

THE IMPORTANCE OF REDUCING AND MANAGING RISKS IN EDUCATION UNITS

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Abstract

This paper has the purpose of analysing the romanian specialty literature, in the field of internal managerial control system, in order to achieve both a theoretical and a practical approach. For this to happen, a method of research is needed, based on how to manage the risks that pre-university educational institutions faced and what techniques were used to alleviate them. These risks came from the conclusive facts that the heads of divisions found on each unit level. The advantage is to identify the risks and diminish, as much as possible, their effects. The identity was generated by a careful analysis of each institution problems and finding solutions to fix the real situation. The risk comes from future uncertain events that could influence the achievement of both strategic and financial objectives of the institution. The purpose of each institution is that of creating an instrument through which the evolution of internal control over the way of risk management in an institution can be achieved.

Keywords: *internal managerial control, internal control instruments, organizational culture, general and specific objectives, risk management*

1. Introduction

The internal managerial control includes all forms of control that are exercised on an institutional level, including the internal audit. They are established by management, based on the specific objectives, in order to ensure an economical, efficient and effective fund administration.

The internal control is based on some general objectives which generate, according to its specific structure and conditions, the intel to achieve an efficient and effective fund management, as well as providing accurate data and information for the management crew and for the external environment.

These risks come from the real data that the division leaders found on each unit level. The main advantages are those of identifying the risks and diminish, as much as possible, their effects. The identity is generated by an analysis of each institution specific problems and finding ways of fixing the real situation.

Risk management is a process of managing and understanding risks that an institution inevitably faces when trying to achieve its specific goals. When talking about the management field, the risks are divided into two categories: operational and financial. Each institution must know and comprehend its own mission and purpose and clearly state it. By doing so it becomes easier to identify the risks associated with the mission.

Once the institution identified its mission, risk evaluation can begin in order to identify and prioritize the major threats for it, so these can be solved first.

2. Original argument

In each educational institution, the risk is unavoidable and each division must manage it accordingly to the size and nature of each operation, because none of the educational institutions can manage long term risks. This is due to the fact that educational institutions are facing far bigger challenges than before because of a more intense economical, technological and legal interrelation. It is presumed that risk and internal control system management may vary from one institution to the other, based on the size of the institution. Risk management is fundamental for a successful daily functioning of any institution and for achieving its goals.

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At any given time, eventful situations, actions or inactions can occur that could either become opportunities, or, could have as a consequence the failure of a goal. All of the aspects that have influenced in a positively or negatively way obtaining the desired results are known as risks. Sooner or later, each institution faced these situations.

For a manager, internal control is the most adequate instrument, as far as implementing an institutional development politics regarding an efficient and effecting control goes.

It is essential to take into account the fact that the internal control system must contain:

- general internal control instruments (tools) addressed to general risks;
- specific internal control instruments addressed to specific risks;

Implementing an internal control system inside the educational institutions implies going through a number a phases:

1. general internal instruments control evaluation;
2. specific internal instruments control evaluation;
3. the analysis report between the additional risks and the expected effects;
4. the new internal control system implementation program being elaborated and approved;
5. monitoring the new internal control system implementation program.

3. Aims of the research

Further, the risks concerning two pre-university educational institutions will be analyzed: an extended program kindergarten and a secondary school.

Identifying risks and estimating the risk level – this phase concerns identifying and estimating risks on the educational activity level.

This paper is based on the risks that threaten achieving general objectives of the two educational institutions and had a great impact on the effects that occurred from not following minimal management rules.

After the risks were identified and their intensity was estimated, it was known that those were the main, most important risks and that one could not foresee all the events that could generate others. This is why, in order to be clear and precise in identifying and estimating risks, one should rely on professional experience.

4. Findings

For the educational activity, a comparative analysis on the curriculum was established to determine possible risks, and, in kindergarten, the main goal was a visible implementation of the curriculum based on age, professional and individual requirements and particularities of children.

Regarding the kindergarten, it was taken into account facilitating and adequately equipping the spaces that were destined for the preschoolers, as well as creating and efficiently planning all activities, providing educational and auxiliary materials necessary for an optimal performance of the activity.

The identified risk is based on the inefficiency of adapting the preschoolers educational needs to the curriculum and activity program offer and lack of educational and auxiliary materials. The circumstances which led to risk were as followed: the bad attrition of some equipment and educational materials, and weak planning.

A strategy was created to combat these risks: monitoring, developing some procedures, hiring more staff (teachers), financing projects outside the institution's budget to cover infrastructure expenses, educational and auxiliary materials, supplies and providing a socio-professional climate. Risk tracking files, identification form and a calculus basis for risk evaluation were planned as control instruments.

