



THE CALIFORNIA STATE UNIVERSITY

BAKERSFIELD • CHANNEL ISLANDS • CHICO • DOMINGUEZ HILLS • FRESNO • FULLERTON • HAYWARD • HUMBOLDT
 LONG BEACH • LOS ANGELES • MARITIME ACADEMY • MONTEREY BAY • NORTHRIDGE • POMONA • SACRAMENTO • SAN
 BERNARDINO • SAN DIEGO • SAN FRANCISCO • SAN JOSE • SAN LUIS OBISPO • SAN MARCOS • SONOMA • STANISLAUS

Memorandum

Office of Risk Management

To: Presidents **Date:** October 8, 2004

From: Richard P. West **Phone:** 562-951-4600
 Executive Vice Chancellor
 and Chief Financial Officer

Subject: Risk Management and Insurance Audit

The recently completed audit of several campus risk and insurance programs (Report No. 03-24) resulted in several findings. One of these findings was that all campuses should have an effective, ongoing process in place to proactively identify risks, analyze the frequency and severity of identified risks, and implement risk mitigation programs.

Using the Bickel and Lake's Facilitator Model as a foundation, the Systemwide Office of Risk Management presents the attached Risk Assessment Matrix, Risk Management Process Flow Chart, and Event Planning Form as guidelines for use by campuses in the risk identification, assessment and mitigation planning process.

The steps involved in this process include:

1. Identification – Identify the risks and exposures each event presents to the University.
2. Measure – Once the risks have been identified the, they should be measured qualitatively and quantitatively to determine the:
 - frequency – the probability of loss occurring
 - severity – probable loss and estimated maximum loss from each occurrence.
3. Mitigation – Once the risks have been evaluated, the most effective method for managing each risk must be determined. Methods of controlling of risks include avoidance, prevention, reduction, segregation, physical transfer or a combination of methods.
4. Implementation – Follow through on the methods determined for mitigation.
5. Assessment – Evaluate the event or activity identifying those methods of mitigation that were or were not successful.

Presidents
October 5, 2004
Page Two

These tools are presented to assist the campuses in their practicing proactive risk management and to insure compliance with Executive Order number 715, *California State University (CSU) Risk Management Policy*.

Should you or your staff have questions or require assistance, please contact Charlene Minnick, Senior Director of Systemwide Risk Management at (562) 951-4580 (email: cminnick@calstate.edu) or Dennis Hordyk at (562) 951-4540 (email: dhordyk@calstate.edu).

Attachments (3)

cc: Vice President Administration and Finance
Risk Managers
Charles B. Reed, Chancellor
Dennis Hordyk, Assistant Vice Chancellor, Financial Services
Larry Mandel, University Auditor
Nate Clark, Trustees Audit
Charlene Minnick, Sr. Director, Systemwide Risk Management

EVENT/ACTIVITY PLANNING - RISK ASSESSMENT MATRIX

	PROBABILITY			
SERIOUSNESS	A	B	C	D
I				3
II			3	2
III		3	2	1
IV	3	2	1	1

SERIOUSNESS OF RISK

- I. May result in death
- II. May cause severe injury, major property damage, significant financial loss, and/or negative publicity for the University
- III. May cause minor injury, illness, property damage, financial loss and/or negative publicity for the University
- IV. Hazard presents a minimal threat to health, safety and well being of participants and/or spectators

