

LIVING UNIVERSITY

2017-2018

Risk Assessment and Management Plan

5/1/2017



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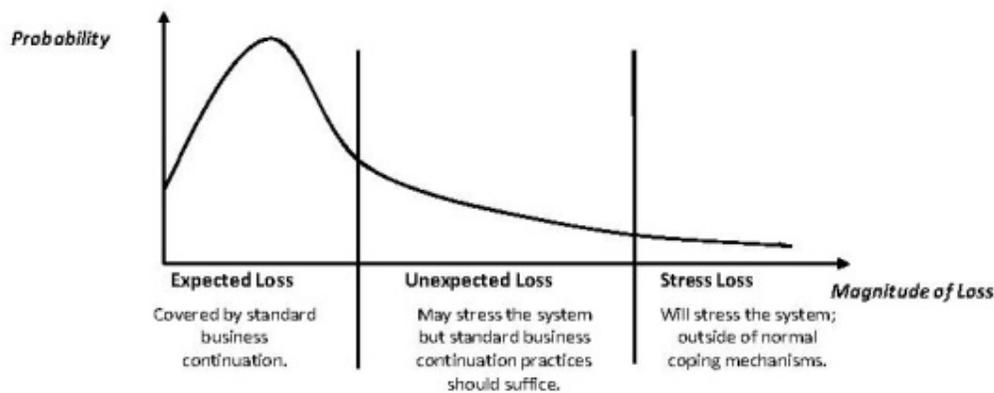
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Overview

The design of this Enterprise Risk Assessment and Management Plan is to support the mission and vision of Living University as it pertains to its economic, operational, safety and property risks. The implicit idea is that it will help the University focus on the most relevant risks to achieving its mission, both from an operational as well as a strategic perspective.

Emerging Risk Definition

- A condition, situation or trend that could significantly impact the Company's financial strength, competitive position or reputation within the next 5 years.
- Emerging risks involve a high degree of uncertainty.
- It is unclear where an emerging risk will land on the loss curve.



Emerging risks are those risks an organization has not yet recognized or those which are known to exist, but are not well understood. There is no generally accepted definition of an emerging risk. For our purposes, an emerging risk is a condition, situation or trend that could significantly impact the University's financial strength, operational, safety and property risks or reputation within the next 5 years.

What Are Critical Risks?

Most plans prioritize risks in terms of their potential impact and the likelihood of occurrence. While this is an effective technique for assessing known risks, it is not always effective in addressing emerging risks. Emerging risks differ in several key characteristics which suggest the need for additional and complementary risk analysis tools and risk management techniques.

How Do We Define Critical Risks?

A critical risk is the existence of a vulnerability that could cause exceptionally grave damage to the viability or the operational effectiveness of the University. In this assessment and plan, we address with some modification to focus on our own situation, those reported by Marsh and RIMS¹ in *Emerging Risks: Anticipating Threats and Opportunities Around the Corner*—cyber-attacks, regulations, talent availability, technological change, customer demands, competitors, natural disasters, terrorism/political violence, fiscal crises, and supply chain. This is a larger view than the traditional understanding of risk management as the process of identifying, analyzing, evaluating and treating loss exposures and monitoring risk control and financial resources to mitigate the adverse effects of loss.

For the purpose of this document, the following terms and definitions apply as set forth in *Administrative Regulation* §13.3 (Terms and Definitions) as follows:

§13.3.1 Asset. An asset is anything that has value to the University.

§13.3.2 Control. Control refers to any means of managing risk, including policies, procedures, guidelines, practices.

§13.3.3 Guideline. A description that clarifies what reasonably should be done and how.

§13.3.4 Information Security. Preservation of confidentiality, integrity and availability of information.

§13.3.5 Policy. Overall intention and direction as formally expressed by management.

§13.3.6 Risk. Combination of the probability of an event and its consequence.

§13.3.7 Third Party. Person or body that is recognized as being independent.

§13.3.8 Threat. Potential cause of an unwanted incident, which may result in harm to a system.

§13.3.9 Vulnerability. Weakness of an asset that can be exploited by one or more threats.

¹ As the preeminent organization dedicated to advancing the practice of risk management, RIMS, the risk management society, is a global not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. Founded in 1950, RIMS brings networking, professional development and education opportunities to its membership of more than 10,000 risk management professionals who operate in over 60 countries.