At the secondary school, the main purpose was a visible implementation of the curriculum and the schedule of the preparatory class in accordance with the student's age, psychosocial and individual needs and requirements. An educational offer was developed consistent with the existent school programs, student requirements and community needs, personalizing the educational process with a wide range of optional school programs, assuring the consistency between the formal and hidden curriculum.

For the secondary school, the identified risk is based on the inefficiency of adapting the student educational needs to the curriculum and activity program offer, lack of educational and auxiliary materials towards a precise and effective program implementation. The school offer did not satisfy all student needs (the options were created based on this issue), and also did not adapt and vary the curriculum accordingly to student demands and requests. All of this led to a drop of motivation to study harder and also to a lack of interest towards this educational unit.

4.1. Risk assessment process

„A company which incorporates the risk management into a management system can achieve better results”¹. Risk assessment is an extremely sensitive and responsible job that requires real expertise, but it also brings fabulous results with its introduction into the system. „During this analysis, it is very important to notice the relationship between processes and interaction with probability of occurrence and consequences”². Risk management implies risk assessment by allocating certain numerical or descriptive values, as well as, deciding on the value where the risk is unacceptable. It means that precautionary measures have to be done for risk minimization, avoidance, or prevention. Thus it is about making strategic decisions that contribute to the achievement of an institution overall corporate objectives.

To increase goal-achieving probability, we have identified the dangers that may arise and coordinated with internal norms and requirements. The internal parameters include organizational structure, policies, culture of the organization, information system and process of decision making. In addition, to get an insight into dependence of various risks and their sources, the individual elements and whole picture must be seen. By doing that, measures of dealing with the risk should be considered in relation to their costs and their effect.

Table 1. Secondary school

Risk description	Probability of occurrence	Consequences	Possible ways of management
Inefficiency of adapting the student educational needs to the curriculum and activity program offer	High	High	- Great professional experience; - Developing fun activities;
Inappropriate activity programs	Medium	High	- Frequent inspections;
Lack of materials	Medium	Medium	- Projects funded outside the institution's budget;
Wear of equipment and materials	Medium	Medium	- Appropriate treatment; - Optimal use;

¹ Ruzic-Dimitrijevic L, Dakic J, The risk management in higher education institutions, Online Journal of Applied Knowledge Management, Volume 2, Issue 1, 2014, p.137

² Idem

Table 2. Kindergarten

Risk description	Probability of occurrence	Consequences	Possible ways of management
Inefficiency of adapting the student educational needs to the curriculum and activity program offer	Medium	High	- Great professional experience; - Developing fun activities;
Inappropriate activity programs	Low	High	- Frequent inspections;
Lack of materials	Medium	Medium	- Projects funded outside the institution's budget;
Wear of equipment and materials	Medium	Medium	- Appropriate treatment; - Optimal use;

4.2. Assess the level of risk

Likelihood	Consequences		
	Low	Medium	High
High	Medium	High	High
Medium	Low	Medium	High
Low	Low	Low	Medium

A risk assessment can help determine:

- how severe a risk is;
- whether existing control measures are effective;
- what action you should take to control the risk;
- how urgently the action needs to be taken;

Frequently, the risks are ordered by the severity of impact. In order to carry out the risk management in any institution, all elements and processes have to be well known.

5. Discussions

The circumstances that led to risk were as followed: an inadequate infrastructure, professional stress, diminished time factor, program novelty and an insufficient training of the teachers, lack of materials and clear specifications from the Ministry of National Research, staff fluctuation, parents low availability to their children needs and problems, teachers disengagement in international and financing problems, lack of TIC and AEL equipment.

A strategy was created to combat these risks: monitoring, elaborating procedures, assuring teachers intense preparation, obtaining projects that were financed externally and not from the institution's budget (to cover infrastructural expenses, teaching material, supplies and auxiliaries), providing a socio-professional climate.

Risk tracking files, identification form and a calculus basis for risk evaluation were applied as control instruments.

6. Conclusion

The internal managerial control system for the two educational institutions, which was analyzed accordingly to the actual situation – practical and useful for the institution management – is focused on key aspects of the organization and on managing risks as accurately as possible. It was noticed that after the initiation, elaboration, proposal, implementation, progress and competition of an accurate management, a series of steps follow, that could be perceived as a general paradigm.

Institutional risks for kindergarten, as well as those for the secondary school, eventually imply crossing through stages that are very much alike. Same instruments are used, same managerial approach is needed.

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