



Guide to Risk Assessment & Response

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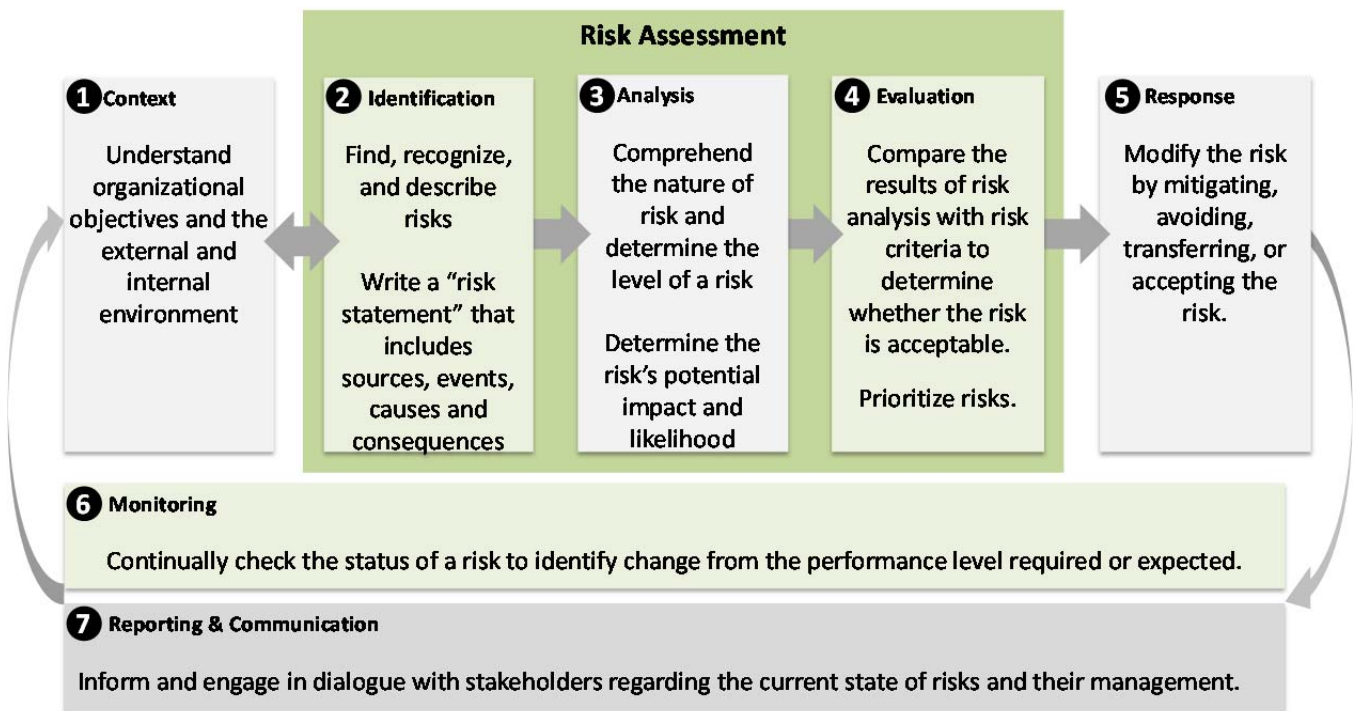
“Enterprise risk management is a structured, consistent, and continuous process across the whole organization for identifying, assessing, deciding on responses to, and reporting on opportunities and threats that affect the achievement of its objectives” (Institute of Internal Auditors, 2009).

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” and “downside” risk, and considering risk in the context of strategy is what differentiates “ERM” from ‘traditional’ risk management.

This Guide to Risk Assessment & Response deals with the first steps 1 through 5 of the risk management process shown in Figure 1: establishing the context, and identifying, analyzing, evaluating, and responding to risks and opportunities that could affect the institution or a department’s ability to achieve its strategic goals and objectives. The context and the risk assessment steps form the basis for decision-making about which risks or opportunities are priorities, what the appropriate response should be, and how resources should be allocated to manage the risk or opportunity in a way that best supports the organization’s strategy. The risk response step involves deciding on and planning for the best way to “treat” or modify the risk, and implementing that plan.

