

GUIDE TO RISK ASSESSMENT AND RESPONSE

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ABSTRACT

This “Guide to Risk Assessment and Response” provides users with a practical tool with instructions, examples and formats for preparing risk assessments and for preparing and reporting management response plans (MRPs).

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What is Enterprise Risk Management (ERM)?

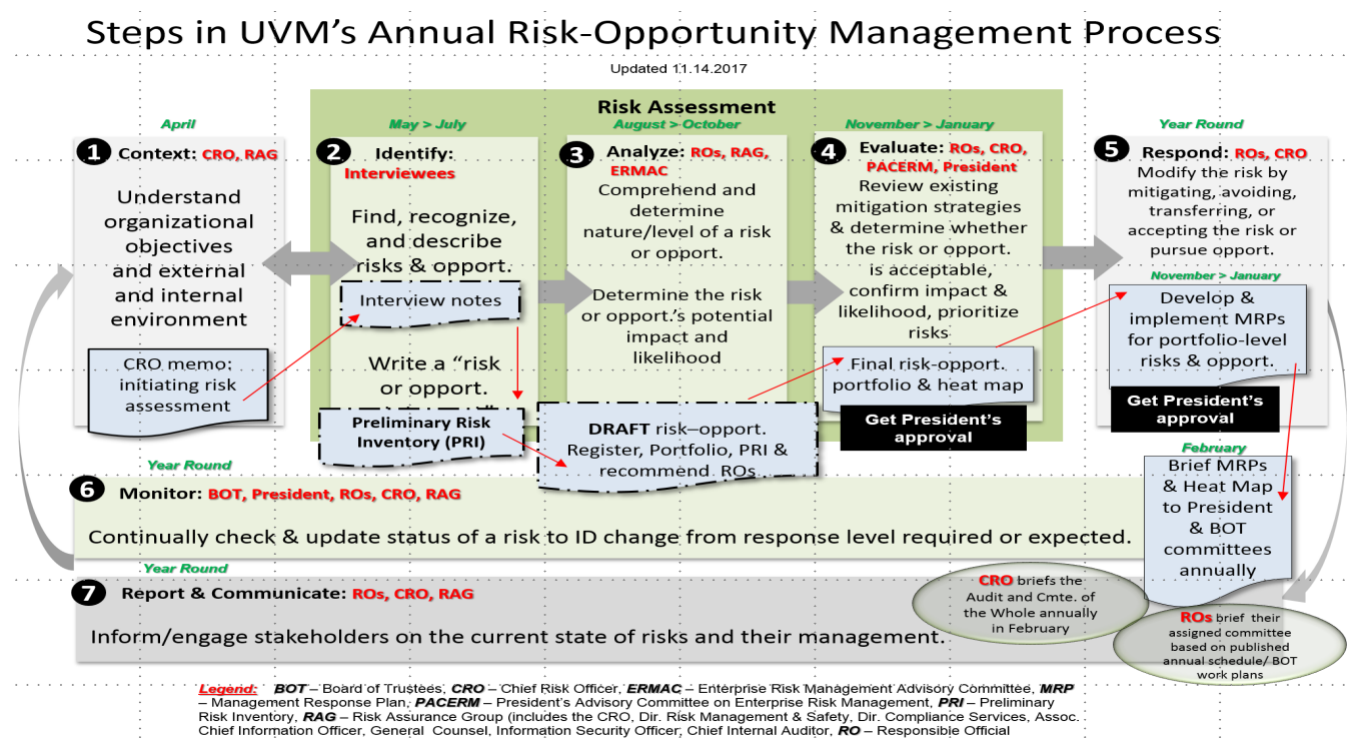
“Enterprise risk management is a structured, consistent, and continuous process across the whole organization for identifying, assessing, deciding on responses to, and reporting on opportunities and threats that affect the achievement of its objectives” (Institute of Internal Auditors, 2009).

Overview

The risk management process—of identifying, analyzing, evaluating, and ultimately responding to and monitoring risk—is at the heart of enterprise risk management (ERM). Extending this process across an entire organization, looking at both “upside” opportunities and “downside” risks, and considering risks and opportunities in the context of strategy is what differentiates “ERM” from ‘traditional’ risk management.

This *abbreviated* Guide to Risk & Opportunity Assessment & Response deals with the seven steps in the risk management process shown in Figure 1: (1) establishing the context, and (2-4) conducting the risk assessment which includes identifying, analyzing, evaluating, and (5) responding to risks and opportunities, (6) monitoring and updating the status, and (7) reporting on those that could materially affect the institution or a department. The context and assessment steps help decision-makers choose which risks or opportunities are priorities, what the appropriate response should be, and what resources should be allocated to manage the risk or opportunity in a way that best supports the organization’s strategy. The response step involves deciding on and planning for the best way to “treat” or modify the risk or opportunity, and implement that plan.

Figure 1: The Risk/Opportunity Management Process



Step 1: Establish the Context

The purpose of establishing the context for risk and opportunity assessment is to understand the external and internal factors that could impact the organization’s ability to achieve its mission, vision, goals and competitiveness; and therefore sets the stage for risk and opportunity identification. Since “risk” is defined as “any issue (positive or negative) that may impact an organization’s ability to achieve its objectives,” defining the organization’s objectives is a prerequisite to identifying risks and opportunities.

