Enterprise Risk Management

Risk Assessment Training

UNIVERSITY of
SOUTH FLORIDA

ERM Purpose

The purpose of an Enterprise-Wide Risk Assessment is to:

- Identify risks to the achievement of goals and objectives
- Measure the significance of each identified risk
- Determine the most appropriate business response to each risk
- Evaluate and report on how well the chosen responses are carried out

ERM Value

- Anticipate risks earlier or more explicitly, opening more options for managing the risks
- Identify and pursue existing new opportunities
- Respond to deviations in performance more quickly and consistently
- Develop and report a more comprehensive and consistent portfolio of risk
- Improve collaboration, trust, and information-sharing

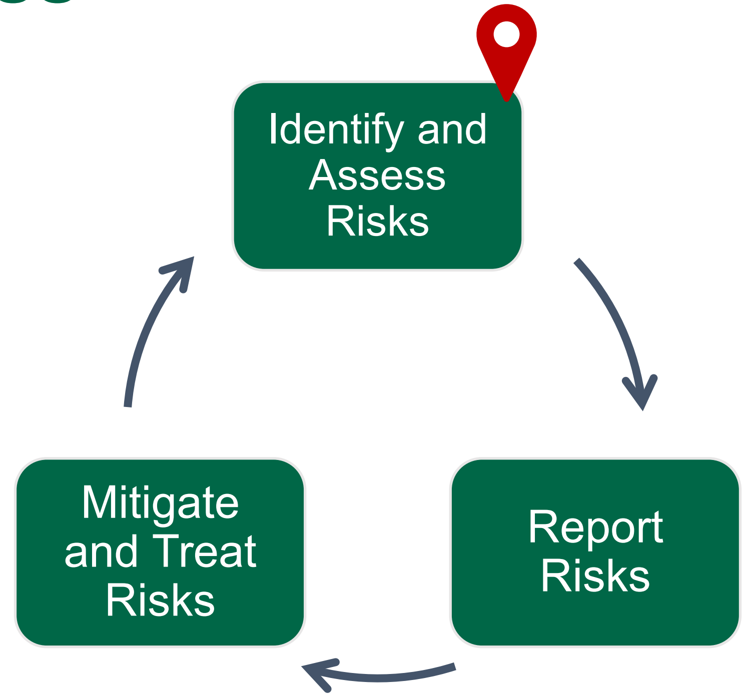
Benefit to USF

ERM integrates with strategy and performance.

This allows USF to implement a focused, systematic approach to addressing risk and identifying opportunities involving our:

- Strategic plan
- Performance-based funding metrics
- Pre-imminence metrics
- U.S. National News and World Report rankings

ERM Process



Identify and Assess Risks

Report Risks

Mitigate and Treat Risks

Identifying and Assessing Risk

Risk Committee Orientation

Risk Committee Designee Orientation

Risk Committee Areas Represented

- Academic Affairs
- Administrative Services
- Advancement
- Athletics
- Business & Finance
- Information Technology
- University Police
- Human Resources
- General Counsel
- Communications and Marketing
- Research & Innovation
- Student Affairs & Student Success
- Government Relations
- USF Health
- USF Sarasota-Manatee Campus
- USF St. Petersburg Campus
- USF Executive Services
- Internal Audit
- Compliance & Ethics

Risk Types

- Compliance Risks
- Financial Risks
- Operational Risks
- Reputational Risks
- Strategic Risks

- Based on the ACUA (Association of College and University Auditors) Risk Dictionary
- Compliance partnered with Internal Audit to contextualize the ACUA risk dictionary for USF
- Next slides provide definitions of these risk types with some examples

Compliance Risks

Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements

Compliance with Laws and Regulations Risk

Risks associated with violating laws and regulations which may result adverse consequences.

e.g., Non-compliance with the law, receiving fines, penalties, and litigation

Conflict of Interest Risk

Risks associated with unresolved conflicts between an employee's private interests and the public interests of our institution.

e.g., Nepotism, unequal compensation, hiring an unqualified relative, etc.…

Data Privacy Risk

Risks associated with inadequately protecting data controlled or owned by our institution in accordance with the law and best practices.

e.g., sharing patient or student data in a manner which violates federal law, such as HIPAA or FERPA, respectively.

Financial Risks

Risks impacting resources, financial structure, ability to meet future financial needs, and financial reporting

Billing Accuracy Risk

Risks associated with inaccurate billing or failing to bill for services rendered by our institution.

e.g., Tuition or Medicare/Medicaid Clinical Care billing and student receivables.

Financial Reporting Risk

Risks associated with incomplete, inaccurate, or untimely communication of financial information.

e.g., Production and distribution of financial reports, failing to adhere to Governmental Accounting Standards Board (GASB).

Fraud, Theft, and Embezzlement Risk

Risks associated with financial losses stemming from students, employees, vendors, or other third parties, doing business with our institution, engaging in fraud, theft, or embezzlement.

e.g., Falsifying credentials, violating time and effort reporting requirements, stealing (misappropriating) assets, or fabricating/falsifying records.

Operational Risks

Risks impacting continuity of activities, safety and security, IT operations, physical infrastructure, process efficiency, and program effectiveness

Purchasing Risk

Risks associated with the procurement processes for obtaining services, products, or resources.

e.g., Needs analysis, vendor selection, supplier diversity, supply chain management, contract management.

Logical Access, Cybersecurity, and Vulnerability Management Risk

Risks associated failing to protect the confidentiality, integrity, and availability of IT assets of our institution from potential threats.

e.g., Outside party stealing a user's credentials in order to access the university's systems and perform malicious activities, downloading software that compromises a device making it vulnerable

Personnel Issues or Workplace Violence Risk

Risks associated with personnel issues or workplace violence.

e.g., Favoritism, conflicts, harassment, bullying, nepotism, threats of physical violence or concomitance of violence against fellow workers, etc.

Reputational Risks

Risks impacting our public image, brand, external opinions, prominence, and standing of our University

Communication Risk

Risks associated with ensuring that a consistent message is shared and understood among all constituents and there is clear and consistent coordination as needed.

Emerging Issues Risk

Risks associated with potential issues in their earliest stages of development.

e.g., Foreign influence in research, international travel bans, pandemics, hurricanes, etc.

Public Image Risk

Risks associated with threats to or endangerment of the institution's good name or standing which can arise from the actions of our institution, employees, or third-parties (vendors, affiliates, and guests).

Strategic Risks

Risks impacting our constituent relationships, ability to generate funds, and goal achievement

Governance Risk

Risks associated with ineffective processes and structures to identify, assess, manage, and communicate risks to the achievement of the organization's objectives.

e.g., Ineffective governance structure fails to ensure committees at both the Board and Senior Management levels have been created with formalized mandates, authority, and representation to proactively identify and respond to organizational risks.

New Programs and Delivery Models Risk

Risks associated with an inability to meet community needs by effectively adapting to new academic and service offerings or programs, including program content and how they are delivered.

