



Risk Aware

## **A New Technique for Mitigating Risk on U.S. College Campuses**

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### **Abstract**

High profile criminal acts continue to plague United States (U.S.) college campuses despite recent efforts to implement more aggressive risk mitigation practises such as criminal background checks. Despite these efforts, incidents such as the most recent shootings at Virginia Polytechnic Institute and State University (Virginia Tech), continue to demonstrate that while these efforts are welcome, they are not enough to address the ever increasing risks facing universities. This article addresses some of the gaps in existing risk mitigation efforts on U.S. college campuses and examines a relatively new incident reporting technology that is fast gaining acceptance as an additional and ongoing risk mitigation tool for these environments.

### **Introduction**

Despite increased efforts by university administrators and their boards of trustees, as well as the increased effort by state legislators to use the law to enact change, college campuses remain bastions of risk in areas ranging from academic fraud and misconduct to murder. These activities have impacted all types of institutional settings from public to private and from the most prestigious to the least well known of these academic environments. Recent statistics from the Department of Education suggest that in 2004 alone, there over 71,621 criminal offenses performed on college campuses including over 15 separate murders (U.S. Department of Education, 2007). Many argue that even this number severely understates the reality of crime on U.S. campuses. For example, according to the National Center on Addiction and Substance Abuse at Columbia University, in 2001 alone, alcohol-related injuries led to over 1,700 deaths, 97,000 rape or sexual assaults and over 696,000 assaults (Kingsbury, et. al., 2007). What is startlingly clear, whatever the actual numbers, is that in addition to the personal impact, there is enormous organizational cost reflected in these statistics. In the U.S., for example, the recent rape scandal at the University of Colorado has cost the university an estimated \$7 million in investigation and personnel firings, with an additional \$48 million attributed to the loss of corporate sponsorships and a decline in enrollment in the year immediately following (Hughes, 2006). These costs do not take into account the actual "soft costs" associated with this scandal, including the university's reputation and good will. These types of high profile scandals have legislators and the public demanding more accountability from university administrators regarding the quality and make-up of their risk mitigation practises and policies.

One way that universities have begun to address some of these risks is by instituting criminal background check (CBCs) policies on their employees and, in some cases, on their incoming student populations (Weinbach, 2007). In a recent online survey conducted to assess the use and utility of background checks in U.S. college settings, of the 83 total respondents to this question, fully 27.7% conduct criminal background checks (CBCs) on student workers, 86.8% conduct CBCs on staff and 43% conduct CBCs on faculty (Hughes et. al., 2007).

Despite these increased activities, crime and its high profile cousin, scandal, continue to rock U.S. college campuses. In late December 2006, an Eastern Michigan college co-ed was murdered in her dormitory room allegedly by a fellow student. College administrators, presumably fearful of the fallout from this event, initially tried to keep the negative publicity from escalating. Eventually, it was determined that university administrators had failed to disclose this information to the public and, in July 2007, the university Board of Trustees fired the president (Huffstutter, 2007). In a case even more disturbing because of its national security implications, the United States government arrested alleged al-Qaeda agent Ali Saleh Kahlah al-Marri and charged him with credit card fraud as a part of a post 9/11 operation to disrupt U.S. financial institutions (Blumner, 2007). At the time of his arrest, al-Marri was enrolled as a Bradley University student. Both of these cases demonstrate that despite increased efforts to mitigate risk through implementation of background checks, college campuses need to be doing more to address campus safety across all categories of university constituents. In both of the prior cases, the vast majority of U.S. colleges and universities would not have conducted CBCs on either incoming or existing students unless these students self-disclosed a violation on their application or were seeking employment with the university. In the case of a foreign student applicant, most universities rely on CBCs conducted during the visa process by the U.S. State Department and the U.S. Immigration and Nationalization Services. The concern with this practise is that there may be months, possibly even years, between the visa application and the arrival on U.S. soil for some of these foreign students.

