

Search



USG INSTITUTIONS

INFORMATION FOR:

POLICIES & REPORTS

DIVISIONS

ABOUT

BOARD OF REGENTS POLICY MANUAL

Official Policies of the University System of Georgia

Search the policy manual

Go

Home

Policy Revisions

Comparison Chart (2009)

1. Officers of the Board +

2. Institutional Governance +

3. Academic Affairs +

4. Student Affairs +

5. Public Service +

6. Research +

7. Finance and Business x

7.0 Introduction & Contents

7.1 General Policy +

7.2 USG Budget +

7.3 Tuition and Fees +

7.4 Private Donations to the USG and Its Institutions +

7.5 Fund Management +

7.6 Travel

7.7 Purchasing +

7.8 Insurance +

7.9 Contracts +

7.10 Auditing +

7.11 Miscellaneous +

7.12 Reserved

7.13 Retiree Health Benefit Fund Investment Policy +

7.14 Identity Theft

7.15 Risk Management Policy +

7.16 Compliance Policy +

7.17 Other Post-Employment Benefits Funding Policy

8. Personnel +

9. Facilities +

7.15 Risk Management Policy

7.15.1 Risk

(Last Modified on August 18, 2010)

Risk refers to the probability of an event and potential consequences to an organization associated with that event's occurrence. Risks do not necessarily exist in isolation from other risks; as a result, a series of risk events may result in a collective set of consequences that is more impactful than the discrete set of consequences associated with risk events taking place in isolation. Risk is inherent to any activity. It is neither possible, nor advantageous, to entirely eliminate risk from an activity without ceasing that activity. The safest ships are the ones that do not sail, but that is not what they are designed for.

A risk is defined as **Major** when the combination of an event's probability and the potential consequences is likely to:

1. Impair the achievement of a University System of Georgia (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 and/or an external body.

Major Risks are a subset of the larger category of **Significant Risks** referenced in the Risk Management Policy. **Major Risks** are the most critical risks and must meet the definition of **Major Risk** as defined in Section 7.15.1 of this Policy Manual. **Significant Risks** includes **Major Risks** but also include less critical risks. The definition of **Significant Risk** will be detailed in the System-level procedures manual referenced in Section 7.15.5.4 of this Policy Manual. However, the level at which a risk becomes **Significant** will vary by institution given each institution's risk tolerance, resources, and ability to manage risk events. (BoR Minutes, August 2010)

7.15.2 Purpose

(Last Modified on August 18, 2010)

The Board of Regents recognizes that the proper management of risk is a core leadership function that must be practiced throughout the USG. The Enterprise Risk Management (ERM) framework shall be the accepted framework for USG risk management. ERM is defined as a process-driven tool that enables management to visualize, assess, and manage significant risks that may adversely impact the attainment of key organizational objectives. It is the responsibility of USG and institutional leaders to identify, assess, and manage risks using the ERM process. The successful implementation of ERM policies and practices can enhance potential opportunities to help achieve organizational objectives.

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.

Risk management decisions should be made after conducting a cost-benefit analysis; such analysis should take into account the potential costs associated with the identified risk should the risk event take place as compared to the costs associated with mitigating the risk. It should be noted that these costs are not only financial but may also include substantial damage to reputation, opportunity costs, potential litigation, distraction from core missions, obsolescence and others.

While it is challenging to properly assess some risk events prior to them happening, **Major Risks** that could result in significant long-term damage to the USG or a USG institution must be identified to the Board and the Chancellor as soon as possible. Acceptance of **Major Risks** must be at the discretion of the Board and the Chancellor. The System-level procedures manual referenced in Section 7.15.5.4 of this Policy Manual shall provide additional guidance on the timing and form pertaining to the reporting of **Major Risks**. **Significant Risks** should be identified in a timely manner.