

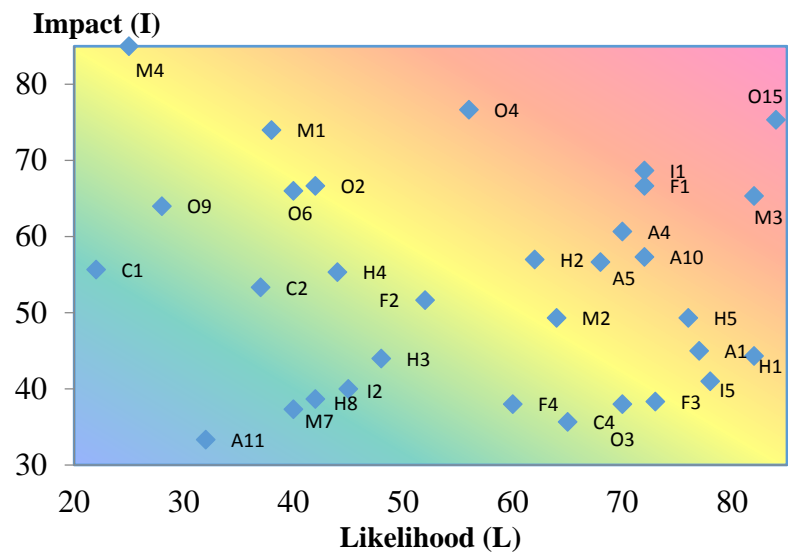
Risk Assessment

Risk Assessment is the process of determining the impact and likelihood of an identified risk on the institution.

Risk assessment activities include:

- **Risk identification:** the qualitative determination of significant risks that can potentially impact the institution's achievement of its financial and/or strategic objectives. This is often done through structured interviews of key personnel by internal or external experts.
- **Risk prioritization:** the ranking of risks on a scale, such as frequency and/or severity (See Risk Mapping).

Risk Mapping is the visual representation of risks which have been identified through a risk assessment exercise in a way that easily allows priority ranking of them. This representation often takes the form of a two-dimensional grid with *probability or likelihood* on one axis and *impact or severity* on the other axis. The risks that fall in the high probability/high impact quadrant are given priority risk management attention.



Risk Prioritization Criteria:

Likelihood		
Likelihood - the possibility that a given event will occur.		
Scale	Definition	Score (L)
Rare	Once every 25 years or more	1-2
Unlikely	Once every 6-25 years	3-4
Possible	Once every 2-5 years	5-6
Likely	Every year	7-8
Almost Certain	Multiple times each year	9-10

$$\text{Likelihood Score} = \frac{L}{10} \times 100$$

The likelihood scores are expressed on a scale from 1 (low) to 100 (high).

Risk Prioritization Criteria:

Risk Impact		
Financial		
Financial - includes physical and/or financial losses and damages to campus physical and environmental assets; events that affect profitability and efficiency, including loss of assets, and technology risks.		
Scale	Definition	Score (F)
Catastrophic	> \$7M	9-10
Disastrous	> \$3M to \$7M	7-8
Serious	> \$500K to \$3M	5-6
Minor	> \$10K to \$500K	3-4
Insignificant	< \$10K	1-2

Health and Safety		
Health and Safety - includes the possibility of injury, illness or death to the University community members, visitors or guests; events that affect the wellbeing of the community.		
Scale	Definition	Score (I)
Catastrophic	Multiple serious injuries or death	9-10
Disastrous	Life-threatening injuries or illness	7-8
Serious	Non-life-threatening injuries	5-6
Minor	First aid only	3-4
Insignificant	No medical treatment required	1-2

Reputational		
Reputational- includes events that affect the reputation and public perception of the University, including political issues and negative occurrences on campus.		
Scale	Definition	Score (R)
Catastrophic	Significant negative external impact, long term	9-10
Disastrous	Negative external impact, long term	7-8
Serious	Negative external impact, short term	5-6
Minor	Negative internal impact, long term	3-4
Insignificant	Negative internal impact, short term	1-2

$$\text{Impact Score} = \frac{(F + I + R)}{30} \times 100$$

The impact scores are expressed on a scale from 1 (low) to 100 (high).

Risk Assessment Results:

$$\text{Risk Score} = \frac{L}{10} \times \frac{(F + I + R)}{30} \times 100$$

The risk scores are also expressed on a scale from 1 (low) to 100 (high).