How Do Critical Risks Impact Higher Education?

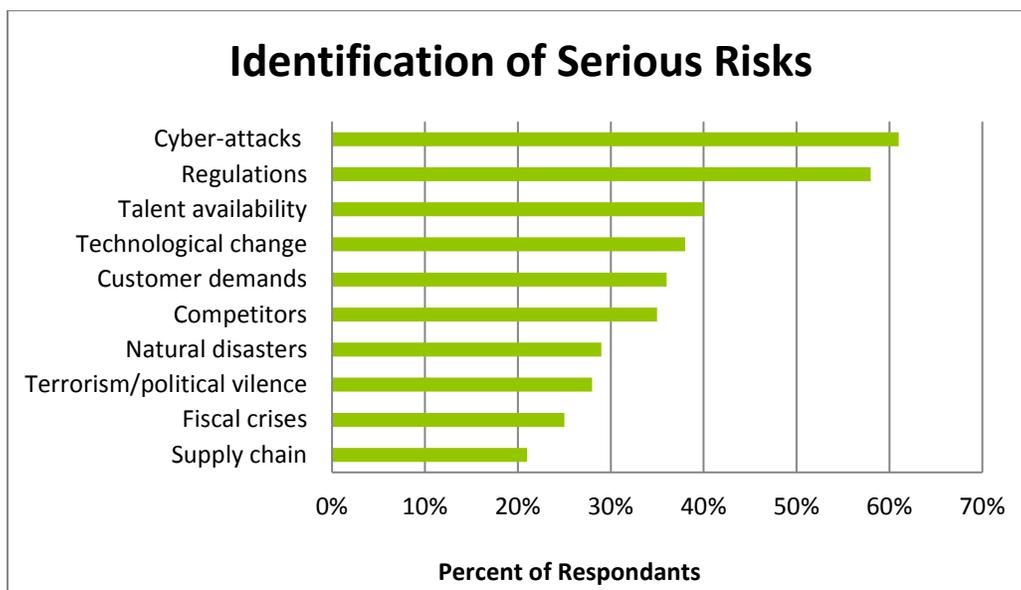
From a risk management perspective, a higher education institution is often compared to a small city. University risk managers face the daunting challenge of identifying and managing the complex risks across their campuses.

Colleges and universities have lower loss rates than the industrial sector. However, the cost of claims to higher education institutions—both financially and from a public image standpoint—can be significant. Universities have to protect students, faculty, administration, support workers, contracted workers, the public and their institution’s reputation. If a catastrophic loss occurs, the media coverage may affect the institution’s reputation, posing a threat to future admissions, annual giving, endowments and financial strength.

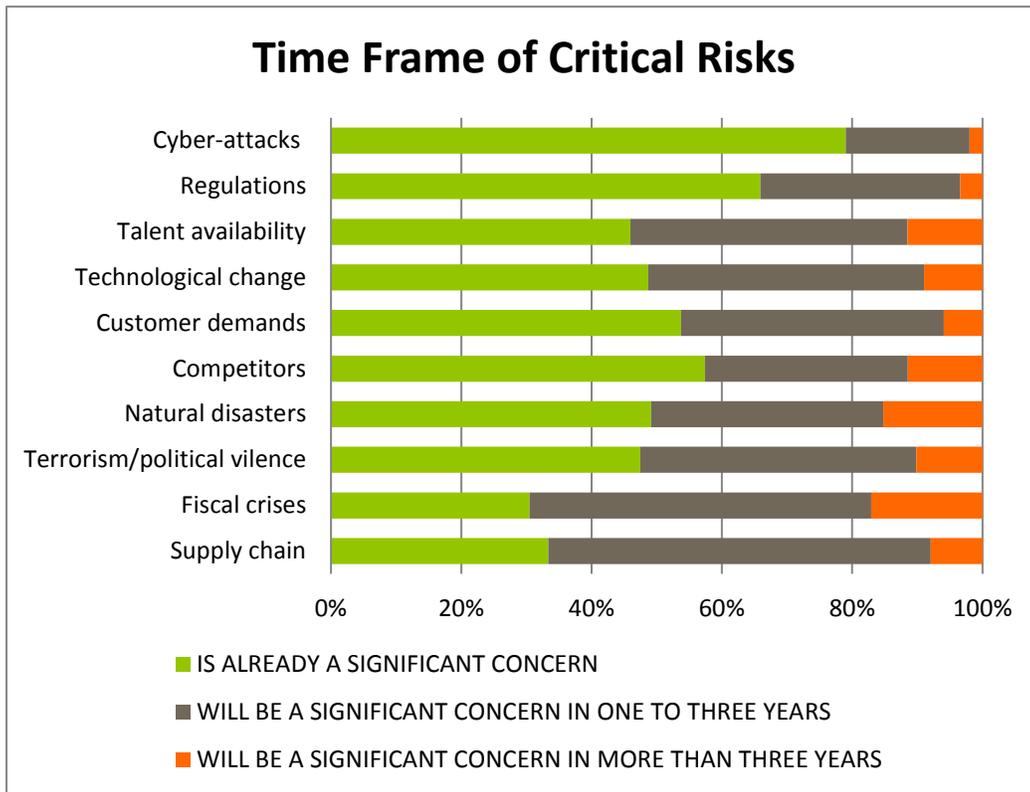
The risks faced by universities are diverse and the loss potentials enormous. Risk managers must be vigilant in protecting the organization’s assets from both direct and indirect potential losses. By developing and implementing a comprehensive risk management plan, a university will hold a dynamic tool that can serve as a road map for identifying and managing risk exposures.