Figure 1: The Risk Management Process



Any individual at any level of the institution may use this guide to assess and plan responses to risks and opportunities in their area. For the most part, however, risk assessments at UVM will be conducted along three primary pathways:

- 1) As part of UVM's annual ERM process, "responsible officials" (deans, vice presidents, directors, or other senior officials designated as responsible for a risk) will be asked to identify and assess the *institutional-level* risks and opportunities for which they are responsible.
- 2) UVM senior management or trustees may choose to conduct a risk assessment of a planned, institutional, strategic initiative to inform decision-making.
- 3) Vice presidents, deans, directors, or other senior officials may, at their option, conduct a risk assessment for their area that considers college-, school-, division-, or department-level risks in addition to institutional-level issues.

Results of all risk assessments and response plans are collected by ERM staff in the Office of the Vice President of Finance & Administration (UVM's Chief Risk Officer) and entered in the University's risk database to facilitate monitoring and reporting.

Tools and Resources

As you follow this Guide, you will capture the results of your risk assessment and response planning in a Microsoft Excel workbook. The workbook has multiple worksheets that correspond to the steps of the risk management process, and allows the results to be easily entered into UVM's risk database.

The ERM program staff are a resource for responsible officials and their staff, available to conduct facilitated risk assessment workshops and other educational/training sessions as well as to review and offer feedback on completed risk assessments.

Step 1: Establish the Context

The purpose of establishing the context for risk assessment is to set the stage for risk 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 risk.

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 1: Establish the Context

College, School, or Division	Finance_and_Enterprise_Services_Division_of
Department/Unit (if applicable):	
Date:	5/9/2012
Person(s) completing this risk	Al Turgeon
UVM Strategic Goals & Objectives your Department supports or relates to:	<p>Diversity: Build a diverse and globally aware university community sustained by an inclusive, supportive, and just campus climate.</p> <p>Academic Programs: Ensure that the resources, facilities, and support programs are available and policies and procedures are in place to attract, recruit, and retain the very best scholars to UVM.</p> <p>Scholarship: Continue to make focused investments in infrastructure and technology that support research, scholarship, and the creative arts.</p> <p>Institutional Efficacy: As an institution, model the highest standard of ethical conduct, accountability and best practice, public service, and strong commitment to lifelong learning.</p>
Strategic goals/objectives for your College/School/Division/Department	See DFES Strategy Map at: http://www.uvm.edu/~dfes/?Page=strategymap.html&SM=bscmenu.html
Key initiatives for your College, School, Division, or Department:	Support Strategic Initiatives Project proposals approved for implementation.
Critical functions for your College, School, Division, or Department:	Provide enterprise-wide administrative services to UVM students, faculty, and staff; manage UVM's resources for long-term institutional sustainability.

In the Risk Assessment & Response Worksheet: Tab 1-Context

1. Open the worksheet in Microsoft Excel. You should be on the "1-Context" tab.
2. Save the workbook with a unique name identifying your unit.
3. Fill out the "Unit Information," choosing your College, School, or Division from the drop-down menu.
4. Note which of the University's five strategic goals your College, School, Division, or department best supports.
5. Note your College, School, Division, or department's strategic goals or objectives.
6. Note any key initiatives your College, School, Division, or department has planned or underway.
7. Note your College, School, Division, or department's critical functions or activities.
8. Go to the next Tab "2- Identification."

Step 2: Risk Identification

The purpose of the risk identification step is to “generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate, or delay the achievement of 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 your area?
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 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.
3. Write a brief “risk statement” 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 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

4. Consider whether each issue is, overall, a risk or an opportunity.
5. Consider which University strategic goal and objective each risk or opportunity affects or is most closely related to.
6. Consider which University Strategic Initiatives Project areas, if any, each risk or opportunity affects or is most closely related to.
7. Consider other strategic goals or initiatives for your Division, College, School, or department that this risk or opportunity affects.
8. Identify the responsible official for each risk or opportunity. This is the individual at UVM with the accountability and authority to manage the issue.

Other Tools and Techniques

- Appendix B-Potential Risk Areas for Higher Education, lists common risk areas by major university function.
- Other identification techniques or potential sources of risks and opportunities:
 - Brainstorming
 - Questionnaires
 - Studies
 - Industry benchmarking
 - Scenario analysis
 - Incident investigation
 - Audits or Inspections

Key Terms

- **Risk:** 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.
- **Risk identification:** Process of finding, recognizing, and describing risks.
- **Risk statement (description):** Structured statement of risk usually containing four elements: sources, events, causes, and impacts/consequences.
- **Source (of risk):** Element or circumstance which alone or in combination has the intrinsic potential to give rise to risk. 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 escalate through knock-on effects.
- **Responsible official (risk owner):** Person or entity with the accountability and authority to manage a risk.

