



SUBJECT: Enterprise Risk Management	CATEGORY: General Administration	NO. 502-G
---	--	-------------------------

PREAMBLE

Risk exists in all activities and cannot be avoided, nor can it always be eliminated. However, the risks taken and accepted on behalf of the Saskatchewan Institute of Applied Science and Technology (SIAS) must be tolerable; therefore, the effective management of risk at all levels of the organization is imperative. The aim is not to eliminate risk, but to manage the risks involved with all SIAS activities, whether strategic or operational in nature, in order to maximize opportunities and minimize the severity of consequences associated with risk events.

The SIAS board of directors recognizes that the proper management of risk is an essential capability that must be developed and practiced at all levels throughout SIAS. Consequently, SIAS is committed to building increased awareness and a shared responsibility for risk management with all employees, at all levels throughout the organization, and across all functions and processes, both academic and administrative.

This policy is intended to assist in decision-making processes in order to minimize potential losses, improve the management of existing uncertainty, and maximize the approach to new opportunities. This will ensure that SIAS optimizes its available resources in the pursuit of its strategic goals and ongoing operations.

Therefore, the guiding vision for this policy is that SIAS's risks fall within acceptable tolerances through the application of a robust enterprise risk management (ERM) program.

POLICY

1. It is understood that some level of risk is not only expected in normal everyday activities but can be beneficial when considering opportunities that SIAS may wish to pursue. However, under no circumstances will the acceptance of risk include:
 - a) wilful exposure of students, employees, or others to unsafe environments or activities;
 - b) intentional violation of federal, provincial, or local legislation, bylaws and regulations;
 - c) wilful violation of regulations prescribed by accreditation and/or professional licensing bodies;
 - d) wilful violation of internal policies;
 - e) wilful violation of contractual obligations; or

Approved by: Board of Directors	Prepared by: Director, Enterprise Risk Management	Date Issued: June 22, 2012	Supersedes/New: Supersedes	Page 1 of 5 #502-G
--	--	-----------------------------------	-----------------------------------	------------------------------

f) unethical behaviour.

2. SIAST's ERM program will adhere to the following principles:

- a) Risk management is an integral part of management, not a separate function for specialists. It forms part of strategic and operational planning, academic and operational processes, and applied research project approval procedures.
- b) Risk management will support and facilitate the achievement of SIAST's strategic, operational and financial objectives by identifying, analyzing, evaluating, treating and monitoring risks on an ongoing basis.
- c) The ERM program will foster a culture of spreading best practices and expertise acquired from risk management activities across the organization for the collective benefit of the entire organization. Risk management will serve as a valuable integrated and ongoing process to promote a culture of risk management across all areas of SIAST's operations.
- d) Risk management will seek to prevent or mitigate the impact of losses occasioned by risks, encourage the informed and controlled undertaking of opportunities, while at the same time having regard to SIAST's strategic objectives and operational commitments.
- e) The formal statement of SIAST's risk tolerance will be reviewed annually. Activities that fall outside these parameters will not be undertaken unless specifically approved by the president and CEO and/or their designate.
- f) Risk management will include the development and maintenance of a formal registry of key risks, indicators and other data derived from ongoing ERM activities.

3. The success of SIAST is dependent upon achieving its strategic goals. Therefore, the effective management of risk within approved tolerance levels is essential. SIAST accepts that an element of risk exists in almost every activity it undertakes. The critical question in establishing SIAST's risk tolerance is, "To what extent is SIAST willing to tolerate risk related to each strategic theme?"

Risk tolerance is most appropriately considered in terms of a threshold risk score that SIAST and its stakeholders are willing to bear for SIAST's strategic themes and areas of operation – any risk that is beyond this tolerance will require further treatment if SIAST is to accept the risk. It is the responsibility of the SIAST board of directors to review and approve these risk tolerances on an annual basis.

4. Ineffective management of risk leads to consequences that SIAST may find to be unacceptable. The categories of consequences that are of strategic concern to SIAST include:

- a) **Academic programs and operations** – affect ability to carry out the delivery of academic programs or maintain the organization as a going concern.
- b) **Financial and legal** – affect the financial position of SIAST, compliance with laws and regulations, litigation, conflicts of interest, unethical behaviour, etc.
- c) **Reputational** – affect reputation, public perception, political issues, etc.
- d) **Health and safety** – affect student and employee safety, including both physical safety and overall well-being.

Approved by:	Prepared by:	Date Issued:	Supersedes/New:	Page
Board of Directors	Director, Enterprise Risk Management	June 22, 2012	Supersedes	2 of 5 #502-G

- e) **Competitive position** – affect SIAST’s position within the post-secondary education marketplace.

