



## *Identifying and Analyzing Risk Exposures in Higher Education*

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### *HOW DO WE PERCEIVE RISK?*





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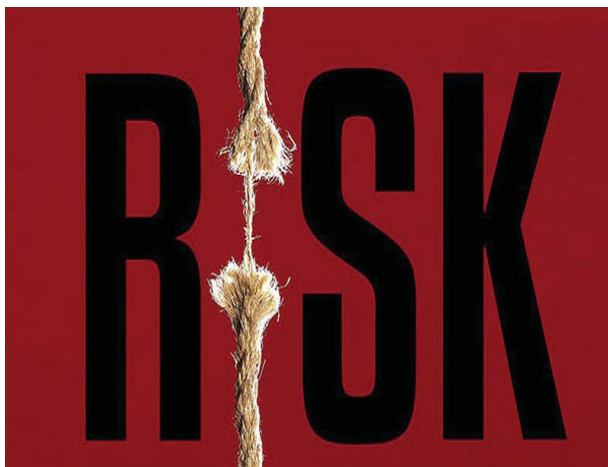
### *WHAT CREATES RISK?*

- *Possibility of loss or gain*
- *Uncertainty, lack of control over outcome*
- *Varying levels of loss event probability and magnitude*
- *Frequency and duration of activity*



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### *What Risk Exposures Impact Your Area?*





*Risk Management is the practice of helping an organization achieve its goals and protecting it from harm by identifying, analyzing, controlling and financing risk*

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#### ***PRINCIPLES OF EFFECTIVE RISK MANAGEMENT:***

- *Creates and protects value*
- *Is an integral part of all organizational processes*
- *Is part of decision making*
- *It explicitly addresses uncertainty*
- *Is systematic, structured and timely*
- *Is based on the best available information*
- *Is tailored to the needs of the organization*
- *Takes human and cultural factors into account*
- *Is transparent and inclusive*
- *Is dynamic, iterative and responsive to change*
- *It facilitates continual improvement of the organization*

*Source: ISO 31000 – Risk Management – Principles and Guidelines*

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## Our Primary Areas of Risk



## Liability Risk Exposures

### Buildings and Premises Safety

fire safety, slip and fall, food service, landscaping, housing, utilities

### Campus Operations

fleet safety, parking, public events, performance, athletics, campus use, hazardous materials, information security

### Law Enforcement

use of force, vehicle pursuit, active shooter, threats of violence, emergency preparedness

### Student Issues

alcohol and drug abuse, suicide, sexual assault, travel, study abroad, student organizations, fraternities and sororities

### Professional Liability

medical malpractice, mental health services, counseling, engineering

## Human Resources Risk Issues

### Employment Practices

recruitment and hiring practices, equal opportunity, disability management, sexual harassment, discrimination, management training, promotion and tenure, disciplinary practices

### Health & Safety

OSHA compliance, safety training, industrial hygiene services, ergonomics, laboratory operations, driving and transportation risks, hazardous occupations, domestic & foreign travel

### Payroll and Benefits

tax compliance, health insurance/ACA, Fair Labor Standards Act, Family Medical Leave Act, worker's compensation, retirement

### Workplace and/or Campus Violence

background screening, threat assessment, incident management, workplace hardening, critical incident stress management (CISM) or other post-incident management strategies

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## Financial Loss Risk Exposures

### Uninsured Loss Exposures

unscheduled or undocumented acquisitions of property, inventory shortage, mysterious disappearance, obsolescence, mechanical and electrical breakdown

### Contract Exposures

failure to control signature authority, lack of standard language and policies regarding indemnification, hold harmless, and additional insured; waivers of subrogation, conflict of interest, performance and warranty

### Revenue Loss or Interruption

business interruption, regulatory shutdown, reputational damage, dependence on state and/or local government, tuition revenue drop

### Investment Loss

inconsistent risk tolerance and management policy and philosophy

### Regulatory Penalties and Expenses

Fines for violations, notification expense, corrective action costs

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# University Property Risks

## Buildings, Contents, Infrastructure, Land

fire safety, construction, security, occupancy, pollution

## Collections, Gifts

valuation, security, protection, environmental perils,  
loans in or out, contractual obligations to donors/owners

