National Association of College and University Attorneys

Presents:

Risk Management in Higher Education: A Guide to Building Effective Compliance and Risk Management Programs and Counsel's Role

Virtual Seminar

Thursday, December 16, 2010

12:00 PM – 2:00 PM Eastern
11:00 AM – 1:00 PM Central
10:00 AM – 12:00 PM Mountain
9:00 AM – 11:00 AM Pacific

Presenters:

Robert F. Roach
New York University

Sunita DeSouza
New York University

Christy Kaufman
Marsh Risk Consulting

NACUA VIRTUAL SEMINAR SERIES

NACUA December 2010 Virtual Seminar

Risk Management in Higher Education: A Guide to Building Effective Compliance and Risk Management Programs and Counsel's Role

Thursday, December 16, 2010. 12:00pm – 2:00pm EST / 9:00am – 11:00am PST

Attendance Record

Institution/Law Firm:_____

Note: All participants are asked to sign-in, but if you are an attorney applying for Continuing Legal Education credits (CLEs), you ***must*** sign this attendance sheet to verify your attendance at this seminar. After completion, please fax this form, including a cover letter, to Meredith McMillan at 202-296-8379. ***Total CLE Credits = 120 minutes**

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Please return this form no later than **TODAY, Thursday, December 16th** to: Meredith McMillan. Fax (202) 296-8379.

CERTIFICATE OF ATTENDANCE

- NACUA will apply for CLE credits from the following states: AL, AK, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MN, MS, MT, NC, ND, OK, OR, SC, TN, TX, UT, VA, WA and WI). NACUA certifies that this program has been presumptively approved and conforms to the standards prescribed by the rules and regulations of the State Bars of AZ, AR, CA, CO, DE, HI, MO, NV, NH, NJ, NM, NY, RI, VT, WV and WY. The following states do not have CLE requirements and therefore require no report of attendance or filing: CT, MD, MA, MI, NE, SD and DC. (Note: Restrictions vary state by state and not all states will accredit this virtual seminar)
- Upon receipt of this certificate of attendance and your site roster, NACUA will either process the credits through the applicable state if approved, or send a counter-signed COA back to the attorney to supply themselves to their state for MCLE record-keeping authority.
- Before you leave, **remember to sign the site roster**, a form indicating your attendance.
- **If you are an attorney from Louisiana or Virginia, please disregard this certificate of attendance.**

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By signing below, I certify that I attended the above activity and request 120 minutes toward CLE credits.

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Meredith McMillan, CMP
Meetings and Events Planner

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Today's event features an online, post-event evaluation form. To send us your feedback, please click on the link below, or type the URL into your web browser's address bar.

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Your feedback and comments are very important to us. Thank you in advance for taking the time to complete this evaluation!

NACUA VIRTUAL SEMINAR SPEAKER BIOGRAPHIES

NACUA December 2010 Virtual Seminar

Risk Management in Higher Education: A Guide to Building Effective Compliance and Risk Management Programs and Counsel's Role

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Sunita DeSouza is the Associate Director in the Office of Compliance and Risk Management at New York University with primary responsibilities for ensuring compliance with the broad range of laws and regulations applicable to Universities. Some current projects include developing and implementing an Enterprise Risk Management framework, administering the conflicts of interest disclosure process, and overseeing the Higher Education Opportunity Act (HEOA) implementation at NYU. She is a Certified Compliance and Ethics Professional (CCEP) and Certified in Health Care Research Compliance (CHRC). Prior to assuming this current position, Sunita was the Associate Director of Operational Risk Analysis & Compliance for NYU. She developed and utilized tools to perform risk assessments to prioritize operational and compliance risks facing the University, and conducted compliance reviews and risk assessments in a number of critical operational areas including Immigration, Data Protection, Software Licensing and Public Safety. Prior to joining NYU's downtown campus, Sunita was the Manager for Research Services for NYU School of Medicine's Joan and Joel Smilow Research Center. In this role Sunita represented the science community and advocated on behalf of the research faculty on administrative issues. Sunita received her Bachelors of Arts in Biology from Knox College and her Ph.D. in Neuroscience from Oregon Health Sciences University. Over the course of her 15-year career as a molecular neurobiologist, she published several research papers, including review articles, and presented her findings at several national and international conferences.

Christy Kaufman is Senior Vice President at Marsh Risk Consulting. Christy has experience aiding a variety of clients in the identification, analysis, and mitigation of enterprise risks, as well as business continuity planning, crisis response, and risk financing. Before joining Marsh, Christy worked in the risk management consulting practices of both a Big Four accounting firm and a global insurance brokerage firm. She currently serves as a part-time instructor in the Risk Management and Insurance department of the University of Wisconsin. Christy received her MS in Risk Management and Insurance and her BA in Finance, Investment and Banking; and Risk Management and Insurance from the University of Wisconsin.

