Risk Intelligence on Campuses:
MODEL FOR APPLYING AND DEVELOPING A COMPREHENSIVE AND COHESIVE RISK LANDSCAPE

PRESENTED BY:
DAVID LANE, DEPUTY SYSTEMWIDE COMPLIANCE OFFICER, UNIVERSITY OF CA
SHERYL VACCA, PREVIOUS CHIEF COMPLIANCE AND AUDIT OFFICER, UNIVERSITY OF CA
(CURRENT: SVP/CHIEF RISK OFFICER, PROVIDENCE ST. JOSEPH HEALTH)

Outcomes for Today.....

Identify indicators for moving beyond traditional enterprise risk management to a model of risk intelligence for campuses

Discuss techniques to engage campus partners, including faculty, in developing the compliance work plan

Discuss practical approaches to developing parameters for moving higher education organizations from outdated risk assessment models to new approaches that are applicable to the current environment of higher education organizations.
Traditional Risk Assessment Methods

Surveys
Internal audit Interviews
External review/audits/complaints
Walking the halls
Water cooler conversations
Traditional cultural/historic methods

Traditional sources for risk assessments: How have we traditionally gained intelligence about risks?

Lessons learned from after-incident analysis

Enforcement actions involving fines, investigations, settlements

Natural disasters: Earthquakes, Fires, Floods, etc.

Incidences on campuses: lab safety incidents, shootings, theft-rings, other

New legislation

Budget cuts

Protests and demonstrations: What is the student body really thinking about the campus environment or current affairs of the institution or political activity?
Traditional Enterprise Risk management: Mitigation is often “after the fact”

Disaster Occurs → Campus Response → Future Risk Mitigation

Traditional Enterprise risk management

Information → Decision Point → Compliance Plan → Complete and Restart Process
Traditional Risk Gathering

Senior Leader
Manager
Staff Member

............OR.............

Senior Leader
Manager
Staff member
Traditional Risk Assessments

Challenges with Traditional Risk Assessment

Too many issues
No method for prioritizing
No priority
Competing resources
“My” risk is more important than “Your” risk mentality
Does “Traditional” work with limited resources?

Is “Traditional” the best way to get at the true risk” or the “risk appetite”?

Is “Traditional” the way to make an organization “risk responsive”?

However: Information gathering is often random and unplanned....
New vision--Changing the Paradigm....Information comes from a variety of sources

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Thinking Holistically “Intelligently”....

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SAFETY

Clery

Biosafety

TITLE IX

RESEARCH
NEW PARADIGM: “Intelligence” should be first step

Risk Intelligence

“The organizational ability to think holistically about risk and uncertainty, speak a common risk language, and effectively use forward-looking risk concepts and tools in making better decisions, alleviating threats, capitalizing on opportunities, and creating lasting value.”

--Leo Tilman, Columbia University
The Risk Intelligence Process

- Assess risk universe across the campus
- Merge the various risks into risk registry utilizing cross functional representation and discussion
- Provide ongoing, deliberate collaborative oversight of common risk infrastructure, mitigation, and reduction.

True Risk intelligence requires....

Establishing a culture of information sharing, exploration, questioning...
Dynamic Intelligence Gathering

Information

Encouragement for new Information

Practice based on information

More information

Discussion of Information

Risk Intelligence Organization

Risk Ownership

Risk Data, Updates, & Feedback

Risk Intelligence Management

Infrastructure and management

Risk Governance
What is a Risk Intelligent Organization?

- Risk discussion embedded in strategic planning, capital allocation, etc.
- Early warning system to notify management to risks above established thresholds
- Linkage to performance measures and incentives
- Risk management activities coordinated across business areas
- Risk analysis tools developed and communicated
- Enterprise risk monitoring, measuring, and reporting
- Scenario planning
- Opportunity risks identified and exploited
- Ongoing risk assessment processes

The Paradigm Shift---Tools and Processes

Become risk intelligence savvy
 Recognize the four priorities of risk intelligence
 Risk Sensing Process
 Changing the governance structure for compliance
 Scenario Planning
GOAL: Become Intelligence “Savvy”

