Management of enterprise risk at the University of West Georgia (UWG) is fundamentally a leadership responsibility. Institutional leadership will define the UWG’s ability (risk tolerance) and willingness (risk appetite) to absorb the impact of certain risks. The President, through senior staff and institutional leadership, shall ensure that UWG’s risks are effectively managed.

Certain institutional risks rise to a level such that the institution President shall make the Chancellor and the appropriate University System of Georgia (USG) department aware of the risk. Acceptance of those risks are at the discretion of the Board and the Chancellor. Risks rising to this level includes those where the combination of an event’s probability and the potential consequences is likely to:

1. Impair the achievement of a UWG or a USG strategic goal or objective;
2. Result in substantial financial costs either in excess of the impacted institution’s ability to pay or in an amount that may jeopardize the institution’s core mission;
3. Create significant damage to an institution’s reputation or damage to the USG’s reputation; or,
4. Require intervention in institutional or USG operations by the Board of Regents or an external body.

Some level of risk is not only expected in normal everyday activities but can be beneficial. However, acceptance of risk shall not include:

1. Willful exposure of students, employees, or others to unsafe environments or activities;
2. Intentional violation of federal, state, or local laws;
3. Willful violation of contractual obligations; or,
4. Unethical behavior.

A. ERM Process

The current Enterprise Risk Management (ERM) process at UWG is displayed in Figure 1 and defined as follows:

1. An annual risk assessment is co-administered by representatives of Internal Audit and the Business and Finance Division to institutional leadership utilizing a 26-point criteria that encompasses strategic, compliance, reputational, operational, and financial-related risks.
2. Follow-up interviews are conducted with assessment respondents for verification of the results and to review the Internal Audit schedule for the upcoming period.
3. An overview of survey results are presented to representatives of the Presidential Advisory Committee (PAC) for consideration in goal development and future funding prioritization.
4. Use the assessment information for consideration of development and funding prioritization.
B. Definitions

1. 26-point Risk Criteria:

   a. **Budget and Planning Risk** - University budgets and business plans do not support the fulfillment of financial and performance measures and goals.

   b. **Business Interruption Risk** - A major business interruption or security event threatens the ability to sustain safe operations and provide program continuity.

   c. **Change Readiness Risk** - The inability to embrace emerging best practices may impede the University's ability to provide the desired quality of education.

   d. **Communications Risk** - Ineffective communications among the University community may impede fulfillment of University goals and objectives.

   e. **Completeness and Accuracy Risk - Financial Information** - Inaccurate or incomplete financial data related to critical functions adversely impacts the University's ability to fulfill its goals and objectives.

   f. **Completeness and Accuracy Non-Financial Information** - Inaccurate or incomplete operational data related to critical functions adversely impacts the University's ability to fulfill its goals and objectives.

   g. **Contractual Obligations** - Lack of contract management results in nonconformance with contractual obligations, exposing the university to sanctions/penalties and threatens its reputation, opportunities, and expansion potential.

   h. **Efficiency/Cycle Time Risk** - An absence of effective, efficient, and timely support processes will impede collaborative and evidence-based decision-making, placing the University’s mission and vision at risk.

   i. **External Awareness Risk** - The risk that the university does not effectively vet current events which may have an adverse impact on the accomplishment of its strategic plan, or situational awareness.

   j. **Faculty Personnel Resources Risk** - Failure to recruit and retain highly engaged faculty threatens the achievement of critical objectives.

   k. **Government/Political Risk** - Governmental or political actions may impact the institution's ability to achieve its strategic plan. These actions can include: declining appropriations to fund the University’s annual operating budget and/or regulatory changes that impose additional requirements which pressure and restrict resources that are available for other purposes.

   l. **Industry Competitive Risk** - The risk that shortfalls in academic or other university programs adversely impact the competitiveness of the institution.

   m. **Industry Standards or Expectations** - Nonconformance with industry standards like the PCI DSS or the BOR Complete College Georgia initiative may expose the university to
negative publicity, sanctions, fines, and penalties and can threaten the reputation, opportunities, and expansion potential of the institution.