Robert F. Roach is the Chief Compliance Officer at New York University, where he oversees the University's Ethics, Compliance and Risk Management programs. As Chief Compliance Officer, Bob is part of NYU's Office of the President and he has a direct report to the NYU Board of Trustee's Audit and Compliance Committee. He also serves as Adjunct Professor in the Market Ethics and Law Program at the Stern School of Business Langone MBA program. Bob is Chair for the Association of Corporate Counsel's Corporate Compliance and Ethics Committee and Co-Chair of the ACC Greater New York Chapter Corporate Compliance and Ethics Committee. Bob is also a Certified Compliance and Ethics Professional (CCEP), Certified in Healthcare Research Compliance (CHRC) and a Certified Fraud Examiner (CFE). Bob speaks frequently on topics related to University Compliance and has published numerous articles in the areas of ethics, compliance, and investigations. Prior to joining NYU, Bob served as Chief of Staff at the New York City Department of Investigation (DOI), where he was responsible for NYC's ethics and corruption prevention programs and conducted investigations into white collar crimes and public corruption. Prior to DOI, Bob served as Assistant District Attorney in the Rackets Bureau of the Manhattan District Attorney's Office and Section Chief of the Antitrust Bureau of the NY State Attorney General's Office, where he specialized in the investigation and prosecution of public corruption and white collar crimes. Bob received his law degree from Georgetown University where he was an editor of the law review.

Risk Management in Higher Education:

A Guide to Building Effective Compliance and Risk Management Programs and Counsel's Role

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Program Speakers:

Sunita DeSouza
Associate Director, Office of Compliance and Risk Management
New York University
New York, NY

Christy Kaufman
Senior Vice President
Marsh Risk Consulting
New York, NY

Robert F. Roach
Chief Compliance Officer
New York University
New York, NY

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Introduction to the Program

Introduction: Risk Management, Compliance and ERM

Robert Roach
University Compliance Officer
New York University
(212) 998-2075
robert.roach@nyu.edu

What is Risk Management?

Risk:

All organizations face internal and external factors that make it uncertain whether and when they will meet their objectives. ***The effect of this uncertainty on achieving objectives is called risk.***

Risk Management:

Coordinated activities to direct and control an organization with regard to risk. Organizations will often rely on internationally accepted frameworks which provide principles and guidelines on Risk Management.

Risk Management in Application

Risk Management principles can be applied to any type of risk, whatever its nature, whether having positive or negative consequences.

Compliance Programs:

Use Risk Management principles to help identify, assess, evaluate, and treat ethical and regulatory risks.

Enterprise Risk Management (ERM):

Is a coordinated program applied throughout the life of an organization and to a wide range of activities, including strategies and decisions, operations, processes, functions, projects, and services.

Why have Organizational Compliance and ERM programs?

Compliance Programs:

1. Fiduciary Responsibility:

In re Caremark International Inc. Derivative Litigation, 698 A.D. 2d 959 (Del Ch. 1996); *Stone v. Ritter* 911 A.2d 362, 370 (Del. 2006). *Miller v. Macdonald (In re World Health Alternatives, Inc.* Bankr. Case No. 06-10166, Adv. Pro. No. 07-51350 (Bankr. D. Del. April 9, 2008).

2. Federal Financial Reporting and Internal Control Standards

Sarbanes –Oxley Act Of 2002, Section 404; Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 5, COSO, SAS 78 – AU 319) *See also* SAS 112 and OMB Circulars A-110 and A-133.

3. Regulatory Requirements

Specialized risk assessment requirements: Medicare/Medicaid, FDA, OHRP, ORI

ERM Programs:

1. Standard & Poor's

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Role of Counsel in Compliance

Report Of The American Bar Association Task Force On Corporate Responsibility (March 31, 2003) provides:

The Task Force believes that a prudent corporate governance program should call upon lawyers – notably the corporation's general counsel – ***to assist in the design and maintenance of the corporation's procedures for promoting legal compliance***.

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Program Overview

1. Achieving an effective compliance program using risk assessment and management principles.
2. Developing an Institutional ERM program.
3. Practical Risk Management tools for Compliance and ERM programs

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Achieving Effective Compliance Programs Using Risk Assessment and Risk Management Principles

Robert Roach
University Compliance Officer
New York University
(212) 998-2075
robert.roach@nyu.edu

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Elements of an Effective Compliance Program

To have an effective compliance program, an organization must establish and maintain an organizational culture that *"encourages ethical conduct and a commitment to compliance with the law."*

U.S. Federal Sentencing Guidelines §8B2.1(a)(2)

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There are Seven (Plus One) Elements of an Effective Compliance Program:

1. High level company personnel who exercise effective oversight;
2. Written policies and procedures;
3. Training and education;
4. Lines of communication;
5. Standards enforced through well-publicized disciplinary guidelines;
6. Internal compliance monitoring; and
7. Response to detected offenses and corrective action plans.

