Enterprise Risk Management Task Force Report

to the UNC-Chapel Hill Board of Trustees

MAY 2015

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

In all well regulated governments it is the indispensable duty of every legislature to consult the happiness of a rising generation, and endeavor to fit them for an honorable discharge of the social duties of life by paying the strictest attention to their education and that, a University, supported by permanent funds and well endowed, would have the most direct tendency to answer the above purpose.

University Charter December 11, 1789

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Enterprise Risk Management Task Force

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Report of the Enterprise Risk Management Task Force

MAY 2015

In fall 2013 Board of Trustees Chair Lowry Caudill appointed the Enterprise Risk Management (ERM) Task Force and charged it with "creating a sustainable approach [to risk] that is incorporated into University ongoing operations." It was to "identify three to four key strategic opportunities we must seize; identify three to four operational areas with significant existing or potential risk and provide recommendations for mitigation or elimination of risk." This study was also important to help transition the new chancellor, Carol L. Folt, into the University.

When Chancellor Folt took office in July 2013 the broad athletic and academic irregularities issues were more than three years old, touching many parts of the campus community. Those issues lingered and questions remained unanswered about whether the University had fully addressed all known concerns. The Task Force asked Chair Caudill if it could expand its charge. It wanted to address risks aimed less at helping transition the new chancellor and more toward identifying a framework within which all University administrators, faculty, staff and students could assess risks and opportunities available to the University for the long term. Chair Caudill agreed and the Task Force's charge was changed:

"To create a sustainable approach that is incorporated into ongoing University operations. Identify key strategic opportunities we must seize. Identify key areas with significant existing or potential risks and provide recommendations for mitigation or elimination of such risks."

This Report focuses on current and potential risks that could affect the University. Not all the risks cited here are present today, often because we are successfully mitigating them. The Task Force's charge, however, was to consider all key risks we could face. It is within this framework – to assess risks as a means by which to safeguard the University's academic integrity – that the Task Force has worked.

Executive Summary

The ERM Task Force was composed of leaders across key areas of the institution, including trustees, the provost, several vice chancellors, faculty, internal audit and student government. We worked over 18 months trying to create a sustainable approach to risks that could become part of ongoing University operations.

The months in which the Task Force worked were some of the most daunting and promising times in the University's history. During our process key events took place: the Wainstein Report, an NCAA investigation, an accrediting agency review, Carolina's climbing into the highest echelons of research institutions nationwide, Dr. Fred Eshelman's $100 million gift to the School of Pharmacy, the trustees' approval of the Carolina Research Venture Fund, and our undertaking to better address "Race and Place" at Carolina within the modern American culture.

While this report addresses much detail regarding risks and opportunities across the institution, three "big picture" themes summarize the group's findings:

1. **Across the organization there is a need for strategic planning**. In order to realize all the opportunities available to us, there needs to be a sufficient central oversight function to enable institution-wide, strategic ideas to develop.
2. **It is now time to do a top-to-bottom and bottom-to-top organizational review.** This must include the entire institution so we can know if we are optimally structured to be the university of the future.
3. **We need a comprehensive review of safety and compliance that could not be completed within the construct of this document**. Individual suggestions are discussed here, but there are likely larger themes that we are unable to address because of limited capabilities within our group and limited time.

Overall, the Task Force concluded that Carolina has sufficient controls in place for today's risks. It also thought that protections were either in place or were being prepared for most foreseeable risks. That said, we have tried to also discuss those risks that, regardless of what protections are in place, would have a tremendous impact if they did occur ….
The Task Force also offers suggestions for opportunities to create the foundation for a modern Carolina.

The majority of the following report provides detail that led to the above conclusions. We have sought not only to identify risks but also to catalog what we are doing to mitigate those risks and what more might be needed. Tables which organize our assessment of risk probabilities and impact also appear for each section.

Overall, the Task Force concluded that Carolina has sufficient controls in place for today's risks. It also thought that protections were either in place or were being prepared for most foreseeable risks. That said, we have tried to also discuss those risks that, regardless of what protections are in place, would have a tremendous impact if they did occur. A detailed discussion of our findings appears following the next section.

The Task Force also offers suggestions for opportunities the University should seize in order to create the foundation for a modern Carolina. These are detailed at the end of the report. Broadly, they are to grow and diversify the research enterprise; continue our innovation initiative; initiate a large, dynamic capital campaign; evaluate potential global operations; and maintain leadership within the UNC System. These are attainable goals. We believe they can be a lodestar for guiding the University forward.

Approach and Process

The Task Force chose to approach its charge using two primary criteria: the type of risk and the immediacy of risk (i.e., time). Time risks were grouped by those that were:

- **Immediate Risks:** Those that are ongoing or likely to occur within one year.

- **Near Term Risks:** Those that have a short time before they occur, often one to three years.

- **Moderate Term Risks:** Those that can be foreseen, but are not likely to occur before three years.

Initial categories under consideration were:

- Athletics.

- Compliance.

- Donor interests.

- Financial.

- Deferred maintenance.

- Hazard, safety or legal liability.

- Human capital.

- International activities.

- Operational.

- Research.

- Strategic.

- Students.

- Technology and privacy.

These concerns were consolidated into six categories: strategic risks, safety risks, financial risks, regulatory and compliance risks, operational risks, and reputational risks. Within each of these categories further assessment addressed the *impact* of

CAROLINA RISK MATRIX
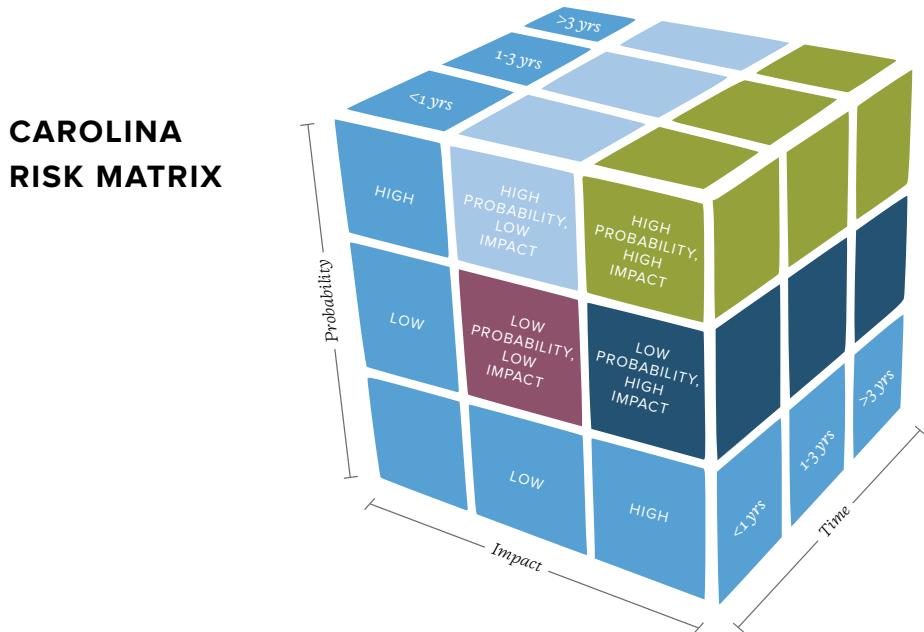
an occurrence and the relative *probability* of its happening. Measures of "high" or "low" were used to categorize both impact and probability. Because this report is being made at a given point in time, it is important to note that risks are constantly changing and that items which today have a low probability of occurrence could move to a higher probability – or higher impact – as time passes. It is therefore important that these risk assessments be reviewed periodically.

The Task Force studied each category of risk within three variables:

• Time of likely occurrence.
• Impact of likely occurrence.
• Probability of likely occurrence.

A schematic of this approach appears above while detailed matrices by time appear in Appendix A. The Task Force determined that a detailed assessment of risk at this level would be extremely complex and would require much more time to complete. The group therefore chose to focus this report primarily on risks that were *high impact and high probability*. The Task Force looked at both existing risks and also potential missed opportunities, which represented a separate kind of risk. We discussed an array of issues associated with the initial risk areas cited above.

The Task Force created three subcommittees to do a detailed study of each area: Strategic and Reputational Risks, Operating and Financial Risks, and Safety and Legal/Regulatory Risks. Members and staff for each subcommittee are listed in Appendix B. Because the compliance and safety areas are so heterogeneous and complex – given local, state and federal oversight – the subcommittee addressed these risks broadly. Deeper analysis of this area beyond that presented here will be necessary to more fully explicate those concerns.

Findings

Carolina faces tremendous opportunities today. Our high rankings in biomedical sciences, public health, and social and behavioral sciences are outstanding. In federal grant funding we rival our private and public peers. In the arts we attract the world's leading musicians, actors, writers and scholars to campus. Breakthrough discoveries are helping turn once fatal diseases into chronic illnesses or even cures. The University's health affairs schools serve populations around the globe, as well as communities throughout the United States. The Task Force stressed Carolina's need to maintain and to grow our strengths in these and other areas. In order to do so, the University must ensure we have the necessary faculty, students, administration, facilities, capabilities and reputation. The Task Force spent many months working to identify major risks at the University that could sidetrack our ability to capture these opportunities. The following section largely addresses these risks, whether we are sufficiently mitigating them and, if not, suggestions to address any concerns.

The interlocking nature of many risks became apparent as the Task Force continued its work. For example, reputational risks can affect the overall culture of the University. Addressing such cultural changes requires consideration of their impact on the overall strategic vision for Carolina. Likewise, financial risks can be created by operating inefficiencies as well as other sources. Financial limitations can also lead to deferred maintenance, which can pose possible exposure to regulatory and safety risks. Complying with the enormity of regulations the University faces presents many challenges across all risk categories. While this report studies risks as discrete categories, it is important to remember that many do interlock and, as such, can have significant impacts across the institution.

The following sections detail the findings of each subcommittee. Interestingly, a single concern became apparent across all areas: a question of trust. A large research university is so complex that questions of trust necessarily arise. During

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times when resources are scarce or values are challenged, there may be a greater reluctance to share resources or embrace the institution's traditions.

Over recent years, many externalities – particularly increased regulations, critical media coverage, the Great Recession and changes in state government – created tremendous pressures on Carolina that worked to challenge trust across the campus and amongst the University constituencies. The Subcommittee on Strategy and Reputation felt these externalities were sufficiently potent that they were affecting both internal and external constituents' belief in the integrity of Carolina. The Subcommittee on Finance and Operations asked whether a lack of trust might be connected to the rise in decentralization of operations across campus. The Subcommittee on Regulations and Safety was perhaps most affected by the environment of reduced trust because it has led to the development of a large regulatory system. The subcommittee expressed concern that we are at increased risk of losing the human component of our interactions, which trust inspires, if focus turns to enforcing rules rather than educating and learning from each other.

Culling out "the question of trust," however, does not imply that a lack of trust permeates the institution. The Task Force wanted to identify this area separately because a damaged sense of trust potentially affects so many parts of our University community. It is imperative that communications be especially strong across campus and with all stakeholders so Carolina can build and maintain trust as a critical part of its culture.

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Strategic and Reputational Risks

Strategic and Reputational Risks

The Subcommittee on Strategic and Reputational Risks categorized significant institutional strategic and reputational risks into two overarching areas, reflecting Carolina's missions and aspirations:

- Attaining and maintaining excellence in our work, as reflected in both performance and quality.

