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**EXECUTIVE  
BRIEFINGS**

Executive Briefings:  
**Risk on the Campus  
of the Future**

February 28, 2006

# Risk on the Campus of the Future

Today's Moderator



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THE CHRONICLE OF HIGHER

## *The Chronicle Review*

From the issue dated February 24, 2006

# Lessons From the Ashes: Advice After a Campus Fire

By **GARY S. FOSTER, DARREN HENDRICKSON, and LISA NEW FREELAND**

On April 28, 2004, Eastern Illinois University's Blair Hall caught fire. The blaze essentially gutted the 1913 structure, which had been home to African-American studies, the Graduate School, grants and research, minority affairs, the School of Adult and Continuing Education, the university's general counsel, and the department of sociology and anthropology.

Thanks to a good emergency plan dutifully executed, no one was killed or injured in the fire. For that we are supremely thankful. But restoring a college's functions and keeping victims' careers on track are important, too, and can also be planned for to a significant degree.

In the fire's immediate aftermath, our concerns were trying to retrieve grade books, find alternative classrooms for the remainder of the spring semester, and locate temporary space for the displaced departments and personnel. But in the months that followed, we learned lessons about disaster preparedness and recovery that might benefit others.



# Higher Education Risk Categories

Financial	Research	Human Resources	Athletic	Risk & Safety	Medical	Information Technology	Academic Affairs
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## Summary of Higher Education Risk Categories

<i>Financial</i>	<i>Research</i>	<i>Human Resources</i>	<i>Athletic</i>	<i>Risk &amp; Safety</i>	<i>Medical</i>	<i>Information Technology</i>	<i>Academic Affairs*</i>
<ul style="list-style-type: none"> <li>Accounting / Auditing Matters</li> <li>Falsification of Contracts / Reports/ Records</li> <li>Fraud</li> <li>Improper Disclosing of Financial Records</li> <li>Improper Giving / Receiving of Gifts</li> <li>Improper Supplier / Contractor Activity</li> <li>Theft / Embezzlement</li> <li>Waste/Abuse/ Misuse of Institute Resources</li> <li>Donor Stewardship</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Conflict of Interest</li> <li>Data Privacy</li> <li>Environmental and Safety Matters</li> <li>Falsification of Contracts / Reports/Records</li> <li>Fraud</li> <li>Intellectual Property Infringement</li> <li>Human / Animal Research</li> <li>Research Grant Misconduct / Misappropriation of Costs</li> <li>Scientific Misconduct</li> <li>Theft / Embezzlement</li> <li>Waste/Abuse/ Misuse of Institute Resources</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Discrimination / Harassment</li> <li>EEOC or ADA Matters</li> <li>Employee Misconduct</li> <li>Nepotism</li> <li>Inappropriate Communication</li> <li>Sexual Harassment</li> <li>Threat / Inappropriate Supervisor Directive</li> <li>Time Abuse</li> <li>Unsafe Working Conditions</li> <li>Violence / Threat</li> <li>Conflict of Interest</li> <li>Employee Benefits Abuses</li> <li>Worker's Comp or Disability Benefits Abuse</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Fraudulent Activities</li> <li>Improper Giving / Gifts</li> <li>Inappropriate Activities</li> <li>Misuse of Assets / Players / Endorsements</li> <li>Recruiting Misconduct</li> <li>Scholarship / Financial Aid Misconduct</li> <li>Sexual Misconduct</li> <li>Substance Abuse</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Confidentiality</li> <li>Data Privacy</li> <li>Disclosure of Confidential Info</li> <li>Environmental / Safety Matters</li> <li>Improper Supplier / Contractor Activity</li> <li>Improper Use of Intellectual Property</li> <li>Public Safety</li> <li>Sabotage / Vandalism</li> <li>Unsafe Working Conditions</li> <li>Waste/Abuse/ Misuse of Institute Resources</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Healthcare Fraud</li> <li>Research Misconduct</li> <li>Sponsored Projects Non-Compliance</li> <li>Patient Abuse/Physical or Verbal</li> <li>Patient Care</li> <li>Patient Rights</li> <li>HIPAA</li> <li>Insurance Issues</li> <li>Accounting and Auditing Matters</li> <li>Fraud and Theft</li> <li>Improper Supplier or contractor activity</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Data Privacy/ Integrity</li> <li>Fraud</li> <li>Malicious/Inappropriate Use of Technology</li> <li>Misuse of Resources</li> <li>Improper Supplier / Contractor Activity</li> <li>Falsification of Contracts / Reports / Records</li> <li>Software Piracy/ Intellectual Property Infringement</li> <li>Theft</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Alcohol/Drug Abuse</li> <li>Cheating/ Plagiarism</li> <li>Credentials Misrepresentation</li> <li>Hazing</li> <li>Sexual Harassment</li> <li>Student Safety</li> <li>Student Travel</li> <li>Terrorism</li> <li>Academic Misconduct</li> <li>Other</li> </ul>