PROBABILITY THAT SOMETHING WILL GO WRONG

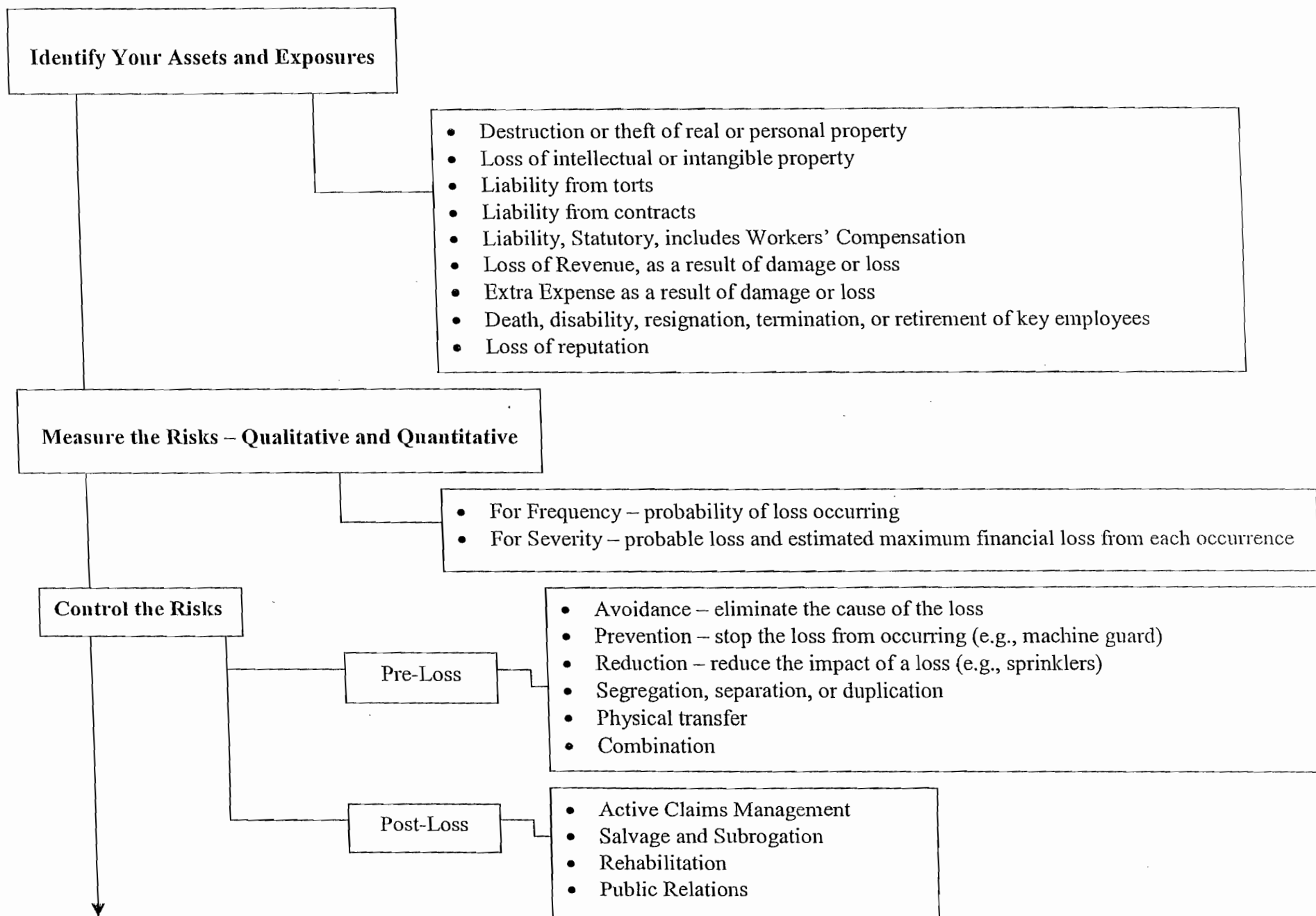
- A. Likely to occur immediately or in a short time frame, expected to occur frequently
- B. Probably will occur in time
- C. May occur in time
- D. Unlikely to occur

WHAT DO WE HAVE IN PLACE TO REDUCE THE RISKS WE IDENTIFIED?