Step 2 - Risk & Opportunity Identification

Risk or Opportunity Name	Risk or Opportunity Statement	UVM Strategic Goal Affected	UVM Strategic Initiatives Project Areas	Department Goals, Initiatives, or Functions Affected [Optional]	Responsible Official
Short name or title of risk or opportunity	Brief statement that includes sources, events, causes, and impacts of the risk or opportunity.	UVM strategic goal that this risk or opportunity affects <i>(choose from drop-down list)</i>	SIP Sub-Team to which this risk/opportunity is most closely related <i>(choose from drop-down list)</i>	<i>College, School, Division, or Department goals, objectives, or initiatives that this risk or opportunity affects</i>	Person or entity with the accountability and authority to manage this risk or opportunity
EXAMPLE -- Lab safety-- EXAMPLE	Lab safety training and compliance needs improvement	5) Institutional Efficacy: As an institution, model the highest standard of ethical conduct, accountability and best practice, public service, and strong commitment to lifelong learning.	None or N/A	C6-Provide a safe, healthy environment	Richard Cate, VPFA

In the Excel Risk Worksheet: Tab 2-Identification

1. Enter your Risk Names and Risk Statements in columns A and B.
2. Choose the UVM strategic goal that each risk or opportunity affects from the drop-down list in column C.
3. Choose the UVM Strategic Initiatives Project (SIP) areas that each risk or opportunity affects from the drop-down in list in column D.
4. Indicate any other strategic goals or initiatives affected by each risk or opportunity in column E.
5. Enter the Responsible Official for each risk or opportunity in column F.

Step 3: Risk Analysis

The purpose of the risk 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 which institutional risk “category” best fits each risk or opportunity: compliance and privacy, financial, health/safety/legal liability, human capital, operations, operational, or strategic. (See Table 1, Risk Categories below.)
2. Consider the potential impact of each risk or opportunity by using the risk and opportunity impact scales shown in Table 2 and 3. 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. (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.)
3. Consider the likelihood that each risk or opportunity will occur by using the likelihood scales shown in Tables 4 and 5.
4. The impact and likelihood scores will be multiplied to produce an initial risk score for each risk or opportunity.
5. *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.*

Other Tools and Techniques

- Business continuity planning
- Business impact analysis
- Business, political, economic, social, technological (BPEST) analysis
- Decision taken under risk and uncertainty
- Dependency modeling
- Event tree analysis
- Failure mode and effect analysis (FMEA)
- Fault tree analysis
- Market surveys, prospecting
- Measures of central tendency and dispersion
- Political, economic, social, technical, legal and environmental (PESTLE) analysis

- Real option modeling
- Research and development
- Statistical inference
- SWOT analysis
- Test marketing
- Threat analysis

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 analysis:** Process to comprehend the nature of risk and to determine the level of a risk; provides the basis for risk evaluation and decisions about risk response.
- **Risk control:** Any process, policy, device, practice, or other action that modifies risk

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

*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 2 and 3 below).

Table 2: 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 3: 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 4: 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% chance of occurrence
2	Medium/Possible	Likely to occur at some time in the next 1-5 years; 2%<25% chance of occurrence
3	High/Probable	Very will likely occur in the next year, or is already occurring; >25% chance of occurrence

Table 5: Opportunity Likelihood Scale

Score	Category Name	Likelihood	Indicators
1	Low/Remote	Some chance of favorable outcome in 4 or more years; <25% chance of occurrence	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; 25%-75% chance of occurrence	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; >75% chance of occurrence	Clear opportunity that can be relied upon with reasonable certainty to be achieved in the short-term based on current management processes.