# EthicsPoint Higher Education Webseminar Findings

Of the Higher Education Institutions attending:

- 18% said that they have no policies and procedures around which to wrap governance issues
- 26% said that they had no campus Code of Conduct

# Agenda

- **Dealing with the Shifting Risk Landscape**
  - Global Perspectives
  - Laws and Liabilities
  - Contracts
  - Final Thoughts
  
- **Managing for the Mission of Risk: It's Everybody's Business**
  - Managing Institutional Business
  - Managing Institutional Risk

# Risk on the Campus of the Future

Today's Speaker



**Ann Franke, Esq.**  
President  
Wise Results LLC

# Risk on the Campus of the Future

Today's Speaker



**Peter Batsakis**

Occupational Safety Officer  
DePaul University

# Dealing with the Shifting Risk Landscape

1. Global Perspectives
2. Laws and Liabilities
3. Contracts
4. Final Thoughts

# 1. Global Perspectives

- Then: Junior-year in London or Paris
- Now: Semester in China, with father complaining to university about the plumbing!
  
- Then: Foreign students study in US
- Now: Terrorists target the US

# Global Perspectives Shifting Risks

- **Continuing international focus**
  - Globalization in institutional missions
  - More shorter trips
  - More global distance education
- **Greater exposure to**
  - Foreign legal systems
  - Transportation risks
  - Political risks abroad and at home

## 2. Laws and Liabilities

Then: Student climbed over dean's transom to sneak a look at files

Now: Privacy laws include FERPA, HIPAA, data security breach laws

Then: Diver suffered a broken neck

Now: Lawsuit against the university, the lifeguard, the diving board manufacturer

# Laws and Liabilities

- Then: Few required government forms
- Now: In March alone, reports under:
  - Emergency Planning and Community Right to Know Act
  - Tuition Payment Credit Reporting Requirements
  - Student Loan Interest Reporting Requirements
  - Return of Information as to Payments to Employees
  - IPEDS graduation rates and other spring data
  - ERISA Form 550
  - IRS Form 1042 (nonresident aliens)

Catholic University Compliance Calendar  
<http://counsel.cua.edu/>

# Laws and Liabilities Shifting Risks

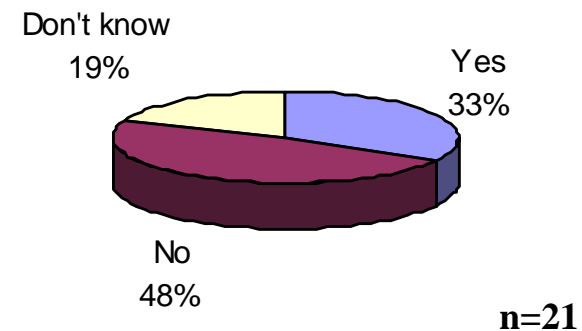
- Steady growth in regulation
- Privacy interests expanding
  - Students' personal disclosures
    - Facebook, MySpace
  - Data security breaches

# Polling Question #1

- Has your institution had a breach of data security in the past 12 months involving personal information?

- Yes 33%
- No 48%
- Don't Know 19%

Has your institution had a breach of data security in the past 12 months involving personal information?