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8. Periodic Risk Assessments

For a compliance and ethics program to be truly effective, an organization must:

Periodically assess the risk of non-compliance or misconduct,

and

Take appropriate steps to design, implement, or modify the program to reduce the risk of non-compliance or misconduct identified through this process.

Risk Assessment and Management Process

1. **Organizational Context:** What are your organization's objectives, structure and operations?

2. **Risk Assessment:**

   a. **Risk Identification:** What are the possible risk events your organization faces?

   b. **Risk Analysis:**
   - What is the likelihood of the risk event happening?
   - What is the potential impact of the risk event?

   c. **Risk Evaluation:** Having assessed the risks:
   - What is your organizations "appetite" for risk?
   - what are the most important risks to address?

3. **Risk Treatment:** What steps must be taken to mitigate the risks identified?

4. **Monitoring, Review and Corrective Action,**
   - Are internal controls working effectively to mitigate risk?
   - Is there any corrective action needed?

5. **Communication:** Throughout the Organization

Factors Affecting Organizational Context

- **Board and Audit Committee**
  - o Independent and engaged?
- **Management's Philosophy and Operating Style ("Tone at the Top")**
  - o Communicates by word and action support their support for compliance and commitment to ethics?
  - o Code of Conduct?
  - o HR Practices and Policies: Recruitment and hiring; orientation; evaluation, promotion and compensation; disciplinary actions
- **Organizational Structure**
  - o Centralized vs. Decentralized
  - o Assignment of Authority and Responsibility
- **Risk Culture (Appetite and Tolerance)**

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Risk Identification

- **Process Flow Analysis**
  - o Regulatory analysis
  - o Responsible Officers
- **Event Inventories**
  - o Organizational History
  - o External Context (e.g. Stakeholder expectations)
  - o Events Common to Industry
- **Interviews, Questionnaires, Surveys**
- **Facilitated Workshops**
- **Leading events and escalation triggers (ITS)**

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Risk Analysis

- **Inherent Risk**
  - o Significance of Financial, Operational, Legal, and Reputational impact of each identified risk
  - o Likelihood, frequency of risk
- **Residual Risk**
  - o Risk after accounting for current internal controls

Risk Evaluation:

Having assessed the risks:

o What is your organization's "appetite" for risk?

o What are the most important risks to address?

Risk Treatment

- Avoidance
- Reduction/Mitigation (Internal Controls)
- Sharing (e.g. Insurance)
- Acceptance
  - o Crisis Management Plans
  - o Business Continuity Plans
  - o Other Operational Plans

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Control Activities

- Organizational/Process Controls
  - o E.g. Separation of Duties
- Documentation
  - o Written Policies and Procedures Essential
- Training
- Audit Trails
  - o Final Results should be traceable back to originating transactions
- Security and Integrity
  - o Access Controls

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Questions?

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Submitted questions will be answered
verbally as time allows.

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Enterprise Risk Management: A Discussion on Leading Practices in ERM

Christy Kaufman
Marsh Risk Consulting
christy.kaufman@marsh.com
608-831-7775

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Discussion Topics

- What is Enterprise Risk Management and Why Does it Matter to Higher Education?
- ERM Compliance Factors
- How to Initiate an ERM Program

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What is ERM? And Why Does it Matter to Higher Education?

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Definition of Enterprise Risk Management (ERM)

A structured, consistent, and continuous risk management process applied across the entire organization that brings value by:

- Proactively identifying, assessing, and prioritizing material risks
- Developing and deploying effective mitigation strategies
- Aligning with strategic objectives and administrative processes
- Embedding key components into the organization's culture:
  - Risk ownership, governance, and oversight
  - Reporting and communications
  - Leveraging technology and tools

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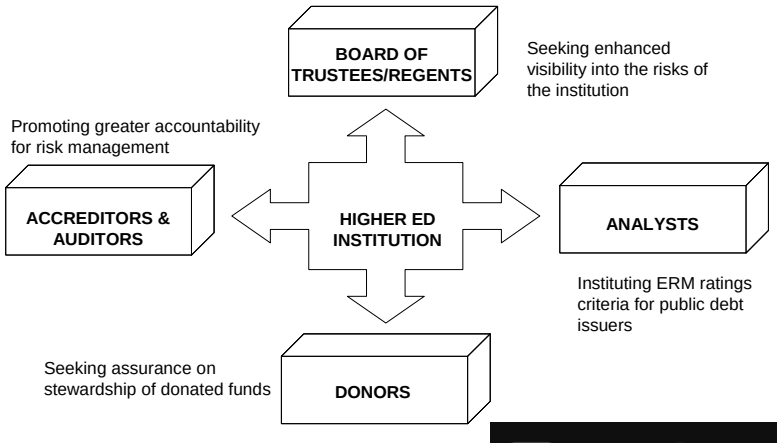
Why is ERM Important to Today's Colleges and Universities?