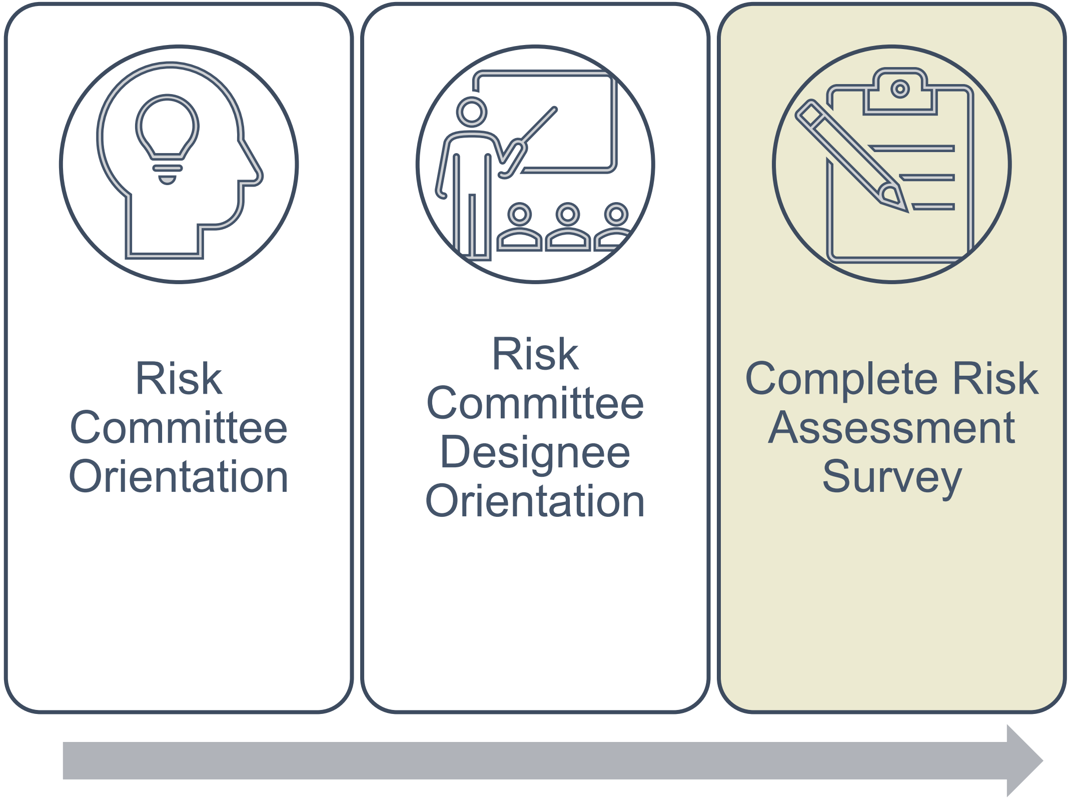
e.g., Remote education delivery, hybrid learning models, changes to clinical models.

Variability in Customer Volume and Funding Availability Risk

Risks associated with significant changes that may lead to insufficient revenue and/or funding that challenges underlying assumptions of strategic forecasts or may cause a material variance from the forecasts.

e.g., Customers include students, patients, and other relevant stakeholders that provide revenues to the institution. Funding availability risk pertains to funding from federal, state, and local entities as well as private companies.