# Campus Data Security Breaches

## 3/05 to 2/06

- 57 college and university breaches
- Most are hacking
- Other causes
  - Lost or stolen computer
  - Inadvertent disclosure online or via email
  - Dishonest insider
- Over 1.5 million records compromised

Privacy Rights Clearinghouse  
[www.privacyright.org](http://www.privacyright.org)

# Laws and Liabilities

## Shifting State Risks

- **Increased state legislative activity**
  - Data breaches
  - Use of SSNs
  - Accountability for outcomes or course content
  - Civil rights protections
  - Sidewalks, construction, and more
- **State court liability trends**

# Laws and Liabilities

## Shifting Federal Risks

- Legislative focus on accountability
- Declining federal dollars
- In court, harder for plaintiffs to get cases to federal jury

### 3. Contracts

Then: Personal connections and trust

Now: Handshake to renovate a basement stairwell

Stairwell doesn't meet code

Contractor slips, falls & sues



# Contracts Shifting Risk

- Growing importance
  - Handbooks & policies
  - Outsourcing
    - Whose employees?
  - Construction
    - Injuries?
  - Key administrator contracts
  - Donor agreements

# Making Good Contracts

- Assess what could go wrong
- Cover those issues in writing
- Attend to indemnification & insurance
  - Vendor's forms work backwards
- Train contract signers in proportion to decentralization
  - The more decentralized your process, the more training & support you should supply.

## 4. Final Thoughts Perennial Risks

### Holding Steady

- Vehicle accidents
- Alcohol & drug abuse
- Sexual assault
- Athletics risks
- Suicide

### Increasing

- Serious slips and falls
- Religious controversies
- Natural disasters
- Reputational risks

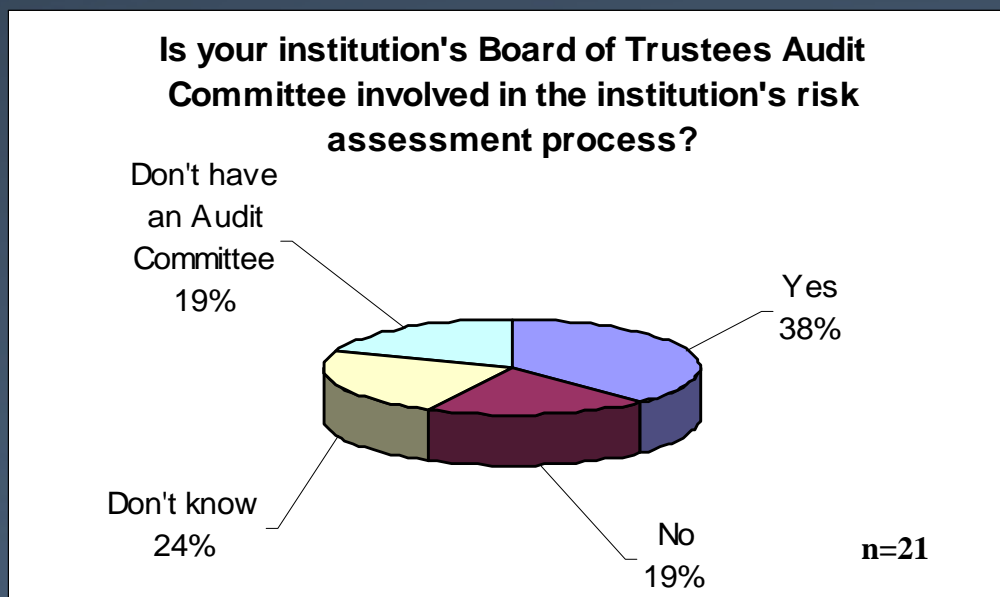
# The Best Questions to Prepare for Shifting Risks

- What has gone wrong?
- What could go wrong?
- What shall we do to make things better?
  - Not “what can we do”
  - Incremental change through contracts and policies
- Define “we” broadly
  - Gardener to governing board

## Polling Question #2

- Is your institution's Board of Trustees Audit Committee involved in the institution's risk assessment process?