## Cash, Inventories, Receivables, P-Card

accounting controls, theft deterrence, audit systems

## Intellectual Property, Trademarks, Data

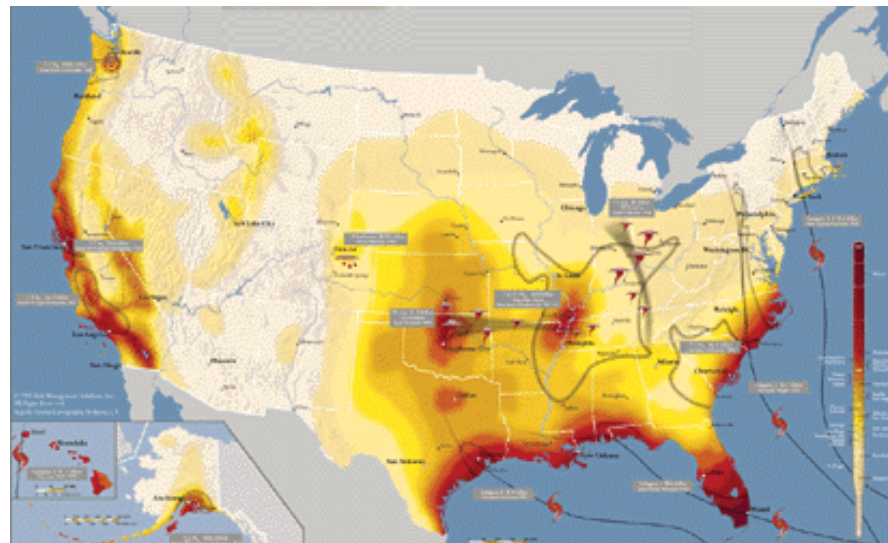
contract terms, enforcement, IT policies

## Brand and Reputation

media management, messaging, consequential impacts

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Catastrophic Risk from Earthquake, Hurricane, Tornado, Hail



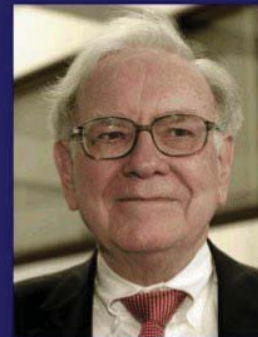
## Compliance in Higher Education

- Human Resources
- Environmental Health and Safety
- DOE- Title IX, Financial Aid
- Information Security, Privacy
- Public Safety – CLERY, Security
- Athletics – NCAA
- Facilities – Fire Safety, Utilities
- Financial – Sponsored Projects, PCI-DSS, Tax, Financial Reporting
- Research – Human Subjects, Clinical Trials, Export Control, Animals, Conflict of Interest, Animals, Select Agents,
- International Activity – Banking, Defense Base Act,
- Americans with Disabilities Act
- Affordable Care Act, Healthcare, HIPPPA



## The fragility of reputation

" It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently "



Warren Buffett  
CEO Berkshire Hathaway

# Reputational Risks in Higher Education

- Program Rankings
- Sexual Assault and Misconduct
- Social Media
- Fraud, Inadequate Internal Controls
- Data Breach
- Compliance Failures
- Campus Violence, Law Enforcement
- Academic Misconduct
- Research Integrity, Human Subjects
- Athletics
- Environmental Issues
- Deferred maintenance, campus safety



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## Who are key campus partners in risk management?

- *Senior Leadership – President, Provost, VPs, CFO*
- *Chief Risk Officer, Risk Manager, Insurance Manager*
- *General Counsel*
- *Financial Services, Accounting*
- *College and Departmental Leadership*
- *Contracting Officials*
- *Human Resources, EOAA*
- *Environmental Health & Safety*
- *Information Security, Network*
- *Police, Security, Fire Protection*
- *Facilities Management*
- *Student Affairs*
- *Compliance Office*



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## RISK MANAGEMENT STRATEGIES



### Risk Control

- Exposure avoidance
- Loss prevention - reduces frequency
- Loss reduction - reduces severity
- Segregation, separation, or duplication
- Contractual transfer of risk

### Risk Financing

- Deductible at unit level
- Internal loss allocation
- Active vs. passive retention
- Self-insurance, captives, pooling arrangements
- Contractual transfer for risk financing (Insurance)