Identifying and Assessing Risk



Risk Committee Orientation

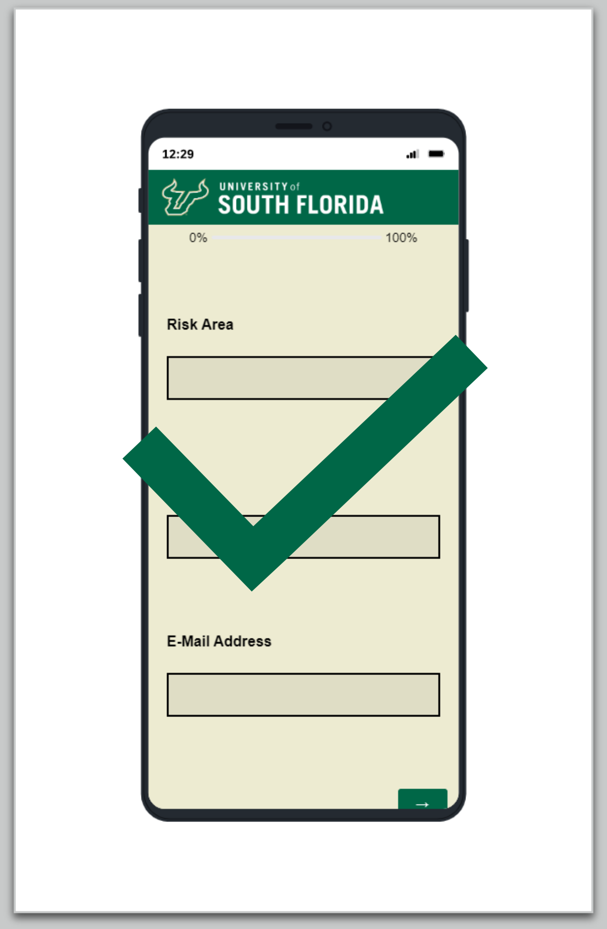
Risk Committee Designee Orientation

Complete Risk Assessment Survey

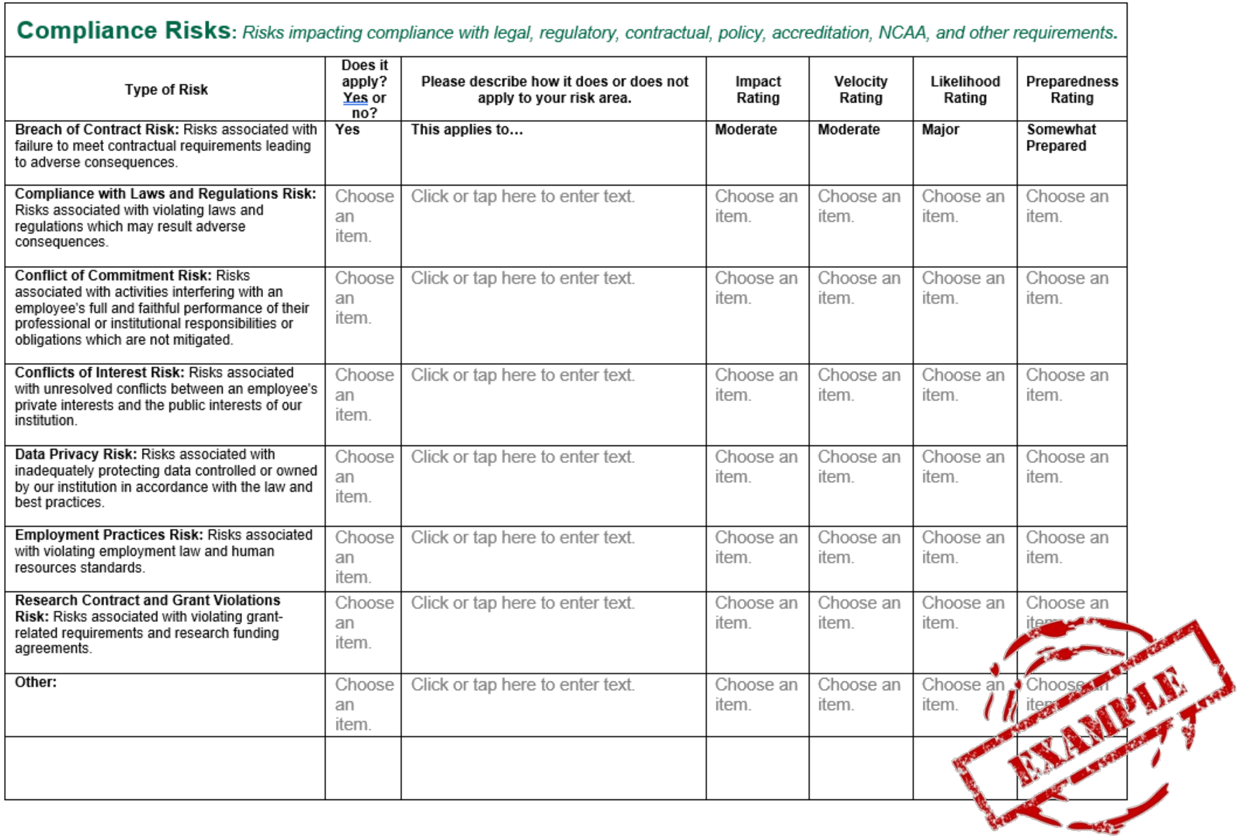
ERM Survey Tool

ERM Survey Tool

- You will be sent a link to complete the survey with password to access
- Qualtrics Survey
- Can be completed on mobile device, tablet, or computer
- Printable Survey
- Risk Dictionary
- [ERM Webpage]



Printable Survey

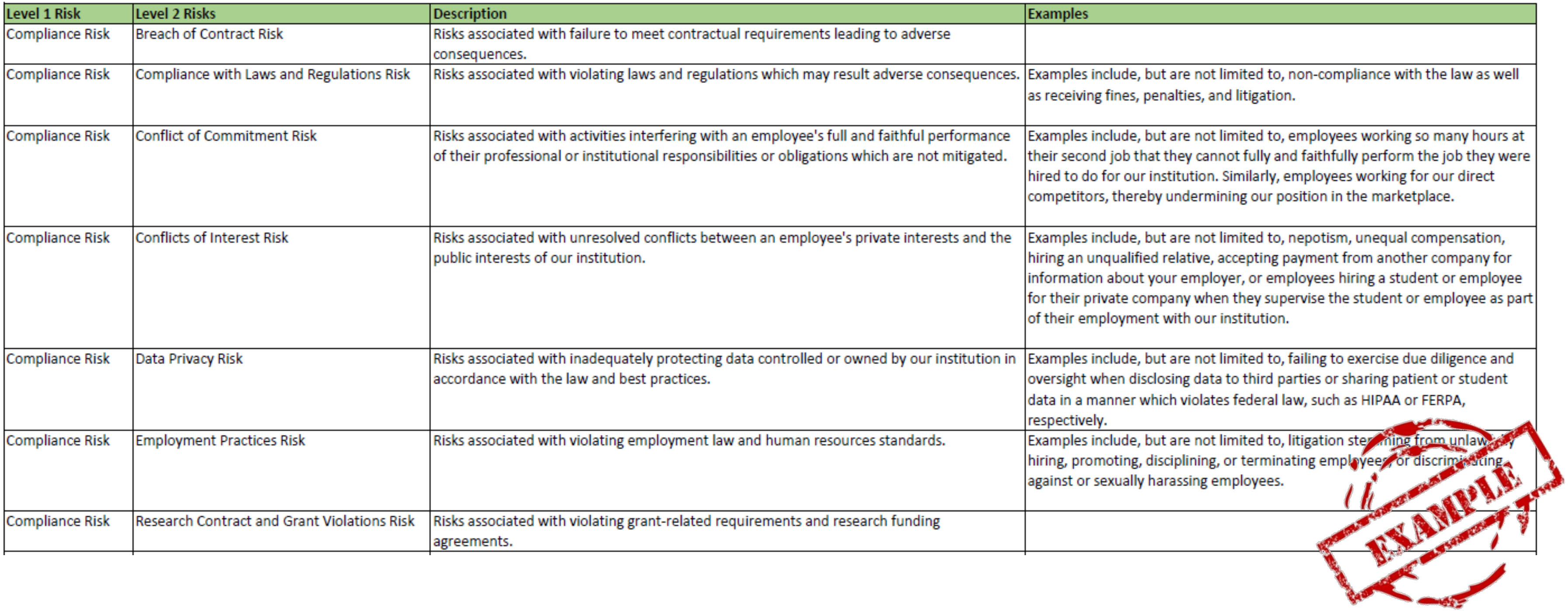


Compliance Risks: *Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements.*

Type of Risk	Does it apply? Yes or no?	Please describe how it does or does not apply to your risk area.	Impact Rating	Velocity Rating	Likelihood Rating	Preparedness Rating
Breach of Contract Risk: Risks associated with failure to meet contractual requirements leading to adverse consequences.	**Yes**	**This applies to…**	**Moderate**	**Moderate**	**Major**	**Somewhat Prepared**
Compliance with Laws and Regulations Risk: Risks associated with violating laws and regulations which may result adverse consequences.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Conflict of Commitment Risk: Risks associated with activities interfering with an employee's full and faithful performance of their professional or institutional responsibilities or obligations which are not mitigated.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Conflicts of Interest Risk: Risks associated with unresolved conflicts between an employee's private interests and the public interests of our institution.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Data Privacy Risk: Risks associated with inadequately protecting data controlled or owned by our institution in accordance with the law and best practices.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Employment Practices Risk: Risks associated with violating employment law and human resources standards.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Research Contract and Grant Violations Risk: Risks associated with violating grant-related requirements and research funding agreements.	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Other:	Choose an item.	Click or tap here to enter text.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