- Attaining and maintaining a culture of integrity, honor and trust.

This section presents risks according to these two categories. The subcommittee believes both can and should be expectations and goals at every level of the work done at the University – from the classroom, to the lab, to athletic programs, to the maintenance of buildings and grounds, and to the services we provide throughout the state to the citizens of North Carolina.

Strategic planning is another significant need at Carolina. Although there are academic strategic plans, there is no central plan in place for the entire University that addresses the wider array of issues. This situation creates a significant risk to maintaining a culture of overall excellence across the institution. It also limits our ability to anticipate and therefore prepare for future challenges the University may face.

Excellence, Quality, Performance Risks

The subcommittee noted key areas where risks could jeopardize the University's ability to attain and maintain the highest standards and measures of excellence. These include:

- Personnel needs.
- Academic programs.
- Strategic planning.
- Governance.
- Athletics and academics.

Carolina's ability to recruit and retain accomplished professionals is our most critical need. Faculty, researchers, leaders, administrators, and other staff are the guardians of the excellent education and research we seek to provide on a daily basis. Yet, as a public institution, we have governance protocols and regulations that affect our ability to independently implement decisions regarding salaries, benefits, and other factors that go into hiring and retaining people. The University has outstanding faculty, researchers and staff; however, each year this becomes more difficult to maintain. This *uncertainty* of the availability of resources is itself a risk.

Another important risk is faculty renewal. We not only need to keep our excellent faculty, we also must bring in top, talented *new* faculty and graduate students. Unfortunately, recent financial budget cuts across the UNC System fell heavily on Carolina. Rather than cut programs, positions that became vacant were often eliminated rather than left open or filled. This left fewer slots, or entry points, for new people. Bringing in new talent is key for Carolina to stay on the leading edge of new ideas. It is important to retain existing faculty who have built significant research portfolios. It also is important to have resources to attract top graduate students and young faculty, as they are most likely to spark totally new ideas that

will build upon Carolina's progression in research, teaching, and public service. The University has recently made progress in retaining faculty by making additional funding available for faculty salaries. Giving pre-emptive pay raises has driven down the number of faculty willing to entertain external offers. We have also counter-offered aggressively, which has helped us to keep more of those who got offers.

Part of successfully attracting and keeping top professionals is maintaining a culture where excellence is expected. For this reason, creating and maintaining *expectations of accountability for high performance* are factors we should always keep front and center. Rigorous academic standards and requirements must not only exist but they must also be implemented, periodically reviewed and revised to remain current. A case in point is the policy correction required to ensure that all department chairs in the University are reviewed annually, a practice that was not in effect when the academic irregularities occurred in the former Department of African and Afro-American Studies.

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One area of particular concern to the subcommittee is governance. With the Legislature, Board of Governors, General Administration, Board of Trustees, administration and faculty, the University has multiple layers of governance. Proper levels of communication and oversight within and among these entities

are imperative. To get out of balance with one has implications for the others. For example, state budget cuts to the UNC System have impacted Carolina dramatically, causing significant consequences to the management of our financial operations, facilities, research and even academic areas.

The oversight role of the UNC Board of Governors (BOG) has been a topic of discussion in recent months. The review and decisions about centers and institutes across the UNC System focused attention on this issue. Although the System has regulatory authority to take such actions, it has traditionally delegated such oversight to chancellors and boards of trustees. The BOG's approach has prompted some faculty to worry that academic freedom could be compromised. This concern may challenge our ability to retain and attract faculty to the University.

Oversight *within* the campus must also be considered. The recent athletic and academic issues revealed a lack of past adequate oversight in and across several areas. The impact of those lapses – which Chancellor Folt and her senior leadership team continue to proactively address – has been significant. The adverse results, including multiple investigations, litigation, accreditation review, and critical media coverage, cost millions of dollars and required thousands of hours from trustees, administrators, and faculty.

Another area regarding governance is alignment of interests. Within a University academic freedom, unencumbered inquiry, and creation of wholly new concepts are required to advance knowledge and teach independent thinking by students. However, such values may not be in alignment with all constituencies and

stakeholders. Managing the expression of interests by different constituencies and how they view various issues is critical.

Oversight of athletics and the University's academic support program for student-athletes has presented numerous risks, as most recently articulated in the Wainstein report. These risks prompted the NCAA to reopen its previous investigation. The institution's strong reputation has been challenged. Further, these findings caused our accrediting agency, the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to undertake a second review of the University's compliance with accreditation of principles, standards, and requirements.

POTENTIAL OUTCOMES OF THESE RISKS

The subcommittee reported that the risks above, regardless of the probability of outcome, pose primary challenges to Carolina's mission. Without mitigating measures, such risks could cause the University to fail to achieve and maintain standards of excellence. Possible outcomes include:

- Inability to provide a high-quality education to North Carolina students and other students from across the nation and around the world.

- Missed opportunities and less than optimal operational and funding decisions due to the absence of comprehensive strategic direction.

- Questions about compliance with accreditation standards by SACSCOC. In a worst-case scenario, non-compliance could threaten our degree-granting authority, our research program, certain student financial aid awards and other fundamental programs. Risks posed by SACSCOC scrutiny require highest attention.

- Loss of successfully balancing athletics and academics. NCAA investigations jeopardize the University's ability to compete for athletes who are the best talent in both the classroom and the sporting arena.

- Inability to sustain support for the UNC System's research universities – including Carolina in its historic role as a flagship campus – at a level necessary to continue attracting and retaining the best students, faculty and staff.

- Decline in reputation as a premier global academic and research university. This scenario is interrelated to attracting and retaining top faculty, administrators, staff and students, as well as our ability to continue to grow grant funding and other research support from external entities.

- Decline in legislative support and funding to maintain excellence.

MITIGATING MEASURES:

Carolina has put in place several mitigating measures to lessen and avoid potential negative outcomes from the Excellence/Quality/Performance risks. These include:

- Having an active and engaged governing body in the Board of Trustees.

- Developing fresh approaches to assess and monitor strategic issues – via newly formed working groups addressing ethics and integrity and policies and procedures – and a commitment to improve transparency via new websites and improved public records request fulfillment.

- Responding urgently and in great detail to the SACSCOC review. The Task Force believes Carolina's response to the SACSCOC request for information was appropriate and thorough.

- Ensuring all faculty chairs are reviewed every five years, regardless of whether their department offers graduate degrees.

- Limiting the number of independent studies courses a professor can oversee during a semester.

- Implementing course monitoring activities, such as making unannounced visits to classrooms to see if classes are meeting and use of analytical reports to identify unusual patterns of course enrollment, and course description or numbering.

- Strengthening monitoring of grant management and compliance such as time and effort reporting and cost transfers.

- Exploring new funding sources, such as enhanced corporate sponsorship for research.

Additional mitigators may need to be developed or strengthened in order to ensure that we control these critical risks to Carolina.

RECOMMENDED ADDITIONAL MITIGATION MEASURES:

The subcommittee made several recommendations to further reduce the probability or impact of risks to the University's strategic purposes or its reputation. These recommendations for consideration are:

- Targeted strategic planning to become a leader in innovation for education and research.

- Within all units, including academic departments, provide leadership development planning expectations for management roles.

- Develop and prioritize key components necessary for successful faculty and staff recruitment and retention, such as salaries, research support, a robust academic community, clear support of academic integrity, and an inclusive environment for faculty involvement in important University decisions.

- Enhance collaboration with other institutions in the UNC System to strengthen existing programs. Examples include enhancing existing collaborations with the N.C. State College of Engineering.

- Strengthen the role of the Faculty Athletics Committee to adequately inform the faculty and advise the Chancellor on issues regarding athletics.

- Explicit expectations of what campus leadership will expect to ensure high performance by reporting units and individuals.

Honor, Integrity, and Trust Risks

These risks are easier to articulate but perhaps the hardest to mitigate once events occur. Fairly or unfairly, Carolina has been affected by ongoing public attention focused on the academic irregularities and collateral effects. Key areas of risk cited by the subcommittee include:

- **Culture of Integrity:** Maintaining high expectations of integrity in every aspect of our environment.

- **Academic Freedom:** Appropriately responding to the outside stakeholders while protecting and defending the "marketplace of ideas" that defines the University.

- **Transparency:** Responding to public records requests in a timely fashion, as well as opening up the decision-making process when possible.

Risks regarding honor/integrity/trust are easily susceptible to perceptions and those must also be considered when mitigating such risks.

POTENTIAL OUTCOMES OF THESE RISKS

Possible outcomes may be real or perceived. For example, although it is not true, the perception that student-athletes are not subject to the same academic standards and requirements as other students has affected the University's overall reputation, not just in athletics. The overwhelming majority of athletes remained diligent students during their academic careers. Nevertheless, the perceptions may harm the University's reputation regardless of the facts.

Incidents that challenge our academic integrity pose the greatest risk of having a single incident metastasize to the entire institution. It is therefore critical that we identify problems and manage any such risks immediately. Potential activities that could create such risks include:

- Incidents or allegations of widespread cheating by our students.

- Research misconduct, including fabrication of data and falsification of results.

- Other academic misconduct.

- Misuse of University assets (such as theft/embezzlement, use of work time and University equipment for private gain or leisure activities).

While not an issue of academic integrity, the difficulty in providing timely responses to public records requests has posed challenges at a time the campus needs increased transparency. Recent efforts to reduce this backlog have helped offset criticisms. The University also made the process more transparent by launching a website that shows every request made and its status for processing. Continued attention to timely public records responses will be an ongoing challenge for the institution given the volume of requests now being submitted each year.

MITIGATION MEASURES

Issues regarding honor/integrity/trust are the most important to mitigate. We must have critical accountability standards and enforcement measures in place for student, staff and faculty performance. Not only that, but it is imperative that such standards and measurements be known by all involved, from the lowest level position to the most senior. *Often, accountability standards are breached simply because rules are not known or understood. Other times they are breached because the rules may be in place but they haven't been enforced consistently so people feel free to ignore them.* Accountability standards must have reasonable enforcement and these have to be applied consistently across campus if we are to avoid incidents, such as those listed above, from occurring.

When the subcommittee reviewed the University's current operations it found that we have many guidelines, policies, and procedures to address these issues but they are not always widely known and they can be hard to find when searching policy manuals. Educating all parties about our policies – and any changes to them – must be a priority. Further, we must make sure that employees and faculty who have been here many years are required to stay apprised of the latest policies and understand the reasons for changed operational requirements. Otherwise, these individuals may be unaware of newer standards and act as if older policies are still in effect.

Another mitigator is the University's externally-managed compliance hotline that employees and citizens can use to report concerns about financial, research, environment, health and safety, and HIPAA matters. However, many people do not know that the compliance line exists.

Likewise, while employees who have engaged in misconduct are disciplined appropriately, the nature of the incident and the outcome of any investigation are generally not widely known. There seem to be conflicting views on whether such proceedings and punishments are public records. Clarifying these rules needs to be a priority. Reinvigorating the Honor Code and Code of Conduct for students should be done as part of this process. In particular, attention must be given to emphasizing and enforcing expectations of integrity and honor, such as cheating or other unacceptable behavior.

