

**AIKEN TECHNICAL COLLEGE
PROCEDURE**

Procedure Title:	RISK MANAGEMENT - GUIDELINES AND DEFINITIONS	Procedure Number: 6-6-103.1
Institutional Authority:	Chief Business Officer	
Associated SBTCE Policy/Procedure:		
Governing ATC Policy:	6-6-103	

Approved:


President


Chief Business Officer

Date

Adopted: 04/21/2008

Date

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DISCLAIMER

PURSUANT TO SECTION 41-1-110 OF THE CODE OF LAWS OF SC, AS AMENDED, THE LANGUAGE USED IN THIS DOCUMENT DOES NOT CREATE AN EMPLOYMENT CONTRACT BETWEEN THE EMPLOYEE AND THE AGENCY.

This procedure establishes common term to understand the risks confronting the College in achieving its goals.

The following techniques and outline provide a common framework for the College to communicate risks.

Common Risk Management Techniques applied to the framework:

- Avoidance – Design of current processes to avoid specific risks in order to reduce the general risk to the College.
- Diversify – Spread risk among many assets or processes.
- Control – Design controls or activities to detect, prevent, or limit undesirable outcomes, or to forward College goals.
- Share – Distribute partial risk by contract with outside sources capable of assuming risk, for example insurance contracts with companies/governments owning substantial assets.

- Transfer – Distribute entire risk through contracts with competent outside sources. This technique includes outsourcing.
- Accept – Where the cost of managing risks outweighs the potential harm, the risk is accepted.

ATC Common Framework of Risks:

1) Ownership Risks– associated with acquiring, maintaining, and disposing of assets

i) Custodial Risks

(a) Physical Assets – risks managed by sharing – (theft insurance) and control – (maintenance schedules, physical inventories)

1. Buildings
2. Roads
3. Equipment

(b) Financial Assets – risks managed by control (policies and procedures), transfer (collateral) sharing (insurance), and diversification

1. Cash
2. Investments
3. Credit

ii) External Threats

(a) Intangible Assets – risks managed by control (policies, procedures and compliance)

1. College's reputation with the Federal Government
2. College's reputation with the State Government
3. College's reputation with the Local Government
 - i. County
 - ii. City
4. College's reputation with suppliers
5. Reputation with students

(b) Financial Assets – Revenue Stream – risks managed by diversification (Foundation, Partnerships)

iii) Opportunity Costs

(a) Physical Assets – purchase and disposal risks managed by control (procurement policy and procedures)

(b) Financial Assets – Investments – purchase risks managed by control (bidding policies and procedures)

iv) Hazards – risks are managed by sharing (State hazard insurance, private insurance)

2) Behavioral Risks

i) Dysfunctional Workplaces

- (a) Human Assets – risks are managed by control (policies, procedures, and compliance) and sharing (workman's comp. insurance, State tort insurance)
 - (b) Physical Assets – risks of unsafe workplaces are managed by avoidance (areas designed to avoid being dysfunctional)
 - ii) Opportunity Costs
 - (a) Human Assets
 - 1. Acquisition and Disposition – risks of hiring unsuitable candidates or letting qualified and competent employees leave are managed by control (personnel policies, procedures, and compliance with State personnel policies and procedures)
 - 2. Professional Development – risks of employee's skills and knowledge not being upgraded to allow the College to achieve its goals are managed by control (professional development policies and procedures) and avoidance (designing special professional development events specific to the College's needs)
 - iii) Productivity Loss – Ongoing performance – risks are managed by control (evaluation and compensation policies and procedures)
- 3) Process Risks
- i) Errors, Omissions, and Delays
 - (a) Human errors – risks are managed by avoidance (training and communication projects designed to reduce human errors and misunderstandings) and control (policies and procedures)
 - (b) Software, Hardware errors – risks are managed by diversification (backup controls) and avoidance (schedules to replace obsolete equipment)
 - ii) Frauds
 - (a) Financial Assets – risks are managed by control (accounting internal controls, policies and procedures, internal audits, external audits)
 - iii) Process-Productivity Loss
 - (a) Human Assets – risks of productivity loss are managed by control (academic calendars, class schedules, multiple semester class matrixes, organization charts, supervision) and acceptance (minor risks of classroom instructional errors are accepted as the economic and political cost of heavy monitoring is too great)
 - iv) Process – Hazards – risks are managed by control (safety policies and procedures), avoidance (disaster plans allowing for instruction to continue after hazards strike, backup systems and share (if the State offers disruption insurance or consider the cost of private business disruption insurance)