Steps to Follow

1. Identify which goals or objectives of the UVM Strategic Plan your area supports, if any.
2. Identify your College, School, Division, or department’s strategic goals or objectives.
3. Identify any major initiatives that your area is planning or engaged in, at the institution, College, School, Division, or department level.
4. Identify the critical activities, functions, or services others rely on your area to provide.
5. Identify any your area’s external context: legal/regulatory requirements, stakeholder perceptions and expectations, and any relevant social, cultural, political, financial, technological, economic, or competitive factors.

Step 2: Risk & Opportunity Identification

The purpose of the risk and opportunity identification step is to “generate a list of “***KEY***” risks [and opportunities] based on those events that might create, enhance, prevent, degrade, accelerate, or delay the achievement of your goals or objectives” (ISO 31000, 2009).

Things to Keep in Mind

- Be as comprehensive as possible at this stage – identify everything you can.
- Identify positive events that could advance strategic goals (opportunities) as well as negative events that could hinder attainment of those goals (risks).
- Include risks and opportunities regardless of whether or not they are “under your control.”
- Consider the risks associated with *not* pursuing an opportunity.
- Think about related risks and opportunities, and cascading or cumulative impacts.
- Involve the most knowledgeable people.
- Use the most relevant and up-to-date information you have.

Questions to Spur Thinking & Discussion

1. What could affect the institution or your area’s ability to achieve or fulfill your strategic goals, initiatives, or key functions, either positively or negatively? What uncertainties do you face?
2. What risks or opportunities could your area or the institution face in terms of:
 - a. Compliance and Privacy
 - b. Finances
 - c. Health, Safety, or Legal Liability
 - d. Human Capital
 - e. Operations
 - f. Reputation
 - g. Strategic Issues
3. What do you see as the strengths, weaknesses, threats, and opportunities facing you?

4. Have there been any recent major changes to your area of responsibility or control (new regulations, new programs/activities, organizational changes, etc.) that pose new risks or opportunities?
5. Are there particular programs, activities, internal controls, or legal/regulatory issues, in your area that worry you or you think may pose significant risk to your unit or the institution?

Steps to Follow

1. Identify all the risks and opportunities (A) you can that might affect your objectives (see Questions to Spur Thinking & Discussion, above).
2. For each one, give it a short name or title (A).
3. Write a brief “risk/opportunity statement” (B) that describes each risk or opportunity and provides a little more detail about its sources and causes. Do not include potential impacts or consequences.
 - a. Aim for a “Goldilocks” risk/opportunity statement: not too short, not too long; not too vague, not too detailed; meaningful but not inflammatory
 - b. Too vague: “IT infrastructure”
 - c. Too specific/inflammatory: “IT network and hardware is obsolete, resulting in the potential for loss of institutional business continuity, loss of irreplaceable data, and privacy breaches”
 - d. Just right: “IT infrastructure not maintained and/or upgraded to necessary standards

| Column A | Column B |
|--|--|
| Proposed Risk/ Opportunity Name | Proposed Risk/ Opportunity Statement |
| Improve inclusive excellence | As the University continues to diversify our community, it has an opportunity to improve inclusive excellence (diversity, inclusion and multicultural competency) through a more comprehensive institutional effort. |

4. Consider whether each statement is either a risk or opportunity (C), and which Strategic Action Plan (SAP) goal (found at <http://www.uvm.edu/president/>) it affects or is most closely related to.
5. Consider other strategic goals or initiatives for your Division, College, School, or department that this risk or opportunity affects.
6. Identify which risk/opportunity category (D) is most closely related to the risk/opportunity.
7. Identify the responsible official (E) for each risk or opportunity. This is the individual at UVM with the accountability and authority to manage the issue.

| Column C | Column D | Column E |
|---|---|---|
| Proposed Nature (Risk or Opport.) | Proposed Risk/Opportunity Category | Proposed Responsible Official |
| Opportunity. SAP Goal II. Promoting a culture of advancing academic excellence and cultivating talent | Strategic | VP HR, Diversity, and Multicultural Affairs, and Vice Provost for Student Affairs |

Key Terms

- **Risk/Opportunity:** Any issue (positive or negative) that may impact an organization’s ability to achieve its objectives; the effect of uncertainty on organizational objectives. Often characterized in reference to potential events, consequences, and the likelihood thereof.
- **Identification:** Process of finding, recognizing, and describing risks and opportunities.
- **Risk/opportunity statement (description):** Structured statement of risk or opportunity usually containing four elements: sources, events, causes, and impacts/consequences.
- **Source (of risk or opportunity):** Element or circumstance which alone or in combination has the intrinsic potential to give rise to risk or opportunity. Can be tangible or intangible.
- **Event:** Occurrence or change of a particular set of circumstances. Can be one or more occurrences, can have several causes, and can consist of something not happening.
- **Impact (consequences):** Outcome of an event affecting objectives, either positively or negatively. Can be certain or uncertain; can be expressed qualitatively or quantitatively. An event can lead to a range of consequences, and initial consequences can have escalated effects.
- **Responsible official (RO) (risk/opportunity owner):** Person or entity with the accountability and authority to manage a risk or opportunity.

Step 3: Risk & Opportunity Analysis

The purpose of the analysis step is to develop an understanding of the risk or opportunity in order to inform your evaluation and decision of whether a response is required. Here is where you will assess the potential impact and likelihood of the risks and opportunities.