These situations suggest that while CBCs are an important and necessary first step, these practises need to be augmented with additional techniques in an effort to address the substantial safety gaps in existing university risk mitigation practises and policies. One technique that is gaining increasing attention on college campuses are webbased incident reporting systems. These systems have been used ubiquitously in corporate environments as a response to the whistleblower provisions of the Sarbanes-Oxley Act passed by the United States Congress in 2003. Provisions of the Act mandate that whistleblowers providing information or assisting in the investigation of violations of federal law relating to fraud against shareholders or the U.S. Securities & Exchange Commission (SEC) will be protected from any form of retaliation by an officer or equal of the company (Zuckerman, 2004).

Despite the fact that Sarbanes-Oxley applies only to publicly-traded companies, several colleges and universities have begun to use web-based incident reporting systems. Frequently, the adoption of these systems comes at the behest of the internal audit board/committees at these institutions. Currently, there are only a handful of U.S. universities that have adopted such systems but the number appears to be increasing rapidly. This research is intended to provide a better

understanding of the application and utility of these web-based incident reporting systems for mitigating risk in university environments.

## **Risk Mitigation in Higher Education**

### **Background Checks**

As the recent tragic events at Virginia Tech have illustrated, efforts at mitigating risk on college campuses have traditionally run up against a mind set that favors open and diverse campus environments and chafes at the mere suggestion of rights infringement. Take, for example, the issue of background checks. According to a 2004 survey by the U.S. Society of Human Resource Management, over 80% of responding industry participants indicated that they now perform checks on all potential employees (SHRM, 2004). By comparison, a recent survey of higher education Human Resource professionals, has found that just 42% perform CBCs on all types of employees (Hughes, White & Hertz, 2007). A major stumbling block to the utilisation of CBCs across college campuses continues to be the resistance of the faculty. Many faculty groups, backed by national groups such as the American Association of University Professors (AAUP), object to a blanket policy of conducting CBCs on faculty (Glater, 2007). These groups instead argue for an evaluation of the need for CBCs based on a principle of proportionality stating that, "A principle of proportionality prohibits the adoption of a general policy of searching for criminal records, if any, of all applicants for all faculty positions" (Finklin et al., 2004).

This resistance has led many universities to adopt a patchwork of policies covering background checks that lack consistency in application among the various constituencies on campus. Responding to growing calls for accountability as well as concerns over increased liability from negligent hiring, state lawmakers have stepped in with legislation effectively mandating the implementation of CBCs on all university employees, including faculty. Some states with recent or pending legislation in this area include Utah (2007), Kentucky (2006), Illinois (2006) and North Carolina (2006). Civil liability concerns reflect the emphasis on the financial implications that could result from hiring potentially dangerous people into positions that deal directly with the public, regardless of whether the employer knew of the danger or not (Camacho, 1993; Connerley et al., 2001). Despite these efforts, crime on U.S. college campuses continues to rise and university administrators are beginning to realize that CBCs on incoming employees are insufficient to mitigate such risks. In response to this realization, campus administrators have begun to beef up their security efforts through increases in the number of campus police and security personnel, improved campus police training methods and improved technology utilisation such as mass e-mail notification and webbased incident reporting platforms.

### **Web-based Incident Reporting Systems**

While the federal law known as the U.S. False Claims Act provided increased incentives for individuals to act as whistleblowers and report acts of fraud involving the United States government, it was the federal enactment of Sarbanes-Oxley in 2002 that focused these efforts on private industry (Shepherd, 1997; Martin, 2002). This legislation increased both the incentives and penalties for mandated groups such as external auditors and internal employees to report acts of wrongdoing to the appropriate authorities (Alvarado, 2007). In order to effectuate its implementation, the act requires audit committees to establish a tool, such as a phone or web-

based hotline, for receiving and managing anonymous feedback regarding questionable business activities, accounting methods, auditing practises or internal controls (Kranacher, 2006). Web-based incident reporting platforms represent a relatively new approach utilized by a few universities as a means of providing ongoing risk mitigation. These platforms have increased in popularity in the wake of corporate scandal such as those that occurred at U.S.-based Enron and Worldcom. In these two cases, corporate misconduct was uncovered by information provided by employee whistleblowers. Whistleblowing can be defined as the act of reporting wrongdoing within an organization to internal or external parties (Eaton and Akers, 2007).

