KRAMON & GRAHAM PA

Best Practices For Mission-Based Risk Management

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Best Practices

- Holistic approach -- integral to understanding and addressing risks
- Structural challenges very different from those in public school and for-profit realms

Best Practices cont'd

- Entrusted resources-serve the mission
 - o Other people's money
- Conflicting ideals:
 - Confidentiality and transparency

Stakeholders

- Board of Trustees
 – executive committee, audit committee
- Head of School
- Division Heads
- Faculty and Staff
- Parents
- Alumni

- Donors
- Overlaps many hats
- Fishbowl effect

- Collaboration between BOT and administration
 - o Audit, Legal, Insurance, IT
- BOT and administration
 - Differing roles
- Oversight v. Operations

- Stakeholders not stockholders
- Risk-management sees "cons" and "pros" of the entrusted-resource model

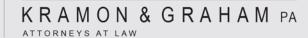
Owning Risks

- o BOT and administration are not "owners"
- Risks heightened by mission and entrusted resources
- o Reputational risk
- Non-confrontational culture vs. "bruising workplace"
- o "Emperor with no clothes"

- Holistic risk management:
 "Murphy's Law"
- What risks aren't regularly addressed?

BOT

- o Composition
- o Background
- Strengths/weaknesses
- Training
- o Policies and procedures
- o Tenures
- Who knows what
- Who if anyone has reliable view of peer schools and your school's context
- Who on BOT manages risks? How?



- Administration
 - Background
 - Strengths/weaknesses
 - Areas of responsibility
 - Who knows what
 - o Time limitations
- Who in administration manages risks?
 How?

- BOT, administration--manage risk together?
 - Oversight v. Operations
- Who is the "driver"?
 - Volunteer/inexpert BOT v."professional" administrators
 - Checks and balances: Risk review
- Subverting aspects of the institution to the mission

Regular Review of Key Documents

- BOT handbook
- Employee handbook
- Student handbook
- Contracts
- Releases

Addressing Specific Risks

- Litigation risk
- Conflicts of interest
- General reputational risk
- Succession planning
- Financial distress
- Hitting the fan -- crisis management

Addressing Specific Risks cont'd

- Systematic review of risk management function
- BOT reps and administration leadership reps
- Input from outside professionals