EXAMPLE

Risk Dictionary

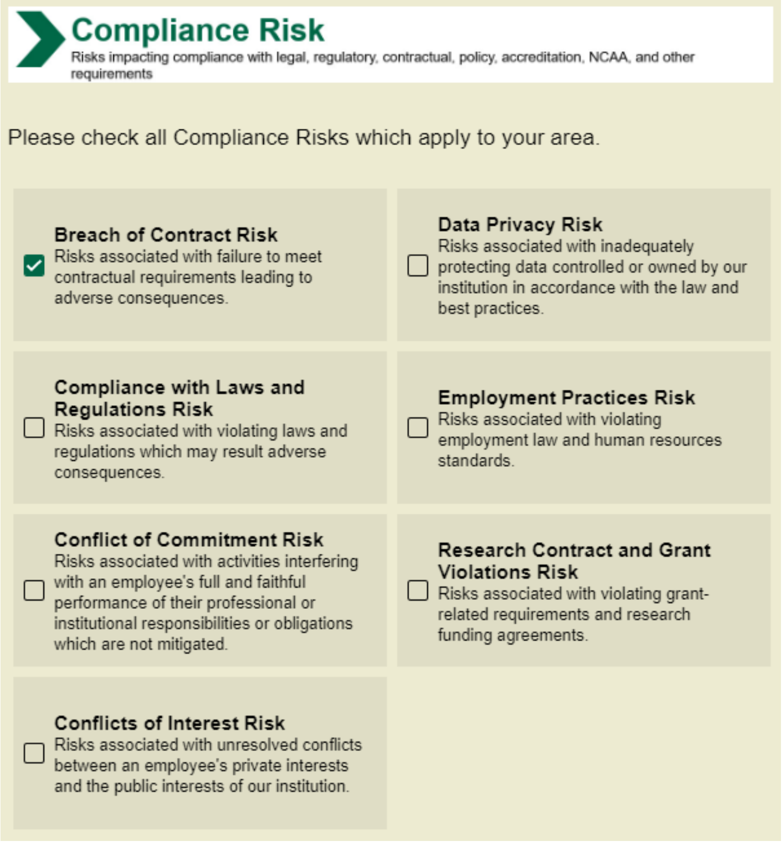


Level 1 Risk	Level 2 Risks	Description	Examples
Compliance Risk	Breach of Contract Risk	Risks associated with failure to meet contractual requirements leading to adverse consequences.	
Compliance Risk	Compliance with Laws and Regulations Risk	Risks associated with violating laws and regulations which may result adverse consequences.	Examples include, but are not limited to, non-compliance with the law as well as receiving fines, penalties, and litigation.
Compliance Risk	Conflict of Commitment Risk	Risks associated with activities interfering with an employee's full and faithful performance of their professional or institutional responsibilities or obligations which are not mitigated.	Examples include, but are not limited to, employees working so many hours at their second job that they cannot fully and faithfully perform the job they were hired to do for our institution. Similarly, employees working for our direct competitors, thereby undermining our position in the marketplace.
Compliance Risk	Conflicts of Interest Risk	Risks associated with unresolved conflicts between an employee's private interests and the public interests of our institution.	Examples include, but are not limited to, nepotism, unequal compensation, hiring an unqualified relative, accepting payment from another company for information about your employer, or employees hiring a student or employee for their private company when they supervise the student or employee as part of their employment with our institution.
Compliance Risk	Data Privacy Risk	Risks associated with inadequately protecting data controlled or owned by our institution in accordance with the law and best practices.	Examples include, but are not limited to, failing to exercise due diligence and oversight when disclosing data to third parties or sharing patient or student data in a manner which violates federal law, such as HIPAA or FERPA, respectively.
Compliance Risk	Employment Practices Risk	Risks associated with violating employment law and human resources standards.	Examples include, but are not limited to, litigation stemming from unlawfully hiring, promoting, disciplining, or terminating employees, or discriminating against or sexually harassing employees.
Compliance Risk	Research Contract and Grant Violations Risk	Risks associated with violating grant-related requirements and research funding agreements.	

EXAMPLE

Step 1: Identification of Risks

Check all applicable risks or type in your own



Compliance Risk

Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements

Please check all Compliance Risks which apply to your area.

☑ **Breach of Contract Risk**
Risks associated with failure to meet contractual requirements leading to adverse consequences.

☐ **Data Privacy Risk**
Risks associated with inadequately protecting data controlled or owned by our institution in accordance with the law and best practices.

☐ **Compliance with Laws and Regulations Risk**
Risks associated with violating laws and regulations which may result adverse consequences.

☐ **Employment Practices Risk**
Risks associated with violating employment law and human resources standards.

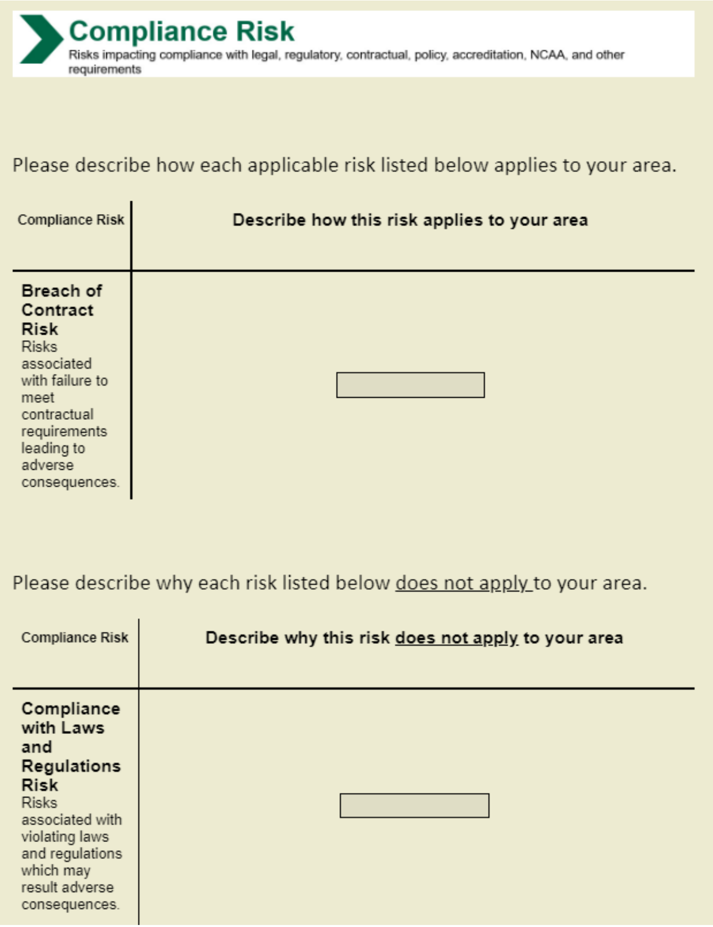
☐ **Conflict of Commitment Risk**
Risks associated with activities interfering with an employee's full and faithful performance of their professional or institutional responsibilities or obligations which are not mitigated.

☐ **Research Contract and Grant Violations Risk**
Risks associated with violating grant-related requirements and research funding agreements.

☐ **Conflicts of Interest Risk**
Risks associated with unresolved conflicts between an employee's private interests and the public interests of our institution.

Step 2: Applicability

Then, for each type of risk (whether checked or unchecked), you will be asked to describe how each risk applies to your area and why the other risks do not apply to your area.



Compliance Risk

Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements

Please describe how each applicable risk listed below applies to your area.

Compliance Risk	Describe how this risk applies to your area
Breach of Contract Risk Risks associated with failure to meet contractual requirements leading to adverse consequences.	

Please describe why each risk listed below does not apply to your area.

Compliance Risk	Describe why this risk does not apply to your area
Compliance with Laws and Regulations Risk Risks associated with violating laws and regulations which may result adverse consequences.	

Step 3: Scoring

You will only score the risks that you identified as applicable to your area.