n. **Leadership Risk** - Leadership does not effectively encourage engagement resulting in a lack of direction, focus, motivation to perform, management credibility, and trust.

o. **Management/Employee Fraud Risk** - Fraud, waste, abuse, or illegal activities adversely impact the University’s reputation or expose the University to financial loss.

p. **Obsolescence Risk** - The risk that University assets may degrade to the extent that they no longer effectively fulfill the intended purpose.

q. **Partner Relations Risk** - Third party relationships - e.g., UWG Foundation, USG, City of Carrollton, introduce additional risks that may adversely impact the achievement of the institution’s strategic plan.

r. **Personal Safety Awareness Risk** - The risk that the university community is not aware and vigilant in assessing situations that could expose individuals to harm or injury.

s. **Policy/Procedures** - Willful or unintentional violation of policies and procedures, such as Conflict of Interest and Acceptable Use, may expose the institution to loss or legal liability and can threaten its reputation, opportunities, and expansion potential.

t. **Regulatory** - Nonconformance with laws and regulations exposes the university to sanctions, fines, and penalties that may threaten the reputation, opportunities, and expansion potential of the institution. This would include Department of Education and quasi-governmental accrediting bodies - e.g., SACSCOC.

u. **Staff Personnel Resources Risk** - A lack of training, knowledge, skills, or experiences of key personnel threatens the achievement of critical objectives.

v. **Student Satisfaction Risk** - UWG’s administrative and academic programs may not consistently meet student expectations. This can impact the university’s retention, progression, and graduation objectives and the student’s ability to put knowledge into action through successful career placement.

w. **System/Software Functionality Risk** - The risk that key university systems - e.g., D2L and Banner, do not provide the necessary functionality, either by design or by implementation, to efficiently and effectively support the current and future needs of the university.

x. **Technology Infrastructure Risk** - Shortfalls in the technological infrastructure, including system networks, hardware and software, impact the university’s ability to continuously improve the quality of its instruction and meet current and future needs.

y. **Technology Security Awareness Risk** - The risk that university personnel do not take the precautions, or understand the procedures, necessary to effectively protect sensitive or confidential information.

z. **University Governance System Risk** - The risk that ineffective institutional governance will adversely impact achievement of the university’s vision and objectives.

2. **Mitigation** - Actions taken to reduce the likelihood and impact of a strategic risk.

3. **Presidential Advisory Committee (PAC)** - A committee that is comprised of University leadership which includes the President, Vice Presidents, Deans, Assistant Vice Presidents, Department Heads, and other key positions.

4. **Enterprise Risk** - An event or action/inaction that may adversely affect the institution's and/or departments’ abilities to achieve objectives and execute strategies successfully. The University
System of Georgia (USG) categorizes enterprise risks as follows:

a. Strategic Risk: A risk that adversely impacts the institution’s ability to achieve its strategic imperatives.
b. Compliance Risk: Noncompliance with new or existing laws, rules, or regulations, can result in significant penalties.
c. Reputational Risk: Circumstances that negatively impact the institution's image or elevate its exposure to adverse media coverage and diminished public trust.
d. Operational Risk: Probability of loss due to inadequate or failed procedures, policies, systems or other activities.
e. Financial Risks: Situations leading to financial deterioration affecting assets and technology, or impacting the integrity of financial information.

5. **Project Champion** - Executive-level official (President) who will provide support and direction to the process.

6. **Project Owner** - Senior-level official (Chief Business Officer or designee) who will provide ongoing management and oversight to the ERM implementation.

7. **Risk Template** - A template that displays the 26 risks relationship to the Strategic Imperatives of the institution. It includes previous assessment scores and mitigation actions.

8. **Strategic Imperatives** - the key objectives of an organization. Resources need to be allocated to the highest impact activities, and the alignment of all contributing activities needs to be made.