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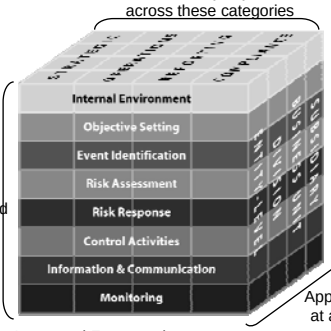
Putting Compliance, Audit and ERM into Context

ERM is a process to help achieve entity objectives across these categories



Eight interrelated components

Applies to activities at all levels of the organization

Source: *Enterprise Risk Management – Integrated Framework*.

Committee of Sponsoring Organizations of the Treadway Commission, 2004, (see www.coso.org).

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Sample Enterprise Risk Issues in Higher Education

Higher education Enterprise risk inventory[1]

Students

- Student satisfaction/preferences
- Inter-class relations
- Housing
- Athletics
- Admissions policy
- Recruitment
- Retention
- Greek life/Student life
- Student welfare
- Student judiciary

Faculty

- Attract and retain faculty
- Tenure policies
- Curricula/program design
- Research & development
- Intellectual property
- Fraudulent research
- Fraudulent credentials

Alumni

- Alumni relations
- Endowment
- Donations

External Stakeholders

- Corporate/institutional alliances
- Community outreach
- Endowment
- Donations

Research & development programs

Brand/reputation

Athletic rankings

Academic rankings

Human Capital	Employment practices	Faculty/tenure succession planning	Performance incentives	Employee stress/ burnout	Compensation Unionization	Workforce productivity	Hiring and retention
Finance	Tuition rates/ tuition stability	Cost of capital/ interest rate fluctuations	Expansion capital	Pension fund Claim reserve liability	Risk financing	Litigation	Endowment
Integrity	Conflict of interest	Employee fraud	Ethical decision-making	Illegal acts	Management fraud	Third party fraud	Unauthorized acts
Process	Athletics Business interruption	Field courses Student activities	Faculty bookings Infrastructural renewal and capacity	Regulatory compliance	Failure to educate Licensing	Vendor alliances Contract commitment	
Strategy	Reputation/ branding Marketing	Foreign expansion Admissions policy	Product and delivery model Outsourcing	Corporate/ institutional alliances	Planning Intellectual property	Resource allocation Technology transfer	
Information Technology	Access	Availability Privacy	Technological capacity	Data integrity	e-Commerce	Infrastructure Internet security	Relevance Reliability
Environmental Health/Safety	Environmental compliance	Visitors and contractors	Illness/injury to faculty, students or staff	Natural hazards	Campus security	Special events	Student/faculty travel
External	Demographics	Competition		Economy		Social responsibility	

[1]This inventory does not capture the risks associated with a university medical center

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ERM Compliance Factors

ERM Compliance Factors: Commentary

- Compliance and ethics oversight has traditionally been the responsibility of an institution's legal department
- Risk management procedures of institutions are under increasing regulatory and private scrutiny
- There has been a shift from a defensive function focused on policies, procedures and expenditures, to a strategic function focused on optimizing resource allocation and effectiveness
- Recent mandates and guidelines are fueling the momentum

ERM Compliance Factors: Current and Emerging Standards and Guidelines

REGULATORY STANDARDS:

- Federal Sentencing Guidelines - Section 8B2.1(b)(7)(A)

GUIDELINES & BEST PRACTICES:

- Committee of Sponsoring Organizations of the Treadway Commission's (COSO) ERM Framework
- Standard & Poor's (S&P) ERM Ratings Criteria for Non-Financial Organizations
- ISO31000

EMERGING REGULATIONS & GUIDELINES:

- Accreditation requirements?

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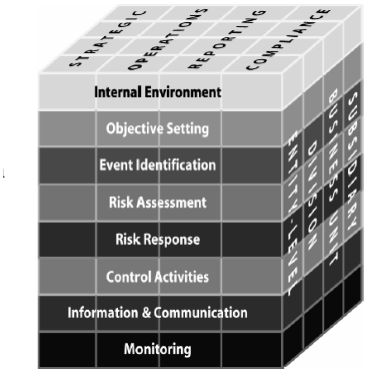
ERM Guidelines & Best Practices: COSO



- The Treadway commission issued the COSO ERM framework in 2004
- Previously, in 1992, the Treadway commission had released COSO for internal controls

Source: *Enterprise Risk Management – Integrated Framework*. Committee of Sponsoring Organizations of the Treadway Commission, 2004, (see www.coso.org).