Another means of mitigating these risks is to incorporate regular and explicit discussions of honor and integrity into messages from University leadership. This should occur in all kinds of conversation, including those to faculty, students and staff. Expectations of personal pride and accountability in the work we do, reinforced by appropriate measures and consequences, is the primary way to mitigate risks that challenge the honor and integrity of this great institution. Recent online discussions, forums and information sharing within the "Carolina Community" have been successful in helping to convey such messages. The coming together of the campus to mourn the tragic deaths of three young people, including a dental student, his wife and her sister, is another example. Additional activities which can facilitate character across campus should be encouraged.

The University's policies on academic misconduct should continue to be monitored and updated on a regular basis. These policies need to be appropriately communicated and consistently applied. Although academic misconduct will never be eliminated, these measures will help provide the tools to appropriately discipline individuals involved in cases that arise.

Another means of mitigating risks related to integrity is to have "rapid response" messaging when an issue emerges. Such messages should be balanced with thoughtful review and investigation of alleged problems. The Chancellor's hiring of an experienced communications and public affairs team has reduced this risk significantly. Carolina also initiated a website that shows all public records requests. This will be an ongoing issue and we must stay ahead of it in order to make sure the public hears our message.

High Impact/High Probability Risks Probability Timetable

Each subcommittee considered its high impact, high probability risks and grouped them according to the likely timetable of their occurrence. The following table presents these data for the Strategic and Reputational Risks Subcommittee. A similar table will be found following each subcommittee's findings.

Strategic/Reputations High Impact Risks Listed by Likely Timing of Occurrence

TIME	STRATEGIC RISKS	REPUTATIONAL RISKS
IMMEDIATE (<1 YEARS)	Maintaining a culture of integrity and trust	Managing and timely responding to negative events
	Loss of key faculty, researchers, clinicians, and administrators	Continued narrative regarding athletics and academics
	Recruitment of top personnel	"Academic freedom" vs. outside stakeholders
	Succession planning (e.g., administration, chairs, etc.)	
	Global university issues-adequate policies for int'l regulations, and similar concerns.	
	Potential decline in academic program	
NEAR TERM (1-3 YEARS)	Medicaid reform and loss of funding in patient services funding	
	Evaluation of student organizations	
	Liabilities associated with broad programs, especially study abroad	
MODERATE (>3 YEARS)	Need for planning – campus wide and departmental	
	University messaging	
	Inadequate disaster recovery planning and response	

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CHAPTER 2

Financial and Operational Risks

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Financial and Operational Risks

Financial and operational risks are often intertwined, augmenting the importance of keeping these risks at bay. The Subcommittee on Financial and Operational Risks found several vulnerabilities. This is not surprising given that central financial and operating units took the brunt of severe budget cuts in recent years as administrators and trustees fought to protect the academic enterprise. Ultimately, the academic units had to endure unwanted cuts as well, but not before the administrative units had been hit hard. While the plan to protect the academic enterprise at all costs was noble, it likely created vulnerabilities that could have major negative impacts on the institution if they are not appropriately mitigated. Some of these concerns have been addressed. Others remain outstanding and are discussed in the following section.

In addition to the effects of budget cuts, some vulnerability in our operations evolved because the University did not focus on "continuous process improvement." There was not a culture that embraced critical evaluation of current activities as part of the normal course of business. This led to some antiquated systems and processes that were inefficient, ultimately failing to meet modern demands or to detect problems early.

The subcommittee reduced the financial and operational risks to the following key concerns:

- Lack of an updated financial planning process.

- Decentralized information technology (IT) that increases security risks.

- Lack of an IT-enabled business intelligence capability.

- Ineffective organizational structure.

- Inadequate and undercapitalized disaster recovery and business continuity preparedness.

Ultimately, the academic units had to endure unwanted cuts as well, but not before the administrative units had been hit hard. While the plan to protect the academic enterprise at all costs was noble, it likely created vulnerabilities that could have major negative impacts on the institution if they are not appropriately mitigated.

Risks from Lack of Financial Planning

While this section addresses risks that come from a lack of strategic *financial* planning, many of these concerns actually stem from the lack of a current *institutional* strategic plan. The latter issue is addressed briefly in the prior section. Carolina's lack of a financial strategic planning process is a major risk, with immediate impacts on our operations. To paraphrase an old adage, "if you don't know where you are going any road will take you there."

The Task Force considers lack of a strategic financial plan as a current, high-impact, high-probability risk. This is because state funds continue to fall as a percentage of overall revenues. Nationally, federal grant monies fluctuate and have been flat or declining, although Carolina has increased its federal grant support in recent years. This is very significant. We have a growing amount of corporate grant support but it is smaller than that of many peer institutions and not yet a significant part of our current budget. Alumni support is susceptible to variability in the capital markets as well as threats to our "brand" or reputation. Tuition cannot be a default source of funds when these others fall short. Planning for a variety of scenarios is key to the University's financial and operational health, which, in turn, is key to our being able to continue to perform at the highest levels of American research universities and to appropriately serve the people of North Carolina.

POTENTIAL OUTCOMES FROM THESE RISKS

Lack of a comprehensive strategy for responding to and preparing for unexpected significant fluctuations makes us susceptible to changes in major funding sources. When funding sources drop this will likely result in damage to Carolina's value and our ability to remain an exceptional, accessible, truly public institution. When funding sources increase, if we have not adequately considered appropriate uses of excess funds we could forego opportunities we would like to embrace.

In addition to these broad implications of not having a financial plan, the subcommittee cited other, more specific potential adverse outcomes:

- The University's allocation of resources could become misaligned with the institution's strategic objectives, resulting in non-optimal financial decisions, missed opportunities, recruitment challenges, and retention difficulties.

- Without current, prioritized strategic goals the University has limited planning capacity and therefore could have a lack of, or misplaced, intentional financial incentives.

- Carolina has an outdated budget model – one based on historical fund allocation strategies rather than anticipated future allocation needs.

- Excess decentralization could lead to financial inefficiency, duplication of effort, financial risk, and poor service to units of the institution and other stakeholder.

- Carolina does not have flexible endowment capabilities. In our financial planning efforts the University should assess the level of unrestricted endowment needed, as well as identify other funding sources and strategies that can support new revenue streams. These should be included in the next capital campaign.

MITIGATING MEASURES

In lieu of having a current strategic plan, the University has put in place several measures to help mitigate these risks. In other words, having identified certain risks we are putting tactical changes in place until a larger financial plan is developed. For example, a Budget Committee has been put in place that is composed of representatives from the offices of the Chancellor, Provost and Vice Chancellor for Finance and Administration. It reviews all significant funding requests and allocates resources. Further, requests over $500,000 are reviewed and approved by the Chancellor. Any budget cuts are managed strategically to protect academic units and need-blind admissions. That said, all budget cuts are done with an eye toward ensuring that sufficient oversight capabilities remain intact. Cuts made during the past six years may not have focused sufficiently on protecting needed oversight operations.

The subcommittee also cited other tactical mitigation measures currently in place that offset potential adverse outcomes. These included:

- Investing in UNC's Development organization to raise additional funds through advancement efforts.

- Reallocating funds internally to support salaries and improve retention.

- Spending a portion of F&A (facilities and administrative) dollars to research-related deferred maintenance.

- Undertaking new continuous business process improvement practices to realize greater efficiencies and exploring outsourcing opportunities for non-core functions.

- Developing broader and deeper industry relationships.

- Exploring creating a shared service environment, new budget model and resource allocation strategy.

- Implementing new ways to maximize investment returns given our risk profile and liquidity requirements.

- Implementing a strategic investment committee to look at all cash and make sure financial decisions are tied to the Chancellor's major initiatives, and leadership is on the same page in terms of knowing and supporting the identified priorities.

- Exploring big ideas as a foundation for the University's strategic goals.

- Implementing an internal Finance Council with broad representation from campus academic and administrative units, to serve as an internal governance body for institutional finance-related issues.

RECOMMENDED ADDITIONAL ACTIONS

In addition to these activities already in process, the subcommittee recommends that a comprehensive financial planning effort be developed which will support the University's overall strategic plan to address the potential adverse outcomes noted earlier. Implementation of this plan should include an ongoing evaluation strategy to become the exemplar of strategic, efficient, effective, and intelligent University financial operations.

Risks from Decentralized Information Technology Services, Including IT Security and Lack of Business Intelligence

A research university benefits from access to leading technology. However, applications of technology vary among different parts of the institution. Knowledge and skill levels of those responsible for such technology are uneven. This introduces risk, such as system compromise, that can impact the entire campus and threaten the reliability of systems and technology infrastructure that are crucial to the operations of the University. Additionally, widespread decentralization is inefficient and may lead to duplication as well as wide variances in technology adoption around campus. Schools and units have their own IT systems and no central reporting authority exists. Only central systems and applications (email, network, enterprise applications, ERP, etc.) are overseen by the Vice Chancellor for Information Technology and Chief Information Officer.

POTENTIAL OUTCOMES OF THESE RISKS

The Subcommittee on Finance and Operations found this area to be one of the largest risks on campus. Significant adverse outcomes are possible because the decentralized organization of IT systems lacked necessary consistent oversight and controls. The risk of data exposure and subsequent breach is a high-impact risk. Indeed, several years ago the University had a major breach in its breast cancer database, requiring the medical center to contact thousands of women to inform them that their personal health data may have been compromised. This breach was costly both in terms of dollars and reputational impact.

While data exposure is an overarching concern, the subcommittee cited significant IT risks associated with highly decentralized IT. Each has the potential for high impact and, in our current situation, has a high probability of occurring. These include:

- An inability to develop and monitor key performance indicators and ad hoc focus areas.

- Difficulty tracking our progress against strategic planning goals.

- Lack of quality, timely, secure data which could lead to misinformed or poor decision making.

- Difficulty making data projections and proactive planning.

- Inefficiency.

- Lost opportunity to proactively seek out abnormalities so they can be addressed immediately.

MITIGATING MEASURES

The University has put in place processes to partially mitigate these risks. This has been a major priority of the CFO and CIO officers. With the implementation of PeopleSoft, the University will enjoy future benefits of integrated and secured data, the broadening institutional information use, improved compliance, and increased efficiency. The system will also serve as a key underpinning of our future ability to use data strategically.

A second related mitigation strategy has been the adoption of analytics as part of new institutional reporting and data analytics strategy. New initiatives to centralize technology infrastructure and security support under ITS offer additional promise – the most recent areas being Finance and Administration, School of Nursing, and University Development.

IT security has been enhanced by (1) issuing central IT security policies and procedures, (2) implementing a sensitive data remediation project to proactively locate, remove or securely store sensitive electronic information, (3) implementing an Information Security Liaison program to address community risk of decentralized IT asset management, and assist in managing server security, (4) implementing mandatory security training and accountability for all campus system administrators, (5) automating the application of operating system updates and security patches to campus computers, and (6) conducting continuous scans for malware on University network connected devices and increasing leverage of network-based safeguards like firewall appliances.

Finally, another important mitigation has been the creation of a new Executive Director for Continuous Improvement and Business Intelligence. This person will partner with campus business, academic and technology leaders to develop and implement business intelligence capabilities.

RECOMMENDED ADDITIONAL ACTIONS

Although IT security is improved, the University must further reduce risks by developing and testing a disaster recovery and business continuity preparedness plan. Such a plan should support the institution's overall strategic plan to address the current and potential adverse outcomes. Implementation of a plan will require one-time capital expenditures and, to a lesser extent, incremental annual financial support. These resources will accommodate the need for operational technology redundancies, as well as an ongoing evaluation process to ensure planning capabilities are able to meet the changing needs of all University activities that are facilitated by information technology.