Where Are Critical Risks Emerging From?

One way to gauge organizational thinking about emerging risks is to ask from what areas their critical risks are likely to emerge, and in what time frame they expect those risks to have an impact. The data reported in the two charts below comes from more than 700 responses to an online survey and a series of focus groups with leading risk executives conducted by Marsh and RIMS in January/February 2016.



Data source for chart above and below is “Emerging Risks: Anticipating Threats and Opportunities Around the Corner,” *Excellence in Risk Management XIII* by Marsh LLC and the Risk and Insurance Management Society, Inc. (April 2016, p. 3).



Impact Scores

Data source for the two charts above is “Emerging Risks: Anticipating Threats and Opportunities Around the Corner,” *Excellence in Risk Management XIII* by Marsh LLC and the Risk and Insurance Management Society, Inc. (April 2016, p. 3).

Identified risks are then put into perspective in terms of the potential severity of their impact and likelihood of their occurrence. Assessing and categorizing risks helps in prioritizing and filtering them, and in establishing whether any further action is required. The 'heat map' below shows the method adopted by the College, which incorporates increased weighting of impact. It works on a scoring of $xy+y$, where x is likelihood and y is impact. This formula multiplies impact with likelihood and then adds a weighting again for impact.

Impact	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
			1	2	3	4	5
			Remote	Unlikely	Possible	Probable	Highly Probable
			Likelihood				

Critical Risks at Living University

Administrative Regulation 13.5.3 (Risk Assessments) reads “The University should undertake risk assessments to identify, quantify, and prioritize risks. Controls will be selected and implemented to mitigate the risks identified. These shall be undertaken using a systematic approach to identify and estimate the magnitude of the risks.” While this regulation arises in the context of information security its application this assessment is consistent with its intent.

Seven overall significant risk areas are presented below in their general order of risk as determined by consensus of the University’s Administrative Council.

Risk management involves a planned and systematic approach to the identification, assessment and mitigation of the risks which could hinder the achievement of strategic objectives. It involves the following main steps:

1. Identifying risk;
2. Assigning ownership (responsibility);
3. Assessing risk [Impact Scores utilizing the Heat Chart];
4. Evaluating what action needs to be taken on the risks; and

5. Periodic monitoring and assessment.

Risk 1 Talent Availability (Faculty, Staff, Students)

The University actively seeks to grow its academic community with:

1. Faculty and staff members who hold the requisite professional preparation and experience for their appointments and who reflect the character of the University and Church by their conduct, speech, and appearance, either on or off campus, to students, their families, the alumni, and to the public.
2. Applicants for on-campus study who are committed to God's Way of Life. Accordingly, admission to on-campus study is selective and based upon evidence of intellectual promise, strong personal qualifications, and good moral and ethical character, marked by a desire to be an effective servant leader.
3. Mature high school students for early college for online courses and programs.
4. Mature adults for online courses and programs.
5. Senior citizens as online auditing students.