Impact

- Scale to rate the potential consequences of risks impacting various areas within the organization. ***There is a custom impact scale for each of the five risk types.***

Velocity

- Scale to rate how quickly a risk can impact our organization

Likelihood

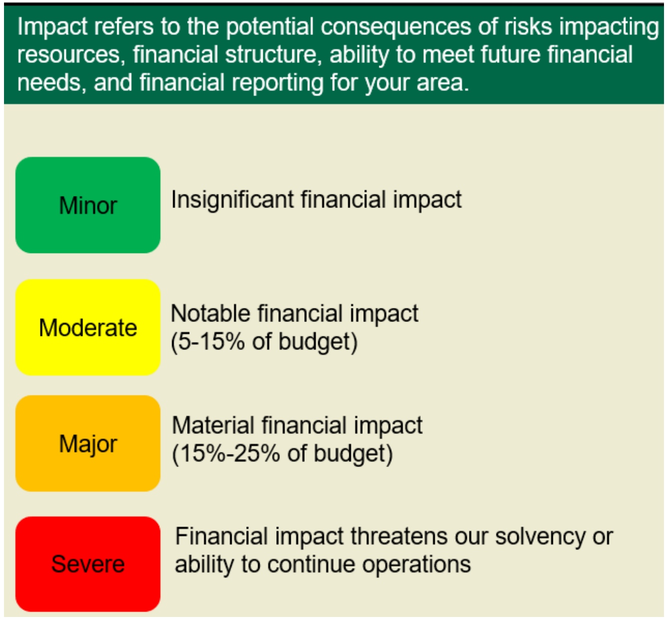
- The probability a risk may occur given the effectiveness of your existing controls, as known to you.

Preparedness

- The University’s readiness to address a risk based on the existence and effectiveness of prevention/detection controls.

Customized Impact Scoring for each Risk Type

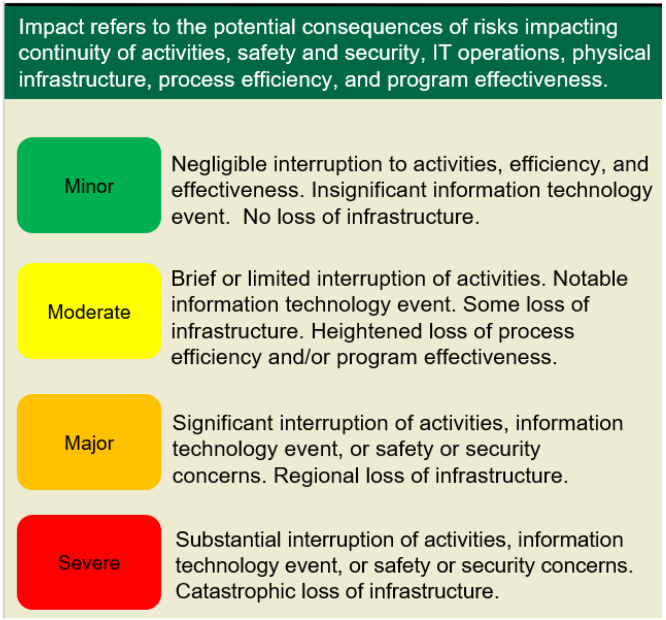
Financial Impact Rating



Impact refers to the potential consequences of risks impacting resources, financial structure, ability to meet future financial needs, and financial reporting for your area.

Minor	Insignificant financial impact
Moderate	Notable financial impact (5-15% of budget)
Major	Material financial impact (15%-25% of budget)
Severe	Financial impact threatens our solvency or ability to continue operations

Operational Impact Rating



Impact refers to the potential consequences of risks impacting continuity of activities, safety and security, IT operations, physical infrastructure, process efficiency, and program effectiveness.

Minor	Negligible interruption to activities, efficiency, and effectiveness. Insignificant information technology event. No loss of infrastructure.
Moderate	Brief or limited interruption of activities. Notable information technology event. Some loss of infrastructure. Heightened loss of process efficiency and/or program effectiveness.
Major	Significant interruption of activities, information technology event, or safety or security concerns. Regional loss of infrastructure.
Severe	Substantial interruption of activities, information technology event, or safety or security concerns. Catastrophic loss of infrastructure.

Scoring applicable for each risk type

Velocity Rating

Velocity refers to how quickly a risk could impact our University.

Minor	One year or greater
Moderate	Weeks to months
Major	Days to weeks
Severe	Hours to days

Likelihood Rating

Likelihood refers to the probability a risk may occur given the effectiveness of your existing controls, as known to you.

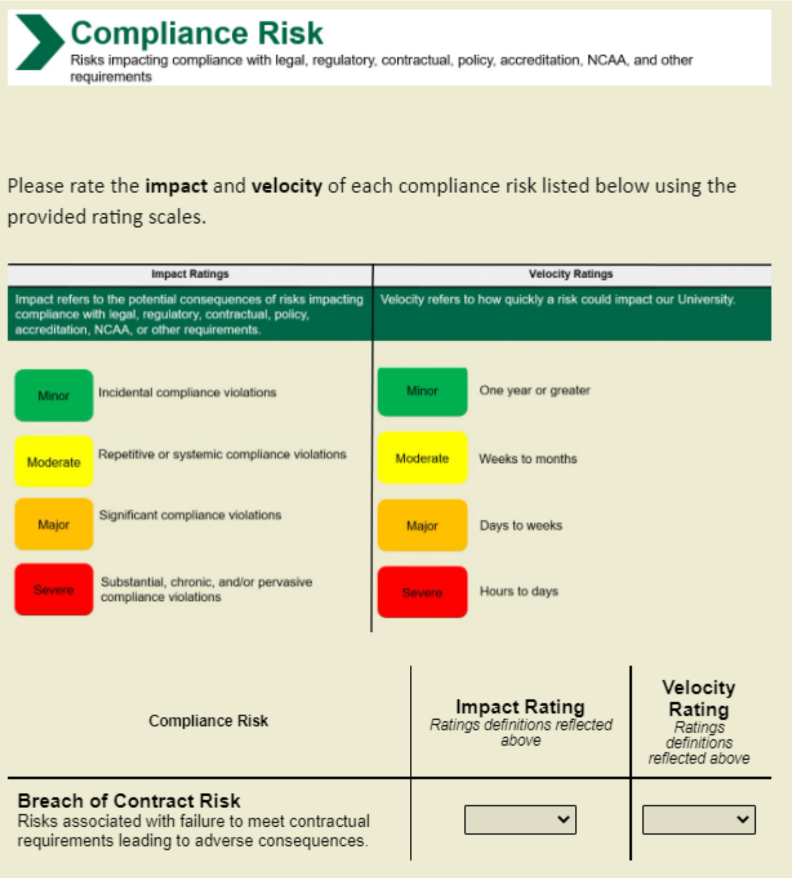
Minor	Remote possibility of occurrence given our current controls (>three years out)
Moderate	More than a remote possibility of occurrence given our current controls (every one to three years)
Major	Happens with some frequency given our current controls (likely to occur this year)
Severe	Expected to happen or happens often (occurs several times per year)

Preparedness Rating

Preparedness refers to the University's readiness to address a risk based on the existence and effectiveness of prevention/detection controls.

