

ENTERPRISE RISK MANAGEMENT

This document is the parent policy for any College procedures. Questions regarding this policy are to be directed to the identified Policy Owner.

Category:	A. General
Policy Number:	A35
Approval Date:	February 13, 2017
Effective Date:	February 13, 2017
Policy Owner:	Chief Financial Officer

Objective:	Olds College is committed to building increased awareness and a shared responsibility for risk management to protect both the college and its assets.
Policy:	<p>The management of risk is a shared responsibility. The college acknowledges that all activities have elements of risk. The college will ensure that existing and emerging risks are identified and managed within an acceptable risk tolerance. All employees of the college are responsible for the effective management of risk including the identification of potential risks. Risk management processes will be integrated into existing planning processes and academic and administrative activities.</p> <p>The college's objectives in managing risk are to:</p> <ul style="list-style-type: none"> • support risk-informed holistic decision making • integrate risk management into all activities • build increased awareness of risk management and shared responsibility for risk management • allow to anticipate and effectively respond to changes in the micro and macro environments <p>SPECIFIC GUIDELINES</p> <p>The process of risk management is outlined in the Olds College Enterprise Risk Management Framework which is vetted annually through the Audit Committee and then moved to the Board of Governors for consideration of approval.</p> <p>The CFO is responsible for oversight and stewardship of the enterprise risk management process, which also includes maintaining and updating an annual college wide risk register.</p> <p>Collectively, the leadership team is responsible for ensuring the identification of strategic risks that impact the college's comprehensive institutional plans and</p>

	<p>objectives, actively participating in the risk assessment process, identifying risk tolerances, monitoring and reporting risks as well as monitoring and approving reports from their responsibility areas.</p> <p>Risk assessments should consider the impact of various risks on environmental, social, financial, operational and regulatory sustainability.</p>
Definitions:	
Related Information:	Appendix A: Enterprise Risk Management (ERM) Framework
Related Procedures:	
Review Period:	3 years
Revision History:	<p>New: 2014 Revised: 2015 Revised: 2017</p>

APPENDIX I

Enterprise Risk Management (ERM) Framework

What is Risk?

Risk is defined as any event that hinders the accomplishment of the college's strategic goals and priorities. Risk can be viewed as the combination of the probability of an event and the impact of its consequences. Events with a negative impact represent risks that can prevent desired or intended outcomes. In order to achieve strategic goals and priorities we must understand the types of risks faced by our organization and address them appropriately.

Risks vary by functional unit. The table below presents broad risk categories and examples which may be considered when evaluating risk.

Risk Types	Examples
Strategic	<ul style="list-style-type: none"> ● Business partnering and alliances ● Institutional standing ● Institutional culture of compliance ● Advancement strategy ● Negative impact to reputation/loss of trust
Operational	<ul style="list-style-type: none"> ● Student life ● Residence life ● Adequate space for programs ● Information systems ● Data security, access and management ● OH&S ● Facilities security & access ● Capital Project management ● Emergency and disaster planning
Compliance	<ul style="list-style-type: none"> ● Contractual ● Regulatory & statutory ● Research Grants and Contracts ● Animal Care ● Code of conduct
Financial & Reporting	<ul style="list-style-type: none"> ● Funding risk ● Investment, business ventures & credit risk ● Unfunded mandates ● Financial misstatement including violation of Public Sector Accounting Standards ● Audit outcomes and recommendations ● Purchasing practices ● Lawsuits
Reputational	<ul style="list-style-type: none"> ● Failing to manage compliance, financial, operations, or strategic risks ● Reputation with faculty ● Reputation with alumni

Olds College Approach to Enterprise Risk Management

Enterprise Risk Management is a framework that provides:

- A comprehensive view of an organization with the goal to identify potential events that may affect the institutional outcomes
- Identify and manage associated risks and opportunities
- Provide reasonable assurance that strategic goals, outcomes and objectives will be achieved.