Things to Keep in Mind

- Analysis can be qualitative, semi-qualitative, quantitative, or a combination thereof.
- Consider causes and sources, their positive and negative consequences, the likelihood that they can occur, and other attributes of the risk or opportunity.
- Consider interdependence of different risks or opportunities and their sources.

Steps to Follow

1. Consider the potential impact (**column F**) of each risk or opportunity by using the risk and opportunity impact scales shown in **Table 3 and 4**. If more than one column of the scale relates to your risk, base your rating on the column that reflects the greatest impact. This will likely be the column that also corresponds to the category of the risk or opportunity. (For example, if you categorized your risk as a “financial” issue, you will likely use the financial column of the impact scale to determine your impact rating.)
2. Consider the likelihood (**column G**) that each risk or opportunity will occur by using the likelihood scales shown in **Tables 2 and 5**.
3. The impact and likelihood scores will be multiplied to produce an overall risk score (H) for each risk or opportunity.
4. *If an issue presents both risk and opportunity (i.e., could have both positive and negative impacts),* rate the positive/opportunity aspects of the issue using the opportunity impact and likelihood scale. Multiply the impact and likelihood ratings to produce an opportunity score. Then consider the negative/risk aspects of the issue and rate it using the risk impact and likelihood scales. Multiply the impact and likelihood ratings to produce a risk score. Compare your opportunity and risk scores: which is greater? Is there more upside or downside to this

issue? In the worksheet, enter whichever impact and likelihood ratings produced the higher score.

| Column F | Column G | Column H |
|---|---|---|
| Impact Score, Impact Description, Mitigation Summary and Scoring Rationale | Likelihood Score & Rationale | Risk/ Opport Overall Score |
| <p><u>Impact score is 3.</u></p> <p><u>Strategic impact.</u> Recent national media attention on bias incidents and student-led protests in response to these bias incidents at higher education institutions affords UVM an opportunity to reduce bias incidents and improve inclusive excellence (diversity, inclusion and multicultural competency) by increasing training for UVM employees and students through a more comprehensive institutional effort. Guided by a comprehensive plan for building inclusive excellence, UVM could further advance its efforts to build a diverse and globally aware university community; and an inclusive, supportive, and just campus climate.</p> <p><u>Reputational impact.</u> If successful, such an undertaking could substantially contribute to UVM's competitive advantage and provide lasting improvement in UVM's reputation and image.; and better positioning for UVM to recruit and/or retain a more diverse faculty and student body.</p> <p><u>Mitigation strategies/Enhancements already underway.</u> Efforts to that end are already underway led by the VP for HR, Diversity and Multicultural Affairs, the President's Commission for Inclusive Excellence and the Vice Provost for Student Affairs and include implementing a student bias response program, purchasing "Maxient" software to document bias incidents, more vigorously investigating of EEO and Title IX complaints, implementing a two hour in-person "sexual harassment and bias prevention training for new employees (includes faculty), professional development for faculty and staff, and the recent hiring of diversity trainers.</p> | <p><u>Likelihood score is 3</u></p> <p>Inclusive excellence events are already occurring on campus and are planned over the next year.</p> | <p><u>Overall score is 9</u></p> |

Key Terms

- **Impact (consequences):** Outcome of an event affecting objectives, either positively or negatively. Can be certain or uncertain; can be expressed qualitatively or quantitatively. An event can lead to a range of consequences, and initial consequences can escalate through knock-on effects.
- **Likelihood:** The chance that something will happen – whether defined, measured, or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically
- **Probability:** Measure of the chance of occurrence expressed as a number between 0 and 1
- **Risk/opportunity analysis:** Process to comprehend the nature of risk or opportunity and to determine the level of a risk or opportunity; provides the basis for risk/opportunity evaluation and decisions about response.
- **Control:** Any process, policy, device, practice, or other action that modifies risk or opportunity

Table 1: Risk Categories

| Category* | Description |
|------------------------------------|--|
| Compliance & Privacy | Risks or opportunities related to violations of federal, state or local law, regulation, or University policy, that creates exposure to fines, penalties, lawsuits, reduced future funding, imposed compliance settlements, agency scrutiny, injury, etc. |
| Financial | Risks or opportunities related to physical assets or financial resources, such as: tuition government support, gifts, research funding, endowment, budget, accounting and reporting, investments, credit rating, fraud, cash management, insurance, audit, financial exigency plan, long-term debt, deferred maintenance |
| Hazard, Safety, or Legal Liability | Risks or opportunities related to legal liability (negligence), injury, damage, or health and safety of the campus population or the environment, including impacts caused by accidental or unintentional acts, errors or omissions, and external events such as natural disasters. |
| Human Capital | Risks or opportunities related to investing in, maintaining, and supporting a quality workforce, such as: recruitment, retention, morale, compensation & benefits, change management, workforce knowledge, skills, and abilities, unionization, employment practices |
| Operational | Risks or opportunities related to management of day-to-day University programs, processes, activities, and facilities, and the effective, efficient, and prudent use of the University’s resources. |
| Strategic | Impacts related to UVM's ability to achieve its strategic goals and objectives, including competitive market risks, and risks related to mission, mission, values, strategic goals; diversity; academic quality; research; student experience; business model; market positioning; enrollment management; ethical conduct; accreditation |
| Reputational | Needs work |

*Note: UVM recognizes that many institutions of higher education use another category: “reputational risk.” In UVM’s view, however, a significant event in any of the above risk categories has the potential to impact the institution’s reputation. UVM therefore does not classify reputational risks separately, and instead considers reputational impacts in its risk assessment (see Tables 3 and 4 below).