Step 3 - Risk & Opportunity Analysis

Risk or Opportunity Name	Risk Category	Nature	Impact Score	Likelihood Score	Initial Risk Score	Notes re: Rationale for Scoring and Factors Considered
<i>Auto-filled from previous worksheet</i>	Strategic, Compliance, Financial, Operational, Hazard/Safety/Legal Liability, or Human Capital? <i>[Choose from drop-down menu]</i>	Overall, does this issue present more Risk or Opportunity for UVM? <i>[Choose from drop-down menu]</i>	Rate on a scale of 1-6, based on existing controls and conditions <i>[Choose from drop-down list]</i>	Rate on a scale of 1-3, based on existing controls and conditions <i>[Choose from drop-down list]</i>	Impact Score x Likelihood Score <i>[Auto-calculated]</i>	<ul style="list-style-type: none"> * <i>Reasons for choosing the impact and likelihood scores</i> * <i>Stakeholders who care or would be impacted by this issue and their expectations for how it should be managed</i> * <i>Current actions or controls in place to manage this risk or opportunity</i> * <i>Past experiences of loss or gain related to this risk or opportunity</i>
EXAMPLE -- Lab safety-- EXAMPLE	Hazard, Safety, Legal Liability	Risk	4 - Serious	3 – High/Probable	12	Could result in serious injury (impact=4-Serious). Risk is already occurring (likelihood=3-High/Probable).

In the Excel Risk Worksheet: Tab 3-Analysis

1. Your Risk or Opportunity Names have been carried forward for your reference in column A.
2. Choose the best Risk Category for this risk or opportunity from the drop-down menu in column B.
3. Use the drop-down menu in column C to choose whether this issue overall presents more risk or opportunity to UVM.
4. Rate the impact of the risk or opportunity on a scale of 1-6 using the drop-down menu in column D.
5. Rate the likelihood of the risk or opportunity on a scale of 1-3 using the drop-down menu in column E.
6. The initial risk/opportunity score will be calculated for you in column F.

Steps 4 and 5: Risk Evaluation & Response

The purpose of the risk evaluation and response steps is to decide, based on the results of your risk 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 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 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 risk 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 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.
3. Consider which risk or opportunity response 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.

Key Terms

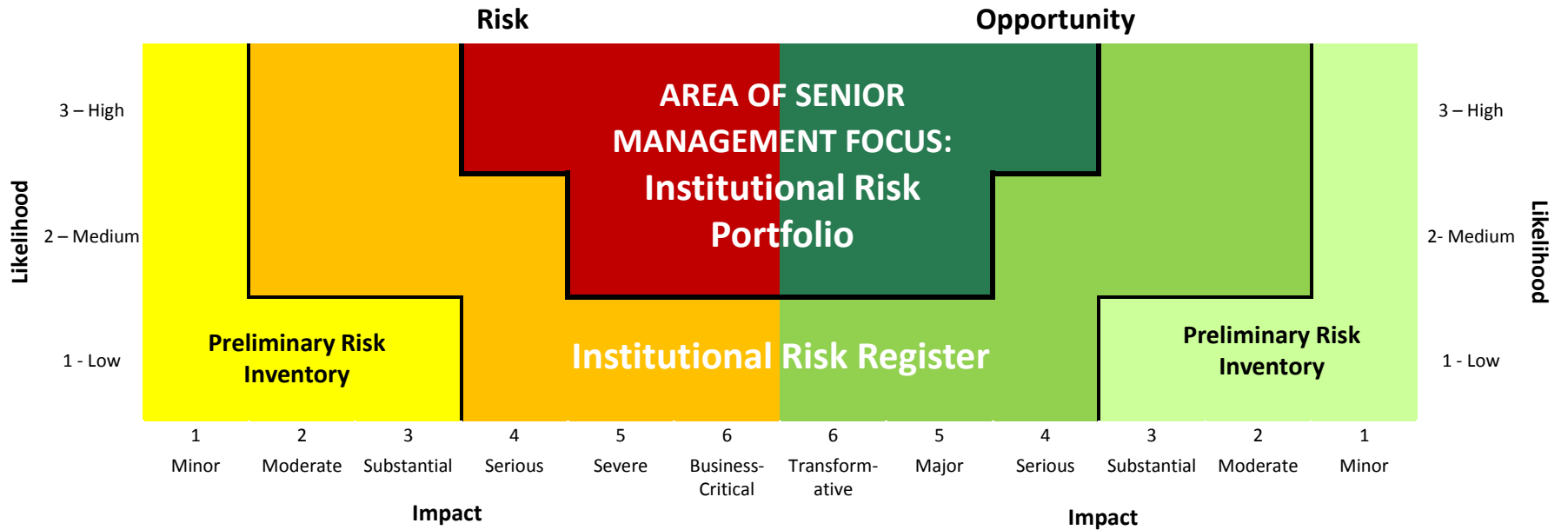
- **Opportunity response (treatment):** Process to modify or respond to an opportunity. Opportunity response can involve one or a combination of: enhancement, exploitation, ignoring, or sharing.
 - **Enhance:** The opportunity equivalent of "mitigating" a risk is to *enhance* the opportunity. Enhancing 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.
 - **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 response plan:** Plan to implement chosen risk response.