The efforts to strengthen legislation regarding whistleblowing have led to some level of success. For example, an online network of attorneys that provide prospective whistleblower claimants advice and information reported that awards since 1986 have amounted to almost \$1 billion (Verschoor, 2005). Non-profits, such as most colleges and universities, are not immune to these lawsuits. According to the False Claims Act Legal Center of the Taxpayers Against Fraud Education Fund ([www.taf.org](http://www.taf.org)), universities occupy 5 spots in their top 100 list of largest claims recorded by the U.S. government since 1986. In addition, according to the U.S. Association of Certified Fraud Examiners, 34% of all fraud reported in non-profits came from tips from employees, customers and vendors and anonymous sources (ACFE, 2006).

As discussed, since the passage of Sarbanes-Oxley, a few universities, spurred by recommendations from their external auditors and boards of trustees, have begun to adopt web-based incident reporting tools. These products are expected to facilitate the reporting of, and to proactively manage risk on an ongoing basis. Increasingly, based on anecdotal information, these platforms are beginning to be utilized outside of the traditional financial fraud boundaries that they were originally conceived within. This current research represents an initial effort to capture some detail regarding the utilisation of these tools on U.S. college campuses. The research involved in-depth interviews with Directors of Risk Management, Directors of Internal Audit/Finance and Vice Presidents of Human Resources regarding issues of choice, implementation and utilisation of web-based reporting systems on thirteen college campuses during the spring semester of 2007.

### **Methodology**

The design of a qualitative study depends upon the type of information to be collected, the nature of the inquiry and the credibility of the information collected (White, D'Souza and McIlwraith, 2007). This study had three overarching goals:

1. Understand how and why these colleges adopted the reporting software and the extent to which they use the platform.
2. Examine the process used to integrate the platform into institutional operations.
3. Identify opinions about the advantages and disadvantages of the software. In a qualitative study, data collection (including sample size and participant selection) will vary significantly depending upon the goals, conceptual framework and research questions. However, researchers have suggested that a sample size of six is sufficient when the study is centered on discerning the essence of experiences (Eisner, 1991; Patton, 1990; Morse, 1994).

At the time of this research, we were able to identify approximately 25 U.S.-based universities

which were currently utilizing web-based incident reporting software. Of these 25 we chose 14 to interview. These 14 were chosen via purposeful selection as described by Maxwell (2005). In this case, these 14 colleges were representative of the entire 25 on many critical dimensions such as size, mission and location. Moreover, the 14 met three additional goals of purposeful selection in that: (1) they are heterogeneous enough to fully represent the entire population of 25; (2) are universities that are often considered leaders in academics; and, (3) these 14 also provided for comparisons across the population.

Questions were developed to address the three goals. In total, there were 15 questions with an option for the interviewee to provide additional information that he or she may have deemed important to our research. (Questionnaires are available from the authors upon request). The interviews were conducted via scheduled telephone appointments and were audio-taped for follow-up reference.

## **Findings**

The findings are codified in four sections. The first section describes the sample. The remaining three sections correlate with the goals of the study by covering both usage and process issues surrounding these systems while highlighting perceived advantages and disadvantages as communicated by study participants.

### **Demographics**

The sample included individuals at the Vice Presidential level at each institution. In some cases more than one person participated from an individual college. Colleges ranged in size from nearly 30,000 students to 4,000 and faculty and staff from 240 at the smallest college to 12,000 at the largest college in the sample. The institutions interviewed were from 12 different states including universities located from the northeast region of the United States to the southwest and most regions in between. Ten of the 14 colleges classify themselves as having a primary mission as research colleges. Five of those 10 had a secondary teaching mission. Eight of the interviewed institutions are state universities and 6 are private institutions.