Very Prepared	Significant preparation efforts and risk mitigation strategies are in place. Very few identified issues and/or opportunities for improvement/enhancements exist.
Prepared	Moderate preparation efforts and risk mitigation strategies are in place. Some identified issues and/or opportunities for improvement/enhancements exist. Negligible possibility of other unidentified issues or opportunities.
Somewhat Prepared	Minimal preparation efforts in place. Significant Issues and/or opportunities for improvement/enhancements exist. Notable possibility of other unidentified issues or opportunities.
Very Unprepared	Virtually no preparation in place. Significant issues/opportunities for improvement/ enhancements exist. Strong possibility of other unidentified issues/opportunities.

Example from Online Survey:



Compliance Risk

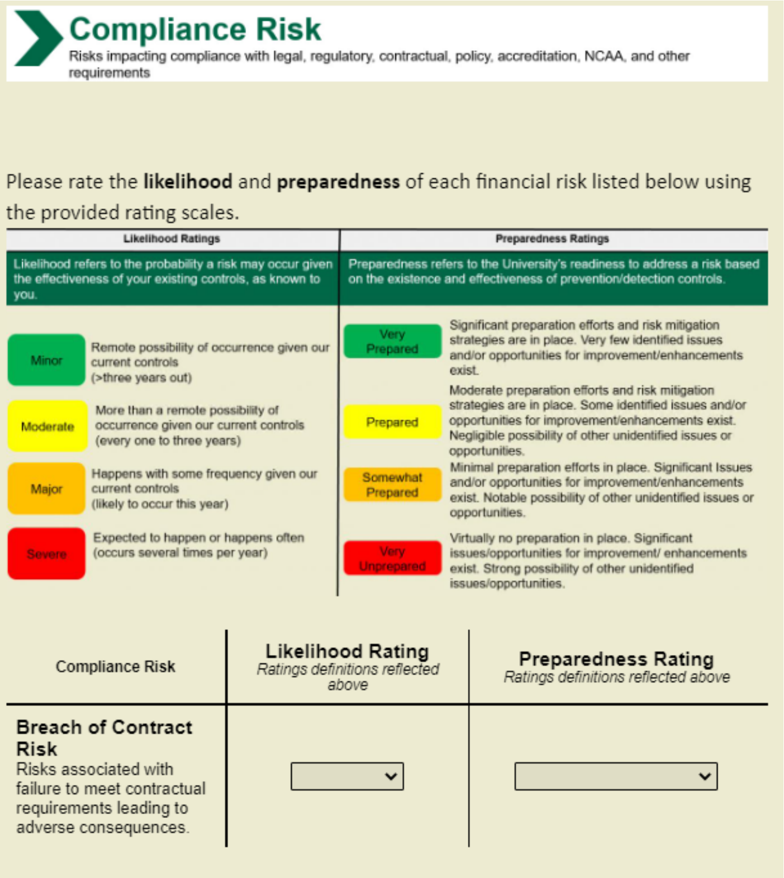
Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements

Please rate the **impact** and **velocity** of each compliance risk listed below using the provided rating scales.

Impact Ratings		Velocity Ratings	
Impact refers to the potential consequences of risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, or other requirements.		Velocity refers to how quickly a risk could impact our University.	
Minor	Incidental compliance violations	Minor	One year or greater
Moderate	Repetitive or systemic compliance violations	Moderate	Weeks to months
Major	Significant compliance violations	Major	Days to weeks
Severe	Substantial, chronic, and/or pervasive compliance violations	Severe	Hours to days

Compliance Risk	**Impact Rating** *Ratings definitions reflected above*	**Velocity Rating** *Ratings definitions reflected above*
Breach of Contract Risk Risks associated with failure to meet contractual requirements leading to adverse consequences.		

Example from Online Survey:



Compliance Risk

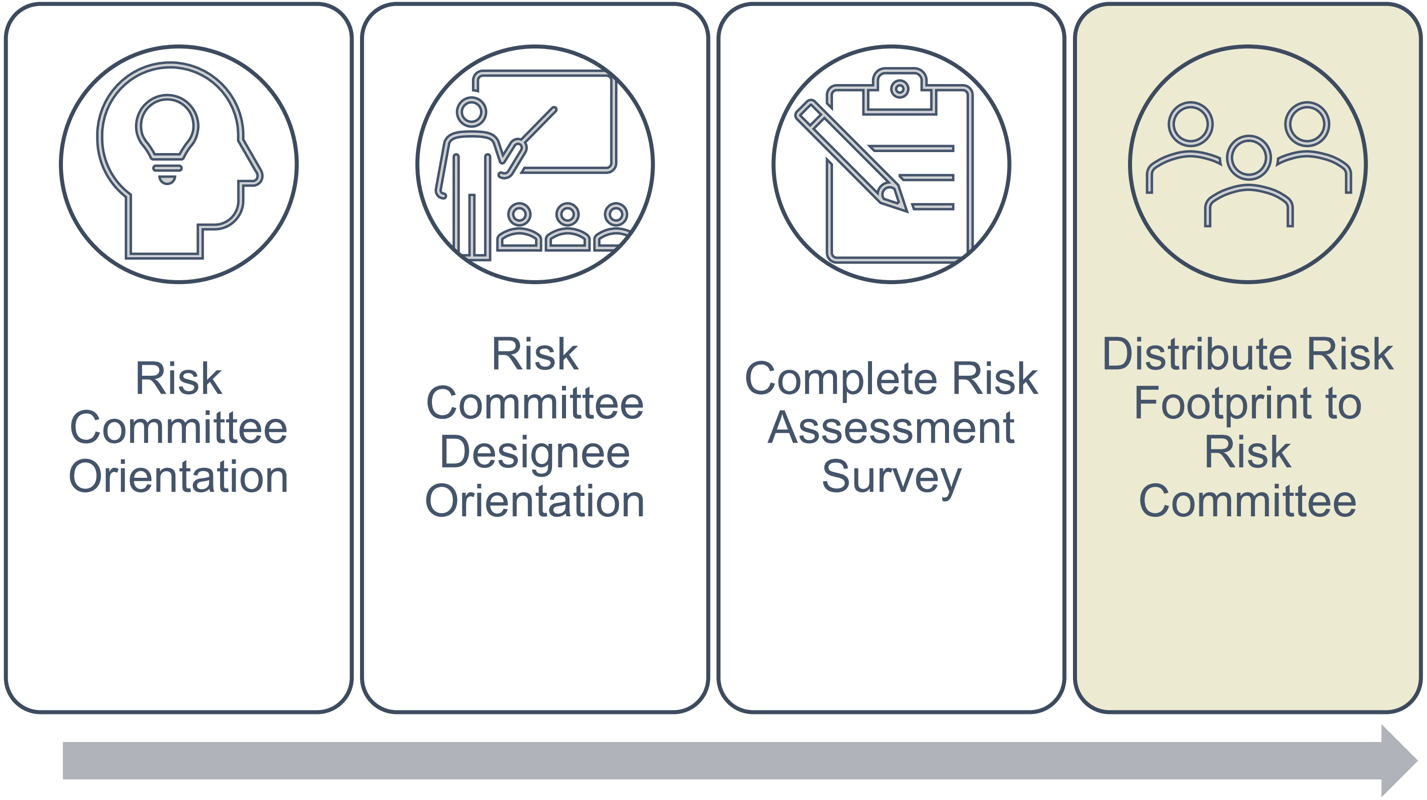
Risks impacting compliance with legal, regulatory, contractual, policy, accreditation, NCAA, and other requirements

Please rate the **likelihood** and **preparedness** of each financial risk listed below using the provided rating scales.