Table 2: Risk Likelihood Scale

| Score | Category Name | Likelihood |
|-------|-----------------|---|
| 1 | Low/Remote | Unlikely or rare; could occur at some time in the next 6-10 years |
| 2 | Medium/Possible | Likely to occur at some time in the next 1-5 years |
| 3 | High/Probable | Very will likely occur in the next year, or is already occurring |

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Table 3: Risk Impact Scale

| Impact Score | Short Description | Human Capital | Hazard/Safety/Legal Liability | Financial | Operational | Compliance | Strategic | Reputational |
|--------------|-------------------|--|--|---|---|--|--|--|
| 1 | Minor | <ul style="list-style-type: none"> Affects <5% of employees No collective bargaining impacts No impact on recruitment or retention | <ul style="list-style-type: none"> Minor injury Minor legal liability exposure Minor, reparable environmental damage | <ul style="list-style-type: none"> Annual loss of <\$1 million in current fiscal year 5-year cumulative liability/obligation <\$10 million | <ul style="list-style-type: none"> No disruption of critical operations and services 1-2 day disruption of a department Minor impact on efficiency, client/student programs and services, environmental sustainability, or infrastructure No effect on leadership effectiveness | <ul style="list-style-type: none"> Minor audit findings Minor fines | Slows progress on one UVM strategic goal | <ul style="list-style-type: none"> Limited negative publicity No effect on UVM reputation/image |
| 2 | Moderate | <ul style="list-style-type: none"> Affects 5-10% of employees Collective bargaining required <5% employee turnover | <ul style="list-style-type: none"> Moderate injury Self-insured workers’ compensation injury/exposure possible Moderate legal liability exposure Moderate, reparable environmental damage | <ul style="list-style-type: none"> Annual loss of \$1>\$5 million in current fiscal year 5-year cumulative liability/obligation \$10<50 million | <ul style="list-style-type: none"> 3- to 5-day disruption of several departments or one critical service Moderate impact on efficiency, client/student programs and services, environmental sustainability, or infrastructure Moderate effect on leadership effectiveness | <ul style="list-style-type: none"> Moderate audit findings Moderate fines Short-term agency scrutiny | Slows progress on more than one UVM strategic goal | <ul style="list-style-type: none"> Local/regional negative publicity Minor, short-term effect on UVM reputation/image |
| 3 | Substantial | <ul style="list-style-type: none"> Affects 11-25% of employees Collective bargaining required 6-9% employee turnover | <ul style="list-style-type: none"> Substantial injury Self-insured workers’ compensation injury/exposure possible Substantial legal liability exposure Substantial environmental damage requiring mitigation | <ul style="list-style-type: none"> Annual loss of \$5>\$10 million in current fiscal year 5-year cumulative liability/obligation \$50<100 million | <ul style="list-style-type: none"> 6- to 10-day disruption of a College, School, or Division or several critical services Substantial impact on efficiency, client/student programs and services, environmental sustainability, or infrastructure Substantial impact on leadership effectiveness | <ul style="list-style-type: none"> Audit findings requiring programmatic changes Moderate-term agency scrutiny Enforcement action likely | Stops progress of one UVM strategic goal | <ul style="list-style-type: none"> Local/regional negative publicity Pressure for UVM to control the message Moderate damage to UVM’s reputation/image |
| 4 | Serious | <ul style="list-style-type: none"> Affects 26-50% of employees Collective bargaining required 10-15% employee turnover | <ul style="list-style-type: none"> Serious injury Self-insured workers’ compensation injury/exposure Serious legal liability exposure Environmental damage eligible for EPA National Priorities List | <ul style="list-style-type: none"> Annual loss of \$10>\$25 million in current fiscal year 5-year cumulative liability/obligation \$100<150 million | <ul style="list-style-type: none"> 10- to 14-day disruption of 2 or more Colleges, Schools, or Divisions or three or more critical services Serious impact on efficiency, client/student programs and services, environmental sustainability, or infrastructure Serious effect on leadership effectiveness | <ul style="list-style-type: none"> Principal investigator debarred Program funds rescinded Long-term agency scrutiny Enforcement action likely | Stops progress on more than one UVM strategic goal | <ul style="list-style-type: none"> National negative publicity Intense pressure for UVM to control the message Significant damage to UVM’s reputation/image |
| 5 | Severe | <ul style="list-style-type: none"> Affects 51-75% of employees Collective bargaining required 16-24% employee turnover | <ul style="list-style-type: none"> Severe injury or death Self-insured workers’ compensation injury/exposure Severe legal liability exposure Severe environmental damage eligible for EPA National Priorities List | <ul style="list-style-type: none"> Annual loss of \$25>\$100 million in current fiscal year 5-year cumulative liability/obligation \$150<250 million | <ul style="list-style-type: none"> 14-day to 3-month disruption of 2 or more Colleges, Schools, or Divisions or most critical services Severe impact on efficiency, client/student programs and services, environmental sustainability, or infrastructure Severe effect on leadership effectiveness | <ul style="list-style-type: none"> Imposed settlement or corporate integrity agreement Organizational criminal prosecution Record financial judgment | Reverses progress on one or more UVM strategic goals | <ul style="list-style-type: none"> National negative publicity UVM cannot control the message Severe, long-term damage to UVM’s reputation/image |
| 6 | Business-Critical | <ul style="list-style-type: none"> Affects >75% of employees Collective bargaining required >25% employee turnover | <ul style="list-style-type: none"> Business-critical injury or death Critical legal liability exposure Major, irreparable environmental damage | <ul style="list-style-type: none"> Annual loss of >\$100 million in current fiscal year 5-year cumulative liability/obligation >\$250 million Insolvency | <ul style="list-style-type: none"> UVM shutdown >3 months Insolvency Leadership failure results in long-term damage to the institution | <ul style="list-style-type: none"> Threatens viability of UVM or its research mission Loss of all federal research or Title IV funds | University strategic plan failure | <ul style="list-style-type: none"> Negative publicity could permanently impair UVM’s image/reputation Significant decrease in enrollment or research funding |