### **Usage**

All of the colleges surveyed have used the web-based incident reporting platforms for at least 18 months and some have had the systems in place since 2005. In most of these cases, the systems were adopted at the urging of the internal audit board/committee of the institution. However, two universities reported that fraudulent behavior amongst their staff/faculty led to the adoption of the software. Three interviewees also indicated that they were simply being proactive and trying to better manage their institutional risk. Prior to adopting this product, most had an anonymous phone hotline in place and all had some process for reporting fraudulent behavior. When asked whether there had been an increase in reports since adopting the web based reporting platform, two indicated a very small increase and the remainder reported no noticeable change in the number of incidents reported. However, several of the respondents acknowledged the reporting platform was available but not extensively "advertised" to the university community. Thus, the lack of change in reports may be due to the fact that few people on campus are aware of the new reporting systems. The reluctance of campus administrators to promote these systems on campus may also be due to the influence of

a culture and tradition which emphasizes academic freedoms rather than diligent oversight. This cultural influence has led several administrators to conclude that a “soft sell” approach is most effective for the time being.

With few exceptions, the institutions interviewed only use the web-based incident reporting system for reporting financial fraud, in spite of the broader capabilities of the system. In most cases, the institutions under study did not use the system to track reports of criminal, abusive or questionable behavior on their campus. This occurred despite the fact that 10 of the 14 universities actually provided reporting categories outside of the financial fraud boundaries.

### **Process**

The process used by the subject institutions varies but in each case there is a central administrator who is the “first stop” for reviewing reports. In most cases, the individual was either the Auditor (or someone in that office) or the General Counsel. In one case, the reports go directly to the office of President and in a few cases the reports go to a “Super-User” who simply re-routes complaints depending upon the nature of the report. In each case, whether the complaint is reviewed initially or not, each one is referred to a departmental head, area or category manager. In all but four cases, the initial contact person (Internal Auditor, General Counsel or Super-user) also ranks the incidents in terms of importance.

Only one of the institutions interviewed has an escalation policy in place for handling reports of the same concern reported by multiple reporters. However, most expressed concern that they need one in place as system usage increases. One interviewee indicated that their institution has taken the position that every complaint must be approached with a “high level of seriousness.”

As a general rule, investigations are handled by departmental heads or supervisors or are delegated to an “appropriate individual”. Once a report is sent to an investigator, he or she is then expected to apply the university policy for probing for the information necessary to verify or refute a complaint. There is significant concern among interviewees that their institutions do not have enough training (and in some cases no training) in this process and most indicated the need for more preparation for supervisors to deal with investigations and further follow up on these complaints.

### **Advantages and Disadvantages**

All of the interviewees saw significant advantages to the system and indicated that they will likely continue using this or a similar system. According to one interviewee “... (our) employees feel (it is) safer to report incidents now.”

There were two key benefits consistently identified by all of the respondents: compliance with legislation and the ability to demonstrate (to key stakeholders) an institutional commitment to reduce risk on campus. Other advantages included:

- Controlled Environment
- Enhanced governance and communication
- Standardized Reporting Environment
- Web-based and always accessible (not dependent upon the university server)

- Easy to use
- Consistency in reports and process
- Anonymity

There were some disadvantages to the system reported. First, two administrators felt the system opened up the opportunity for more frivolous reports and another thought it could be used to initiate a grudge. Others were concerned that the system might increase the workload for those employees responsible for managing the system. Several respondents from public universities also indicated that they were concerned that the reports could somehow be made public over time and that this would negatively impact the willingness of personnel to report incidents in the future. Finally, a few administrators were concerned with the current cost per report but they also suggested that as they broadened the possible reporting categories and the visibility of the system across campus, the overall numbers and value should increase. Despite these concerns, all 14 indicated that they would continue to use this or a similar system. In the words of one interviewee, "...this system is like insurance. What do we do if we stop using this and then a crisis erupts?"