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ERM Guidelines & Best Practices: Overview of S&P's ERM Ratings Criteria

- Continuing to engage issuers in ERM discussions during regularly scheduled management meetings
- Incorporating ERM references into individual credit rating reports in select industries (most likely not Higher Ed) in 2010; omitted industries to follow in 2011
- Focused initially on organizational culture and strategic risk management
- Ratings will be incorporated in to management effectiveness evaluations; rating scales range from weak to excellent
- Specific areas of interest cited on recent conference call: risk appetite/tolerance setting, link to strategic planning, link to incentive compensation, formal governance structure, risk assessment process and board involvement

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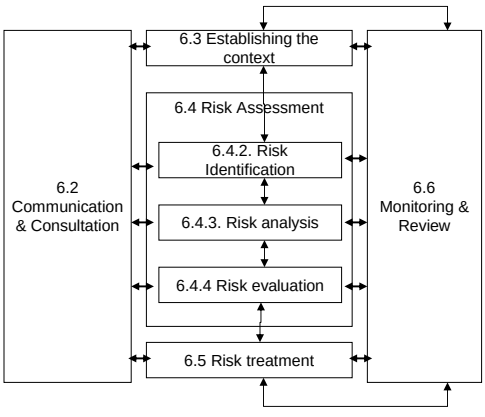
ERM Guidelines and Best Practices: ISO 31000



Source: International Organization for Standardization

- ISO 31000 Risk Management Standard follows the Australian / New Zealand Standard
- Released in late 2009
- No current certification standard, but it may follow

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ERM Compliance Factors: Common Elements of ERM Frameworks

- They outline a process for ERM implementation that includes:
  - Risk identification and assessment
  - Risk prioritization
  - Risk solution design and implementation
  - Routine monitoring and reporting
  - Communication
- They recognize that good risk management must be embedded into the organization's day to day activities
- They consider both the 'upside' and 'downside' of risk
- They are not one size fits all

How to Initiate an ERM Program

Building Senior-Level Support

- Elements of an ERM Value Proposition:
  - Optimal capital deployment
  - Continued or improved rating agency confidence
  - Effective critical event response
  - Better decision making relative to risks assumed
  - Enhanced stewardship and governance

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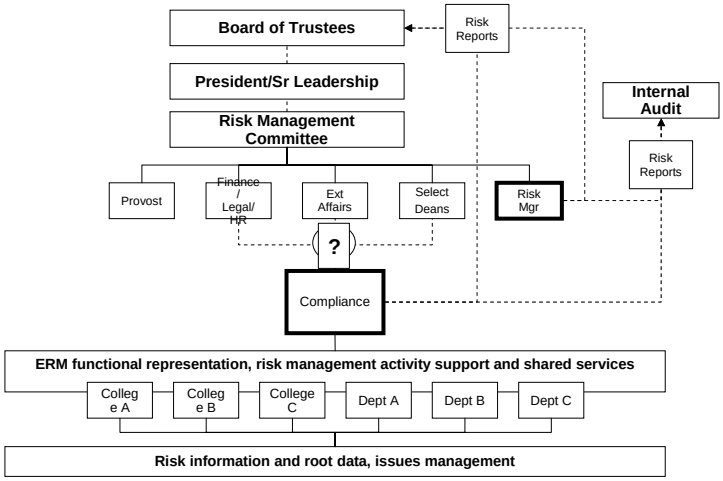
Developing the Team/Structure



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Understanding Where You Want to Go…

Critical success factors

- Establish the right vision and realistic plan
- Obtain senior leadership buy-in and direction
- Align with mission and strategic objectives
- Attack silos at the onset
- Set objectives / performance / early warning indicators
- Stay focused on results
- Communicate vision and key outcomes
- Develop a sustainable process vs. a one-time a project

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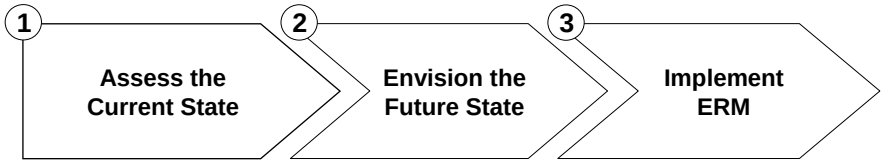
…Then Making It Happen



- Risk Identification, Assessment & Prioritization
- Risk Mitigation & Controls
- Risk Management Infrastructure

- Governance & Accountability
- Reporting
- Strategy
- Policies, Processes & Procedures
- Technology & Systems
- Culture

- Implement Risk Solutions
- ERM Integration with:
  - Routine Processes
  - Strategic Plan
  - Organizational Culture

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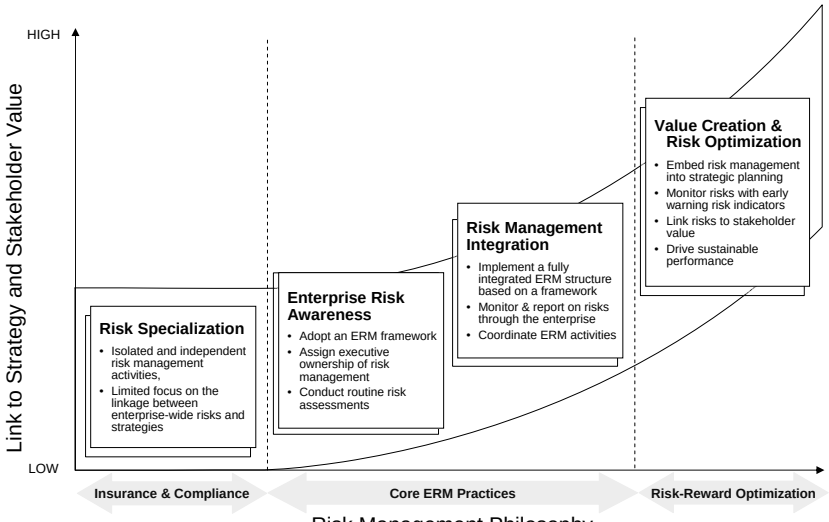
Keep in Mind ERM is a Journey - Not a Destination



