


PROCEDURE: 200.37.01

SECTION: Finance	
TOPIC: Risk Management	
EFFECTIVE DATE: January 10, 2017	REPLACES: New Procedure
LATEST APPROVAL DATE: January 10, 2017	
NEXT REVIEW: January 2020	OWNER: Project + Compliance Coordinator
APPROVING AUTHORITY: 	

Original signed by President + CEO

PURPOSE:

In accordance with the Alberta College of Art + Design (ACAD) Risk Management Policy 13, this procedure describes the Institutional Risk Management process.

This approach to risk management measures the effect of uncertainty of the achievement of objectives through the measure of the probability of occurrence and impact of an event or change in circumstances. This allows risks controls to be put in place to ensure ACAD is able to manage its operations effectively.

ACAD is committed to increasing awareness of risk management and building a shared responsibility for managing risks at all levels of the institution. This procedure applies to all employees and the activities undertaken ACAD.

DEFINITIONS:

Control: a measure that is modifying or mitigating the risk.

Inherent risk: the exposure arising from a specific risk before any action has been taken to manage it.

Impact: a level of the severity of an event affecting the achievement of objectives.

Probability: a level of the likelihood of something happening.

Residual risk: the risk remaining after treatment or controls

Risk: The effect of uncertainty on objectives, which can be positive or negative, and is measured as a combination of probability of occurrence and impact of an event/change in circumstance.

Risk acceptance: an informed decision to consent a particular risk.

Risk analysis: the process of determining the nature and level of the risk.

Risk appetite/ tolerance: The amount and type of risk that an organization is prepared to pursue or retain. ACAD requires risks with a score of medium ($6 \leq$) to be reported with a treatment plan as per this procedure.

Risk description: a structure statement of risk usually containing sources, events, causes and consequences.

Risk evaluation: completed by the Risk owners annually, this is the process of comparing the results of the risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.

Risk identification: the process of recognizing and describing risks, calculating the risk score with the probability and impact measures using the ACAD risk identification form and submitting to the procedure owner.

Risk management matrix: a matrix that guides the risk identification and evaluation process.

Risk owner: the person with the accountability and authority to manage the risk.

Risk register: a living document that records information about identified risks.

Risk report: a report developed and submitted to the Board of Governors annually containing an executive summary of the risk activities, heat map visually displaying the report results and a copy of the updated risk register.

Risk score: the magnitude of a risk expressed in terms of a combination of the impact and probability.

Risk tolerance: ACAD's (or the stakeholders) readiness to bear risk after risk treatment in order to achieve its objectives.

Risk treatment: a plan that details the process to modify risks by applying the following options/responses:

Accept - retain the risk by informed decision. This can include developing contingency plans to respond if the event occurs or taking no action and dealing with risks as they occur. This type of treatment is recommended by the risk owner and applied by Cabinet via motion. As a result of acceptance of a risk, the risk item will only be reported on one occasion and excluded from future reports.

Avoid – decide not to start or continue to pursue an opportunity as a result of the identified risk. Where this type of treatment is applied, the risk item will only be reported on one occasion.

Mitigate – reduce the probability and/or negative consequences (impact) of a risk to a desirable level.

Transfer – give responsibility of risk to a third party (e.g. insurance, bonds, warranties, third party contracts).

ROLES AND RESPONSIBILITIES:

1. The President + CEO delegates the development of the risk report to the Vice President of Finance + Corporate Services who, in turn, delegates the coordination and documentation of the reporting process.
2. ACAD maintains a risk register that identifies the risk and actions associated for each risk. This document is updated on an annual basis as per the Risk Management Policy.
3. To aid the annual update of the risk register, some or all of the following may be used:
 - a. Information collection from risk owners using the risk identification form;
 - b. Feedback from other ACAD sources (employees, contractors, publications, etc.);
 - c. Reference of external sources (Provincial/Ministerial sources and publications, risk trends; investment reports, etc.)
4. Each risk identified will be assigned a Risk owner who will have the accountability and authority to manage the risk.
5. If a risk treatment plan is required, the Risk owner will be responsible for the implementation of the plan.
6. Risk owners will use these simplified questions to identify potential risks when completing the Risk identification form:
 - Why** are we doing it at all?
(i.e. does it support the goals of the Institution/department?)
 - What** could go wrong?
 - How** could it affect me or others?
 - How** likely is it to happen?
 - What** can I do about it?

With this information, the risk owner will determine the inherent risk of an action or event.

PROCEDURE:

1. Each October the Project + Compliance Coordinator will distribute the Risk Identification form to Risk owners and communicate the deadline to submit.
2. Where applicable, for previously identified risks, the risk identification form will be prepopulated with previously reported treatment plans for status reporting.

3. Risk owners can delegate the completion of the risk form to a direct report.
4. Risk identification forms must be returned to the Project + Compliance Coordinator by the stated deadline.
5. The Project + Compliance Coordinator will collate all submitted information into the register.
6. The Vice President of Finance + Corporate Services will review and confirm the report and present findings to the President + CEO's Cabinet.
7. The President + CEO's Cabinet will recommend the report to the Board of Governors for information.

REFERENCE:

Risk Management Policy

Health and Safety Policy

President + CEO's Cabinet Terms of Reference

Risk Management Matrix

Risk Identification Form