DEFINITIONS

The following definitions are used throughout this policy and have been adapted from the ISO Guide 73:2009:

1. **Risk** – the effect of uncertainty on the achievement of objectives
2. **Risk management** – the coordinated policies, procedures and activities to direct and control SIAST with regard to risk
3. **Risk owner** – a person or entity with the accountability and authority to manage a risk
4. **Risk registry** – a record of information about identified risks
5. **Risk score** – identifies the magnitude of a risk and is expressed in terms of the product of likelihood and consequences
6. **Risk tolerance** – readiness to bear a risk, either in its current state with existing controls, or after risk treatment in order to achieve objectives
7. **Control** – a measure that is currently used to modify a risk
8. **Treatment** – process to modify risk if its current controls are ineffective
9. **Stakeholder** – a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity
10. **Event** – an occurrence of, or change in a particular set of circumstances
11. **Likelihood** – the chance of something happening
12. **Consequence** – an outcome of an event that affects the ability to achieve objectives
13. **Severity** – the measure of how acutely the consequences of an event will be experienced

PROCEDURES

Roles and Responsibilities

Management (both administrative and academic) is responsible to ensure that the elements of risk management are integrated into existing planning, budgeting and operational processes.

Specific accountabilities are as follows:

1. SIAST Board of Directors

The SIAST board of directors is responsible for:

- a) approving risk tolerance levels;
- b) overseeing ERM program of the institution;
- c) understanding the nature and magnitude of significant risks to which SIAST is exposed;
- d) reviewing reports on the assessment of risk levels compared to established risk tolerance levels; and

Approved by:	Prepared by:	Date Issued:	Supersedes/New:	Page
Board of Directors	Director, Enterprise Risk Management	June 22, 2012	Supersedes	3 of 5 #502-G

- e) annually reviewing risk tolerance levels and strategies to ensure that risk exposures remain appropriate and prudent.

2. Audit Committee

The SIAST board of directors' audit committee is responsible for:

- a) reviewing management's identification of the significant risks of the institution in accordance with the ERM policy;
- b) ensuring there are enterprise risk management processes in place to identify, assess, evaluate, treat and monitor risk exposures;
- c) ensuring that management has developed and implemented appropriate risk management policies and procedures;
- d) overseeing the application of ERM practices and the ongoing identification of emerging risks; and,
- e) reporting and recommending to the board of directors on enterprise risk management as prescribed by the committee's terms of reference.

3. Senior Management Council

Senior management council (SMC) is accountable for strategic and operational risk management within areas under its control, including the delegation of the risk management process to relevant senior managers and supervisory personnel.

Collectively, SMC is responsible for:

- a) the formal identification of strategic and operational risks that impact SIAST's strategic goals;
- b) determination of risk management priorities;
- c) development of strategic risk management plans;
- d) monitoring progress in managing risk; and,
- e) reviewing the progress of the strategic risk management plan.

4. ERM Steering Committee

The ERM steering committee membership consists of senior representatives from both academic and administrative services.

The steering committee is responsible for:

- a) providing input, feedback and guidance on the various components of SIAST's ERM framework;
- b) reviewing and recommending for approval these same components;
- c) endorsing and visibly supporting the implementation of the ERM framework throughout SIAST; and,
- d) ensuring that colleagues actively support ERM within their portfolios.

Approved by:	Prepared by:	Date Issued:	Supersedes/New:	Page
Board of Directors	Director, Enterprise Risk Management	June 22, 2012	Supersedes	4 of 5 #502-G

5. Senior Managers and Supervisory Personnel

Senior managers and supervisory personnel are accountable for:

- a) implementation of this policy within their respective areas of responsibility;
- b) ownership of risks that fall within their respective areas of responsibility;
- c) incorporating risk management into their planning processes and management activities;
- d) actively participating in risk management processes; and,
- e) reporting on the status of items in the risk register as required when it impacts their respective responsibilities as part of either the annual planning or review cycle.

6. Director, Enterprise Risk Management

The director, enterprise risk management, is accountable for:

- a) facilitating the identification, assessment, evaluation and treatment of significant strategic and operational risks;
- b) facilitating action in those areas where improvements are required;
- c) developing a risk registry for SIAST that includes relevant and pertinent information about each risk that has been identified and analyzed;
- d) providing advice on and recommending (as appropriate) risk tolerance levels, best practices, ERM frameworks, policies and other such components relevant to enterprise risk management; and,
- e) reporting on ERM processes and findings, including the level and direction of risk exposures and extent of risk management activities.

The director, enterprise risk management does not hold responsibility for the individual risks on risk registries other than those for which ownership has specifically been assigned.

7. Employees of SIAST

All employees of SIAST are responsible for the effective management of risk. This includes the identification, assessment, evaluation and treatment of risks within their realm of responsibilities.

RELEVANT POLICIES

Relevant policies include, *but are not limited to*, the following:

1. Policy 504-G – Policy Development and Administration
2. Policy 1211 – Student Conduct
3. Policy 703 – Code of Conduct

Approved by:	Prepared by:	Date Issued:	Supersedes/New:	Page
Board of Directors	Director, Enterprise Risk Management	June 22, 2012	Supersedes	5 of 5 #502-G