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A Few Practical Tools and Deliverables

Christy Kaufman
Marsh Risk Consulting
christy.kaufman@marsh.com
(608)-831-7775

Sunita DeSouza
New York University
sunita.desouza@nyu.edu
(212) 998-1060

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Sample Questions for the Board of Trustees

Yes	No	Trustee Questions
☐	☐	Did we receive material which adequately distilled vast quantities of risk information into prioritized, actionable summaries?
☐	☐	Were the risks associated with key departments presented in a comprehensive, holistic manner?
☐	☐	Were any losses that occurred related to risks that have been identified? Are the losses consistent in magnitude and frequency to the risk profile?
☐	☐	Did management tie revenues, losses, surprises and specific material events to the presented risk profile?
☐	☐	Did management outline strategy altering scenarios? For example, could multiple problems arise simultaneously or sequentially (the “perfect storm”)?
☐	☐	Was management forthcoming about any differences among senior leadership regarding material strategic recommendations and decisions?
☐	☐	Were the assumptions underlying our strategy effectively challenged and tested against changes in the external environment?

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Sample Questions for the Board of Trustees, cont.

Yes	No	Trustee Questions
☐	☐	Did management outline the processes used to develop the data and information that relates strategy with identified risk?
☐	☐	Do we have a common understanding of the types of triggers that bring an issue to our attention?
☐	☐	Were we provided with an understanding of what capabilities are required to address the institution's risks? Were capability gaps identified?
☐	☐	Do we have a common understanding among management and the board about the roles, responsibilities, and accountabilities relative to risk oversight?
☐	☐	Did we discuss the details of risk appetite with management?
☐	☐	Do we need a chief risk officer (CRO) or a similar resource?
☐	☐	Do we have the appropriate committee structure and reporting lines to ensure we meet our risk oversight obligations?
☐	☐	Do we have sufficient personnel (including advisors) and financial resources in place to enable us to fulfill risk engagement responsibilities?

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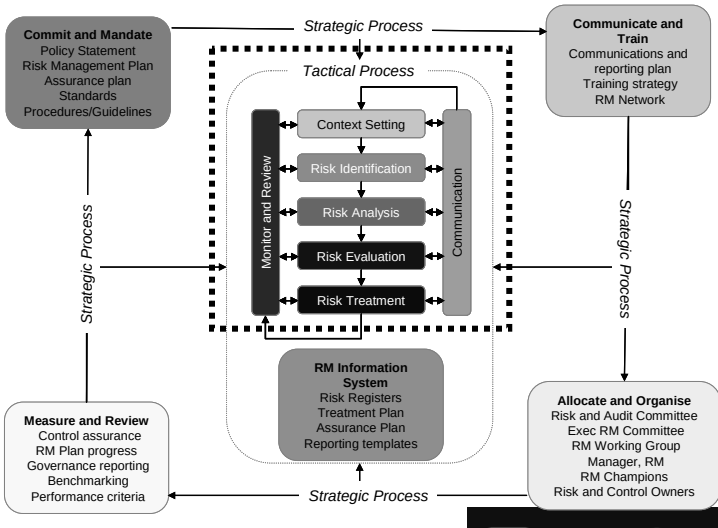
ISO 31000 ERM FRAMEWORK



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Tactical Process

- Risk Assessment
  - Risk Identification
  - Risk Analysis
  - Risk Evaluation
- Risk Treatment
- Risk Communication, Monitoring & Review

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Risk Identification

- Initial interview with Risk Owner
  - What issues/areas of concern that keep them up at night?
  - What is the probability of occurrence, when taking into account controls already in place?
  - Risk owner impression of impact level.
- Create a basic risk register. Focus on high probability and high impact risks.

Person Interviewed	Risk Owner	Department	Area of Concern	Issues	Affect On Other Departments	Probability of Occurrence *H* = >70% *M* = 30-70% *L* = <30%	Impact

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Risk Analysis

- For the high probability and high impact risks, do a detailed analysis on the impact or consequences of the risks.
  - Legal/Compliance
  - Health & Safety
  - Reputation
  - Operational
  - Social/Behavioural
  - Physical Environment
  - Financial
- Rate the impact of each risk using a defined scale.