Likelihood Ratings		Preparedness Ratings	
Likelihood refers to the probability a risk may occur given the effectiveness of your existing controls, as known to you.		Preparedness refers to the University's readiness to address a risk based on the existence and effectiveness of prevention/detection controls.	
Minor	Remote possibility of occurrence given our current controls (>three years out)	Very Prepared	Significant preparation efforts and risk mitigation strategies are in place. Very few identified issues and/or opportunities for improvement/enhancements exist.
Moderate	More than a remote possibility of occurrence given our current controls (every one to three years)	Prepared	Moderate preparation efforts and risk mitigation strategies are in place. Some identified issues and/or opportunities for improvement/enhancements exist. Negligible possibility of other unidentified issues or opportunities.
Major	Happens with some frequency given our current controls (likely to occur this year)	Somewhat Prepared	Minimal preparation efforts in place. Significant Issues and/or opportunities for improvement/enhancements exist. Notable possibility of other unidentified issues or opportunities.
Severe	Expected to happen or happens often (occurs several times per year)	Very Unprepared	Virtually no preparation in place. Significant issues/opportunities for improvement/ enhancements exist. Strong possibility of other unidentified issues/opportunities.

Compliance Risk	**Likelihood Rating** *Ratings definitions reflected above*	**Preparedness Rating** *Ratings definitions reflected above*
Breach of Contract Risk Risks associated with failure to meet contractual requirements leading to adverse consequences.		

