

Appendix A

ENTERPRISE RISK MANAGEMENT SCORING MATRIX

The following scoring matrix is aligned with the UW System Enterprise Risk Management Program.

The Risk Management Scoring Matrix focuses on two aspects:

Likelihood: The probability of the risk occurrence.

Impact: The negative consequences which would result from a risk occurrence.

When entering a risk into the UW System Risk Register, an overall risk score is needed. Assign a rating to its likelihood and impact, with one being lowest, and five being highest, for each aspect, then multiply the likelihood by the impact to determine the overall risk score.

Likelihood

<u>Ranking</u>	<u>Description</u>	<u>Probability</u>
5	Almost certain / already occurring.	<ul style="list-style-type: none">• Greater than 90% probability in the next 1-3 years• Nearly sure to happen, or already occurring
4	Likely	<ul style="list-style-type: none">• Between 60% and less than 90% probability of occurring in the next 1-3 years
3	Potential	<ul style="list-style-type: none">• Between 30% and less than 60% probability of occurring in the next 1-3 years• Realistic that it may occur, but less than certain
2	Unlikely	<ul style="list-style-type: none">• Between 10% and less than 30% probability of occurring in the next 1-3 years
1	Rare	<ul style="list-style-type: none">• Less than 10% probability of occurrence in the next 1-3 years• Possible, but not expected to occur

Impact

<u>Ranking</u>	<u>Financial</u>	<u>Reputational</u>	<u>Operational/Health/Safety</u>	<u>Legal/Regulatory/Compliance</u>
5 Critical	<ul style="list-style-type: none"> Adverse change in revenue of 25% over a given year Cash payment, fine or increase in operating costs in excess of \$20M Adverse change in research funding of over 25% 	<ul style="list-style-type: none"> Sustained (e.g. one month) negative national or state media coverage Significant brand impairment 	<ul style="list-style-type: none"> Fatalities and/or severe health impacts Complete and total loss of critical systems (e.g. IT equipment) for more than one week 	<ul style="list-style-type: none"> Regulatory action negatively impacting UWS for 3+ years Criminal violation or investigation Loss of accreditation
4 High	Financial impact is a blend of aspects from the Moderate and Critical categories.	Reputational impact is a blend of aspects from the Moderate and Critical categories.	Operational/Health/Safety impact is a blend of aspects from the Moderate and Critical categories.	Legal/Regulatory/Compliance impact is a blend of aspects from the Moderate and Critical categories.
3 Moderate	<ul style="list-style-type: none"> Adverse change in revenue, between 15% to 24% in a given year Cash payment, fine or increase in operating costs between \$6M to \$20M Adverse change in research funding of 16% to 24% 	<ul style="list-style-type: none"> One off story, but feeds into a negative narrative Negative local media coverage Limited brand impairment 	<ul style="list-style-type: none"> Major, but not fatal health impacts Loss of critical systems (e.g. IT equipment, etc.) for 2-3 days 	<ul style="list-style-type: none"> Regulatory action negatively impacting UWS for over a one to two year time horizon Non-criminal violation or investigation Accreditation is put on probation
2 Low	Financial impact is a blend of aspects from the Minor and Moderate categories.	Reputational impact is a blend of aspects from the Minor and Moderate categories.	Operational/Health/Safety impact is a blend of aspects from the Minor and Moderate categories.	Legal/Regulatory/Compliance impact is a blend of aspects from the Minor and Moderate categories.
1 Minor	<ul style="list-style-type: none"> Adverse change in revenue of 5% to 15%, in a given year. Cash payment, fine or increase in operating costs, less than \$5 million. Adverse change in research funding from 5% to 15% 	<ul style="list-style-type: none"> One-off story No impact on reputation No brand impairment 	<ul style="list-style-type: none"> No impact on health or safety. Loss of critical systems (e.g. IT equipment, etc.) for a couple hours or less. 	<ul style="list-style-type: none"> No sustainable regulatory impacts or action required One off warning letter issued and can be resolved No loss of accreditation No violation or investigation

Overall Risk Score

		Impact				
		5	4	3	2	1
Likelihood	5	25 (High)	20 (High)	15 (High)	10 (High)	5 (Moderate)
	4	20 (High)	16 (High)	12 (high)	8 (Moderate)	4 (Low)
	3	15 (High)	12 (High)	9 (Moderate)	6 (Moderate)	3 (Low)
	2	10 (High)	8 (Moderate)	6 (Moderate)	4 (Low)	2 (Low)
	1	5 (Moderate)	4 (Low)	3 (Low)	2 (Low)	1 (Low)