Key Terms

- **Risk criteria:** Terms of reference against which the significance of a risk is evaluated.
- **Risk evaluation:** Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable. Use of a tool/system to rate and/or prioritize a series of risks.

Figure 2: Risk & Opportunity Heat Map



<u>SCORE</u>	<u>COLORS</u>	<u>LEVEL OF REVIEW</u>
1-3		Retained at unit-level, overseen by Responsible Official
4-9		Included in institutional risk register, reviewed by ERMAC and PAC-ERM, overseen by Responsible Official
10-18		Included in institutional risk portfolio, reviewed by PAC-ERM and President, overseen by PAC-ERM

Steps 4 & 5 - Risk & Opportunity Evaluation & Response

Risk or Opportunity Name	Risk or Opportunity Statement	Risk/Oppty Score	Level of Review	Risk or Opportunity Response Strategy	Response Plan	Cost Estimate	Other Resource Needs	Target Completion Date
<i>Auto-filled from 2-Identification</i>	<i>Auto-filled from 2-Identification</i>	<i>Auto-filled from 3-Analysis</i>	Highest level at which this risk or opportunity will be reviewed, based on the risk score <i>[Auto-filled]</i>	Choose your primary strategy for responding to this risk or opportunity. <i>[Check one or more boxes]</i>	Describe briefly how you plan to respond to each risk or opportunity.	Estimate how much it will cost to implement your proposed risk response.	Please indicate any special resource needs to implement your risk response.	When would you aim to have your risk response fully implemented?
EXAMPLE -- Lab safety - EXAMPLE	Inconsistent compliance with laboratory safety and security policies and practices and facilities needs could result in accident or injury	9	Included in institutional risk register, shared with President's Advisory Committee	<input type="checkbox"/> Accept (risk) / Ignore (opportunity) <input checked="" type="checkbox"/> Mitigate (risk) / Enforce (opportunity) <input type="checkbox"/> Share/Transfer (risk or opportunity) <input type="checkbox"/> Avoid (risk) / Exploit (opportunity)	Implement computerized inspection system for more consistency in inspections and tracking; RMBS staff need to avail themselves of the new oversight policy; establish incentives and improve accountability; mandate and centrally track training; formalize medical monitoring and centrally track; promote "safety days" - e.g. for Chemistry, Insure the exposure	\$225,000	3 additional FTE	12/31/2012

In the Excel Risk Worksheet: Tab 4-Evaluation & Response

1. Your Risk or Opportunity Names and Risk Scores have been carried forward for your reference in columns A and B.
2. The highest level of review that each risk or opportunity will receive, based on the risk score, is filled in for you in column C.
3. Choose your response strategies in column D (you may check more than one).
4. Briefly describe your response plan in column E.
5. Enter your response cost estimate in column F.
6. Enter any other resource needs in column G.
7. Enter your target date for completing your risk response in column H.

References

Institute of Internal Auditors (2009). IIA Position Paper: The Role of Internal Auditing in Enterprise-wide Risk Management. Issued January 2009.

ISO 31000. International Standard: Risk management – Principles and guidelines. First edition, 2009-11-15.

ISO Guide 73. Risk management – Vocabulary. First edition, 2009.

Appendix A - Key ERM Terms and Definitions

General ERM Terms

Enterprise risk management (ERM): 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. (IIA)

ERM framework: Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the organization at all levels. Ensures that info about risk derived from the risk management process is adequately reported and used as basis for decision-making and accountability at all relevant organizational levels.

Risk: 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.

Terms Related to ERM Program & Context

Context, external: External environment in which the organization seeks to achieve its objectives, including cultural, social, political, legal, regulatory, financial, technological, economic, natural, and competitive environments, whether international, national, regional, or local; key drivers and trends; and relationships with, perceptions, and values of external stakeholders.

Context, internal: Internal environment in which the organization seeks to achieve its objectives, which can include governance, organizational structure, policies, resource and knowledge capabilities, information systems and flows, decision-making processes, culture, form and extent of contractual relationships, and relationships with, perceptions, and values of internal stakeholders.

ERM goals (objectives): Goals and objectives that ERM activities are seeking to achieve; what the ERM program and process should accomplish for the institution

ERM guiding principles (cultural expectations): Description of the risk-aware culture or control environment; expectations regarding behaviors, communication, information-sharing, reporting, etc.