Identifying and Assessing Risk



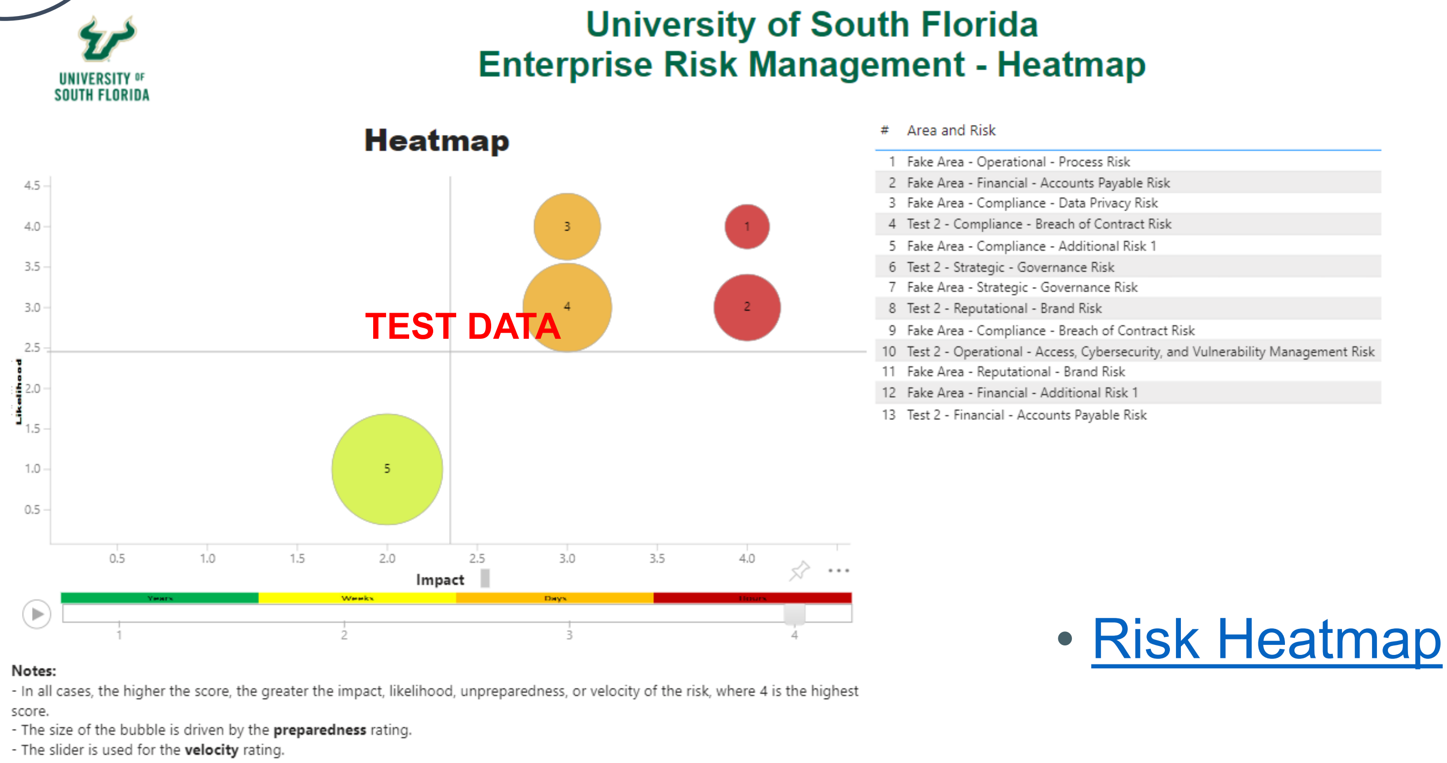
Risk Committee Orientation

Risk Committee Designee Orientation

Complete Risk Assessment Survey

Distribute Risk Footprint to Risk Committee

Risk Footprint Distributed



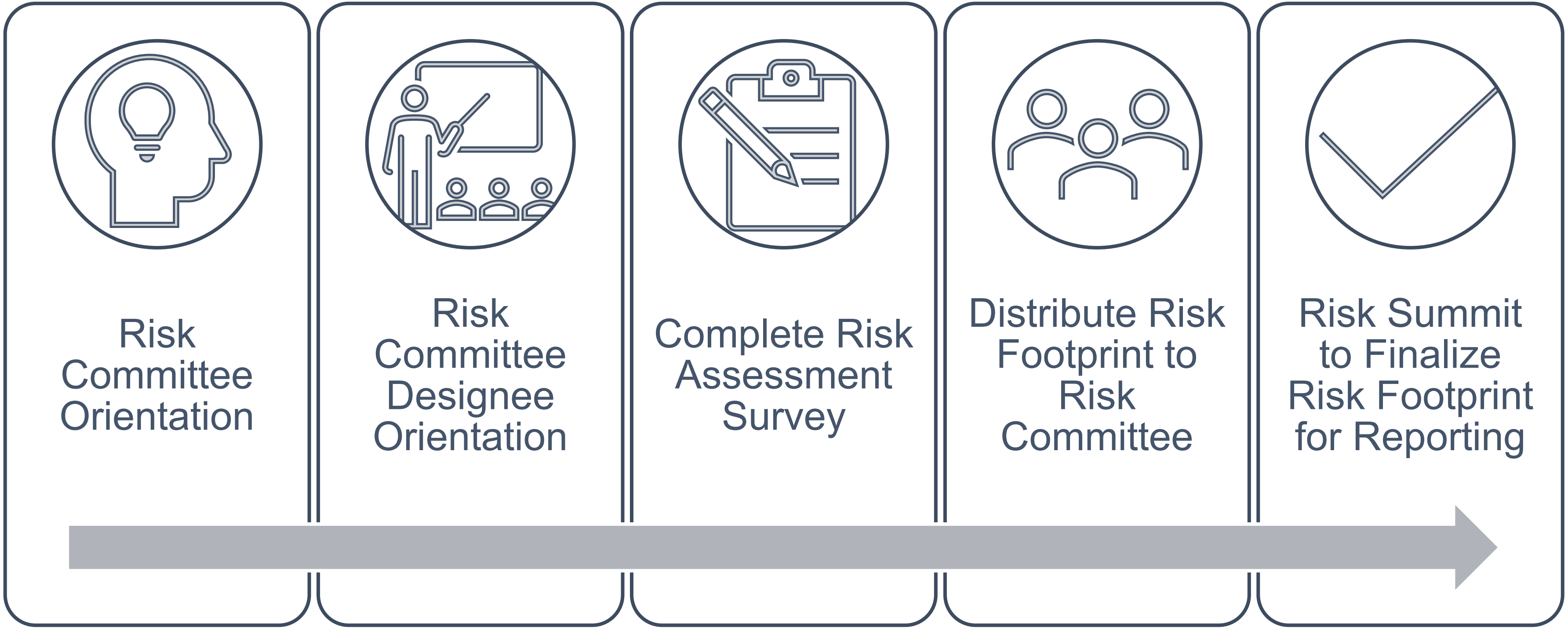
University of South Florida
Enterprise Risk Management - Heatmap

#	Area and Risk
1	Fake Area - Operational - Process Risk
2	Fake Area - Financial - Accounts Payable Risk
3	Fake Area - Compliance - Data Privacy Risk
4	Test 2 - Compliance - Breach of Contract Risk
5	Fake Area - Compliance - Additional Risk 1
6	Test 2 - Strategic - Governance Risk
7	Fake Area - Strategic - Governance Risk
8	Test 2 - Reputational - Brand Risk
9	Fake Area - Compliance - Breach of Contract Risk
10	Test 2 - Operational - Access, Cybersecurity, and Vulnerability Management Risk
11	Fake Area - Reputational - Brand Risk
12	Fake Area - Financial - Additional Risk 1
13	Test 2 - Financial - Accounts Payable Risk

Notes:
- In all cases, the higher the score, the greater the impact, likelihood, unpreparedness, or velocity of the risk, where 4 is the highest score.
- The size of the bubble is driven by the **preparedness** rating.
- The slider is used for the **velocity** rating.

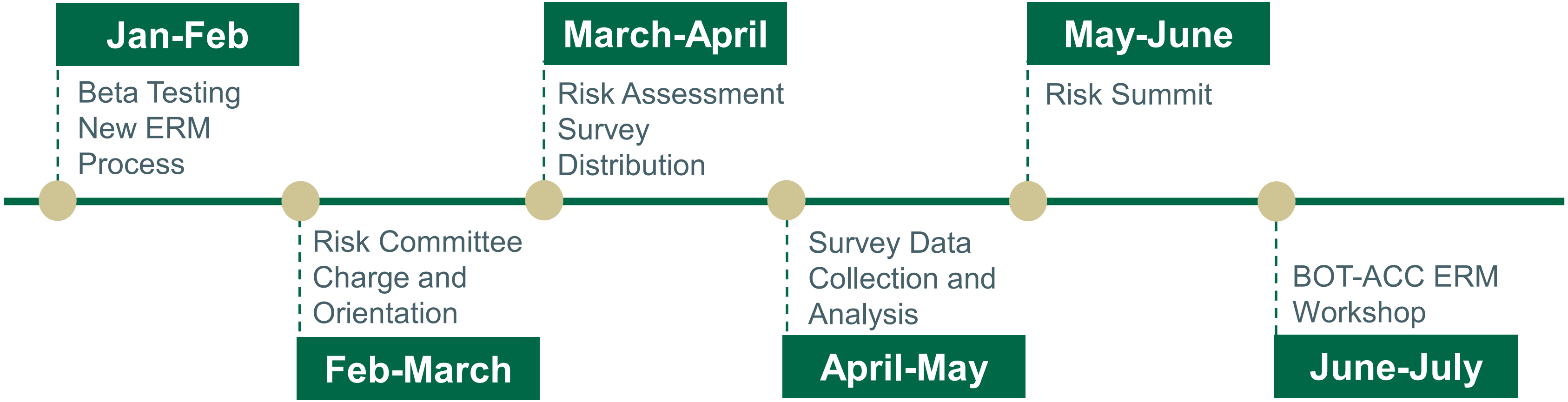
- Risk Heatmap

Identifying and Assessing Risk



1. Risk Committee Orientation
2. Risk Committee Designee Orientation
3. Complete Risk Footprint Assessment Survey
4. Distribute Risk Footprint to Risk Committee
5. Risk Summit to Finalize Risk Footprint for Reporting

ERM Timeline – Spring 2023



Jan-Feb

Beta Testing New ERM Process

Feb-March

Risk Committee Charge and Orientation

March-April

Risk Assessment Survey Distribution

April-May

Survey Data Collection and Analysis

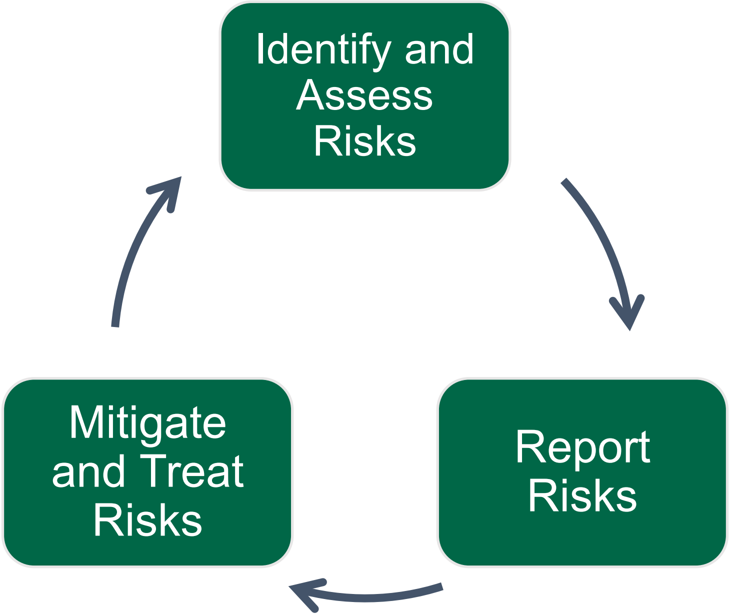
May-June

Risk Summit

June-July

BOT-ACC ERM Workshop

ERM Process



Identify and Assess Risks

Report Risks

Mitigate and Treat Risks

Discussion