Risky Business:
A Week Focusing on Risk Management’s Contributions to Higher Education

Presented by: The Pennsylvania State University
Risk Management Office

TODAY’S TOPIC

ERM: It’s Not A Solo Gig!

Or

How to Use a Risk Committee Effectively
TODAY’S TOPIC

What we’ll cover in this session:
  - Why the committee approach may be useful
  - Membership selection
  - Scope and activities of the committee
  - Getting the most out of “yet another committee”

THINGS YOU MAY NOT KNOW ABOUT PENN STATE UNIVERSITY

UNIVERSITY PARK CAMPUS
  - 8 million sq. ft. of janitoried floor surface in 700 buildings
  - 4 million gallons of water, in and out, daily
  - 45,000 students
  - 16,000 faculty and staff
  - 15,000 beds in 56 residence halls
  - 14,000 parking spaces
  - and 35,000 more on seven Saturdays each Fall
MORE NUMBERS

- 12,000 farm and research animals (not counting lab rodents)
- 3,000 fire extinguishers
- 2,000 licensed motor vehicles
- 300 elevators
- 31 miles of paved roads and 23 miles of walkways
- 5 recreational buildings our neighbors think they own
- 2 large hotel/conference centers
- 200,000 non-student minors served each year
- The 7th-busiest commercial airport in PA

AND...

- The second-largest outdoor stadium in the US
ONE UNIVERSITY, GEOGRAPHICALLY DISPERSED

- And all these statistics are just for the one campus of which you are most aware.
- We have 21 undergraduate campuses across the Commonwealth of Pennsylvania,
- Plus, two law school campuses, one academic medical center and a separate community hospital.
- Any questions about why we need a risk committee?

WHY USE A COMMITTEE?

- Hey, it’s higher education!
- Varying, equally valuable and valid perspectives.
- You will learn something about your institution that you didn’t know.
- Different constituencies with different audiences (i.e., someone may not believe you but they will believe another member).
- Parallel processing to get more accomplished in a short time (more hands make the chores lighter).
OUR RISK COMMITTEE/COUNCIL

- 12 members from across the institution
- Includes two faculty
- Mid-level administrators from varying units
  - Athletics, Audit, General Counsel, EH&S, Ethics & Compliance, Finance & Business, HR, Medical Center Compliance, Research Protection, Student Affairs
- Meets monthly
- Gets more accomplished than relying upon senior executives.

ROLE OF THE RISK COMMITTEE

- Our vision: Create a risk-aware culture, permitting the University to ensure an effective means to identify, measure, control and assign responsibility to manage risks, while encouraging the acceptance of reasonable opportunities.
- Structure has been in place since 2006.
- Acts as sounding board, brainstorming, and pushes back on assumptions.
PRIMARY ACTIVITIES

- Develop and review risk matrix.
- Hears from risk “leaders” about the risks.
- Assigns risks for specific oversight by a Committee of the Board of Trustees.
- Annually re-assesses relative frequency, severity, impact and maturity of risks.
- Sponsored training: “Managing Decisions for Minimizing Risks” for PSU employees.

OPERATIONAL RISKS

The diagram illustrates the operational risks in a probability-severity matrix, with categories such as Diversity challenges, IT security & risks, Travel safety, Staffing adequacy, Course quality, and more.
GETTING THE MOST OUT OF A GROUP

- Keep them engaged – but not overwhelmed!
- Ask what keeps THEM awake at night.
- Never strive for perfect attendance.
- Keep them informed of Board of Trustees’ interest and actions relative to the risks under their oversight.
- Seek their input as new risks arise, and to review risks that may have changed in placement on the heat map.

Thank You for Helping Us Celebrate Risky Business on Our Campus!

Questions?
Who Is URMIA?

- The University Risk Management and Insurance Association is dedicated to the advancement of risk management in higher education
  - URMIA helps institutions of higher education reach their academic, social, and economic goals
- Goals:
  - To protect the reputation and resources of institutions of higher education through sound risk management practices
  - To make available the best risk management information for institutions of higher education
  - To provide excellent professional development opportunities for risk management professionals