***Insurance is NOT the only answer!!!***

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## TRUE STORIES - TRAGIC OUTCOMES – SERIOUS CONSEQUENCES

*A student enrolled in a Study Abroad program in China had some free time so he and several other students arranged a trip with a private tour operator to travel to the base camp of Mt. Everest (17,600 ft). While at base camp the student became ill with altitude sickness. His condition deteriorated to pulmonary edema and he died while being transported down from base camp to medical care. Wrongful death lawsuits were filed against the student's home university in the U.S. and the academic program provider in China. The case was dismissed in favor of all defendants on Motion for Summary Judgment, and later affirmed by the State Court of Appeals.*

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### TRUE STORIES - TRAGIC OUTCOMES – SERIOUS CONSEQUENCES

*A female research assistant was working with a pyrophoric liquid in the lab when it burst into flames, severely burning more than half of her body. She died in a burn unit 18 days later. Both the institution and the Principal Investigator of the lab were charged with three felony counts of violating OSHA standards. Criminal charges are very rare for workplace safety violations. As part of their settlement, the institution accepted responsibility for the conditions that led to the accident, paid a fine, and implemented stringent new lab safety protocols. The institution backed the PI, asserting that this was a tragic accident that did not warrant criminal charges. Institutional parties were dismissed early on, the criminal case against the PI was settled.*

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### TRUE STORIES - TRAGIC OUTCOMES – SERIOUS CONSEQUENCES

*A donated pickup truck was stored outdoors and used occasionally. While making a 100+ mile drive and hauling a flatbed trailer of equipment, a tire blew out sending the truck and trailer across the interstate median into a head-on collision at 75 mph with another motorist. The pickup driver sustained minor injuries, but the other driver, an older woman, suffered shattering fractures to both legs. She required multiple surgeries and extensive physical therapy, and regained her ability to walk with some permanent impairment. There were no records of any maintenance or inspection of the pickup truck or its tires during 7 years of university ownership. Plaintiff accepted a mediated settlement in lieu of a jury trial.*

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## ***CLAIM OR NO CLAIM???***

*Public tours of a remotely located science facility include walking outdoors between buildings. A patron visiting with his family was stung by a bee, had an allergic reaction, and went into anaphylactic shock. After several minutes, 9-1-1 was called, and due to the remote nature of the facility, the victim was airlifted by helicopter to a hospital for treatment, where he made a full recovery. There were no epi-pens on site, and the victim's family watched him lying on the ground struggling to breathe while awaiting emergency medical assistance.*

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## ***CLAIM OR NO CLAIM???***

*As part of a disciplinary action, a male student was assigned to perform community service, and selected a campus science museum as his worksite. A 225 lb. meteorite was on display, welded to three metal legs which were configured into a tripod stand. A sign next to the meteorite said "Please Touch" to encourage patrons to feel the surface of the meteorite. The student picked up the meteorite and its stand so his friends could take a picture. He lost his balance, fell backwards, and as he hit the floor the meteorite severed two of his fingers. Museum staff called 911, and emergency surgery was done to attempt re-attachment of his fingers.*

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## ***CLAIM OR NO CLAIM???***

*The ticket sales window at a campus athletics venue is adjacent to a wide outdoor sidewalk, next to a campus street with metered parking. A group of patrons was standing in line, including a mother who had two children playing nearby. While she was at the ticket window, a golf cart driven by a student employee wearing headphones was driven through on the sidewalk, and struck her 3-year old son, dragging him underneath for about 15 feet before realizing there was a problem and coming to a stop. The mother, older brother, and several patrons witnessed the incident. Fortunately, the little boy was not seriously injured and suffered only scrapes and bruises.*

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## ***RISK EXPOSURE ASSESSMENT EXERCISE***

- *Divide into six working groups*
- *Review your assigned case for potential risk exposures to property, financial, human resources, liability, reputation, and compliance*
- *Develop appropriate risk mitigation strategies*
- *Report back to the full group*

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## Risk Assessment Scenario No. 1

A faculty member plans to take her class of 20 undergraduate students to conduct field research and attend a conference in and around Puerto Penasco, Sonora, Mexico. Leaders will include the faculty member and one graduate assistant. Due to budget cuts, there are funds available for only one rental van, so the faculty member has recruited a few students to drive their own vehicles and provide rides to other students. One student's boyfriend (not in the class) has a van, and has volunteered to drive if he can come along on the trip with his girlfriend. The trip will be over four days; students have been given a list of hotels to choose from in the city, although a few have indicated a plan to camp out at the field site. Several students have also indicated that they plan to remain in Mexico after the conference to vacation on the beach.