Finally, it is suggested that Carolina engage someone to assist in translating pilot centralization exercises currently operating in the School of Nursing and the Division of Finance and Administration, as well as assist in defining appropriate organizational structures and service offerings differentiated by local and central providers. Such translation would allow us to replicate "win-win" financial and service models for ITS, campus units, and the University as a whole.

Risks Due to Ineffective Organizational Structure

The University is highly decentralized and the current organizational structure has evolved over time. In light of the changing higher education landscape, there is an opportunity to take advantage of centralizing common, appropriate University functions to improve efficiency and effectiveness. At the same time, the University must balance this effort with the need to continue to enable innovation in academic and research spaces where possible and appropriate. The opportunity to create an innovative contemporary higher education organization by changing the current organizational structure and improving business processes are large initiatives that require significant change management. Failure to examine improvements at this level, however, carries the potential risks described below.

POTENTIAL OUTCOMES OF THESE RISKS

An ineffective organizational structure may lead to duplication of effort, redundant services, overlapping contracts that result in unnecessary expenditures as well

as a dilution of best practices and potential business process irregularities. Potential adverse outcomes of our current organizational structure in finance and operations are:

- Inefficiency.

- Poor service.

- Lack of appropriate supervision, not following proper policies, procedures, or best practices.

- Non-optimal career paths for staff.

MITIGATING MEASURES

Over the past few years several changes have been put in place that mitigate these risks. In particular, the University's Division of Workforce Strategy, Equity and Engagement have helped guide several schools, departments and divisions to review and reorganize as needed to optimize their structures. The Division has also implemented a strategy to reduce the number of people doing complex Human Resource transactions and instead create a more selective team of professionals focused on broader, more modern operations.

The Information Technology area has been strengthened with additional professional hires and increased centralization of the IT enterprise. This group is working with various schools, departments and divisions to leverage combined resources, to reduce overlaps and identify best-in-class applications for University-wide adoption. Several shared service centers have been created for several units in the institution and others are under study. Further, the School of Medicine is reorganizing its overall technology operations. The University is investigating the centralization of services as well as an expanded shared services environment, new budget model, and updated resource allocation strategy.

A third major area where reorganization has improved efficiency and reduced risks mentioned above is in Public Safety. Parking and Transportation was removed from Public Safety and shifted into Campus Enterprises. This separation better supports the vital role of safety across the University as separate and distinct from transportation and parking.

Additionally, the Division of Finance and Administration recently sought the assistance of the Huron Consulting Group to evaluate the current financial organization and recommend a new organizational structure as well as business process improvements based on peer benchmarks and industry best practices.

RECOMMENDED ADDITIONAL ACTIONS:

A potential "next step" the subcommittee recommended was to conduct a study to investigate how Carolina might optimally organize itself as a contemporary higher education organization. This would include evaluating benefits and drawbacks in implementing a different organizational structure, including the possibility of increasing shared services.
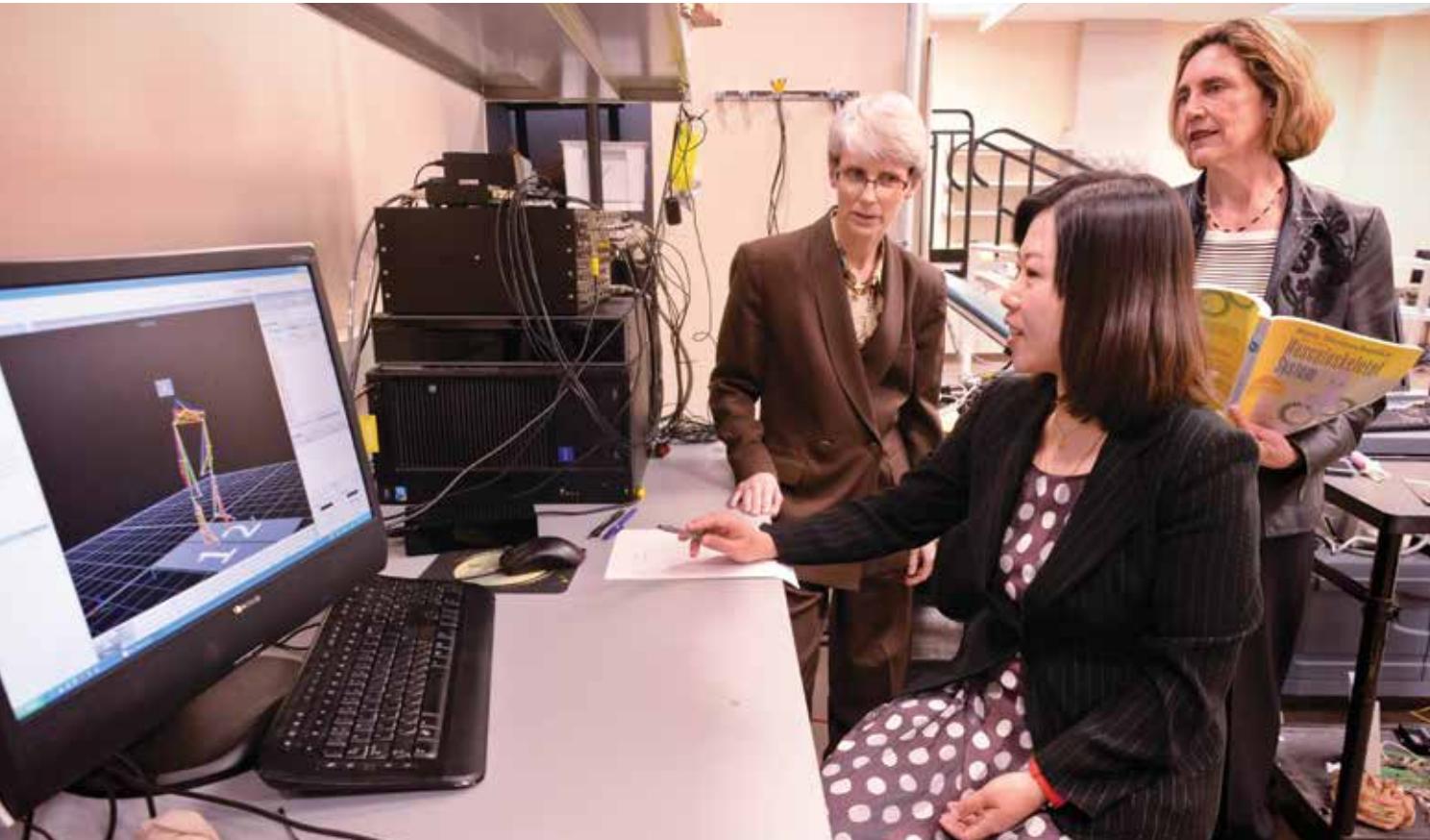
Disaster Recovery and Business Continuity Risks

The Finance and Operations Subcommittee questions whether there are sufficient disaster recovery and business continuity protections in place on campus. Current assessments point to a three-month delay in returning to normal functioning were the University to experience a significant data center loss. While the University has identified impacted areas and developed plans to reduce outage periods, the University must invest in continuity protections to ensure it can continue to conduct the business of the University were it to experience a significant disaster event.

This situation is particularly true for disaster recovery plans in schools or departments that rely on one or more internal systems. Some of these units do not have a disaster recovery plan and few, if any, have tested them. Campus units were required to create business continuity plans (BCP) during the global SARS outbreak in 2003 but most of those plans have not been updated. Departmental BCPs address how to respond in situations when staff cannot go to their usual work stations but does not address what to do if central systems are unavailable. When disaster recovery and business continuity plans are tested, there will need to be a way to fix any problems the test revealed. Fixing problems will likely require a large amount of resources.

POTENTIAL OUTCOMES OF THESE RISKS

These risks could lead to significant exposures, including:

- Data loss.

- Loss of access to key files and information.

- Financial loss.

- Delay in students' education.

- Disruption in faculty research.

- Problems retaining key faculty and top students.

- Potentially, in its extreme, interruption of the University's ability to conduct business.

MITIGATING MEASURES

These would all be major impacts on the University but several mitigating factors have been put in place. ITS has performed a business impact review and has developed a high-level systems and capital plan requirement to address campus technology vulnerabilities.

These activities need to be acted upon, putting in place redundancies that will enable the enterprise to continue to function in the event of a disaster to a central data center. Additionally, there will need to be a process to review, test and update plans on a regular cycle to ensure the changing activity of the University may be sustained in the event of a disaster.

It is important, however, to ensure that all schools, departments, research laboratories, and other units across campus have such plans in place. Finance and Administration is hiring an Assistant Vice Chancellor for Campus Safety and Risk Management to lead the University's efforts. This person will also develop mandatory disaster recovery and business continuity plans in partnership with campus units.

Additional Recommendations for Action

The subcommittee recommends creating an initiative that promotes the importance of all campus units having disaster recovery and business continuity plans, performing regular testing and updating of these plans, and developing ways to address risks and concerns identified during these tests.

Financial/Operational High Impact Risks Listed by Likely Timing of Occurrence

TIME	FINANCIAL RISKS	OPERATIONAL RISKS
IMMEDIATE (<1 YEARS)	Continuing state budget cuts	Data infrastructure (security, student records, privacy protection, power loss, data breaches, disaster recovery, IP)
	Federal funding uncertainties, especially with NIH, NSF, and other federal agencies and the downstream impact on funding for the University	Deferred maintenance
	Less than optimal level of corporate grants	Insufficient staff to maintain internal controls
	Increasing external scrutiny of centers and institutes and the associated potential decrease in funding	
	Reliability of business systems, processes, and reporting during stabilization of operations after implementation of ERP system	
	Potential for investment losses on operating funds under more aggressive asset allocations	
NEAR TERM (1-3 YEARS)	Medicaid reform and loss of in-patient services funding	IT infrastructure funding
		Malpractice risk, being self-insured
		EPIC implementation in School of Medicine and clinics
MODERATE (>3 YEARS)	Getting sufficient return from commercializing IP	Data security
		Insufficient separation of duties