Table 4: Opportunity Impact Scale

| Impact Score | Short Description | Strategic | Reputational | Enrollment Management & Student Success | Financial | Operational |
|---------------------|--------------------------|---|--|--|---|--|
| 1 | Minor | <ul style="list-style-type: none"> Minor alignment with UVM vision and mission Minor contribution to competitive advantage or long-term viability Minor progress on one strategic goal | <ul style="list-style-type: none"> Limited, local positive publicity No lasting effect on UVM reputation/image | <ul style="list-style-type: none"> Minor improvement in recruitment, retention, completion, or student satisfaction with UVM experience | <ul style="list-style-type: none"> Annual savings or new net revenue <\$1 million* | <ul style="list-style-type: none"> Minor improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |
| 2 | Moderate | <ul style="list-style-type: none"> Moderate alignment with UVM vision and mission Moderate contribution to competitive advantage or long-term viability Minor progress on more than one strategic goal | <ul style="list-style-type: none"> Positive local/regional publicity Minor, short-term effect on UVM reputation/image | <ul style="list-style-type: none"> Moderate improvement in recruitment, retention, completion, or student satisfaction with UVM experience | <ul style="list-style-type: none"> Annual savings or new net revenue of \$1>\$5 million* | <ul style="list-style-type: none"> Moderate improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |
| 3 | Substantial | <ul style="list-style-type: none"> Substantial alignment with UVM vision and mission Substantial contribution to competitive advantage or long-term viability Major progress on one strategic goal | <ul style="list-style-type: none"> Positive publicity and external recognition Moderate, short-term improvement to UVM’s reputation/image Positive effect on UVM’s academic, environmental, or research reputation | <ul style="list-style-type: none"> Substantial improvement in recruitment, retention, completion, or student satisfaction with UVM experience | <ul style="list-style-type: none"> Annual savings or new net revenue of \$5>\$10 million* | <ul style="list-style-type: none"> Substantial improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |
| 4 | Serious | <ul style="list-style-type: none"> Overall alignment with UVM vision and mission Significant contribution to competitive advantage or long-term viability Major progress on more than one strategic goal | <ul style="list-style-type: none"> Positive national publicity or external recognition Significant, lasting improvement of UVM’s reputation/image Positive effect on UVM’s academic, environmental, or research reputation | <ul style="list-style-type: none"> Significant improvement in recruitment, retention, completion, or student satisfaction with UVM experience | <ul style="list-style-type: none"> Annual savings or new net revenue of \$10>\$25 million* | <ul style="list-style-type: none"> Serious improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |
| 5 | Major | <ul style="list-style-type: none"> Complete alignment with UVM vision and mission Major contribution to competitive advantage or long-term viability Accelerates progress on one or more strategic goals | <ul style="list-style-type: none"> Positive national publicity or external recognition Long-term enhancement of UVM’s academic, environmental, or research reputation | <ul style="list-style-type: none"> Major improvement in recruitment, retention, completion, or student satisfaction with UVM experience | <ul style="list-style-type: none"> Annual savings or new net revenue of \$25>\$100 million* | <ul style="list-style-type: none"> Major improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |
| 6 | Transformative | <ul style="list-style-type: none"> Complete alignment with UVM vision and mission Definitively enhances competitive advantage or long-term viability Fulfills strategic plan | <ul style="list-style-type: none"> Positive national publicity and external recognition Permanent enhancement of UVM’s academic, environmental, or research reputation Results in a significant increase in enrollment, student academic quality, and/or research funding | <ul style="list-style-type: none"> Meets or exceeds recruitment, retention, completion, or student satisfaction with UVM experience goals | <ul style="list-style-type: none"> Annual savings or new net revenue of >\$100 million* | <ul style="list-style-type: none"> Transformative improvements in efficiency, client/student programs and services, environmental sustainability, or infrastructure |

*Based on final-year projected savings or net revenue projections for multi-year initiatives

Table 5: Opportunity Likelihood Scale

| Score | Category Name | Likelihood | Indicators |
|-------|-----------------|---|--|
| 1 | Low/Remote | Some chance of favorable outcome in 4 or more years | Possible opportunity that has yet to be fully investigated by management. Likelihood of success is low on the basis of management resources currently being applied. |
| 2 | Medium/Possible | Reasonable prospects of favorable results in 1 to 3 years | Opportunity that may be achievable but that requires careful management. Opportunity that may arise over and above the plan. |
| 3 | High/Probable | Favorable outcome is likely to be achieved in 1 year | Clear opportunity that can be relied upon with reasonable certainty to be achieved in the short-term based on current management processes. |

Steps 4 and 5: Risk/Opportunity Evaluation & Response

The purpose of the evaluation and response steps is to decide, based on the results of your analysis, which risks and opportunities require a response and what your recommended response will be.