Identifying Risk and Impact Scores

1. A majority of our senior faculty members are approaching or have reached retirement age which makes their health a significant risk **[20]**.
2. For the next five years the University will have to rely on part-time faculty to grow instructional programs and course offerings recognizing that in our fellowship there is a shortage in music, economics and communications **[18]**.
3. Additional funding to increase the number of full-time faculty will have to come from enrollment revenues **[20]**.
4. A dearth of terminally degreed faculty in our LCG fellowship available to teach theology **(24)**.
5. The sheer workload in the enrollment management unit necessitates a full-time staff member assisting the Registrar **[18]**.
6. Generation Z (i-gens) is quick to hear and believe bad news **[20]**.
7. Generation Z (i-gens) prefers communication by texting **[20]**.
8. Nationally 2/3 of all new college students will be women **[20]**.
9. The overall high school graduation pool will be in decline **[20]**.
10. Generation Z (i-gens) has been conditioned to think career first **[20]**.
11. Generation Z (i-gens) parents fear their children will end up living in their basement without a job **[20]**.
12. The pull on church youth for career preparation draws them into secular, accredited public institutions **[24]**.

13. A factor for Generation Z (i-gens) is the assumption of their growing up in the Church provides all the biblical base and understanding they need for entry into successful adult life [20].
14. Generation Z (i-gens) seeks on-campus study based on four primary factors—Safety, Career-Focus, Urban, and Technology not learning how to live [20].

Assigned Responsibility

President and Executive Vice President of the University as noted in Action Plan

Action Plan

1. The University shall identify and vet potential part-time faculty members in the fields of study offered in the curriculum and add them to the approved adjunct faculty list (Executive Vice President).
2. The University shall examine the workload of the enrollment management unit and address staff needs in the Strategic Long-Range Plan (President).
3. The University shall establish and maintain effective communications with Generation Z (i-gens) by texting (Executive Vice President).
4. Recruitment of on-campus and online students.

Risk 2 Revenue Streams and Economic Disruption

The University has three significant revenue streams—LCG subsidy both by cash and by allocation, tuition & fees, donations.

Identifying Risk and Impact Scores

1. For the next five years the LCG will continue to support the University with an annual cash subsidy of \$428,400 [9] and maintain its current level of allocated costs (2).
2. For the next five years, tuition revenues derived from those U.S. states, territories and protectorates where the University can legally provide distance education courses and programs, should increase by about 5% per year assuming that tuition rates remain constant [8].
3. As of the date of this plan, required state, territorial and protectorate authorizations limits the ability of the University to service nineteen jurisdictions. This number presumably continue to increase as jurisdictions look toward NC-Sarah to certify institutions for consumer protection reasons.
4. Successful Corporate Gift Matching necessitates accreditation and foreseeably will account for negligible revenue in the future [2].
5. Major Donors will be rare (24).
6. This is a time of declining support for public colleges and universities [2].
7. Participation in federal Title IV programs is not a reality for the University [2].

Assigned Responsibility

President of the University

Action Plan

1. Increase the cash reserve by \$25,000 each fiscal year until the cash reserve reaches \$250,000.
2. Develop and circulate to our donor base information on estate planning to encourage giving by bequests.
3. Formulate a carefully crafted financial plan for the University.

Risk 3 Technological Change

Academic and administrative information systems and infrastructure continue to advance and distance education providers experience more privacy demands from students as well as additional service demands from those requiring special accommodations. Governmental reporting requires more-detailed data necessitating periodic upgrading of information systems.

Identifying Risk and Impact Scores

1. Upcoming innovation is mostly in animation. We do not expect any issues keeping up with these advances (6).
2. As we do not take Title IV funds, the new rule effective in June requiring closed captioning for lectures is inapplicable (3).
3. There is speculation in the news that the laptop will go away in the next five years, and that people are migrating more to tablets. To take online courses, tablets will require a keyboard add-on (3).
4. Cellphones have not caught on for classwork – they make writing virtually impossible (3).
5. The idea that e-books would replace hard media is a myth (3).
6. Texting is the communications vehicle for i-gens (3).

Assigned Responsibility

Registrar.

Action Plan

1. Develop a list of cellphone numbers for use in recruitment by texting.
2. Keep faculty and staff informed of privacy needs, policies and practices.

Risk 4 Cyber-attack

The University's overall risk of cyber-attack remains low as its internet presence is noncontroversial and limited.