3

Safety and Regulatory Risks

3
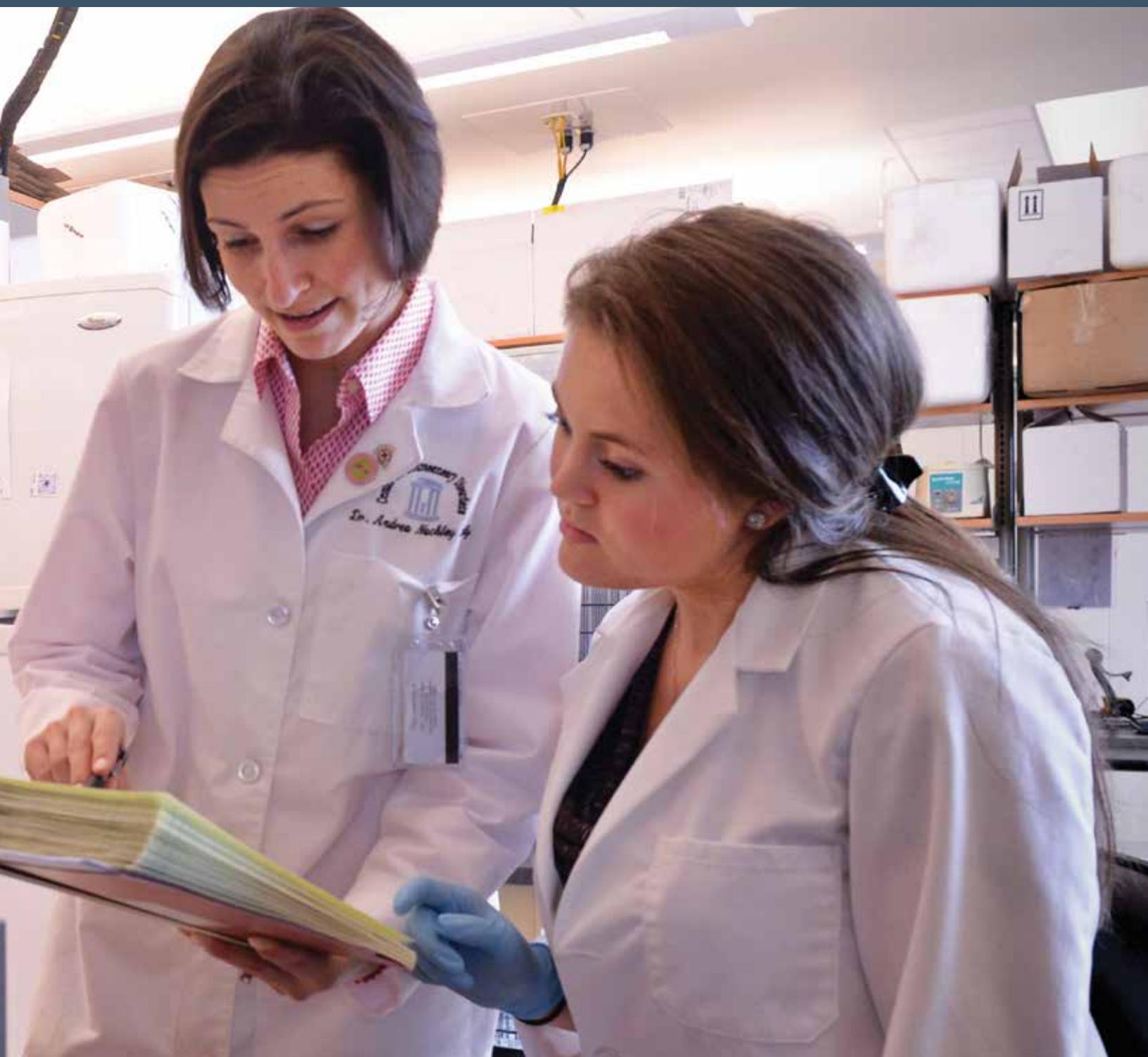
Safety and Regulatory Risks

The Safety and Regulatory Subcommittee determined that successful completion of its assigned task would require more than a high-level review, given the abundance of federal, state, local and UNC System regulations with which the University must comply and the various safety challenges it confronts. These issues are so broad that the subcommittee could not sufficiently evaluate them within the constraints of the Task Force charge. For this reason the Task Force recommends further analysis of the risks and controls within these areas.

At this stage, the subcommittee decided to catalogue applicable regulations and identify the unit(s) responsible for compliance with each. A similar approach was taken with safety issues, recognizing that in many instances achievement of safety "compliance" requires shared responsibility across campus units and communities. In general the University has many controls in place to manage these risks. Yet, these risks are ones that probably have the greatest impact on the University if they are not controlled. To fully assess these risks, the University should start with the material reported here by the subcommittee, then dive deeper into the details to assess the present state of compliance and determine necessary mitigation needs.

A key element the subcommittee did determine was that managing identified risks required education and communication. The University will need to be nimble and smart about tailoring communications regarding regulatory and safety issues to the intended audience; modalities that work well with faculty and staff may be largely ineffective with students. To succeed, the approach must be individually tailored to its audience. For example, a website ("compliance. unc.edu") that catalogues regulatory requirements and provides concise and accurate information about how to meet them would be an excellent resource for administrative faculty and staff. This may be less effective for students, however. It will be crucial that the University develop ways to deliver safety and regulatory information *where the students live and spend their time.*

The University will need to be nimble and smart about tailoring communications regarding regulatory and safety issues to the intended audience; modalities that work well with faculty and staff may be largely ineffective with students. To succeed, the approach must be individually tailored to its audience .

The subcommittee presented a broad assessment of our risk exposures. There are three broad categories covered by the subcommittee:

- Regulatory risks in our research enterprise.

- Regulatory risks in our non-research areas.

- Safety risks: both compliance driven and day-to-day safety of members of the University community.

The subcommittee identified a number of specific risks in each of these categories. The following lists represent only the risks identified as high-impact, i.e. with the highest probability of occurrence *or* the highest potential costs or harm.

High-Impact Regulatory Risks Associated Specifically with Research

- **Research on human subjects:** Research involving human subjects requires a careful examination of the benefits of what will be learned weighed against the risks to study participants. When the balance of risks and benefits is skewed toward the former, or when the risks are simply too great, the study should not be undertaken. UNC-Chapel Hill fully embraces the principles of the Belmont Report: beneficence; respect for persons; and justice. Accordingly, all research activities involving human subjects conducted at University facilities or by University personnel must comply with detailed federal regulations and guidance from the Office of Human Research Protections. These regulations govern the procedures of Institutional Review Boards, informed consent processes, and specific protections for various classes of human subjects such as minors, pregnant women, and prisoners. Research institutions must sign a Federal-wide Assurance (FWA) each year certifying their compliance with

these rules in order to obtain federal approval for research. In addition to harm or injury to human subjects, which is the primary focus of UNC-Chapel Hill's human research protection program, the consequences of non-compliance with federal regulations include suspension or withdrawal of the institution's FWA, withdrawal of federal funding for research, and reputational harm.

Mitigation Measures: The University ensures compliance with these regulations through the dedicated oversight of the University's Office of Human Research Ethics and Institution Review Boards (IRBs), required training of all University personnel involved in human subjects research, and special scrutiny of conflicts of interest as well as through review and accreditation by the Association for the Accreditation of Human Research Protection Programs (AAHRPP). UNC-Chapel Hill's most recent AAHRPP accreditation was in 2014.

- **Federal grant financial compliance:** Many of the research activities at the University are funded by federal agencies such as the National Institutes of Health, the U.S. Agency for International Development, the National Science Foundation, and the Centers for Disease Control and Prevention. The U.S. Office of Management and Budget establishes detailed "Cost Principles for Educational Institutions" that mandate the accounting practices required for federal grant funds. A major revision of these principles was introduced in December 2014 and is still in the process of implementation. Non-compliance with these principles could result in fines, a change in the willingness of other institutions to enter into contractual agreements with Carolina, reputational damage, withdrawal of federal funds for research and/ or institutional liability under the Federal False Claims Act.

Mitigation Measures: In order to stay compliant with these principles, especially given recent changes in them, the University is updating its policies and internal guidelines in the areas of cost allocations to sponsored projects, cost transfers and award close-out. UNC-Chapel Hill developed training for research administrators which was shared with other universities in the UNC System as well as nationally. As part of this update, the University has upgraded its software programs that assist in financial compliance in the areas of salary costs and pre-audit review to determine more easily whether charges to awards are allowed and allocated properly. Continuous outreach and training on these matters are accomplished through an annual symposium and quarterly update meetings for research administrators as well as a broadly distributed newsletter. In addition to implementing enhanced training and campus communications on federal grant financial compliance, the Division of Finance and Administration has hired additional personnel to analyze data integrity in this area.

- **Research misconduct:** Federal regulations require the University to create policies and procedures for responding to allegations of research misconduct and to report its findings to the Office of Research Integrity. Research misconduct is defined in these regulations as fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results. Research misconduct could result in substantial reputational harm. Noncompliance can result in a letter of reprimand, an imposition of corrective actions, or debarment or suspension of the University from eligibility for any federal grant, contract, or cooperative agreement.

  Mitigation Measures: The University reviewed and revised its policy in 2014. The revised policy, titled "Policy and Procedures on Responding to Allegations of Research Misconduct," was updated to meet changes in federal standards and reflect the process the University uses to handle research misconduct allegations. The Research Integrity Officer, appointed by the Vice Chancellor for Research, participated in a national boot camp in 2014. Training in the responsible conduct of research is offered online and through a series of courses and seminars across the campus.

- **Laboratory Safety Regulations:** Unsafe laboratories can cause considerable harm to individuals, including death. UNC-Chapel Hill aims to reinforce a "culture of safety" involving the entire community – faculty, postdocs, students, and staff. Laboratory safety laws are part of this culture. They include regulations for the use and disposal of hazardous materials, regulations governing use and storage of select agents (e.g. SARS), regulations related to laboratory animal care and use, regulations governing clinical trials, and Occupational Safety and Health Administration standards. Non-compliance can result in unsafe labs, environmental pollution, contagion or animal release, employee or student injury, stiff financial penalties, and reputational harm.

  Mitigation Measures: The University's Department of Environmental Health and Safety (EHS) continues to develop and implement tools and processes to proactively assist the campus in maintaining a culture of safety, including specific procedures and practices in the areas of regulatory compliance for biological safety, chemical safety, radiation safety, controlled substances, export shipping controls, occupational safety, environmental permitting, fire/life safety, and emergency response. With the breadth and depth of University research always expanding, an integrated EHS management system has been implemented to ensure continuous improvement in laboratory safety compliance by incorporating the use of the PLAN- Do- Check- Act (PDCA) model. This process consists of ongoing monitoring,

reviews and revisions to procedures and policies. Further, monthly reporting metrics as well as the University Safety and Security Committee (USSC) structure support this process. A critical component of the management system is having staff perform compliance verification and using those data for planning. The majority of the EHS budget supports staffing individuals with a proper understanding and expertise in the applicable science, an essential element to the development of a management compliance system.

High-Impact Regulatory Risks Associated with Non-Research Areas

- **Clery Act:** The Clery Act requires educational institutions that participate in federal financial aid programs to disclose and report information about campus safety and crime. The law creates obligations to send timely warnings to students and employees of active criminal threats, to keep records of crime statistics, to maintain a public log of criminal reports, and to distribute an annual campus security report. Failure to comply can result in large fines to the University.

  Mitigation Measures: The University has made major investments over the past two years on Clery Act compliance. The compliance efforts have been assisted by the University's purchase of a new student conduct software system (Maxient), which enables units across campus to share information and allows for better identification and categorization of Clery-reportable offenses. The University also developed an online Clery training module for campus security authorities. In addition, after receiving guidance from an outside firm specializing in Clery Act training and compliance, the University formed a University Clery Act Advisory Committee that discusses Clery compliance on a quarterly basis.

- **CERCLA**: The Comprehensive Environmental Response, Compensation, and Liability Act is a law regulating the release of hazardous substances into the environment and their clean-up. It contains provisions related to notifying the EPA of hazardous waste sites, and it gives the EPA the authority to require the parties responsible for the pollutants to cooperate in clean-up. CERCLA violations carry heavy fines and, in some cases, imprisonment.