ERM policy: Statement of the overall intentions and direction of the institution in regard to ERM. Describes principles, requirements, and restrictions, and establishes standards, rights and responsibilities that guide individuals in their pursuit of institutional goals and in their relations with the campus community and apply generally throughout the University and use of its resources.

Responsible official (risk owner): Person or entity with the accountability and authority to manage a risk

Risk philosophy: Statement of the overall intentions, direction, and attitude of the institution related to risk; reflected in the ways risks are considered in both strategy development and day-to-day operations. The organization's approach to assess and eventually pursue, retain, take, or turn away from risk.

Terms Related to the Risk Assessment Process

Acceptance: Form of risk response, an informed decision to tolerate or take on a particular risk

Avoidance: 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.

Enhance: The opportunity equivalent of “mitigating” a risk is to *enhance* the opportunity. Mitigation modifies the degree of exposure by reducing probability and/or impact, whereas enhancing seeks to increase the probability and/or the impact of the opportunity in order to maximize the benefit to the project.

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.

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.

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

Mitigation: Form of risk response involving actions designed to reduce a risk or its consequences.

Opportunity response (treatment): Process to modify or respond to an opportunity. Opportunity response can involve one or a combination of: exploitation, ignoring, enhancement, or sharing.

Probability: Measure of the chance of occurrence expressed as a number between 0 and 1

Risk analysis: Process to comprehend the nature of risk and to determine the level of a risk; provides the basis for risk evaluation and decisions about risk response.

Risk assessment: Overall process of identifying, analyzing, and evaluating risk

Risk control: Any process, policy, device, practice, or other action that modifies risk

Risk criteria: Terms of reference against which the significance of a risk is evaluated.

Risk evaluation: Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable. Use of a tool/system to rate and/or prioritize a series of risks.

Risk financing: Form of risk response, involving contingent arrangements for the provision of funds to meet or modify the financial consequences should they occur

Risk identification: Process of finding, recognizing, and describing risks

Risk inventory, preliminary: Preliminary list of potential risks identified for further assessment and analysis.

Risk portfolio (profile): A composite view of highest-level institutional risk exposures for presentation by management and discussion with the Board; provides information regarding relationships, concentrations, and/or overlaps of risk as they relate to strategic objectives. Description of any set of risks.

Risk register (log, repository): Record of information about identified risks; the complete list of all risks identified in the ERM process

Risk response (treatment): Process to modify or respond to a risk. Risk response can involve one or a combination of: avoidance, acceptance, mitigation, or transfer.

Risk response plan: Plan to implement chosen risk response.

Risk statement (description): Structured statement of risk usually containing four elements: sources, events, causes, and impacts/consequences.

Sharing (transfer), opportunity: The “transfer” response allocates ownership to a third party best able to deal with the threat. Similarly, a “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.

Sharing (transfer), risk: Form of risk response, involving contractual risk transfer to other parties, including insurance.

Source (of risk): Element or circumstance which alone or in combination has the intrinsic potential to give rise to risk. Can be tangible or intangible.

Terms Related to ERM-Enabling Activities

Communication & consultation: Continual and iterative processes that an organization conducts to provide, share, or obtain information, and to engage in dialogue with stakeholders regarding the management of risk

Monitoring: Continual checking, supervising, critically observing, or determining the status in order to identify change from the performance level required or expected. Can be applied to a ERM framework, ERM process, risk, or control.

Reporting: Form of communication intended to inform particular internal and external stakeholders by providing information regarding the current state of risk and its management.

Appendix B - Potential Risk Areas for Higher Education

ACADEMIC AFFAIRS

- Academic freedom
- Academic quality and standards
- Accreditation
- Collective bargaining
- Computer security, back-up systems
- Contractual relationships/dependencies
- Distance learning
- Educational technology
- Facilities quality
- Faculty diversity
- Faculty employment-operational
- Faculty recruitment and retention
- Grievance procedures
- Health & safety of students, faculty, staff-operational
- International students-operational
- International travel, global activities
- Joint programs
- Libraries
- Reappointment, promotion and tenure
- Student experiential learning
- Student learning outcomes
- Transportation risks
- *See also compliance and privacy risks*

BOARD GOVERNANCE

- Board member independence
- Board performance assessment
- CEO compensation & assessment
- Governance policies
- Officer codes of conduct
- *See also compliance and privacy risks*

