



RISK REGISTER FOR HIGHER EDUCATION BUSINESS SCHOOLS

SUMMARY EXPLANATION & SAMPLE TEMPLATE

Pro-active management of risk has assumed a higher significance in recent years, including in Higher Education. More recently, both EFMD and AACSB require Business Schools seeking accreditation to provide details relating to risk management. This document provides a simple overview and approach that may be useful for those schools approaching this exercise for the first time.

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OVERVIEW OF RISK MATRIX

Typically, Higher Education Institutions quantify risks in one of two ways:

- a. assessing the monetary impact; or
- b. assigning a risk score (which then drives actions, depending on the score classification)

Some schools use a combination of methods. Whatever the chosen method, it should work as a simple tool for your School to evaluate risk and document key actions arising.

MONETARY METHOD

The maximum monetary impact of the risk is provided. This is then multiplied by the likelihood of the risk occurring. For example, if the School receives a grant for €100,000 with conditions attached. The maximum risk might be a recall of the monies (€100,000) and the Institution (School) might consider that there is only a 10% chance that it won't meet the conditions of funding. In this instance the Risk Exposure is (€100,000 x 10% = €10,000)

RISK RATING METHOD

However, risks do not always lend themselves to an easy monetary equivalent. For example, poor oversight of strategic plans is a risk that the strategy won't be promoted – which might have direct financial impact (enrolment etc) but might also have impacts such as not meeting diversity targets, research publication targets etc. In this instance, it is sometimes easier to provide a Risk Rating.

Risk Ratings can be established in several ways, but one common way is to score each risk in terms of:

- **Likelihood** The probability of future occurrence, how likely the risk it is that the risk will occur and how frequently it has occurred in the past.
- **Impact** The impact on the organisation and external stakeholders if the risk occurs.
- **Controls** The effectiveness of the controls which are currently in place for mitigating the risk.

A risk factor is assigned to each of Likelihood, Impact and Controls (See **Example of Risk Factors** in **Table i**). The Risk Rating is established by multiplying the three risk factors together (i.e. risk likelihood x risk impact x controls in place).

Table i: Example of Risk Factors

Likelihood	Impact	Controls
Five-point Scale	Five-point Scale	Three-point Scale
1 = Rarely, if ever	1 = No significant impact	1 = Highly effective controls
2 = Possible	2 = Minor impact	2 = Controls effective, but could be improved
3 = Likely	3 = Significant but containable impact	3 = No controls / controls are ineffective
4 = Very Likely	4 = High impact	
5 = Unavoidable / already occurring	5 = Extremely detrimental impact	



PRIORITISATION OF RISK

A colour coding system (usually RAG) can be used to highlight or prioritise the risks. In the monetary system, the priorities will be determined by the calculated risk exposure. In the Risk Rating, it is usually done by points system. An example is provided below. **However, each School should set its own criteria for prioritising risk, including the appropriate actions arising.**

Table ii: Example - Risk Priority Table

Risk Level	Risk Rating	Risk Exposure	Action / Response
High	25+	€100,000 and over	Immediate action required. Notify Executive Board.
Medium	13 – 24	€50,000 - €100,000	Increase frequency of monitoring at Senior Management Team. Agree any initial mitigation.
Low	0 – 12	< €50,000	Keep under annual review by Senior Management Team or by exception

RISK CATEGORIES (EXAMPLES)

If desired, risks can be catalogued into categories. Examples are provided below, but each Institution/School should prepare its own list of categories (with example risks) according to its own context and environment. N.B. Risks may impact more than one category. For example, a reduction in student enrolment figures might impact both Strategic and Financial risk.

GOVERNANCE

Governance Risk includes any risk that could impact good quality governance within the Institution (School). Examples of Governance Risk include:

- Stakeholders involved in governance who may not wholly understand or take their responsibilities seriously.
- Sudden or high turnover in key management positions.
- Serious wrong-doing by those in position of authority.
- Conflicts of interest on key committees or boards (external or internal).
- Poor oversight of quality policies and processes.

STRATEGIC RISK

Strategic Risk is any risk which could prevent the Institution (School) from achieving its strategic objectives. Examples of Strategic Risk include:

- Poor strategic planning / lack of a clear, viable, strategic plan.
- Insufficient planning for strategic initiatives across key resource areas (financial, human and physical resourcing).
- External factors that have the potential to materially impact strategic objectives (Political, Economic, Social, Technological, Environmental, Legal)



- Poor oversight of strategic plans

FINANCIAL

Financial Risk exists for any risk that could materially impact the financial health of the Institution (School). Examples of Financial Risk include:

- Any situation where the Institution (or School) may fail to meet financial management or reporting obligations.
- Significant threats to projected financial budgets or cash liquidity.
- Mismanagement or poor oversight of external funding and grant applications.
- Failing to adhere to conditions attached to funding, grants or other financial arrangements.

STAFFING

Staffing includes both faculty and professional staffing. Staffing Risk is any risk that might impact the ability of the Institution (School) to carry out its activities and obligations effectively, due to the numbers and/or quality of staff employed. Examples of Staffing Risk include:

- Insufficient faculty and staff to support the portfolio of education, stakeholder supports and strategic initiatives within the Institution (School).
- Over-reliance on casual or associate faculty/staff (linked to quality, sustainability etc)
- High level of staff absenteeism and/or turnover.
- Poorly trained/supported staff.
- Difficult industrial relations/union relations within the Institution (School)
- Poor succession planning for key positions.

OPERATIONS

Operations Risk relates to the risks that underpin the effective day-to-day operations of the School/Institution. Examples might include:

- Inadequate Physical and Technological infrastructure
- Insufficient or inappropriate insurance cover;
- Lack of contingency planning of some/part of the buildings become unavailable for use;
- No disaster recovery plan;



TEMPLATE RISK REGISTER (EXAMPLE)

Risk Register for [SCHOOL NAME] AT [CURRENT DATE]. (Previous Assessment at [previous date])

Risk No	Description of Potential Risk & Impact	Risk Category (if desired)	Mitigation / Steps in place	Monitoring Frequency & Level	Monetary Impact (if relevant)	Likelihood (1-5)	Impact (1-5)	Controls (1-3)	Risk Exposure (€) OR Rating	
									Current Date	Previous Date
1			•	•						
2				•						
3				•						
4				•						
5				•						
				•						