

**Risk and Control Self-Assessment**

**Risk: *[Risk being Assessed]* Detailed Description & Analysis**

*[This optional risk assessment detailed description & analysis template was created by the Enterprise Risk Management group at the University of Minnesota to provide guidance and best-practice tips for completing risk assessments. All italicized text should be deleted when completing the risk assessment.]*

**Background:**

*[Define the unit or processes’ objectives and goals. These should be considered in terms of how they contribute to the University’s achievement of its system-wide mission and strategic plan, MPact 2025. Those high-level strategic objectives cascade down to contributing business objectives throughout the institution.]*

*[Define the risk in terms of the potential risk event and its general impact on goals or objectives.]*

*[The University Risk Registry includes the multitude of risks facing the institution and is based on the University of Minnesota’s experience as well as higher education institutions across the country (through the University Risk Management & Insurance Association). Please consider contacting the ERM group for assistance in defining risk factors. Note that risk represents uncertainty and can be negative or positive in nature. Risk factors are therefore elements that can either increase or decrease risk.]*

|  |  |  |
| --- | --- | --- |
| **Category** | **Risk Area** | **Risk Factors** |
|  |  |  |

*[Risk assessments consider inherent risk, responses to risk such as controls, and residual risk. Inherent risk is defined as the risk an activity would pose if no controls or other mitigating factors were in place. When considering inherent risk, we are thinking about what could go wrong and in what ways a potential risk event would impact the University. Residual risk is the risk that remains after existing controls and other actions taken by management to decrease the impact or likelihood of the risk have been taken into account. When thinking about residual risk, we are considering the current and actual state or risk environment. When considering residual risk, we* *may look to past incident trends to predict the potential for incidents in the future. Considering and defining both the inherent and residual risk levels will help justify current and planned risk responses and their required resources by describing their effectiveness.]*

**Inherent Risk:**

The inherent risk level related to *[risk]* has been determined to be *[Risk scoring is complete based on the Risk Scorecard]*.

|  |  |  |
| --- | --- | --- |
| Impact: | Financial |  |
| Mission & Operations |  |
| Safety & Wellbeing |  |
| Regulatory & Legal |  |
| Reputational |  |
| Likelihood: |  |
| Velocity *(used to rank risks, not included in score)*: |  |
| Inherent Score: |  |

*[Optional – Many risks could lead to a variety of outcomes with drastically different impacts. For example, a fire on campus could be relatively small and contained or it could be catastrophic destroying an entire facility. In this case, it may be helpful to consider multiple scenarios and to average or weight the impact scores.]*

|  |  |
| --- | --- |
| **Extreme Event** | *[Define the worst-case scenario]* |
| **Severe Event** | *[Define the most-commonly occurring scenario]* |
| **Major Event** | *[Define the best-case scenario]* |

**Inherent Financial Impact**

*[Consider and document the inherent financial impact of the potential risk event using the provided Scorecard as guidance]*

**Inherent Mission & Operations Impact**

*[Consider and document the inherent mission & operations impact of the potential risk event using the provided Scorecard as guidance]*

**Inherent Safety & Wellbeing Impact**

*[Consider and document the inherent safety & wellbeing impact of the potential risk event using the provided Scorecard as guidance]*

**Inherent Regulatory & Legal Impact**

*[Consider and document the inherent regulatory & legal impact of the potential risk event using the provided Scorecard as guidance]*

**Inherent Reputational Impact**

*[Consider and document the inherent reputational impact of the potential risk event using the provided Scorecard as guidance]*

**Inherent Likelihood**

*[The inherent likelihood is the probability the risk would actually manifest into a risk event. If you’re considering multiple levels of risk events, select the average likelihood. Again, consider the likelihood prior to any current or planned actions to reduce the risk.]*

**Velocity** *(both Inherent and Residual)*

*[Optional: Velocity can be helpful in prioritizing risks when there are multiple risks with the same or similar scores. Velocity is the consideration of how fast an exposure can impact the University. It is the time that passes between the occurrence of an event and the point at which the University first feels its effects.]*

**Risk Response (Controls):**

*[Consider and briefly document the actions that have already been taken to reduce the risk. Some actions reduce many risks such as the required use of strong IT system login credentials or the purchase of real estate insurance. For the purpose of risk management, risk responses take one of the following forms:*

* ***Mitigation*** *(controls): Controls generally include any action taken to reduce the impact or likelihood of a risk. Controls may include policies and procedures, preventative computer controls, management reviews, segregation of duties, training, and many others.*
* ***Transfer*** *(or Sharing): Unacceptable risk can be transferred from the University to another party such as an insurance company, outside service provider, or market participant through hedging transactions.*
* ***Acceptance****: There may be cases where a risk is acceptable without taking any action to reduce it.*
* ***Avoidance****: Leaders may decide the risk cannot be reduced to an appropriate level and therefore avoid the underlying activity entirely.]*

**Residual Risk:**

*[Given the inherent risk and controls detailed above, consider the residual risk. Remember, residual risk is the current state. This would be the place to include actual University of Minnesota events or data, if available, to support the forward-looking description of the risk. For example, the risk event may have already occurred in the recent past and impact of that event is known.]*

*[Scoring the effectiveness of controls can be ambiguous. If you’re finding the scoring of control effectiveness difficult, consider the residual risk based on the Scorecard and work backwards e.g., the effectiveness of controls is the difference between inherent risk and residual risk.]*

**Conclusion:**

*[The conclusion is based on the residual risk score representing the current environment (not planned future risk responses). The Risk Scorecard includes recommended conclusions based on the residual risk score.]*