### **Conclusions**

The relative newness of these web-based reporting platforms among U.S. universities coupled with a time honored culture that encourages diversity of thought and openness appears to have hindered the full utilisation of these systems on most campuses. As a result, many institutions are not taking full advantage of the capabilities of these systems to mitigate risk.

To avoid upsetting the prevailing culture and tradition which is often fiercely guarded by the faculty, most universities are using a "soft sell" approach when they announce the adoption of the system on their campus. As a result, they often use these platforms, at least initially, for financial fraud reporting only. By doing so, they are under-utilising the features and capabilities of the current systems.

The reluctance to utilize web-based reporting systems for any purpose other than financial fraud reporting may also stem from the institution's aversion to assuming new legal duties where none may currently exist. This situation is somewhat analogous to the use of CBCs for current or prospective students. In a report entitled Student Criminal Background Checks prepared by the U.S.-based National Association of College and University Attorneys, the author highlighted several risks associated with conducting such checks,

Performing criminal background checks exposes the institution to liability for negligently performing the task and thereby facilitating the injury of a third party by a student who was not properly screened or precluded from having access to the injured person. Having assumed the duty to perform the checks, in cases where no such duty existed, may expose the institution to liability for negligently performing or failing to perform that duty. Similarly, the institution may face claims and criticism for failing to warn others of a potentially dangerous student (Milam, 2006).

Unfortunately, this timidity to proactively address such issues head on, whatever its basis,

may leave colleges and universities facing the same potential civil liability they sought to avoid by not acting. To the extent that the use of these web-based platforms becomes more prevalent in the future, an institution failing to adopt such systems may be viewed as failing to act reasonably given the potential capability of this technology to avert, or at least mitigate, criminal or other harmful behavior. Viewed in this light, it is likely that these web-based platforms, like background checks, will become the rule rather than the exception.

There were some limitations to the existing study including the lack of history associated with the use of web-based platforms. In all cases, universities had utilised these platforms for less than 2 years. The limited time frame impacted the depth of the perspective provided by the respondents. As the number of universities who adopt these platforms increases and the period of time these systems are in place lengthens, the breadth and depth of the analysis will become more robust. In addition, given the short tenure most colleges have with web-based platforms, the authors were unable to ascertain if these early adopters are currently collecting data from these systems and if so, whether they are using the information collected for trend analysis and future policy development. Moreover, because these systems have been in place for such a short period of time, it is too soon to evaluate their value in terms of the ability to reduce undesirable or criminal behavior on campus.

### **Future Research**

The perceived and real value of web-based incident reporting systems to mitigate risk should be a research priority. As the length of time “in use” increases for these systems, future research should examine the ability of this technology to track and mitigate risk on campuses. Moreover, these systems must be evaluated with respect to their capacity to provide information that can effectively drive and shape campus risk policies and procedures.

Based on the findings from this research, it appears that U.S. colleges and universities are not fully utilising the capability of the current web-based reporting systems. Instead, most are limiting their use to areas primarily related to financial fraud. Future research should investigate whether the full application of reporting categories might impact usage and enhance the value of these systems.

A current review of the existing risk mitigation literature reveals little application of these platforms in overseas university environments. Given the general understanding of a more “proactive” nature of risk mitigation efforts in overseas environments, future research focused on the use of web-based incident reporting systems outside of the U.S. may be essential.

The findings also suggest that training programs for employees who are expected to conduct further investigation after an incident is reported are minimal, and represents a major concern for users of these systems. As experience increases, additional research into the training processes required to effectively complement these platforms is necessary to ensure ongoing and effective utilisation of this type of technology.

Appropriate communication and marketing of these web-based incident reporting platforms re-

mains a major issue as it relates to adoption of this type of technology on U.S. college campuses. Given the influence of academic culture on adoption, additional research examining how universities attempt to market and position this technology may help future adopters avoid the need to engage in a “soft sell” of the system, and instead, plan a robust implementation from the beginning.

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