Identifying Risk and Impact Scores

1. While 90 days is the norm for changing passwords, the latest recommendation is 180 days, using longer and more complex passwords (3).
2. It is likely to be equally as vulnerable or secure as the Church's Tomorrow's World website (3).
3. A defect in Populi permits unauthorized student access across multiple sections of a course (15).
4. Many newer lectures are stored on a cloud and other older lectures are on an in-house server. The service is backed -up frequently. If something should happen, we could be up and running again in 1-2 days (3).
5. Joshua Penman pulls passwords if someone leaves employment. The procedure in case of termination is for supervisors to notify IT immediately so they can restrict access to reduce risk (12).
6. Populi does not have a protocol for changing of passwords very three or six months (12).
7. Every three months, individual passwords for E-Tapestry access must change (3).
8. Populi is backed up is to both Amazon and Rackspace (3).

Assigned Responsibility

President of the University

Action Plan

1. IT will submit a feature request to Populi for changing of passwords very three or six months.
2. Narrow unauthorized access through seeking faculty members to inform the Registrar when they encounter unauthorized student access across multiple sections of a course.

Risk 5 Hostile Bureaucracy, Regulations and Litigation

This risk involves licensure issues, labor law matters, HIPAA, sponsoring agencies, employment as well as outside demands and restrictions, such as grants, data retention, and data preservation.

Identifying Risk and Impact Scores

1. After a thorough review, the University cannot legally offer courses and academic programs to residents in 19 U.S. states, territories and protectorates producing a significant decline in student online enrollments (20).
2. The cost of licensure to offer online courses in states other than North Carolina is cost prohibitive resulting in a chilling effect of student enrollment and fulfillment of the University's mission (30).
3. The time and cost of acquiring state registrations as a public charity is burdensome and registrations are incomplete (12).
4. Antidiscrimination statutes are burdensome. State governments are the biggest challenge at this point. New York alone lists 24 classifications of people against whom institutions cannot discriminate (20).

5. SACS accreditation (regional) is impossible in the near future because it necessitates 25% of those teaching courses required in a degree major to hold an earned doctorate from an accredited college or university (3).
6. DEAC accreditation (national) is a possibility if the University Board decides to proceed with that as they do not have the same requirements for teaching in the major (3).
7. Christian accreditation is a non-starter as the agencies require adherence to the Trinity doctrine (3).

Assigned Responsibility

President of the University

Action Plan

1. Monitor all 59 jurisdictions as to distance learning licensure identifying those that it would be cost effective to pursue.
2. Review charity restrictions to verify jurisdictions requiring the University to register as a public charity.
3. Participation in federal Title IV program cost is more than the University will net from the student aid received.
4. The cost of litigation will continue to be more expensive.
5. Expand registrations as a charity to all jurisdictions where required.

Risk 6 Natural Disasters (Facility Exposures: Fire, Collapse and Environmental Health)

Physical structures include the University's student residences, classroom facilities, library, and administrative office. College buildings vary in age, construction, fire protection and alarm systems. Risk managers must be vigilant in regard to the condition, maintenance and useful lives of all physical structures on their campuses. Most campus safety managers conduct annual fire inspections that focus heavily on fire exposures. In addition, risk managers must assure that facilities do not present inordinate risk to students and other campus personnel resulting from friable asbestos, lead, mold or other building-related toxins. High winds present another catastrophic loss potential.

Identifying Risk and Impact Scores

1. Loss of 2301 Crown Centre Drive, Charlotte, due to a natural disaster or other emergency necessitating relocation of essential functions [3].
2. The railroad is sufficiently close that an incident involving hazardous cargo could impact the University [2].
3. Loss of a student residence [8].