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Severity Level	Legal[1]	Health and Safety[3]	Reputation	Operational	Social/Behavioral[4]	Physical Environment	Financial
0	No violation of law or regulation.	No health and safety risk.	No risk to NYU's reputation.	No impact on operations.	No impact.	No effect on biological and physical environment.	No financial loss.
1	Violation with little or no fine/sanction probable.	Minor injury, no medical treatment required.	Little risk to NYU's reputation. May be mentioned in a local newspaper.	Very minor impact on operations. No loss in ability to conduct research, or hold classes.	Minor short term social/behavioural impacts on local population, easily repairable.	Minor effects on biological and physical environment	Cumulative financial impact is minor, less than $10,000.
2	Civil fines and/or penalties up to $50,000 possible. Little risk of exclusion.[2]	Minor medical treatment required, no hospitalization	Minor, adverse local public attention or complaints. Slight risk to reputation.	Impact is internal to the department and business unit only. Slight implact on the mission to conduct research or teach. Possible closure for 1 or 2 days (with the exception of IT).	Minor medium term social impacts on local population. Mostly repairable.	Moderate short term effects on biological or physical environment but not effecting ecosystem functions	Cumulative financial loss is between $10,000 and $100,000.
3	Serious breach of regulation with investigation or report to authority possible. Civil fines and/or penalties up to $100,000 probable.	Injury requiring hospitalization	Moderate risk to reputation. Probable short term bad press/attention from media and heightened concern by local community. Modest student, faculty, donor and/or constituent fallout.	Department unable to conduct business for a week. Impact reaches outside of the department and effects other departments with some effect on their ability to conduct research or teach.	On-going social/behavioural issues.	Serious medium term effects on biological and physical environment, which can have minor impact on ecosystem functions. Large scale damage to buildings and other items of cultural significance	Cumulative financial impact from fines, litigation and business disruption is between $100,000 and $1 million.
4	Criminal investigative action probable. Loss of business unit accreditation/licensure possible. Major litigation. Fines of up to $1,000,000 possible.	Serious injury	Significant adverse national media, public, and/or NGO attention. Significant student, faculty, donor and/or constituent fallout.	Impact is on an entire school or business unit and their ability to conduct and teach is interrupted for up to two weeks.	On-going escalating social/behavioural issues.	Serious long term effects of biological and physical environment which adversely effect ecosystem functions. Significant damage to structures/items of cultural significance.	Cumulative financial impact from fines, litigation, business disruption is between $1 million and $10 million.
5	Significant prosecution and litigation including class actions. Criminal conviction and/or exclusion[2] probable. Fines and penatlies in excess of $1,000,000.	Fatality	Extensive and prolonged negative press coverage. Serious public or media outcry (international coverage). Significant sponsor/board questions of management. Extensive student, faculty, donor and/or constituent fallout.	Entire University is unable to conduct research or hold classes for a month or longer.	On-going serious social/behavioural issues.	Very serious long term environmental impairment of ecosystem functions. Destruction of structures/items of cultural significance.	Cumulative financial impact from fines, litigation and business disruption is between $10 million and $100 million.

1 *It is NYU's policy to comply with all applicable laws and regulations. This column in no ways condones non-compliance under any circumstances. Rather its seeks to categorize the severity of possible adverse consequences resulting from non-compliance wit*

2 *Exclusion includes being barred from participating in or continuing a program or a contract.*

3 *NYU is committed to assuring the health, safety and security of everyone in the NYU community. This column seeks to categorize the severity of possible adverse health, safety and security consequences resulting from non-compliance with the law.*

4 *"By social impacts we mean the consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society. The term also includes cultural impacts involving changes to the norms, values, and beliefs that guide and rationalize their cognition of themselves and their society."* Source: Interorganizational Committee on Principles and Guidelines for Social Impact Assessment (2003)

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RISK ASSESSMENT WORKSHEET

Department:	
Date of Review:	
Compiled by:	

Functional Area	What is the potential risk event? What can happen and how can it happen?	What is the consequence of the risk event?								Adequacy of Existing Controls	Likelihood of Occurrence *(Note: take into account adequacy of existing controls)*	Compliance Risk Score	NOTES
		Consequence Scores											
		Legal	Safety	Reputation	Operational	Social	Environment	Financial	TOTAL				
									0				
									0				
									0				
									0				
									0				

Adequacy of Existing Controls

Level	Descriptor	Description	Effectiveness
1	**Non-existent**	No controls in place. No policies or procedures, no responsible person identified, no training and no monitoring.	Frequent occurrences of non-compliance.
2	**Inadequate**	Policies and procedures in place, however compliance with policies not enforced or mandated. Some formal and informal (on the job) training and no monitoring.	The few controls that are in place are ineffective and may only prevent major (egregious) instances of non-
3	**Adequate**	Policies are followed and updated regularly. Training is provided when needed. Some informal monitoring.	The controls that are in place are adequate to prevent major instances of non-compliance.
4	**Effective**	Responsible person ensures compliance with all policies. Regular documented training is provided to all employees. Regular internal monitoring and auditing of department's activities.	The controls that are in place are effective and prevent ~80% of errors (transactional or operational).
5	**Very Effective**	In addition to effective policies, regular (documented) mandatory training is provided and the department's activities are audited by both internal and external auditors.	The controls that are in place are effective and prevent ~95% of errors (transactional or operational).

