



Medical College of Georgia

Administrative  
Policy Library

## Institutional Risk Management Policy

### CITATION REFERENCE

**Official Title:** Institutional Risk Management Policy

**Abbreviated Title:** Risk Management Policy

**Volume:** Institutional Audit and Compliance

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**Revised:** Not applicable

### Policy Statement

The Medical College of Georgia will maintain a campus-wide approach directed towards the effective management of potential opportunities and adverse effects associated with the institution's academic, administrative, and business/healthcare activities.

### Reason For Policy

The Institutional Risk Management Policy provides direction to the campus community in a coordinated effort to identify high risks, understand the impacts of all activities (fiscal, programmatic, environmental, societal, reputational), and to ensure that institutional risks are appropriately managed. This policy aligns MCG risk management activities with the Board of Regents' Risk Assessment Policy.

### Entities Affected By This Policy

All units of the Medical College of Georgia are covered by this policy.

### Who Should Read This Policy

Every MCG employee, including faculty and staff, and every representative performing work on behalf of MCG, should read this policy.

### Contacts

Contact	Phone	e-mail/URL
Office of Institutional Audit and Compliance (Director, Chief Audit and Compliance Officer)	706-721-2661	<a href="mailto:audit_compliance@mcg.edu">audit_compliance@mcg.edu</a> <a href="http://www.mcg.audits/">http://www.mcg.audits/</a>

### Website Address For This Policy

<http://www.mcg.edu/policies/documents/institutionalrisk.pdf>

### Related Documents

BOR Risk Assessment Policy

[MCG University Initiative Submission Form](#)  
MCG Due Diligence/Risk Worksheet (**Attachment A**)

## Definitions

*Risk*: the chance of an event occurring (positive or negative) that will have a significant impact on the institution's mission, strategic objectives, and/or operations, and is measured in terms of consequence and likelihood.

*Risk Assessment*: the process used to determine risk management priorities by evaluating/comparing the level of risk against predetermined acceptable levels of risk.

*Risk Management*: a logical and systematic approach of organizational policies and procedures/practices that will allow an organization to maximize opportunities and minimize losses/negative impacts.

*Risk Response and Description*: the management action(s) that allow the organization to accept, avoid, transfer or reduce the identified risk.

## Overview

The institution has adopted a campus-wide risk management approach for managing the financial, programmatic, environmental, societal, and reputational risks associated to the Medical College of Georgia. The campus-wide risk management policy documents the required internal processes necessary to ensure that risks are appropriately managed and the appropriate risk response actions are being properly executed.

In general, all MCG employees are responsible for the effective management of risk. All personnel, including managers, faculty, and staff, are responsible for identifying potential risks. Managers are responsible for developing and implementing the risk response and risk action description. The risk management approach should be incorporated with other planning processes and management activities, i.e., the university initiative submission process.

Risk assessments will be undertaken at two different levels within the institution. One level of risk assessment will involve the completion of Sections G (Customer Benefits) and H (Due Diligence/Risk Assessment) of the *University Initiative Submission* form for all new university initiatives. The review of the risk assessment associated with the *Submission* form will be performed by the University Project Steering Team. Questions regarding the identified risk and/or response by the review team may be directed to the campus unit submitting the form or another campus unit/leader.

The other level of risk assessment involves management within an identified unit performing and completing the *Due Diligence/Risk Worksheet*. The request for this worksheet to be completed may originate from the President, unit senior leadership, the Compliance Oversight Council, or as a part of a campus-wide effort. The review

of this worksheet will involve the requesting unit/leader as well as other institutional leaders or Board of Regents’ System office management.

**Process/Procedures**

None

**Responsibilities**

The responsibilities each party has in connection with the *Risk Management Policy* are:

President or Chair of the COC	Responsible for ensuring that a campus-wide risk management system is established, implemented and maintained in accordance with this policy and the Board of Regents’ Risk Assessment policy. Assignment of responsibilities in relation to risk management is at the discretion of the President.
Compliance Oversight Council	Responsible for the oversight of the risk management processes, assisting in the identification of high risk areas, ensuring the necessary risk assessments are being performed, and advising management as necessary.
Department Chair, Director, Manager, and/or appropriate level staff	The responsibility for performing the risk assessment and/or completing the risk worksheet may be assigned to the appropriate level of management or staff as determined by the respective campus unit or senior leadership.
All Medical College of Georgia faculty, employees, and students	Responsible for adhering to the Administrative Policies of the Medical College of Georgia.

**Forms**

*Due Diligence/Risk Worksheet* (Attachment A) – to assist in understanding the worksheet and potential questions, the worksheet is accompanied by a descriptive document and a legend (with definitions) for ranking the various probabilities.

[University Initiative Submission Form](#)– to assist with the submission form, the form is linked as well to the descriptive document and legend information.

**Appendices**

None.



## MCG's DUE DILIGENCE/RISK ASSESSMENT

All of MCG's activities carry potential risks and benefits. We must consider the potential impact of our actions, to determine whether we should undertake or continue the activity, and to determine how we can perform the activity to maximize the benefits and minimize the risks. As a part of the institution's planning strategies, we are requesting that the Due Diligence/Risk Spreadsheet be completed. For guidance in completing the spreadsheet, please refer to the information below and the risk probabilities and impact guidelines/instructions on Page 2.

### What are the risks and benefits?

Risks, as well as benefits, may be financial, programmatic, health, environmental, societal, or reputational. Some of the questions that we have to consider are:

- What risks are not only being presented to our business unit/department, but to every aspect of the institution, to the University System, to our cooperative organizations, to our contractors, our supporters, and to the public?
- What is the opportunity cost of the endeavor? In other words, if we do this project/initiative, what other activities will we be unable to undertake?
- Does MCG (and all the necessary participants) have the resources and capabilities to undertake the activity?
- If the success of the activity is dependent on non-MCG parties, have we determined that they are willing and able?