Share and discuss risks
What are the emerging risks?
Ask questions
Allow leaders to not be experts
Lead by example
Look for warning signs—they do not always come from the obvious
Bring intelligence to the table in concerted effort
Brainstorm

The Four Priorities for Risk Intelligence

- Dynamic and Changing Risk Landscape
- Partnership with Risk Services & Internal Audit
- Identifying & Prioritizing Key Compliance Risks
- Alignment with Hospital Initiatives & Management Directives
Risk Sensing Process

- Collect feedback from variety of constituents
- Conduct interviews via Internal Audit or surveys
- Update prior year priorities and incorporate items emerging from current round of feedback
- Updated risk register
- Update Risk Intelligence of the Organization

Changing the Risk Assessment Process: Some framing questions

- What are the trends and driving forces affecting our organization in the next 5-10 years (technological, social, economic, political, environmental) – map them based on timeframe
  - What are the factors affecting our specific hospital/clinic?
  - What do we not know?
  - What is outside our control?
- What risks emerge based on these driving forces?
- What potential scenarios result?
  - How do the identified scenarios impact our current risk intelligence models, risk priorities for our hospital/clinic and decisions
RISK/Audit Interviews - Collection of Risk Concerns/Themes

Risk intelligence governance

<table>
<thead>
<tr>
<th>Group</th>
<th>Role</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Intelligence Oversight Committee</td>
<td>Risk governance</td>
<td>Oversight (Foster a Risk Intelligent culture, discuss enterprise risks, meet with internal audit)</td>
</tr>
<tr>
<td>Compliance</td>
<td>Risk Infrastructure and management</td>
<td>Providing common risk infrastructure (Define the risk appetite, evaluate proposed strategies against risk appetite)</td>
</tr>
<tr>
<td>Risk Intelligence Working Group</td>
<td>Risk ownership</td>
<td>Risk process (identifying, measuring, monitoring, and reporting on specific risks, led by the business units and functions)</td>
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</tbody>
</table>
OUTCOME: Applying Risk Intelligence to Compliance Plan

Tool for Risk Intelligence implementation: SCENARIO Planning

“Scenario planning is a tool for motivating people to challenge the status quo, or get better at doing so, by asking ‘What if?’ Asking ‘What if?’ in a disciplined way allows you to rehearse the possibilities of tomorrow, and then to take action today empowered by those provocations and insights.”

° Fulton and Scarce (2004)
How Scenario Planning Helps

- Improves planning
- Resolves conflict
- Challenges mindsets
- Improves organizational dialogue
- Lends coherence
- Brings back choice

Scenario Exercises also....

- Discover Emergent Ideas
- Create Consensus Reality
- Avoid Surprises

Better Risk Intelligence
True Risk Intelligence: Merging the two concepts

Intelligence Gathering

Scenario Planning

Under Risk Intelligence--Compliance Officer = Master Coordinator

Counsel
- Legal Issues

Internal
- Risk Services
- Internal Audit

External
- OIG
- Audits/Fines

Security
- Patient Safety

HR/ Medical Staff
- Background Checks
- Credentialing

Hotline/ WB
- Violations of Handbook
- IGAs
Lessons Learned

Risk intelligence leads to consideration of diverse perspectives

Allows especially deliberate thought about risk priorities and allocation of resources

Leads to improved “real risk” discussions

Accommodates both the art and science aspects of risk sensing

Improves engagement by leaders --- not just an exercise

Flexible model which allows for dynamic change, as necessary

Process is driven by applicable and practical hands on focus vs. being product driven

Having Risk Intelligence

“….is more than understanding the rudiments of probability theory and human psychology. It is also about being able to make judgments when the data are not available, when the situation is very complex, or when there isn’t time to calculate the risks. ’

Questions???

Sheryl Vacca, SVP/Chief Risk Officer, Providence St. Joseph Health (Previously SVP/Chief Compliance and Audit Officer, University of California)
Sheryl.Vacca@providence.org

David Lane, Systemwide Deputy Compliance Officer, University of California, David.Lane@ucop.edu

Resources:
- Deloitte and Touche, select risk intelligence slides, 2012
- KPMG: Risk & Compliance. “Manage the future through scenario planning.” 2011