  Mitigation Measures: The Department of Environment, Health, and Safety is a team member on all construction projects and works proactively to identify any previous releases of hazardous substances. Although in the past the University has discovered waste sites on University property due

to historical University activities, for those sites, the University entered into voluntary remediation agreements with the North Carolina Department of Environment and Natural Resources and the Town of Chapel Hill to implement remedial action plans. In addition, the University operates a fully permitted, centralized Hazardous Materials Facility for the treatment, storage, and disposal of hazardous waste on campus allowing for greater oversight of campus disposal of materials subject to CERCLA regulation.

- **NCAA:** Division I members of the National Collegiate Athletic Association are subject to "Division I Legislation" regulating institutional responsibilities related to student-athletes. Penalties for non-compliance include competition penalties, financial penalties, scholarship reductions, head coach and recruiting restrictions, forfeiture or vacation of contests, and public reprimand.

  Mitigation Measures: The Task Force believes we have fully cooperated with past and current NCAA investigations. Athletics works to self-report violations whenever they are discovered. *[Note: After this report was presented to the Board of Trustees in May 2015, the University received the NCAA's Notice of Allegations as the next step in the investigation process.]*

- **SACSCOC:** The Southern Association of Colleges and Schools Commission on Colleges is the primary accrediting agency for the University. Non-compliance with its standards could result in recommended actions to correct noncompliance, monitoring of institutional activities, and/or loss of accreditation.

  Mitigation Measures: Following the Wainstein Report, SACSCOC requested additional information from the University about compliance with various accreditation standards. The Task Force believes that the administration responded appropriately to the request for additional information. *[Note: After this report was presented to the Board of Trustees in May 2015, the University was notified that Carolina's accreditation is being maintained and that a one-year period of probation will be imposed in order to demonstrate the effectiveness of the many reforms instituted in response to the academic irregularities that ended in 2011.]*

- **ADA/EEO:** The Americans with Disabilities Act and federal laws regulating Equal Employment Opportunity in areas such as race, color, religion, sex, national origin, age, and genetics protect qualified individuals from discrimination in hiring, promotion, discharge, pay, benefits, and other aspects of employment. Disability discrimination includes not making reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant or employee. The ADA also regulates the University's interactions with students with disabilities. Penalties for non-compliance include civil fines, imprisonment for willful misconduct, and reinstatement (or promotion, back pay, etc.) of the affected employees.

  Mitigation measures: The recently expanded Equal Opportunity and Compliance Office facilitates the University's commitment to an inclusive campus community that is free from discrimination, harassment and retaliation. In 2014, the University amended its ADA Reasonable Accommodations in Employment Policy, and its Policy on Non-Discrimination was last updated in March 2015.

- **FERPA:** The Family Educational Rights and Privacy Act protects the privacy of student records at educational institutions. The University may not disclose student education records to third parties without consent except in a limited number of circumstances. Under FERPA, the term "education records" is defined broadly, and such records may be held or maintained by a number of people at the University. Educational institutions that fail to comply with FERPA may forfeit federal funding, and disclosure of data in violation of FERPA could result in reputational harm to the University.

Mitigation Measure: The University is appropriately protective of its students regarding FERPA.

- **Title IX:** Title IX of the Education Amendments of 1972 prohibits sex discrimination against students and employees of the University. Educational institutions receiving federal funds are required to have a Title IX Coordinator to monitor the school's compliance with Title IX and to oversee complaints of sex discrimination. Victims of discrimination under Title IX may individually file a claim in federal court for relief under the law. In addition, schools may be required to enter into voluntary compliance agreements that contain provisions for monetary damages for discrimination victims, and schools could forfeit federal funds for non-compliance.

Mitigation Measures: The University has increased staff that handles sexual assault complaints, including six full-time Title IX employees and additional support positions at the Carolina Women's Center. The University's full-time Title IX Coordinator oversees the University's prevention of and response to sexual harassment, and the University has created several new positions dedicated to the Title IX response (e.g., a hearing coordinator, a program coordinator, and investigators). The University recently amended its policy for reporting, investigating and adjudicating sexual harassment/sexual violence and incorporated into that policy feedback from a 20-plus member task force consisting of students, faculty, staff and community representatives. In 2014, the University implemented required training for all community members (faculty, staff, and students) on sexual harassment/sexual violence. In addition, the University retained the services of Gina Maisto Smith, a national expert on Title IX, to assist the University in these matters. The University also coordinates annual sexual assault prevention education for Greek chapters

and new members, in partnership with Student Wellness, Title IX/EOC, the Women's Center, and the Orange County Rape Crisis Center, via One Act for Greeks, Delta Advocates, Interactive Theater Carolina, and other coordinated speakers and events. We also continue to work with the Interfraternity Council to address safety and parties via social host policies — including party registration, enforcement, and adjudication of violations.

- **Public records**: The North Carolina Public Records Act requires that state agencies, such as the University, make available their records for public inspection subject to a number of exceptions. The act does not contain sanctions for non-compliance, but a requestor who prevails in a civil suit brought pursuant to the law is entitled to attorney fees except in a few rare circumstances.

  Mitigation Measures: The University's experienced public records team responds as promptly as possible to requests for records while protecting the privacy rights of University students and employees and other information that is confidential under federal and state laws. This is a difficult balance. In upholding its commitment to transparency, the University recently launched a new website that allows anyone to access and view all of the requests made for University records; the website includes information such as when a request was received, the name of the individual who made the request, a description of the request, and details about the processing of the request.

- **Data Security and Identity Theft:** A number of laws such as the North Carolina Identity Theft Protection Act, the Gramm Leach Bliley Act, the Payment Card Industry Information Security Standard, and the North Carolina Human Resources Act contain provisions requiring the University to protect certain sensitive information against unauthorized disclosure. These laws mandate specific information security measures and require notification of breaches. Fines for breaches are high, notification can be costly, and reputational damage could shut down some institutional operations.

  Mitigation Measures: The University has several requirements for faculty, staff and students that strengthen data security and identity theft prevention. Quarterly password changes, required training on policies, and a campus-wide project to identify and remediate sensitive electronic records on campus owned systems are all measures that in part mitigate institutional risk.

- **HIPAA:** The Health Insurance Portability and Accountability Act of 1996 protect the confidentiality of health information and sets national standards

for the security of electronic protected health information. Anyone with access to protected health information, such as faculty in the School of Medicine or researchers using health data, may be subject to the strict requirements of HIPAA. Monetary penalties for non-compliance can be imposed up to a maximum of $1.5 million per year.

Mitigation Measures: The University requires mandatory HIPAA training for all employees with access to protected health information.

- **International Operations:** As a global partner in education, research, and service, the University conducts research and provides educational and service opportunities in many areas of the world. The regulatory risks in such operations consist of ensuring compliance with foreign laws, including, for example, tax obligations, customs requirements, and human subject protections. These operations can also pose a number of health and safety risks to faculty, staff, and students. Potential consequences of these risks include monetary fines, sickness, injury or death, personnel imprisonment in a foreign country, and students or personnel unable to leave regions of civil unrest or epidemic.

  Mitigation Measures: To assess these risks, the University engaged the services of KPMG's International Development Assistance Services Division to conduct a review of the University's international operations. As a result of that assessment, the University's Chief International Officer has convened a Global Employment Planning Group consisting of representatives from Human Resources, Research, Finance, University Counsel, and International Study Scholar Services in order to create policies to facilitate international operations in a manner that complies with foreign tax and employment laws. Currently, that group is drafting a Policy and Guidelines on Allowances and Benefits for Expatriates that provides guidance for international assignments and consistency in the allowances offered by the University to expatriate employees on overseas assignments.

High-Impact Safety Risks

- **International Operations**, as detailed above.

- **Active shooter/violence:** The University's Department of Public Safety, in coordination with other campus units, has developed an extensive all-hazards emergency response plan that details the steps that the University will take in the event of an active shooter on campus or other emergency

situations affecting the campus community. The emergency response plan includes timely warnings and campus alerts, with the type and frequency of the alerts escalating for various emergency situations. With the assistance of an outside consultant, the University's key stakeholders, including executive and operational emergency response committees, have performed simulated emergency events with annual exercises to test the emergency response system. Public Safety also works closely with the Town of Chapel Hill, Orange County, and the State of North Carolina to ensure that emergency response is a coordinated effort.

- **Sexual Assault**: The University implemented required training for students, faculty, and staff regarding sexual assault/sexual violence, and the Equal Opportunity Office provides periodic programming and training on sexual assault for particular groups on campus, including bystander safety training within student groups for prevention of sexual assault. The Interfraternity Council now mandates that new fraternity members and the fraternity executive council have sensitivity training every two years.

- **General Safety and Conduct:** The University has continued its joint UNC-Chapel Hill Police Department Loud Party/Noise Complaint response program, with a University official and Chapel Hill Police Department officer visiting student rental properties that have been identified via complaints to provide a warning and tips to prevent future issues. This program has resulted in an 18 percent drop in noise complaints in the downtown residential neighborhoods over the last year. Additionally, the University coordinated the annual Good Neighbor Initiative, with a focus on prevention of local ordinance violations and home safety, as well as the monthly Tar Heel Citizen Times, an e-newsletter going to 6,000 off-campus residents. The newsletter has monthly features on local ordinances, safety and security tips, ways to get involved in the local community, and good neighbor resources.

Also, under the leadership of the Office of the Dean of Students, weekly case management meetings occur involving Department of Public Safety, Housing Residence Education (HRE), Student Wellness, and the members of the on-call Critical Incident Response Team. These meetings provide a forum to address health, behavior, or other safety issues involving students, as well as to identify at-risk students for intervention earlier than the occurrence of a major critical incident. This group is in the process of revising Carolina's emergency evaluation procedures to better reflect emerging best practices. As a part of that update, the University is devising a two-tier approach with establishment of a Care Team which will focused on timely intervention and ongoing case management and a Threat Assessment Team that is intended to address

significant, ongoing risks to the campus community. While these functions are already in existence under the EEAC model, the new structure will expand the subject matter expertise involved in the assessments and help Carolina be more nimble in identifying potential crises in advance.

- **Hazing**: The University expressly prohibits hazing and operates a hazing hotline through which students can submit an anonymous report of hazing by fraternities or sororities. The University is in the development process of creating the Interdisciplinary Violence Prevention Working Group/Task Force and the Interdisciplinary Hazing Prevention Working Group/Task Force. These two groups will coordinate closely with another working group focusing on alcohol. It is the synergy among the three working groups – alcohol, sexual assault/violence, and hazing prevention – that is unique and will create a level of coordinated efforts that will shift the current landscape and culture on campus.

  In addition, the University provides annual hazing prevention education to all 57 fraternity and sorority chapters and new members via new member education workshops, speakers, and dissemination of documentation related to state law, campus policies, and council policies. The University is in the process of launching a pan-University hazing prevention coalition, and is sending six campus representatives, including three staff and three students from Greek life, Varsity Athletics, and Club Sports, to the National Hazing Prevention Institute.

- **Alcohol and Drug Safety**: University policies regulate both student consumption of alcohol on campus and serving alcohol at University-sponsored events. The University has convened a Pan-University Task Force that is examining high-risk drinking and substance abuse with a plan to develop recommendations based on a public health approach. Proposals will cover topics including education, prevention, enforcement, accountability, and recovery. Simultaneously, Carolina has enhanced alternative programming designed to deter dangerous drinking, including First Friday events in the residence hall communities and HeelFest on the last day of classes.