- Yes 38%
- No 19%
- Don't know 24%
- Don't have an Audit committee 19%



# Managing for the Mission of Risk: It's Everybody's Business

- Managing Institutional Business
- Managing Institutional Risk

# Managing Institutional Business



# Managing Institutional Risk

- Executive Vice President for Operations designated as DePaul's Compliance Officer
- Executive Compliance Committee – Responsible EVP's, VP's & Dean's Council Representative
- High risk area identification reviewed annually with Executive Compliance Committee & Board of Trustees Audit Committee
- Executive Compliance Committee oversight of high risk management framework
  - Risk Assessment
  - Monitoring plans
  - Training
  - Follow-up
  - Peer reviews

# Managing Institutional Risk

- **High Risk Assessment Criteria**

- Likelihood of non-compliance occurring generally due to complexity or inherent risks
- Consequence of non-compliance especially as it relates to the risk of a federal or state audit, financial loss, harm to people, and damage of DePaul's reputation
- Special areas of concern identified by Board

# Managing Institutional Risk

- **High Risk Areas**
  - Personnel and Community
    - Safety
      - Public Safety
      - Occupational Safety
      - Research Safety
    - Crisis Management & Business Continuity
    - American with Disabilities Act
    - Anti-Discrimination
    - Sexual Harassment
    - Benefits Compliance
    - International Programs

# Managing Institutional Risk

- High Risk Areas (continued)
  - Information
    - Information Privacy & Security
      - FERPA (Family Educational Rights & Privacy Act)
      - HIPAA (Health Insurance Portability & Accountability Act)
      - Gramm-Leach-Bliley Act (consumer information)
      - Illinois requirements regarding notification if breach occurs
    - SEVIS (Student Exchange Visitor Information System)
    - Software Licensing
    - Records Management

# Managing Institutional Risk

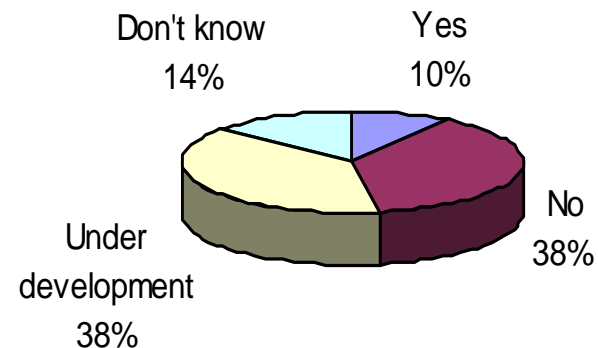
- **High Risk Areas (continued)**
  - Administrative Management
    - Contract Review
    - Financial Aid
    - IRS related compliance
    - Bond Covenants
  - Research
    - Research and Grants & Contracts Compliance
  - Athletics
    - NCAA & Title IX

## Polling Question #3

- Does your institution have a formal plan in place to respond to a pandemic outbreak?

- Yes 10%
- No 38%
- Under development 38%
- Don't know 14%

Does your institution have a formal plan in place to respond to a pandemic outbreak?



n=21

# Case Study

- **Pandemic Flu Outbreak: Risk Assessment to Monitoring Plan**

- **Step 1:** Review available planning resources from the government and corporate and university peers [www.pandemicflu.gov](http://www.pandemicflu.gov)
- **Step 2:** Review current crisis management and business continuity plan
  - Do we need to expand our crisis management team?
  - Do we need to develop and exercise a plan that addresses unique challenges that a pandemic may present?
  - Should this be treated as a separate risk with a detailed risk mitigation and monitoring plan?

# Case Study

- **Pandemic Flu Outbreak: Risk Assessment to Monitoring Plan**
  - **Step 3:** Consult state and local public health resources as plan is developed
  - **Step 4:** Present recommendations to Executive Compliance Committee for Feedback and Decision Making
  - **Step 5:** Implementation & Ongoing Review

# Case Study

- **Pandemic Flu Outbreak Planning – Round One at DePaul:**
  - Assign a Responsible Party
  - Review Current Crisis Management & Business Continuity Plan
  - Validate Essential Business Functions Given a Pandemic Scenario
  - Identify Risks and Potential Mitigation Strategies:
    - Potential for Quarantine in Student Housing
    - Sick Leave and Pay Policies
    - Rapid Conversion to Online Instructional Delivery
    - Work from Home Access & Security
    - Cross-Training & Redundancy
  - Communication & Training
    - Communicate University's Pandemic Plan to Students, Faculty and Staff
    - Targeted Training to Prepare Faculty and Staff
  - Exercise Pandemic Plan