrollment  
3. Liquidity, debt and reserves  
4. Healthcare costs  
5. Management turnover  
6. Return on investment in new capital projects and programs  
7. Legal/regulatory compliance  
8. Information security  
9. Disaster recovery and business continuity  
10. Potential for fraud and conflicts of interest
University Risk Register

- Strategic plan implementation
- Income diversification
- New initiatives: Research, Accreditation
- Governance
- Faculty: Demographics
- Compliance: Research, Title IX, Clery
- Athletics: Compliance, funding, injuries
Student Life

- Admissions, Enrollment, Retention
- Alcohol and drug use
- Athletics
- Campus safety and security: Clery Act, VAWA
- Sexual Assault/Title IX: Safety and compliance
- Experiential Learning
- Financial aid/Student debt
- Student Health Center and Mental Health
Research

- Intellectual property
- Conflicts of interest
- Financial sustainability
- Incubator support
Academic Affairs

- Academic quality
- Accreditation: New and ongoing programs
- Blended-learning strategy
- Entrepreneurial ventures
- Faculty: Recruitment, tenure, development
- Global strategy
- Research: IP, financial support
Audit

- Compliance
- Coordination of audit plan and gap analysis
- Whistle blower, fraud and reporting
- Training
Facilities

- Campus master plan
- Deferred maintenance and life safety
- Space utilization
- Total cost of capital projects
Risk Assessment

Heat Map of Top System Risks

1. Student enrollment
2. Management turnover
3. Governance
4. Government support
5. Health care costs
6. Employee morale
7. Disaster recovery and business continuity
8. ROI in new initiatives and capital projects
9. Information security
10. Liquidity
11. Legal/regulatory compliance
12. Potential for fraud and conflicts of interest
Opportunities to begin RM

- Strategic plan
- Annual operating plan
- Major new initiatives
- New buildings
- …It’s a process not a project
Lessons learned from others:

- Focus on high-impact risks
- Focus on mitigation/continuity plans
- Take on the tough issues and sacred cows
- All risks must have owners
- Involve other departments in risk register and responses
- It’s a process and business tool, not a project