  Grant funds from the Governor's Office and private gifts from University donors are being used to increase resources for students in recovery.

  All incoming first-year students receive in-person education about alcohol during orientation and are required to complete an online AlcoholEdu education course. This program had a completion rate exceeding 95 percent

last year. Students who violate the campus alcohol policy either off-campus or in the residence halls may be assigned to BASICS (Brief Alcohol Screening for College Students), an education/intervention program with a high efficacy rate in altering the drinking habits of students who complete the program.

In addition the University also provides annual, comprehensive risk management education to all 57 fraternity and sorority chapters via the Ladder of Risk, a nationally recognized social host training program with a focus on the management of events with alcohol.

- **Facility Security:** Facility security, as used in this report, encompasses many different safety risks including security measures for access to buildings on campus, emergency security measures in the case of a natural disaster, construction safety, maintenance of older structures to prevent deterioration, security at large campus events (athletic games, graduation), laboratory security measures for use of hazardous materials, animals, or select agents, and security of facilities used abroad in international operations.

ADDITIONAL MITIGATION COMMENTS

Mitigation of the listed regulatory risks requires a University-wide effort. The prior section listed some of these protections for each category. In some cases, such as Title IX or Public Records, the University employs staff dedicated solely to compliance in these areas. For other risks, compliance is achieved through inter-departmental coordination and effort. Going forward, communication is essential to achieve compliance. Those on campus who perform regulated activities must be fully informed of their compliance obligations by those on campus who are knowledgeable and conversant in those obligations. Such communication can be achieved through new employee orientations, individualized trainings, websites, or campus-wide public information emails or sessions; however, this communication requires in the first place that those conducting the information sessions or building the websites understand the requirements of the laws.

The Department of Public Safety and the Department of Environment, Health and Safety work to mitigate many of the safety risks identified. They work closely with other campus departments and affiliates, such as Equal Opportunity and Compliance Office, Counseling and Psychological Services, Facilities Services, Student Affairs, contractors, and faculty members who run scientific laboratories, to coordinate the reduction of safety risks. Further safety mitigation measures were discussed in the prior section.

Additional Recommendations for Action

As noted above, the University should consider embarking upon or commissioning a comprehensive assessment of its current state of compliance in the areas identified above, due to the Task Force's limited capabilities in evaluating all the mitigation measures. Given the complexity of the task, an external consultant may be required.

Regulatory & Safety High-Impact Risks Listed by Likely Timing of Occurrence

TIME	REGULATORY/ COMPLIANCE RISKS	SAFETY RISKS
IMMEDIATE (<1 YEARS)	All risks involving compliance with regulations are ongoing unless and until the laws change.	Active shooter/violence
		Sexual assault
		Alcohol and drug safety
		Facility security
		International operations
NEAR TERM (1-3 YEARS)	Current Specific Issues of Alleged Non-Compliance at the University: • Remediation of non-compliance with payment card industry (PCI) regulations • Adequate close-out of sponsored projects and grants to comply with federal cost principles • NCAA investigation • SACSCOC review	
MODERATE (>3 YEARS)	Given staff and student turnover, campus-wide communication of regulatory rights and obligations must be reassessed at various intervals for maximum impact	

Opportunities to Seize

Today Carolina is at a tipping point. It is on a steep trajectory for outstanding success yet it also stands at a precipice where needed resources could be deprived and its potential choked off. In some ways our 221-year-old institution is like a startup enterprise. We have made significant advances in science, the arts, medicine, discovery and leadership. Yet the risks facing us are significant. Thus far this report has focused principally on those risks. Here, it is important to show the opportunities Carolina must realize if it is to stay true to its motto of *Lux, Libertas*.

One of the greatest purposes for a university, especially a public university, is preparing its students to be engaged citizens. Higher education does this by teaching what has happened in the past, then releasing its students' imaginations to seek and discover new ideas. This is why we teach. This is why we research esoteric subjects. This is why we seek to solve the world's most pressing problems.

In the coming years, through our strategic efforts to further develop and diversify our programs, funding for research is expected to increase. We must continue to have sufficient people, physical plant and financing to support our research enterprise. Particularly necessary are having leading scientists and laboratory space. Capacity for translational and applied science will also be important.

Carolina is a research engine ranked ninth in the nation among research universities. Each year, the University conducts close to $1 billion in research activity, supporting all or part of the salary of nearly 10,000 UNC employees and adding tremendous value to the state's economy.

In the coming years more federal research dollars will go to a shrinking number of institutions. For Carolina to stay among this elite group we must continue to support investment in our research enterprise to maintain positive momentum.

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While Carolina has successfully competed for federal grant funds we have a lower percentage of corporate support than most of our peer institutions. The University has begun to invest in this area and the numbers are beginning to move up. Improving our competitive position with industry must be a major strategic thrust. The new position of Vice Chancellor for Commercialization and Economic Development should work with the Vice Chancellor for Research, as well as the Vice Chancellor for Development, to help meet this goal.

An additional opportunity where Carolina has a lead and must continue to focus is innovation. Begun as part of the cornerstone of Chancellor Holden Thorp's administration and continued under Chancellor Folt, innovation is now woven into curricula throughout campus, not merely the sciences. This is a unique strength. It binds the campus together in unexpected ways, such as using computers to make new music. As a liberal arts research university, Carolina must balance competing purposes, where one part of campus is creating new ideas while another part is critiquing them. That is the great paradox of learning. Creating new knowledge will be critical for meeting the needs of North Carolina and the world. Moving that knowledge into the marketplace is a challenge. The North Carolina Translational and Clinical Science (TraCS) Institute has been investing in this area. Recent creation of a new Office of Industry Contracting within the office of the Vice Chancellor for Research will be helpful. The Carolina Research Venture Fund provides financial resources toward meeting that challenge. Finding ways to support those young companies funded through CRVF so they can properly grow to full viability is an opportunity Carolina should also address looking forward.

Carolina's alumni, parents and friends are among the strongest supporters of any institution. It is time we call on that loyalty with a major fundraising campaign. The nation's capital markets are at their historic peaks. Unemployment has abated. The economy has stabilized to the point where people are again comfortable

making large philanthropic gifts. Carolina must exploit this opportunity now. The current Vice Chancellor for Development and his staff have taken the institution's fundraising operations to a new level. We are getting positioned to maximize our donor base. If we do not move now with all deliberate speed, however, externalities such as a falling stock market could chill all these efforts. This has to be a priority.

Carolina should explore the question of enhancing its global operations. Opportunities here will enable us to have greater impact around the world by providing direct access for our students and faculty. Some institutions, such as Duke University, have opened medical schools overseas. More institutions have foreign business schools. Indeed, Carolina planned to open a business school in Qatar in the early 2000s. Events of September 11, 2001, however, prevented those plans from going forward. Looking at this opportunity from a different angle, the University might consider opening a medical or physician assistant program in Latin America. Doing so would allow UNC or other North Carolina based healthcare workers to be further trained so they can better serve the state's growing Hispanic population.

A final opportunity for the University is reaffirming our leadership within the UNC System. We should leverage the knowledge and discoveries coming out

of Carolina to improve the lives of North Carolinians, who have supported us for over 220 years. This is not only for the near term, but also for the longer term. Educating our students to have only the technical tools will not be sufficient. We must always educate them to think critically, so they can solve future problems that we cannot now foresee. Even if reduced state resources continue, we should use Carolina's size, history, outstanding faculty, and students' initiative to help lead and partner with its sister institutions. We should find ways to continue to work with N.C. State and others to make technological discoveries. We should continue to consider having our medical faculty and students broaden their reach, as needed, across the state. For these efforts to succeed, however, we must have sufficient flexibility to retain faculty and protect Carolina's academic excellence. This will require a mutual understanding with the Legislature, Board of Governors and General Administration on what it takes to maintain excellent research, educate students, commercialize technology that creates new jobs, and train the next generation of leaders. We cannot lose ground with our academic peers. Working together, however, we can lead our state and nation through another 200 years.

A final opportunity for the University is reaffirming our leadership within the UNC System. We should leverage the knowledge and discoveries coming out of Carolina to improve the lives of North Carolinians, who have supported us for over 220 years.… We must always educate them to think critically, so they can solve future problems that we cannot now foresee.

Recommendations of the Task Force

- **Develop an institution-wide strategic plan as soon as possible.** This must include a top-to-bottom to bottom-to-top review of the organization so we can know where we are strong and where we are lacking. This review process must ensure that expectations are realistic. Higher education is changing radically. We must change too but to do so requires understanding where we are and where we want to go. Only then can we remain one of the great universities of the future.

- **Undertake a capital campaign as soon as possible.** Because Chancellor Thorp resigned after serving only five years, the University experienced a change in leadership sooner than anticipated. This prevented undertaking a capital campaign on the expected schedule so Carolina is several years behind. The longer we wait to begin a campaign, the more likely we will be to hit competing campaigns by other institutions. It is critical that Carolina grab the opportunity to launch a capital campaign as soon as possible.

- **Enhance communications throughout the institution.** Events of the past five years have left many in our community wondering whether Carolina has lost its way. Comments are heard about the standards set by Bill Friday or Dean Smith. Yet even those icons had their difficult periods. To realize the opportunities ahead of us, as well as avoid risks that stand in the way, it is imperative that we have good lines of communication among all levels of the organization. We must realize that Carolina cannot be run like a corporation, even though it is a nearly $3 billion enterprise with over 11,000 employees. People must engage across departmental lines and throughout the organizational hierarchy. Communications must be buttressed amongst central units, especially for faculty, staff and students not located in central units. The particular approaches need to be tailored to the audience. Thought should be given about how key messages are communicated in

addition to what is being communicated. Indeed, communication is an area where duplication often is warranted. This is not an easy task. However, it is one of the most important tasks the University faces.

- **Establish performance goals that can be articulated and measured.** This falls across all aspects of the University. Further, have a regular schedule to revise these goals and metrics. Oversight of the timeliness of such reviews would be part of a compliance officer's function.

- **Focus the University faculty, researchers, staff and administration on "continuous improvement" rather than assessing progress only at certain points in time.** This should emphasize to people that they are part of a great institution that serves the public good every day; their part is important to the realization of its full aspirations. Part of this process will include rebalancing a sense of trust among all so that the culture at Carolina continues to be one of integrity and community.

- **Safety must continue to be an imperative.** We have already made significant changes in areas pertaining to behaviors. In particular, changes to our sexual assault policies and our student Honor Code have improved current processes. We have established a violence prevention task force, an interdisciplinary hazing prevention working group, and a gender violence services coordinator, among others. However, safety also applies to the laboratories where research is undertaken, to the clinics where medical students and faculty work, and to international sites where we undertake research and teaching. While this Task Force did not find problems in these areas, safety is such a "high impact, high probability" risk for the University — and an ongoing risk — that we must all remain dutifully vigilant.

- **Create a business case of the benefits and costs of centralization and shared services.** A more judicious use of centralization should be considered. It is important to balance centralization with the University's prioritization of innovation in teaching, learning, and research. In some areas this may be beneficial, while in others continued decentralization may be optimal. Evaluating all areas is important and should take priority within the University's administrative, research and academic units.

- **Develop a central repository of federal and state regulations.** There should be a person with clear responsibility for reviewing and updating this repository on a regular basis. We must make sure compliance.unc.edu covers all areas of the campus and that there are sufficient resources dedicated to keeping it current. Furthermore, we should improve central coordination of the intelligence received by various units across campus that monitors federal and state regulations.