C. Procedure

The current ERM procedure at the UWG involves the Director of Internal Audit and the Executive Director of the Center for Business Excellence performing an annual risk assessment that maps a 26-point criteria to the following risk-related categories: strategic, compliance, reputational, operational, and financial. At present, this assessment is administered electronically (Qualtrics) with individual follow-up sessions for response verification.

1. The assessment is distributed to the University leadership that comprises the **Presidential Advisory Committee (PAC)**.

2. Survey respondents may take the survey independently or as a consensus with their departmental leadership.

3. Survey results are tabulated in a risk template format (See Figure 2) by the survey administrator(s) and are distributed to the respondents for review.

4. Follow-up interviews with respondents are scheduled for verification and discussion of results. During this meeting:
   a. Risks are prioritized and previous mitigation actions are discussed;
   b. Internal Audit schedules are reviewed for the upcoming period; and
   c. Respondents are urged to consider risks in their future goal/funding planning.

5. **Mitigation** updates are recorded in

6. Final presentation is made to PAC leadership.

7. Repeat process.

Figure 2
<table>
<thead>
<tr>
<th>Risk Category</th>
<th>No.</th>
<th>Core Success</th>
<th>Strategic Success</th>
<th>Operational Success</th>
<th>Cumulative Ratings by Year</th>
<th>Mitigation Goals</th>
<th>Adverse/Mitigation Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government/Political Risk</td>
<td>1</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>2013 - 2019</td>
<td>- President's &amp; VP's emphasis on enrollment; F/P ratios; accuracy of audits; current ratios; and budgeting; advancement funding.</td>
<td>2014: Special Asst to President; Gov/External Relations position created in January 2014; replacement hired in 2016.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>B</td>
<td>B</td>
<td></td>
<td>- Strategic Plan in place for all colleges.</td>
<td>2014: UWG received funding approval from State for Biology building renovations.</td>
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<td></td>
<td></td>
<td>C</td>
<td>C</td>
<td>C</td>
<td></td>
<td>- Annual 10-year business plans required of Auxiliary Services.</td>
<td>2015: UWG budget and strategic alignment template recognized as a model approach by BOR.</td>
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<tr>
<td></td>
<td></td>
<td>D</td>
<td>D</td>
<td>D</td>
<td></td>
<td>- Annual risk assessments required by Office of Institutional Effectiveness and Assessment.</td>
<td>2016: Staff representation on UUSG finance and budget committees.</td>
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<td></td>
<td></td>
<td></td>
<td>2017: Offset 1 of 33% tuition revenue decrease.</td>
<td>2016: UWG was voted UUSG Institution of Year.</td>
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<td></td>
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<td></td>
<td>2018: Offset 2 of 33% tuition revenue decrease.</td>
<td>2018: Declining Appropriations without tuition increases to offset.</td>
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<td></td>
<td></td>
<td>2019: Offset 3 of 33% tuition revenue decrease.</td>
<td>2018: Submission of USG Comprehensive Administrative Review (CAR) report.</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>2019: USG Comprehensive Administrative Review (CAR) mandate.</td>
<td>2018: Merit funding from State.</td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td>2019: Curriculum for Education Leadership has been adjusted in order for graduate students to qualify under Gainful Employment.</td>
<td>2019: Relocation expenses now considered taxable.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td>2019: Govt. shutdown impacted those graduate students employed as consultants.</td>
<td>2019: State assembly passes funding for new RCOB building.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>2019: State assembly passes funding for merit increase of 2%.</td>
<td>2019: State assembly passes funding for merit increase of 2%.</td>
</tr>
</tbody>
</table>

Issued by the Chief Business Officer, the 27th day of September, 2019.

Signature, Chief Business Officer

Reviewed by Vice President of Business and Finance:

Previous version dated: N/A
ADMINISTRATION & ADDITIONAL RESOURCES

Short Title: "Enterprise Risk Management"

Previous Versions: N/A

Oversight: Vice President of Business and Finance

Additional Resources:
- Board of Regents Policies - https://www.usg.edu/policymanual/section7/C480/#p7.11.2_management_of_risk