ACTIVITY	ASSOCIATED RISKS	METHOD TO MANAGE

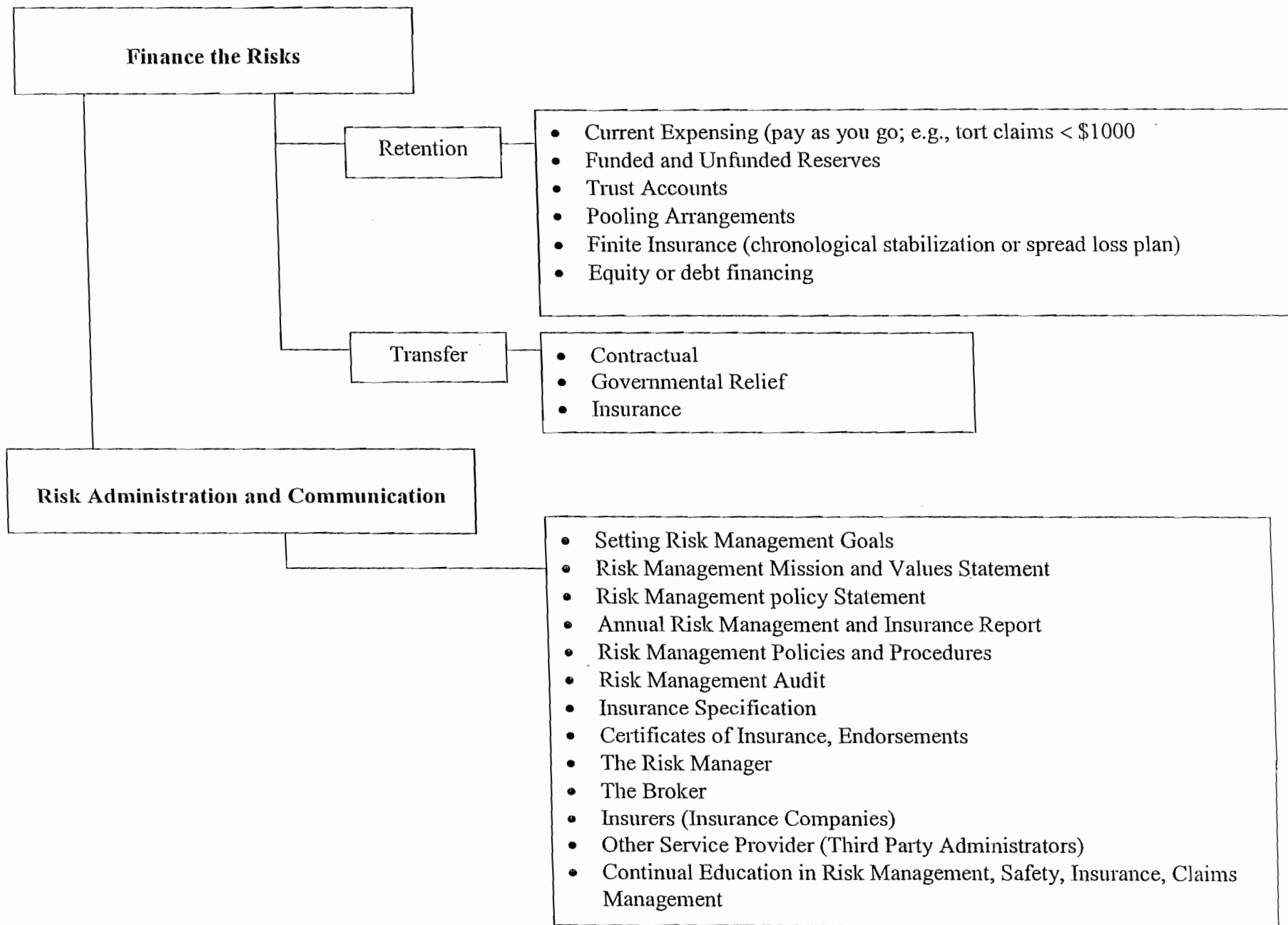
This form has been provided as a tool to develop a process for identifying and discussing potential risks. It is intended for use as a part of the risk management event/activity planning assessment process, and should serve only as a starting point. Completion of the form does not imply approval or authorization of the event by the University.

RISK MANAGEMENT PROCESS FLOW CHART



RISK MANAGEMENT PROCESS FLOW CHART

Page Two



Event Planning Form

Organization Activity – (detailed description of organizations activity)

List potential risks/problems areas associated with each component of your activity and the action steps your organization will take to mitigate them.

<p>Physical Physical risks can include things such as food poisoning, injuries that may result from physical activities, injuries that may result from travel related accidents.</p>	
<p>Reputation Reputational risks are those things that may result in negative publicity for your organization, CSU, your advisor and/or the venue where you are holding event.</p>	
<p>Emotional Emotional risks are those things that can cause a participant at your event to feel alienated or negatively impact the feelings of a member or members of the CSU community.</p>	
<p>Financial Financial risks are those things that negatively impact the fiscal stability of your organization and/or other organizations financially supporting your event.</p>	
<p>Facilities Facility risks are those things which may cause property damage, prevent your event from being held (bad weather, not enough space for the number of participants, lack of equipment or materials needed for the event).</p>	

The examples of risks given on this form are not intended to be all-inclusive; rather they are intended to act as a guide for students using the form when assessing risks associated with their activities.