- **Training is critical.** A review of Carolina's training is needed, viewing it from separate perspectives of students, faculty, and staff in departments, as well as staff in central units. A holistic view of training from the standpoint of the *trainee* has the potential to address gaps and duplications, especially when some persons being trained are new to Carolina while others have spent their careers here.

- **Establish a risk committee with members from multiple campus areas as part of the transition from the Task Force to ongoing enterprise risk management effort.**

- **Create the position of Chief Risk Manager whose principal goal is to coordinate risks across the institution.** Realizing that a research university will always face risks, having a single person to focus on coordinating those risks is imperative. This new position should report to a senior administrator. It should not be the Chancellor; to do so would risk not having sufficient oversight given the number of constituencies the Chancellor must serve. Nevertheless, this person should report to a Vice Chancellor or the Provost, perhaps with dotted line reporting to the Chancellor.

Conclusions

Today Carolina stands among the top global research universities while simultaneously committing itself to serve the people of North Carolina. This juxtaposition of commitment to global AND local excellence is something that makes Carolina unique. Over the past 221 years the University has served as a center for research, scholarship, and creativity. At few times in its history has Carolina been more involved in discovering new ways to solve problems and teaching its students to be engaged citizens of the world, regardless of where they call home.

To continue its bold history for another two centuries the University must also look internally at its own aspirations and resources. That has been the purpose of this Task Force. The interlocking nature of opportunity and risk was clearly evident in the work we did. At the same time, we believe that most of the risks that were evident are either being mitigated or mitigation measures are within reach.

As stated earlier, an institutional strategic plan is the greatest need cited by the Task Force. This is not surprising given the extraordinary change that Carolina has faced in recent years – almost a complete change in its executive leadership, a major shift in the state's political course, global economic and health crises, and rising costs that challenge the existing financial model.

Yet change does not occur without revealing opportunities. Such is the case here. The Task Force has sought to identify several opportunities currently within Carolina's grasp. It is our hope that this report can serve as a roadmap to identify the risks apparent in our current environment so that we can realize those opportunities that lay before us.

Appendix A

CAROLINA RISK MATRIX
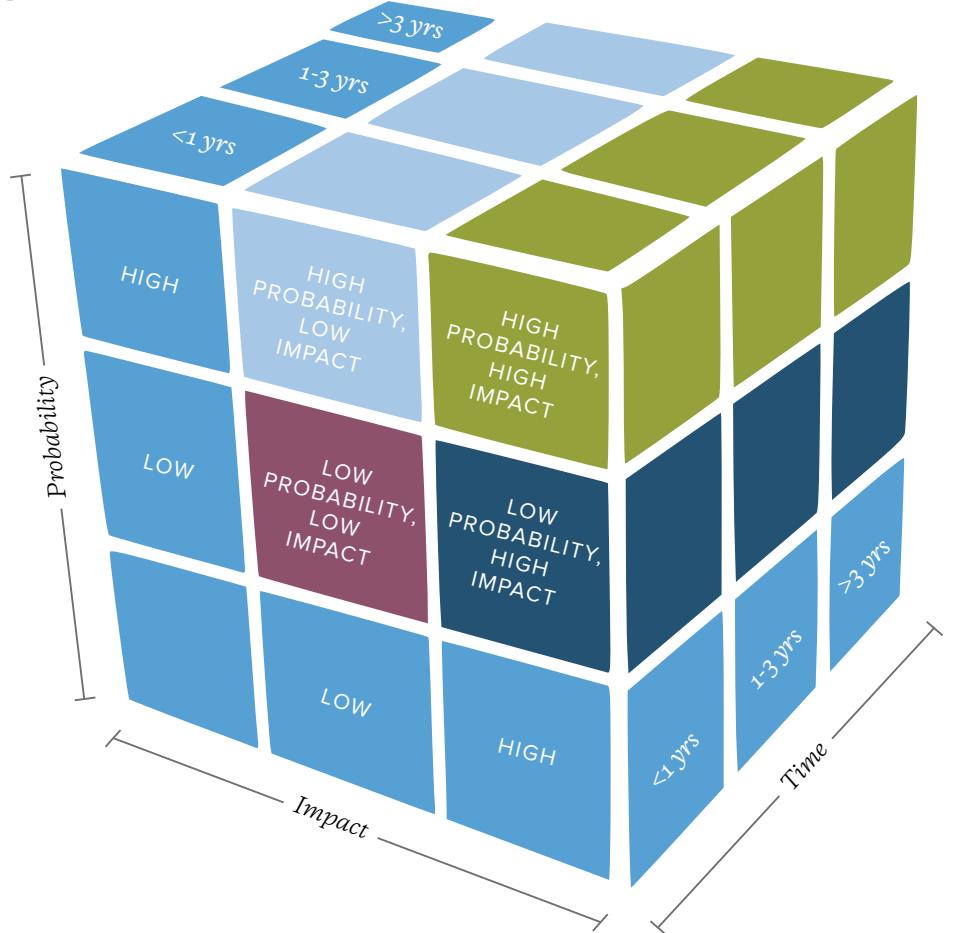
CATEGORIES OF RISK

Strategic - Events that affect the University's ability to achieve its goals and objectives, including competitive and market factors.

Operational Risks - Events that affect ongoing management processes and procedures as well as events that affect the electronic information flow and communications, including electronic commerce, storage, disaster recovery, interfaces, development cycle, etc.

Financial Risks - Events that affect profitability and efficiency, including loss of assets and technology risks.

Regulatory Risks - Events that effect compliance with laws and regulation, including safety and environmental issues, litigation, and conflicts of interest.

Reputational Risks - Events that affect the reputation and public perception of the University, including political issues and negative occurrences on campus.

Life and Safety Risks - Events that affect the health, safety and well being of students, faculty and staff, as well as the surrounding communities.

ONGOING RISKS AND <1 YEAR RISKS

	LOW IMPACT	HIGH IMPACT

HIGH PROBABILITY

No items

Life and Safety
• Alcohol and drug abuse in student population
• Sexual assaults
• Safety of faculty/students outside U.S.

Regulatory
• Compliance w/behavior-related regulations for students – OCR and Clery Act
• Staying current with changing federal and state regulations

Reputational
• Managing and responding to negative events
• Continued narrative re athletics/academics
• Academic freedom vs. outside stakeholders

Strategic
• Maintaining a culture of ethical behavior
• Loss of key faculty, researchers, clinicians
• Retention/recruitment of top personnel
• Succession planning (administration, academic chairs, etc.)

Operational
• Data Infrastructure (security, privacy protection, power loss, breaches, disaster recovery, intellectual property)
• Deferred maintenance

Financial
• State budget cuts & sustainability
• Federal cuts to NIH, NSF, etc.
• Lack of adequate corporate grants
• Support for centers/institutes funding

LOW PROBABILITY

Life and Safety
• Public safety & health emergency collaboration with community partners

Financial
• Investment/credit mkt performance

Strategic
• Decline in academic program
• Lack of accountability of faculty for curriculum and course structure

Life & Safety
• Suicide risk and contagion
• Lab safety

Operational
• Inadequate security of student records

1–3 YEAR RISKS

	LOW IMPACT	HIGH IMPACT

HIGH PROBABILITY

LOW IMPACT / HIGH PROBABILITY

Life and Safety
- Liabilities related to fraternities and sororities
  – New member education
- Protecting faculty and students outside U.S.

Strategic
- Limited flexibility in HR area

Regulatory
- Increasing federal and state regulations

Operational
- Training and professional development
- Regularly update training on compliance, safety, data security issues
- Macro market conditions affecting healthcare (e.g., consolidations of doctor practices, hosp.)
- Data security/adequacy/infrastructure

HIGH IMPACT / HIGH PROBABILITY

Regulatory
- Compliance – Title IX
- Non-compliance with payment card Industry (PCI) regulations
- Adequate close-out of sponsored projects and grants

Financial
- Medicaid reform and loss of funds
- Macro conditions affection healthcare (demographic changes, value based care, etc.)
- Reliability of business systems and processes.
- IT infrastructure funding
- Federal funding uncertainties
- Fundraising – launch capital campaign

Strategic
- Turnover in governing bodies (BOG, Legislature)
- Global university issues-adequate policies for int'l regulations etc.
- Governance balance between centralization and decentralization
- Reassessment of honor system
- Assessment of student organizations

LOW PROBABILITY

LOW IMPACT / LOW PROBABILITY

Financial
- Bad claims

Strategic
- Student career development effectiveness

Operational
- Adequate documentation

HIGH IMPACT / LOW PROBABILITY

Strategic
- Liabilities associated with broad programs

Operational
- Malpractice risk – self insured
- EPIC implementation in School of Medicine, clinics

Financial
- Reduced research funding from NIH, NSF, other grants
- Fundraising – annual fund dollars to support operations

>3 YEARS RISKS

	LOW IMPACT	HIGH IMPACT

HIGH PROBABILITY

No Items

Regulatory
• Research compliance and support for research related administrative foundation

Strategic
• Planning – campus-wide & departmental
• Communication of University messaging

Operational
• Separation of duties in departments
• Data security

Financial
• State financial status
• Federal grants and contracts
• Returns from commercialization of IP
• Capital campaign success

LOW PROBABILITY

Strategic
• Planning for residential space
• Planning for changing building functions (e.g., Odum Village)

Strategic
• Inadequate disaster recovery planning and response
• Culture of ethical behavior – discovery of large-scale cheating, or similar occurence

Life and Safety
• Externalities with town in managements of large events (e.g., Halloween, athletic events)

Regulatory
• Animal research
• Human subjects research

Appendix B

Subcommittee Members and Staff

STRATEGIC RISKS AND REPUTATIONAL RISKS:

Phillip Clay – Board of Trustees

Winston Crisp – Vice Chancellor for Student Affairs

James Dean Jr. – Executive Vice Chancellor and Provost

Matt Fajack – Vice Chancellor for Finance and Administration

William Roper – Vice Chancellor for Medical Affairs, Dean of School of Medicine, and CEO for UNC Health Care

Staff Member:

Glenn George – Senior Vice President and General Counsel for UNC Health Care

OPERATING RISKS AND FINANCIAL RISKS:

Matt Fajack [1] – Vice Chancellor for Finance and Administration

Peter Grauer – Board of Trustees

Chris Kielt – Vice Chancellor for Information Technology and CIO

Steven Lerner – Board of Trustees

Phyllis Petree – Director of Internal Audit

Staff Member:

Meredith Weiss – Senior Associate Vice Chancellor for Finance and Administration

REGULATORY RISKS AND SAFETY RISKS:

Barbara Entwisle – Kenan Professor and Vice Chancellor for Research

Kelly Matthews Hopkins – Board of Trustees

David Parker – Interim Vice Chancellor and General Counsel

Andrew Powell – Student Body President and Board of Trustees

Felicia Washington [2] – Vice Chancellor, Workforce Strategy Equity and Engagement

Staff Member:

Elizabeth Josephs – Law Fellow, University Counsel's Office

[1] Matt Fajack served on two subcommittees when Kevin Seitz left UNC.

[2] Felicia Washington was not a Task Force member but served on the subcommittee in Winston Crisp's place as he was needed to serve on the Strategic and Reputation Subcommittee.

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL