With emerging challenges and ongoing concerns, board members and top administrators have a lot to pay attention to without spending unnecessary time on avoidable pitfalls. Boards are most effective if they operate with a clear set of priorities and concentrate on strategic oversight, with risk management at the top of their to-do lists. Deliberate enterprise risk management allows boards to assess threats—and seize opportunities.

In 2008 and 2013, AGB and United Educators jointly surveyed higher education leaders to track the use of and attitudes toward enterprise risk management on college campuses. Here, we’ve teased out some of the most telling findings about the current state of higher education’s risk management practices.

Does your board consider risk on a strategic basis or is the approach largely ad hoc?

Does the board have a sustainable approach to risk management, including a clear delineation of responsibilities with top administrators?

Do you have processes in place for reporting, monitoring, and reasoning high-priority risks?

Is your board too risk-averse? Are you able to navigate the tension between risk-aversion and fiduciary responsibility?
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**RISKY BUSINESS**

**Enterprise Risk Management in Higher Education**

**BIG IDEAS**

AGB Consulting understands that good governance doesn’t look the same at all institutions—and it can’t be achieved in an hour-long workshop. It must be cultivated through an individual process that results in collaboration and partnerships for solutions. Our consultants include current and former presidents, chancellors, board chairs, provosts, system leaders, and foundation executives. They know higher education from the inside out and offer insights only first-hand experience can bring. Our services can help your institution harness the expertise of AGB’s 90+ years of thought leadership in all areas of governance to address the specific challenges and questions you face.

**QUESTIONS TO PONDER**

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**EXPERT VOICES**

**John A. Schwartz, JD**
Senior Risk Management Consultant, United Educators

“While ‘risk management’ sounds like a legal or insurance term, effective boards look at strategic issues through a risk/reward lens. Boards that regularly, collaboratively work with their presidents on risk oversight are always more strategically engaged, with a higher probability of ensuring a successful institution.”

**Trudi Blair**
Senior Consultant, AGB Consulting

“The board must have a central role in this evolving risk management model, engaging senior leadership, integrating it into committee work and full board deliberations, and discussing risk during major program and project reviews, as well as overall strategic planning.”
After five years of change and unprecedented upheaval in higher education, the need for deliberate risk management is greater than ever. Through it, colleges and universities can avoid snares that will obstruct their missions and take advantage of serendipitous opportunities when they arise.

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**PREPAREDNESS**

Institution is doing a good job identifying, assessing, and planning for institutional risk:

- **25%** strongly agree (2013)
- **73%** more or less agree (2013)

**FOCUS**

Percentage of institutions more focused on institutional risk than they were five years ago:

- **61%** no or do not know (2013)

**INSTITUTION CONDUCTS REVIEW**

of enterprise risk management process in the last two years:

- **39%** yes (2013)

**BOARD COMMITTEES**

that discuss risk management:

- **72%** audit committees (2013)
- **69%** finance committees (2013)
- **59%** executive committees (2013)
- **44%** investment committees (2013)
- **28%** facilities committees (2013)
- **22%** academic affairs committees (2013)
- **22%** student affairs committees (2013)

**INSTITUTION USES RISK TOLERANCE**

in guiding leadership decisions:

- **44%** strongly agreed in 2008
- **34%** strongly agreed in 2013

**INSTITUTIONS**

that approach risk management on an "as-needed" basis:

- **51%** in 2008
- **44%** in 2013

**FULL BOARD**

discusses institutional risk:

- **47%** in 2008
- **62%** in 2013

**INFORMATION ABOUT RISK**

percentage that strongly agree they are getting enough:

- **43%** in 2008
- **39%** in 2013

**PRIOR RESPONSIBILITY**

for an enterprise risk management process is given to:

- **41%** chief finance and administrative officer (2013)
- **22%** two or more senior administrators (2013)

*Data are from A Wake-up Call: Enterprise Risk Management at Colleges and Universities Today (AGB Press © 2014). Available for download at www.agb.org. Percentages may not sum to 100% due to rounding.*
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AGB Consulting offers a range of services, including workshops and consulting, to help institutions improve governance and risk management. For more information, visit www.agbconsulting.org.