Likelihood of Occurrence**

Level	Descriptor	Description	Indicative Frequency (expected to occur)
1	**Very Rare**	Heard of something like this occuring elsewhere.	Once every thirty years.
2	**Unlikely**	Low likelihood of the event happening. The event does occur somewhere from time to time.	Once every three to ten years.
3	**Possible**	Medium likelihood of the event happening. The event has occurred at least once in your career.	Once every three years.
4	**Likely**	The event has occurred several times or more in your career.	Once every year or less.
5	**Almost certain**	High likelihood of the event happening. The event has occurred in the last six months.	More than once a year.

**NOTE:

Please rate the likelihood of the event occuring AFTER taking into account the ad

Likelihood/Probability of Occurrence

Severity Level	Probablity
HIGH H	**>70%** chance that the risk event will occur within the next year.
MEDIUM M	**Between 30% and 70%** chance that the risk event will occur within the next year.
LOW L	**<30%** chance that the risk event will occur within the next year.

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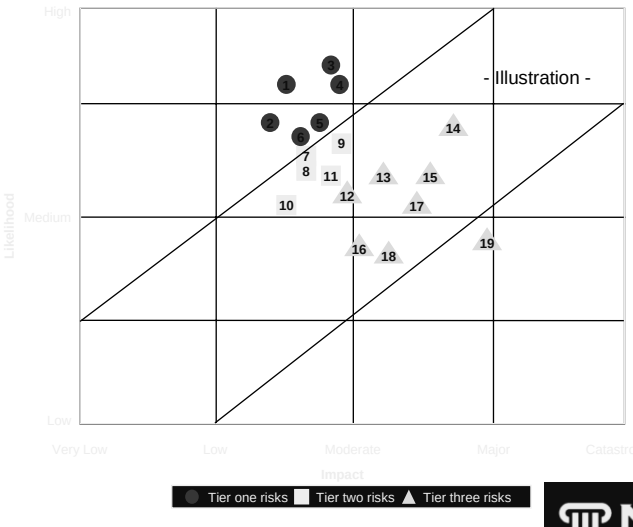
Sample Risk Map



Key risks

1. Intellectual Property
2. Greek Life
3. Pension Funding
4. Succession Planning
5. Student Safety
6. Economy
7. Alumni Relations
8. Faculty Retention
9. Tuition Rate
10. Athletics
11. Research Compliance
12. Community Relations
13. Information Technology
14. Delivery Channel
15. Demographics
16. Operating Model
17. Research Grants
18. Endowment Performance
19. Privacy

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Risk Treatment

- Options for treating risks:
  - Stop the activity
  - Remove the risk source (mitigate)
  - Change the likelihood by improving controls
  - Change the consequences to reduce extent of the losses
  - Share risk with other parties (e.g. buy insurance)
  - Retain risk by informed choice – do nothing
- Risk treatment decision making issues:
  - Acceptability
  - Administrative efficiency, compatibility
  - Cost effectiveness
  - Leverage
  - Objectives
  - Risk creation – will this treatment introduce new risks?

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Communication

- Each risk owner creates a project plan, including timelines for mitigating that risk.
- The risk owner provides semi-annual progress updates on risk mitigation projects.
- This information is provided to the Audit Committee of the Board of Trustees.

1. General Project Information	
Project Title:	
Project Sponsor/Department:	
Project Summary:	

2. Project Update
Current Status *List completed action items and project successes thus far.*
Remaining Tasks *List the remaining tasks/action items which are needed for the successful completion of the project.*

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Monitoring & Review

- Monitoring provides routine surveillance of actual performance, as compared with expected performance.
- Review involves periodic investigation of the current situation, usually with a specific focus.
- Monitoring and Assurance processes should be continuous and dynamic. It is insufficient to rely only on occasional, third party reviews and audits.
- What should be monitored?
  - The risks – are things changing?
  - The context may be changing.
  - Effectiveness and appropriateness of the strategies and management systems set up to implement risk treatments
  - The Risk Management plan and system as a whole.
- Types of Monitoring
  - Continuous monitoring
  - Line management reviews of risks and their treatments
  - Internal auditing
  - External auditing

Questions?

*Push *1 on your telephone key pad to comment or ask your question*
OR
Click on 'Q&A' on the menu bar. This will open the Q&A panel.
Type your question in the upper section and then click 'Ask.' You'll receive confirmation that your question was received.
Submitted questions will be answered verbally as time allows.

Thank You!