COMPLIANCE AND PRIVACY

- Accounting – GASB/GAAP
- Affirmative action
- Alcohol and drugs- drug free workplace, drug free schools and community act
- Animal research
- Athletics – NCAA/Title IX
- Background checks
- Biosafety
- Bond compliance
- Information security breach response
- Clinical research – human subjects
- Code of business conduct
- Code of ethics
- Conflicts of interest – inclusive of research
- Copyright and "fair use"

Compliance & Privacy, continued

- Credit card privacy regulations – PCI-DSS
- Environmental health & safety
- Export controls
- Federal sentencing guidelines – organizations
- Foreign nationals - SEVIS
- Gramm-Leach-Bliley
- Government grants – grant restrictions
- Grant accounting – reporting and cost accounting, A-133/A-110/ARRA
- Harassment prevention
- Hazardous materials
- Health and safety compliance
- Higher education act
- HIPAA
- HR/employment – affirmative action/FLSA/FMLA
- Intellectual property rights – Baye-Dole Act
- Laboratory safety - compliance
- Lobbying
- Policy/procedure - institutional
- Privacy
- Record retention/destruction
- Red flags rules
- Select agents
- Sexual molestation prevention
- Student financial aid – Title IV, HEOA, program integrity
- Student records - FERPA
- Tax compliance
- Whistleblower policy
- Vermont security breach notification act

DEVELOPMENT & ALUMNI RELATIONS

- Alumni relations
- Capital campaigns - reduced donor support
- Compliance with donor intent
- Computer security, back-up systems
- Endowment – loss of income/investment
- Gift acceptance policies
- Health & safety of employees, visitors-operational
- High-risk investments
- Investment oversight
- Naming policies
- Sale of donated property
- Special event risks
- Transportation risks
- *See also compliance and privacy risks*

ENROLLMENT MANAGEMENT

- Admissions
- Diversity
- Enrollment trends
- Financial aid - operational
- Graduation rates
- Retention
- Student and family demographics
- Student debt
- Study abroad
- Transportation risks
- *See also compliance and privacy risks*

FACILITIES & OTHER OPERATIONS

- Accessibility
- Auto/Fleet
- Business continuity
- Capital planning and projects
- Emergency planning and response
- Energy
- Facilities maintenance
- Outsourcing
- Police operations
- Pollution
- Property disposal
- Safety - operational
- Transportation and parking
- Waste disposal and recycling
- *See also compliance and privacy risks*

FEDERAL, STATE & COMMUNITY RELATIONS

- City relations
- Neighborhood relations
- Regulatory concerns
- State relations
- *See also compliance and privacy risks*

FINANCE

- Auditor independence
- Budget challenges, allocations, carryovers
- Cash management
- Contracting & purchasing
- Cost management
- Depletion of endowment principal
- Endowment - loss of income/investment
- Financial aid
- Financial exigency plan
- Financial reporting
- Fundraising
- High-risk investments
- Insurance

Finance, continued

- Internal controls
- Investment oversight
- Investment performance
- Liquidity
- Long-term debt
- Reserve fund
- Revenue risks - tuition dependency
- *See also compliance and privacy risks*

HUMAN RESOURCES

- Background checks - operational
- Benefits
- Code of conduct
- Collective bargaining
- Computer security, back-ups
- Diversity
- Employee handbook
- Employee retention
- Employee succession planning
- Employment
- Employment - affirmative action
- Grievance procedure
- Labor relations
- Non-discrimination
- Performance evaluation
- Termination procedures
- Unionization
- Workplace safety – operational
- *See also compliance and privacy risks*

INFORMATION TECHNOLOGY

- Back-up procedures
- Communications systems
- Cyber liability
- Data integrity and protection
- End-user training
- Incident response – continuity and security
- Network integrity
- Security
- Staffing & support
- System capacity
- System maintenance and upgrades
- *See also compliance and privacy risks*

RESEARCH

- Animal research – operational
- Biosafety
- Clinical research - operational
- Competition for grants
- Data security and back-up
- Environmental & laboratory safety - operational

Research, continued

- Facilities quality
- Funding
- Grant administration, accounting, and reporting - operational
- Hazardous materials-operational
- Human subjects - operational
- Patenting
- Security
- Technology transfer
- *See also compliance and privacy risks*

STUDENT AND CAMPUS LIFE

- Academic support
- Alcohol & drugs
- Athletics-operational
- Career services
- Code of conduct