Things to Keep in Mind

- Each risk or opportunity’s risk score (the product of impact X likelihood) will determine where it falls on UVM’s risk and opportunity “heat map” (**Figure 2**) and what level of institutional review each risk or opportunity will receive.
- Risk/opportunity response is a cyclical process of assessing the response, determining whether residual risk levels (after response) are acceptable, developing a new response if necessary, and assessing the response again.
- There are several standard options for risk/opportunity response, but they are not mutually exclusive; they can be used in combination.
- A decision can be to not respond to the risk or opportunity other than maintaining existing management or control activities.
- Consider the values of expectations of stakeholders in developing a response.
- Consider whether some responses are not economically justifiable (e.g., an expensive response for a high impact but low likelihood risk).
- Responding to risks or opportunities can itself introduce risks. Consider how your response plan will deal with any secondary risks.

Steps to Follow

1. Consider the overall results of your risk/opportunity analysis, especially your rating of the risk or opportunity’s impact and likelihood and the resulting risk score.
2. Consult the “heat map” shown in Figure 2 to see where your risks and opportunities will fall and what level of institutional review they will require based on their risk score.

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3. Consider which risk or opportunity response (**column I**) options you will use to manage this risk: accept/ignore, avoid/exploit, mitigate/enhance, or share.
4. Consider what steps you will take to respond to each risk or opportunity.
5. Consider any costs or special resource needs associated with your response.
6. Consider how long it would take to fully implement your response.

Column I

| Proposed Risk/ Opportunity Response |
|---|
| Enhance. Resource and implement the "DRAFT" plan, "A Framework for Building a More Diverse, Inclusive, and Multiculturally Competent Campus" dated November 19, 2015. This would need to include appropriate change management and communication strategies that would increase the plan's success. Also central to the plan's success is the requirement and commitment from each college, school, division, department, unit, center, and program to develop action plans that incorporate the plan's framework including its 4 pillars (academics, community, environment and operations), areas of systemic engagement, and strategic priorities identified as emerging needs or concerns as they come to light going forward. |