Assigned Responsibility

Below are the provisions for the assumption of senior leadership positions during a natural disaster emergency when the incumbents are unable or unavailable to execute their duties. An order of succession is different from delegations of authority in that delegations of authority are specific and limited. For example, they may take effect during periods when those in charge are unavailable due to travel. Successors are vested with most of the authorities and powers of the incumbent. Succession to office is critical in the event that senior University leadership is unavailable, debilitated, or incapable of performing their legally authorized duties, roles, and responsibilities. Order of succession provides for the orderly and predefined assumption of senior Unit offices during a natural disaster emergency in the event that any officials are unavailable to execute their legal duties are as follows:

Key Position Title	President of the University
Primary Succession Title	Executive Vice President
Secondary Succession Title	Chair, Theology Division
Tertiary Succession Title	Registrar

Action Plan

1. Continuity of Operation Strategy is as follows:
 - a. It is assumed that, if Continuity of Operation activation is required, the University's primary operating facility at 2301 Crown Centre Drive, Charlotte, is unavailable and that essential functions will require relocating.
 - b. All Units must identify a location, other than the normal facility, that can be used to carry out essential functions in such a situation. Units should also identify secondary alternate sites in case the alternate facility is made inoperable.
 - c. If a location has not been determined indicate the approximate minimum square footage you will need.
 - d. Account for all facilities/sites.
2. Residence Halls (Fire, Storm Damage, Earthquake)
 - e. The Resident Assistant shall be responsible for the supervision of residents located in his or her housing units and shall remain with residents until directed otherwise.
 - f. Resident Assistant responsibilities include:
 - ✓ evacuating residents to inside or outside assembly areas according to instructions provided by the Dean of Students or designee;
 - ✓ obtaining first aid services for injured students; and
 - ✓ if trained and certified in first aid, rendering first aid, if necessary.
3. Pandemic Influenza
 - g. Upon confirmation of consistent human to human transmission in the US but not North Carolina:
 - ✓ Post entry door signage to all buildings and main offices to notify all individuals of the influenza symptoms and present health warnings.

- ✓ Standard biohazardous precautions in place.
 - ✓ Increase health measures and precautions by having alcohol wipes and other disinfectants, gloves, etc. where available.
 - ✓ Follow CDC/State and County protocols for monitoring faculty, staff and students for disease symptoms
 - ✓ Monitor health faculty, staff, and students for illness-daily.
 - h. Suspected/confirmed cases by the DOH in the State of North Carolina.
 - ✓ Track sick faculty and staff members and provide daily updates.
 - ✓ Start implementing delivery of services via internet, voice-mail and/or e-mail
 - ✓ Take measures to limit close encounters (keep a six foot distance as a minimum if possible).
 - i. Confirmed cases on-campus.
 - ✓ All services that can be via internet delivery, voice mail or e-mail should be implemented.
 - ✓ Prepare for university closure (Enact closure plans)
 - j. Pandemic has been abated, LU reopens.
 - ✓ Address monitoring of those who have had contact with sick individuals.
 - ✓ Address post event counseling.
3. Should the data or the primary operating facility be damaged or destroyed, employees could work from home. Delivery of laptops could be made door to door as needed, morphing the University into a “cottage industry”. If necessary, we could use one of the student residences as a “command center.” Ask faculty if they have the capability to work at home.
 4. We are fully insured.
 5. The Registrar’s department has been equipped with fireproof file cabinets. What documents would we need if the building were put out of commission for three months? Access to electronic files on one’s work computer is accessible through sam.lcg.org. It may behoove the Registrar’s department to look into a scanner to upload more paper documents (transcripts, autobiographies, recommendations, etc.) into the Populi system.

Risk 7 Threats, Terrorism and Political Violence

Identifying Risk and Impact Scores

1. There is a high probability of major campus disruptions in the spring of 2017 and growing civil disobedience on large campuses, but these should have little or no impact on LU operations [2].
2. Threats, Terrorism and Political Violence are not a problem for us right now (3).
3. The mental health of American students has become a serious national concern [8].
4. As the on-campus program exists in a major metropolitan area, heightened concern for security must be consistently addressed by faculty, staff and students [9].

Responsibility

Executive Vice President acting as Dean of Students

Action Plan

1. Provide rapid ministerial counseling services for on-campus students.
2. Maintain strict security at the residence halls.
3. Inform on-campus students on how to maintain their safety and personal security in Charlotte and Mecklenburg County.

Risk 8 Competition

Identifying Risk and Impact Scores

1. Our continuing vulnerability is “why take a course at LU when a cheaper course can be taken elsewhere?” (**20**).
2. Some students have suggested that the university supply them with laptops (**3**).

Responsibility

President of the University

Action Plan

1. To address competition, we have lowered tuition such that LU is less expensive than CPCC.

Conclusion

This plan shall have an annual review and an assessment for each of the seven above identified major risks.