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## Risk Assessment Scenario No. 2

A major donor has offered to loan your department an expensive 100lb. glass sculpture from his personal collection to be hung from the ceiling in the lobby of your building. The department head had lunch with the donor to thank him for this wonderful gesture and to make arrangements for transferring the sculpture for display. Because the donor had the piece custom-made, he wants the original artist to perform the installation of the artwork, and requests the department to arrange transportation and building access for the installation. The department head agrees with this plan, shakes the donor's hand, and tells him he will take care of everything. The department has a couple of students check out a truck from the Motor Pool, and sends them to the donor's home to pick up the sculpture and bring it back to campus. The artist says she will need a couple of nights after the building is empty to complete the installation, which includes installation of steel cables connected to pipes running across the ceiling to suspend the sculpture above the lobby floor. The department arranges for a couple of students to let her in at 6pm and provide any assistance she needs to complete the installation.

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### Risk Assessment Scenario No. 3

Your department is planning an employee recognition dinner to be held in the evening at an off-campus restaurant. Many of your staff members have young children ranging in age from toddlers to junior high, so to encourage attendance by as many employees as possible, arrangements are made for several student employees from your department to watch the children in a couple of conference rooms in your building. Parents will drop their kids off at your building, where there will be pizza and soda, movies and games in a conference room, and then pick them up after the dinner event. To be fair to the student employees, they will be paid for this time from their normal student wage account. In addition some of the student employees have friends who have agreed to hang out during the event and help take care of the kids.

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### Risk Assessment Scenario No. 4

Two of your faculty members have developed exciting new technology from their university research, and have formed their own start-up company to expand their work and look for opportunities to begin licensing their technology to the private sector. Their home department is awaiting construction of a new building, but these scientists need more space immediately for their research so the university agrees to lease lab space for them in an off-campus industrial park. For added convenience, their start-up company decides to lease additional space immediately adjacent to the university leased space. Several graduate students are working on their dissertation research with these two faculty members, and they are given space to work at the off-campus facility. The same students also receive paid internships working for the start-up company. Faculty, staff, and students working at the facility move freely between the two areas, sharing expertise, supplies, computing resources, and other resources that are needed by both entities. Licensing opportunities for the new technology are starting to line up for the new start-up company.

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## Risk Assessment Scenario No. 5

Budget cuts have been hard on your department, so the decision is made to host a car wash at a gas station near campus to raise money. The event will be staffed by students and staff members from your department. The gas station owner asks if the university has insurance for things like this, and is told, of course! To make the event more profitable, a staff member has contacted his cousin who operates a food truck (Sonoran Specialties), and is willing to be at the event and share a percentage of his profits with the department. Since this is a science department, one of the graduate students wants to offer something additional that will be educational and yummy. He plans to bring a small dewar of liquid nitrogen and use it in a demonstration to make homemade ice cream. While their parents are getting their cars washed, kids will be able to gather around a table to learn about cryogenics and get some ice cream at the end of the demonstration.

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## Risk Assessment Scenario No. 6

It's a new year and it seems everyone in your department is talking about a fresh commitment to good health, exercise, and losing weight. The department wants to keep the momentum going, so a program is set up in the department to track everyone's progress, and introduce some friendly competition into the mix. One of the staff has a daughter enrolled in the College of Nursing, and she has agreed to come over and collect data from participants, including a medical history form, starting weight, blood pressure, pulse, and blood glucose levels. Fit Bits will also be provided to participants to track activity, sleep patterns, etc. A spreadsheet is created to insert everyone's data and track their progress over the course of the program. The spreadsheet, Fit Bit data, and scans of the medical history forms will be kept on a portable thumb drive that the departmental secretary will keep in her desk. Prizes will be awarded to those who achieve their fitness and weight loss goals, and everyone is excited to get started! If it's successful, they might consider expanding the program to compete with other departments in their College.

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Questions?

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