Steps 6 and 7

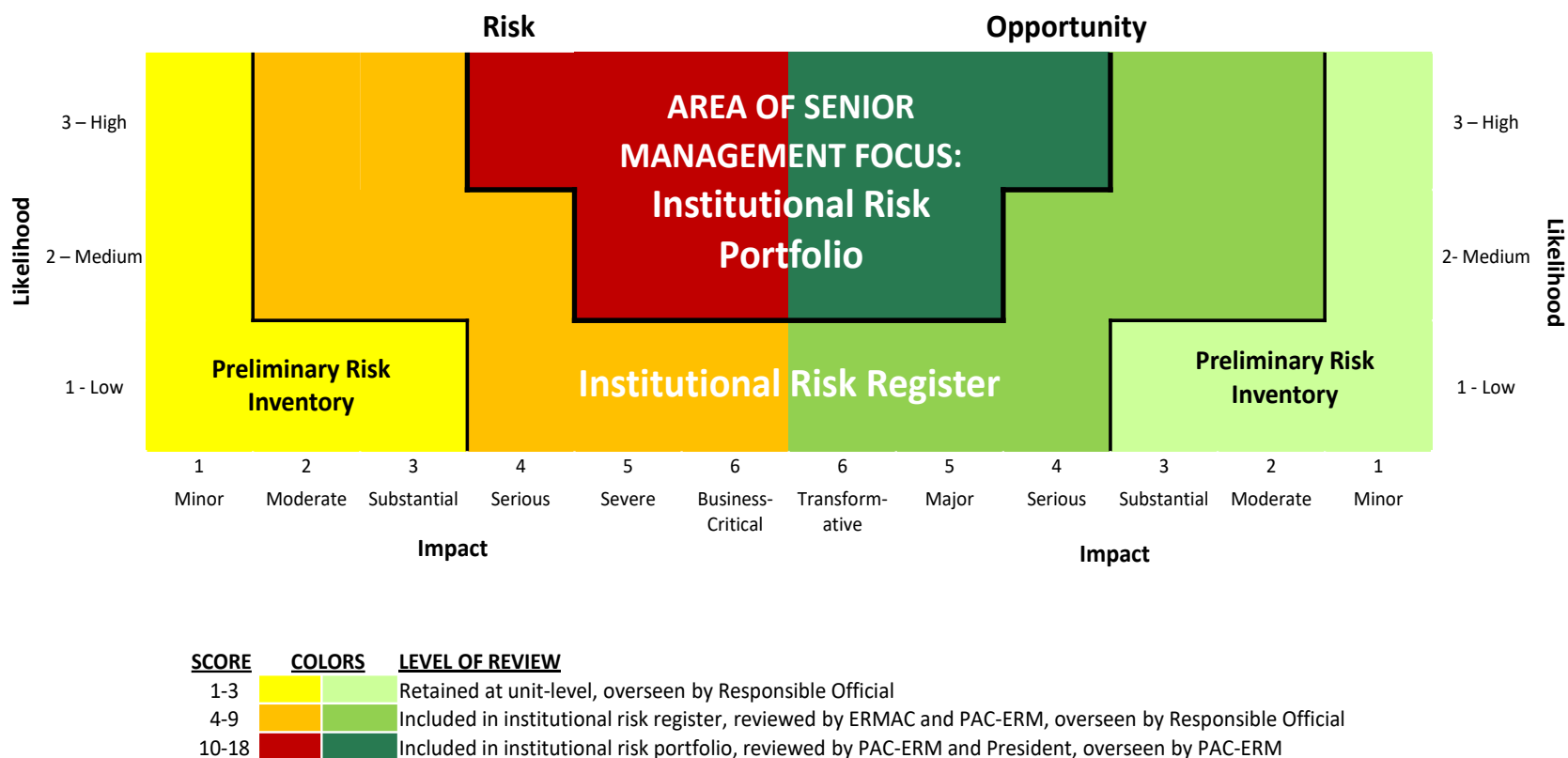
Key Terms

- **Opportunity response (treatment):** Process to modify or respond to an opportunity. Opportunity response can involve one or a combination of: enhancement, exploitation, ignoring, or sharing.
- **Enhance:** The opportunity equivalent of “mitigating” a risk is to *enhance* the opportunity. Enhancing seeks to increase the probability and/or the impact of the opportunity in order to maximize the benefit to the project.
- **Exploit:** Parallels the “avoid” response, where the general approach is to eliminate uncertainty. For opportunities, the “exploit” strategy seeks to make the opportunity definitely happen (i.e. increase probability to 100%). Aggressive measures are taken which seek to ensure that the benefits from this opportunity are realized by the project.
- **Ignore:** Just as the “acceptance” strategy takes no active measures to deal with a residual risk, opportunities can be *ignored*, adopting a reactive approach without taking explicit actions.
- **Sharing (transfer), opportunity:** The “share” strategy for opportunities seeks a partner able to manage the opportunity who can maximize the chance of it happening and/or increase the potential benefits. This will involve sharing any upside in the same way as risk transfer involves passing penalties.
- **Risk response (treatment):** Process to modify or respond to a risk. Risk response can involve one or a combination of: acceptance, avoidance, mitigation, or sharing.
- **Accept:** Form of risk response, an informed decision to tolerate or take on a particular risk
- **Avoid:** Form of risk response, an informed decision not to be involved in, or to withdraw from, an activity, in order not to be exposed to a particular risk.
- **Mitigate:** Form of risk response involving actions designed to reduce a risk or its consequences.

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- **Sharing (transfer), risk:** Form of risk response, involving contractual risk transfer to other parties, including insurance. **Risk financing:** Form of risk sharing, involving contingent arrangements for the provision of funds to meet or modify the financial consequences should they occur
- **Risk/opportunity response plan:** Plan to implement chosen risk or opportunity response.
- **Risk/opportunity criteria:** Terms of reference against which the significance of a risk or opportunity is evaluated.
- **Risk/opportunity evaluation:** Process of comparing the results of risk/opportunity analysis with criteria to determine whether the risk/opportunity and/or its magnitude is acceptable. Use of a tool/system to rate and/or prioritize a series of risks or opportunities.

Figure 2: Risk & Opportunity Heat Map



Appendix A. Blank “Risk Assessment Worksheet”

| Title: _____ Risk Assessment DRAFT | | | | | | | | |
|------------------------------------|--------------------------------|-------------------------|-----------------------|---------------------------------|--|--|--|---|
| A. Risk Name | B. Risk/ opportunity statement | C. Responsible Official | D Risk or Opportunity | E. Risk or Opportunity Category | F. Impact Score and Analysis (determine the impact(s) on the organization's mission, goals and competitiveness and existing mitigation efforts already in place) | G. Likelihood Score and Analysis (Determine the likelihood a risk event could occur) | H. Overall score (multiply the impact and likelihood scores to come up with the overall score) | I. Recommended response (additional mitigation) |
| | | | | | | - | | |
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Appendix B Management Response Plan (MRP) Template and Instructions

General Instructions:

To develop and maintain a consistent level of MRP development, maintenance and reporting, a blank MRP template, MRP instructions and MRP example have been developed and are provided here. Responsible Officials (RO)’s should use the template and instructions to prepare, maintain and report on their portfolio-level MRPs.

BLANK MRP TEMPLATE

No. __, Risk-Opportunity Name _____ Mngt Response Plan (MRP), Responsible Official Name _____

| | | | | | | | | |
|--|---|-----------------------------|----------|-------|--|---------|---------|-------|
| 1. Date MRP Prepared/Updated | | | | | | | | |
| 2. Risk/Oppty Name | | | | | | | | |
| 3. Risk/Oppty Statement | | | | | | | | |
| 4. Responsible Official | | | | | | | | |
| 5. Is this a Risk or Opportunity? | | 6. Risk or Opport. Category | | | | | | |
| 7. Describe the impact this risk or opportunity could have/has on UVM’s mission, Strategic Action Plan (SAP), competitiveness and/or reputation. | | | | | 8. Describe the likelihood it will occur. | | | |
| 9. Impact Score | | | | | 10. Likelihood Score | | | |
| 11. Management Response Plan | Risk Response (check most applicable one) | | | | Opportunity Response (check most applicable one) | | | |
| | Accept | Transfer | Mitigate | Avoid | Ignore | Exploit | Enhance | Share |
| | | | | | | | | |
| 12. Describe management’s actions to date | | | | | | | | |
| 13. Describe management’s plan going | | | | | | | | |