Student and Campus Life, continued

- Communications, public relations, and marketing
- Crime on campus
- Diversity
- Experiential programs
- Food services
- Fraternities & sororities
- Free speech
- International students
- Privacy
- Residential life
- Safety, health, and wellness
- SGA activities
- Study abroad
- Transportation risks
- *See also compliance and privacy risks*

Appendix C - ERM Program Goals, ERM Guiding Principles, and Institutional Risk Philosophy

ERM Program Purpose, Goals & Objectives

The purpose of UVM's ERM program is to enhance the University's ability to achieve its mission, vision, and strategic objectives and strengthen its competitive position by fostering an institution-wide culture of risk and opportunity awareness and providing a structured, consistent, and continuous process for the early and proactive identification and reporting of material risks and opportunities to senior management and trustees.

In support of this overall purpose, the University has established the following goals and objectives for UVM's ERM program:

1. Create a culture of risk awareness where all employees understand and consider risk in decision-making:
 - a. Ensure that all UVM employees are aware of the risks related to their roles and activities and understand their responsibilities for identifying, managing, and reporting on risk and opportunities in a systematic and timely way
 - b. Provide best practice information, education, training, and facilitation resources to the University community.
 - c. Build on the University's current risk management activities and practices.
2. Reduce operational surprises and losses.
3. Increase capacity to identify and seize opportunities by facilitating greater transparency and openness regarding risk.
4. Enhance institutional decision-making by providing senior management and trustees with timely and robust information that improves their understanding of enterprise-level risks and opportunities.
 - a. Assess risks in the context of strategic objectives
 - b. Identify inter-relations of risk factors across the institution
 - c. Anticipate and respond to changing social, financial, economic, environmental, and legal/regulatory conditions
 - d. Assist management in safeguarding University assets, including people, financial resources, property, and reputation.
 - e. Assist management in optimizing the use of institutional resources by aligning resource allocations with the areas of highest risk and the greatest impact on the institution's strategy.
5. Improve the efficiency and effectiveness of institutional risk management efforts.
 - a. Provide the University community with a common language, framework, and set of procedures for identifying, assessing, responding to, and reporting on risk posed in new and ongoing endeavors across the organization's entire range of assets and operations.
 - b. Provide enterprise-level coordination of existing institutional functions for identifying, assessing, and reporting on risk.

- c. Integrate risk ownership and management activities at all levels of the institution.
- d. Where possible, use and strengthen existing management processes, reporting and approval channels, and organizational structures.
- e. Establish and maintain an institutional risk register that allows for the tracking and reporting of risk trends and of risk response plans.
- f. Review the effectiveness of risk management practices regularly.

ERM Guiding Principles

The University of Vermont seeks to establish a risk-aware institutional culture where consideration of both upside and downside risk is integrated into decision-making at all levels of the organization. The purpose of these guiding principles is to support that culture and set expectations for the behavior of University employees and administrators regarding risks and opportunities.

1. All individuals, regardless of their role at the University, are empowered and expected to report early on to senior management any perceived risks or opportunities and any near misses or failures of existing control measures, without fear of retribution.
2. Risk management is integral to the management and future direction of the University and is a shared responsibility at all levels of the University.
3. Ownership and management of risk will be retained within the University function, department, or unit that creates the risk or is best capable of responding to it.
4. The University's risk philosophy will guide strategic and operational decisions at all levels.
5. UVM encourages an open and honest discussion of the institution's environment, strategy, risks, opportunities, and actions taken in pursuit of its objectives.
6. All credible reports of risks or opportunities are responded to promptly, incomplete reports are investigated with integrity by the responsible University official, and information about risks or opportunities is shared promptly with senior management and other key stakeholders.

Institutional Risk Philosophy

The University takes a broad view of risk as any event—positive or negative—that could affect the University's competitive position or ability to achieve its mission, vision, and strategic objectives.

The University acknowledges that risk, in one form or another, is present in virtually all its endeavors, and that successful risk-taking will often be necessary to achieve its aims.

We therefore do not seek to eliminate all risk; rather, we seek to be risk-aware but not risk-averse, and to effectively manage the uncertainty inherent in our environment.

To this end, we seek to identify, understand, assess, and respond to the risks and opportunities we face, taking into account their impact on UVM's people, standing, reputation, financial position, and performance. We further seek to pursue prudent risks or opportunities that we believe will generate sufficient and sustainable performance and value, avoid intolerable risks, manage residual risk within defined levels, and be prepared to respond to risks or appropriate opportunities when necessary.