

HIGHER EDUCATION COVID-19 RESPONSE: ENTERPRISE RISK MANAGEMENT

The immediate impacts of COVID-19 have surfaced enterprise risk management needs across colleges and universities. To date, university leaders and boards have largely been focused on decisions that help to ensure the safety of their campus populations and the interim continuity of their missions during social distancing.

Rather than creating crisis-specific capabilities with limited shelf lives, leading institutions will leverage this experience to implement, mature and expand models that support improved risk assessment, associated mitigation and decision making.

In a [recent white paper](#), Huron outlined a three-phase framework for higher education's evolution through this pandemic and impending recession. In this framework, the sector enters first into a triage phase, then transitions to a period of stabilization while it begins to explore opportunities for fundamental transformation.

TRIAGE <i>Rapid response to urgent pandemic-related needs</i>	STABILIZE <i>Shift resources to midterm stabilization</i>	TRANSFORM <i>Implement change to ensure long-term success</i>
<ul style="list-style-type: none">• Safety measures for students, faculty and staff• Legal reviews of contracts with third parties to identify institutional financial responsibilities• Revision/creation, documentation and communication of critical policies• Business continuity reviews	<ul style="list-style-type: none">• Campus repopulation (residence halls, research labs, other facilities)• Financial/economic risk evaluation• Insurance policy review• Compliance with emerging policies and federal guidance• Expanded training for pandemic-related issues• Safety-related communication to students, staff and parents• Risk assessment for COVID-19 recurrence	<ul style="list-style-type: none">• Maturation of enterprise risk management programs• Expansion of emergency management operations• Information technology system resiliency and scalability to support future remote needs• Formal policy review and development processes to address emerging needs• Restructuring of contracts with vendors

Triage: Promptly Addressing Risk

University leaders have been reacting quickly and thoughtfully to a rapidly changing risk landscape. During this triage period they have prioritized the well-being of their constituents, and they have worked to communicate clearly and enable business continuity through remote learning and work strategies. These rapid risk assessments and subsequent decisions have been influenced by peer institutions' actions, often with limited or nonexistent data and forecasting. Evolving and formalizing these approaches — through processes and policies that address the complex, interconnected risk environment in which universities operate — will be a key point of emphasis as institutions stabilize their operations.

Stabilize: Reopening Campuses Safely

Effective enterprise risk management involves the comprehensive evaluation of interconnected risks across an institution. As universities work to stabilize their businesses, one major decision will underscore the complexity of these intertwined strategic, reputational and financial risks — whether and when to reopen on-campus operations in fall 2020. Reopening campuses requires careful evaluation of the risks and execution of mitigation activities — particularly how to determine who can safely return to campus and whether to limit the capacity or operations of residence halls, classrooms and other high-capacity facilities. Leaders will need to weigh whether reopening prior to achievement of herd immunity through vaccination creates too much institutional liability or logistical challenge.

A critical question will be which campus constituents can return. At many universities, high numbers of faculty and staff fall into the high-risk age group of those 60 and older, while others, including students, are immunosuppressed or otherwise more susceptible to the virus. Resistance from these groups in order to protect their health will likely emerge as a strong response. Leaders may attempt a phased approach by first allowing lower-risk groups to return to campus. But with this hybrid approach comes expensive logistical challenges for many campus operations, including the delivery of curriculum to students in person and virtually.

Due to the risk associated with high-density occupancy, a specific area of focus will be on-campus housing. If residence halls reopen, some institutions may need to consider reduced occupancy rates in some buildings, despite the associated operating and debt service expenses. Residence life leaders will also need to be trained to identify students with potential COVID-19 symptoms and respond quickly to limit rapid transmission. Other high-occupancy facilities (e.g., classrooms, student unions and recreational centers) will present similar challenges.

For the fall, universities should carefully weigh the strong desire to return to normal operations along with projected financial and reputational risk. The focus is not only on whether to open, but also on identifying and mitigating the risks that will accompany that decision. Evaluating potential legal liability and modeling the financial impact of various scenarios should inform these critical decisions.

Transform: Advancing Resiliency and Managing Future Risks

While many institutions have established universitywide programs to assess, manage and mitigate risks over the last 15 years, and some leading institutions have even established chief risk officers, others have siloed approaches that are not linked to the broader enterprise strategy, mission and risk mitigation. To ensure the viability of their institutions, a fully integrated and resilient risk management program should become a priority.

The pandemic response has shed light on the financial, strategic, operational, reputational and compliance threats that interact in ways that increase organizational risk beyond the boundaries defined by traditional (and sometimes siloed) units. As institutions begin to move beyond mere stabilization, high-priority activities will likely include the expansion of emergency management and incident response, development of more mature risk assessment, monitoring and mitigation plans, and increased attention to internal control activities across all risk areas.

A critical outcome for institutions in the transformation phase will be to use momentum from their crisis responses to strengthen the foundation, framework and strategy for enterprise risk management, including formal resilience principles. Successful implementation will require sustained mobilization and leadership alignment, continued engagement and communication with key operational owners, and assessment of organizational processes to ensure risk becomes an integral part of operations. As institutions consider proactively enhancing their risk frameworks to prepare for the next unknown emergency or known vulnerability, the transformation of the program should remain aligned with the institutional mission, vision and values.

Authored by Lee Smith, Anne Pifer and Adam Fennel

Access other educational resources on our [COVID-19 resource page](#). For more information, [contact us](#).