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| | | | | | |
|--|------------------|--|--------------------------------|-----------|--|
| forward | | | | | |
| 14. Describe any key dependencies (what critical actions must occur to ensure management’s response will be successful?) | | | | | |
| 15. Target year MRP will be completed | | | | | |
| 16. Management Response Plan Status | On track | | 17. Last Presentation to Board | Date | |
| | Needs attention | | | Committee | |
| | | | | Presenter | |
| 18. Responsible Official’s Board Presentation Plan | Annually | | 19. Next Presentation to Board | Date | |
| | Semi-annually | | | Committee | |
| | Other (describe) | | | Presenter | |
| 20. Estimated Residual risk (after mitigation strategy has been implemented) | | | | | |
| 21. Additional comments | | | | | |

MRP was prepared on:

MRP was revised on:

MRP INSTRUCTIONS

Purpose of the management response plan (MRP): Describe UVM’s chosen response to a particular risk or opportunity that is negatively or positively impacting or could impact the University’s objectives.

Definitions:

1. **Residual risk:** the risk that will remain (or be retained) even after the management response plan is fully implemented.
2. **Risk/Opportunity response:** Process to modify or respond to a risk or opportunity to support organizational objectives with the general goal of reducing uncertainty. Risk response can involve one or a combination of: acceptance, avoidance, mitigation, sharing, or transfer to a third party; opportunity response can involve one or a combination of: enhancement, exploitation, ignoring, sharing, or transfer to a third party, as shown below:

| Risk Responses | Opportunity Responses |
|---|---|
| Accept: An informed decision to tolerate or take on a particular risk. Take no active measures. | Ignore: An informed decision to take no active measures regarding an opportunity. |
| Avoid: An informed decision not to be involved in, or to withdraw from, an activity, in order not to be exposed to a particular risk. Eliminates uncertainty. | Exploit: An informed decision to make an opportunity definitely happen (i.e., increase probability to 100%). Aggressive measures are taken which seek to ensure that the benefits from this opportunity are realized by the project. |
| Mitigate: Take actions designed to reduce either the likelihood and/or impacts (consequences) of a risk. | Enhance: Take actions designed to increase the likelihood and/or impacts (consequences) of an opportunity. |
| Sharing (transfer): Contractual risk transfer to other parties, including insurance. Risk financing: Form of risk sharing, involving contingent arrangements for the provision of funds to meet or modify the financial consequences should they occur. | Sharing (transfer), opportunity: Seek a partner able to manage the opportunity that can maximize the chance of it happening and/or increase the potential benefits. Involves sharing any upside. |

3. **Management response plan (MRP):** A plan used to implement and communicate the chosen risk or opportunity response.

Detailed Instructions:

Header No. __, Risk-Opportunity Name _ Management Response Plan (MRP), Responsible Official Name_

The header information is provided by the CRO. He/she creates the initial DRAFT MRP and fills in information about the risk or opportunity from interview notes and/or the preliminary risk inventory. The CRO assigns a MRP No., and names the risk or opportunity, the RO’s name should include first and last name.

- Line 1. List the date the management plan was originally prepared or the date of this report.
 Line 2. List the Risk/Opportunity Name from UVM’s risk-opportunity portfolio

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- Line 3. Insert the Risk/Opportunity Statement from UVM’s risk-opportunity portfolio; only modify the statement if it helps clarity.
Line 4. List the name of the Responsible Official from UVM’s risk-opportunity portfolio
Line 5. State whether this is a Risk or an Opportunity (from UVM’s risk-opportunity portfolio)
Line 6. List the risk or opportunity category from UVM’s risk-opportunity portfolio, categories include:

Risk categories:

- Human Capital,
- Hazard/Safety/Legal Liability,
- Financial,
- Operational,
- Compliance,
- Strategic, and
- Reputational.

Opportunity categories:

- Strategic,
- Reputational,
- Enrollment Management and Student Success,
- Financial,
- Operational.

Lines 7 & 9. Describe current Impact (line 7); score the current impact as either [high, medium or low] (line 9)
Lines 8 & 10. Describe current likelihood (line 8); score current likelihood as either [high, medium or low] (line 10) from UVM’s risk-opportunity portfolio

- Line 11. For a risk, place an “X” in the box that corresponds with your planned risk response; for an opportunity, place an “X” in the box that corresponds with your planned opportunity response (SEE Risk Response or Opportunity Response choices in the box above).
- Line 12. Briefly describe management’s actions to date.
- Line 13. Briefly describe management’s plan going forward.
- Line 14. Briefly describe any key dependencies (what critical actions must occur to ensure management’s response will be successful).
- Line 15. Give the estimated target year your MRP will be completed.
- Line 16. Place an “X” in the box that best describes the current status of your plan’s implementation.
- On track or
 - Needs attention
- Line 17. Give the date, Board committee, and name of the presenter for the last Board of Trustees presentation on this topic (if any).
- Line 18. Place an “X” in the box that best describes the Responsible Official’s Board Presentation plan.
- Annually,
 - Semi-annually,
 - Other (if other, describe i.e., quarterly, monthly, etc.)
- Line 19. Give the date, Board committee, and name of the presenter for the next BOT presentation on this topic (if there is one).
- Line 20. Describe any residual (any remaining risk after the MRP has been implemented) risk that remains.
- Line 21. Please add additional comments here.

Please include below a permanent record of:

- Date the MRP was originally created: Give the original date the MRP was prepared.
- Date the MRP was revised on: Give the date the MRP was updated.
- Dates of subsequent MRP revisions: List each on its own separate line