This approach to risk management includes the following elements:

- Ensure prompt resolution of internally identified risk to compliance with laws and regulations
- Support effective use of resources
- Enable improved decision making through a structured approach to risk management
- Provide a mechanism to cope with future events that create uncertainty or pose a significant risk and to respond in an effective manner

Accountability

Enterprise risk management is a continuous process that requires a forward focus and ongoing commitment. Risk is best identified and managed by leaders of various functional areas who have the knowledge, expertise and deep know-how of their respective areas. The interoperability of various functional areas lends itself to a shared accountability model where leaders of various functional areas share the responsibility of identifying and managing risks while being accountable for risks within their respective areas.

Components of Enterprise Risk Management Framework

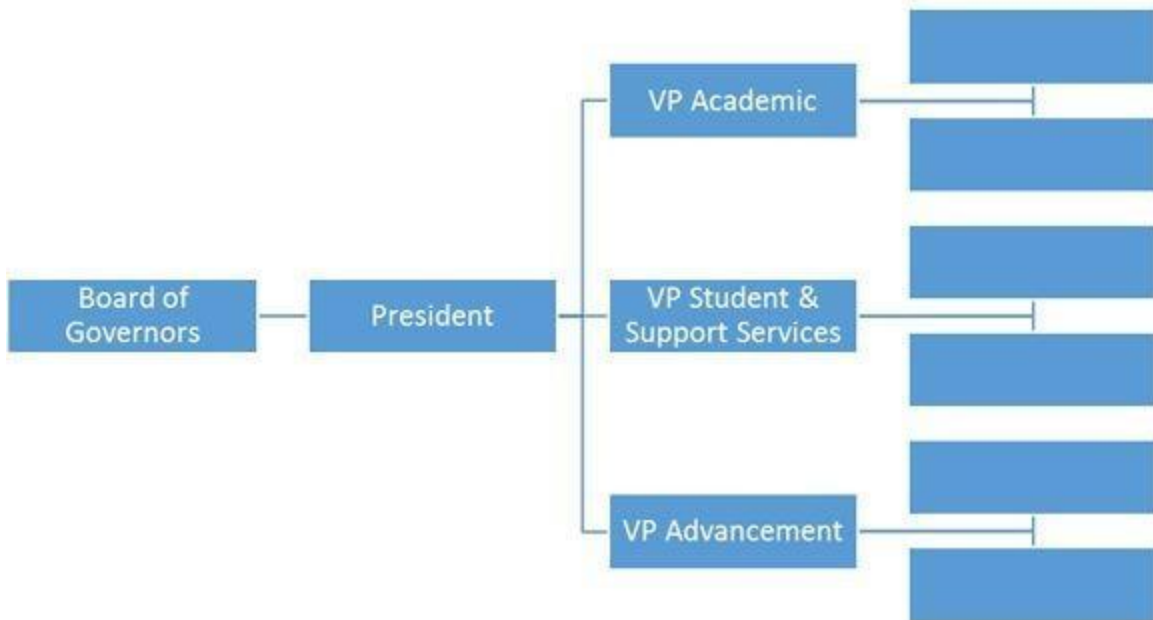
Olds College Enterprise Risk Management Framework is made up of five process components

1. Identification & Risk Assessment - As part of the day-to-day management of their areas, functional leaders identify internal and external events that may affect the achievement of objectives
2. Risk Response - A response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include:
 - a. Avoiding or evading
 - b. Accepting
 - c. Reducing
 - d. Transferring
3. Control Activities - Control activities are established to ensure that risk responses are carried out effectively and consistently throughout the organization. Control activities include policies, procedures, insurance etc.
4. Communication of risks, risk response and control activities to various internal and external stakeholders
5. Monitoring - Effective risk management requires continuous monitoring of the internal and external environment as well as of risks already identified to gauge a change in the risk level.

While no risk management system can provide absolute assurance, the goal of the risk management framework is to manage identified risks to within acceptable levels.



Governance & Oversight



Enterprise Risk Management

As part of the enterprise risk management framework, Olds College produces an annual risk register. The annual risk register derives from and amalgamates various functional and institutional risk assessments to provide a snapshot of key risks faced by Olds College, their trends and mitigating factors. The risk register is presented to the Administrative Services Committee of the Board of Governors, the Audit Committee and ultimately to the Board of Governors for approval.