### What measures will be taken and by whom to manage the risks, and to maximize the benefits?

On the spreadsheet there is an opportunity to describe what compliance and/or control actions will occur and which functional officer will be accountable to help in eliminating or reducing the risk. Risks may be *avoided* by not undertaking an activity, or by doing it a different way. However, education, training and other measures may *reduce* the likelihood and/or impact of a risk. Risks can be *transferred* to another party through a contract, waiver or insurance. Some risks may simply be *accepted* if the benefits appropriately outweigh the risks. Please place a response of either: Avoid; Reduce; Accept; or Transfer, in the Response column. Then describe the necessary compliance/control activity.

### How does this activity relate to the strategic plans for MCG and the USG?

In Section B. of the Due Diligence form, you will have the opportunity to explain how the project/initiative will enhance and relate to the institution's mission and/or strategic plan.

### What are the alternatives?

In Section C. of the form, you will need to answer the questions: What are the risks and benefits to the other options, if any? What is the impact to our mission if we do not undertake this activity? Finally, explain why the proposed project/initiative is the best option?

## Legend for Ranking Probability of Occurrence and Impacts

Probability of occurrence and impact rankings are not susceptible to precise measurement. The rankings will simply be a "high," "medium" and "low" standard.

What is the likelihood of occurrence? The goal of evaluating “probability of occurrence” is to identify whether there is a realistic chance that the risk identified would occur with some (high, medium or low) frequency. Frequency levels = Low, less than 30%; Medium, more than 30%, less than 70%; High, more than 70%.

What is or are the project/initiative impacts? The goal of evaluating “impacts” is to identify the type(s) of impact that could occur and the level of risk associated with the respective impact.

IMPACTS	HIGH	MEDIUM	LOW
	Significant impact on MCG’s ability to achieve its goals and objectives	Meaningful impact on MCG’s ability to achieve its goals and objectives	Small or no impact on MCG’s ability to achieve its goals and objectives
<b>FINANCIAL</b> Fines, loss of funding, paying settlement money or other monetary loss. What is the likely financial consequence?	<u>Material to Institution</u> <ul style="list-style-type: none"> <li>Expensive sanctions</li> <li>Losing qualification for federal funding</li> <li>Major institution-wide property damage</li> </ul>	<u>Material to Department</u> <ul style="list-style-type: none"> <li>Major departmental property damage (minor institution-wide)</li> </ul>	<u>Immaterial</u> <ul style="list-style-type: none"> <li>Theft of individual property, small claims</li> </ul>
<b>REPUTATION/MISSION</b> Harm to MCG's good name and image. Consider how a risk, if realized, would make MCG look in the newspaper.	<ul style="list-style-type: none"> <li>Extensive media exposure</li> <li>Significant loss of public trust</li> <li>Significant loss of students</li> <li>Significant accreditation issues</li> <li>External investigations</li> <li>Clinical trials shutdown</li> <li>Implementation of additional oversight from external bodies (e.g. State Board of Education, legislative audits, federal government, etc)</li> <li>Probability that key administrators, managers and employees not directly involved will be terminated</li> </ul>	<ul style="list-style-type: none"> <li>Some media exposure</li> <li>Mild loss of public trust</li> <li>Mild loss of students</li> <li>Minor accreditation issues</li> <li>External inquiries</li> <li>Individual program or lab shutdown</li> <li>Conduct likely to lead to litigation</li> <li>Implementation of additional oversight from external bodies may occur or needed</li> <li>Probability that key administrators, managers and employees not directly involved could be disciplined</li> </ul>	<ul style="list-style-type: none"> <li>Little or no media exposure</li> <li>Little or no loss in public trust</li> <li>Little or no loss of students</li> <li>No inquiries/investigations</li> <li>No implementation of additional oversight from external bodies</li> </ul>
<b>SAFETY</b> Harm to individuals. If an event of noncompliance occurred, could someone get hurt and how badly?	<ul style="list-style-type: none"> <li>Life threatening injuries</li> <li>Environmental contamination of property</li> </ul>	<ul style="list-style-type: none"> <li>Injuries that require sick leave of time</li> <li>Injuries that may lead to workman’s comp claims</li> </ul>	<ul style="list-style-type: none"> <li>Minor injuries</li> <li>Little or no harm</li> </ul>

## DUE DILIGENCE/RISK WORKSHEET

**Project/Initiative Title:** \_\_\_\_\_

**Requesting Cabinet Unit:** \_\_\_\_\_

**Responsible Lead Unit:** \_\_\_\_\_

**Sponsor:** \_\_\_\_\_

**Unit Initiative Manager:** \_\_\_\_\_

**Co-Sponsor:** \_\_\_\_\_

Section A: Risk Assessment							
Identified Risk	Probability of Occurrence	Potential Impact			Compliance/Control Activity		Responsible Functional Risk Officer
		Financial	Reputation	Safety	Response	Description	
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		

## DUE DILIGENCE/RISK WORKSHEET

Section A: Risk Assessment							
Identified Risk	Probability of Occurrence	Potential Impact			Compliance/Control Activity		Responsible Functional Risk Officer
		Financial	Reputation	Safety	Response	Description	
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		
	High Medium Low	High Medium Low	High Medium Low	High Medium Low	Avoid Reduce Accept Transfer		

**Section B: Benefits**

(Explain how the project/initiative enhances MCG's strategic plan and/or mission)

**Section C: Alternatives**

(Explain what the unit's alternatives will be if this project/initiative is not implemented)