



# COLLEGE OF THE NORTH ATLANTIC

## OPERATIONAL PROCEDURE

### TOPIC: RISK MANAGEMENT

<b>Procedure No.</b>	CS-313-PR	<b>Division</b>	Corporate Services
<b>Supersedes</b>	N/A	<b>Board Policy Ref.</b>	GP-GR-804
<b>Related Policy</b>	CS-313	<b>Effective Date:</b>	November 4, 2016 (R1)

### PROCEDURE

The President is responsible for ensuring that the strategic risk management policy is implemented throughout the College. The policy will be achieved through the implementation of the Strategic Risk Management (SRM) Program. Responsibility for the coordination of the overall SRM program has been assigned to the Vice President Corporate Services and Chief Operating Officer. Results of the program will be reviewed regularly by the Executive Management Team with summary reports submitted to the Audit Committee of the Board of Governors on a quarterly basis. The objectives of the SRM Program will be reviewed and/or revised annually by the Executive Management Team.

The implementation of the Strategic Risk Management Program will assist the College by:

- Ensuring compliance with statutory obligations.
- Maintaining effective institutional governance.
- Preserving and enhancing quality programs and services.
- Safeguarding its employees, students, service users, members of the public and all other persons to whom the College has a duty of care.
- Protecting its property, facilities, equipment, vehicles and all other assets and resources.
- Maintaining prudent fiscal management of public funds.
- Promoting the reputation of the College.
- Supporting effective stewardship of the environment.

## 1.0 Administration of the Strategic Risk Management Policy

### Risk

For the purposes of this policy risk is defined as ***any event or activity that may have an undesirable impact on institutional programs/services, financial resources, property, personnel, image, governance or legal consequences.*** All reasonable efforts will be taken to avoid, prevent or reduce the consequences of such events. Risk arises out of uncertainty and is driven by two elements:

- The frequency/likelihood of an event happening.
- The severity/impact of the consequences resulting from the event.

## 2.0 Managing Risk

Successful management of risk exposures requires the participation and support of all College personnel at all levels of authority within the institution.

To embrace the concept of strategic risk management requires the introduction of a risk management culture within the institution that is conducive to:

- Rigorous efforts to identify risks associated with a particular course of action and to identify opportunities to improve efficiency and effectiveness.
- Progressive actions to manage proactively rather than reactively.
- Responsible efforts to improve performance and accountability in decision-making.
- Balanced actions to achieve equitable results between the costs of managing risks and the expected benefits.

## 3.0 Strategic Risk Management Process

Strategic risk management is the systematic enterprise wide application of management policies, procedures and practices to identify, evaluate, prioritize, manage, monitor and communicate actual or potential risks to ensure the College effectively manages potential opportunities and adverse effects. It is a reiterative process of defined steps which, when taken in sequence, enables continual improvement in decision making by providing management with a greater insight into institutional risks and their impact.

A schematic overview of the strategic risk management process is included in Appendix A.

## 4.0 Objectives of the Strategic Risk Management Policy

- a) Protect the College against the financial consequences of actual or potential catastrophic losses.

- b) Manage risk exposures to acceptable levels to allow the Executive and the Board of Governors to acquire knowledge, confidence and a satisfactory level of comfort with respect to the uncertainty of risks facing the College.
- c) Establish and maintain an institutional risk profile to provide regular assessments of financial, operational and strategic risks embedded in College programs, services and activities.
- d) Initiate risk mitigation actions to manage risks identified in the institutional risk profile.
- e) Monitor performance results for risk mitigation actions taken and report results to Management and the Board of Governors.
- f) Adjust the program to address sub-standard performance as needed.
- g) Establish to the maximum extent possible, a risk free learning and work environment in which students and College employees can enjoy safety and security in the course of their daily activities.

## **5.0 Application of Risk Management Principles**

Every employee of the College is expected to demonstrate the highest possible regard for their own safety and that of fellow employees, students and members of the public and to do their utmost to prevent any loss or misuse of College resources.

To the maximum extent possible the College will adhere to the following risk management precepts:

### **5.1 Risk Identification & Evaluation**

Identify potential risk exposures that would threaten resources or values of importance to the College.

### **5.2 Risk Avoidance**

The College will weigh the rewards of all operational, educational and program activities against the exposures to accidental, financial, academic or reputational losses that could compromise the quality or integrity of learning programs. Disproportionate risks in contractual agreements will be avoided. Risk elements of all new undertakings shall be evaluated carefully and existing activities will be evaluated periodically to determine if any exposures can be avoided.

### 5.3 Loss Prevention

The College will utilize loss prevention techniques wherever and whenever possible, based upon cost/benefit analysis. It is preferable to consider loss prevention before considering other techniques for handling risk.

### 5.4 Risk Retention

The College will retain the maximum level of risk possible, consistent with its financial capacity when one or more of the following circumstances apply:

- When potential loss amounts are within the financial ability of the College to retain.
- When the probability of loss is so great that loss is almost certain to occur.
- When the probability of loss is so remote that the risk need not be insured.
- When insurance is not available or only available at prohibitive cost.

### 5.5 Risk Transfer

In all contractual relationships the College will transfer to others all risk of loss from chance events appropriate to the transaction and to the relationship of the parties. It will consider the other party's ability to assume the risk, control the loss and/or pay for losses incurred. Contractual transfers of risk shall be supported by evidence of insurance or other acceptable forms of financial security of the indemnitor.

### 5.6 Insurance Transfer

The College will purchase insurance when it is required by law or contract, when the amount of potential loss is too large to be absorbed as a normal operating expense, when the probable annual cost variation is unacceptable and insurance is available on acceptable terms, and when insurance can best provide for ancillary services such as property inspection, claims handling, legal qualification and loss prevention.

## **6.0 Benefits of the Strategic Risk Management Program**

The implementation of the SRM program will provide management with a deeper insight and wider perspective for the effective management of the College within a dynamic changing environment and will offer the following benefits:

- Supports effective strategic planning.

- Prevents costly surprises.
- Contributes to improved organizational efficiency and effectiveness.
- Enhances optimum use of resources.
- Promotes transparency in decision-making and communication.
- Provides senior management with a concise summary of the risks affecting the College and a mechanism to ensure appropriate resources are directed towards areas of high risk.
- Provides a framework for ensuring unavoidable risks are adequately insured.
- Provides a systematic approach to enable management to focus on risk exposures.
- Improves the level of accountability in decision-making.

Approval History	
Approved by President	July 16, 2008
Revision 1	November 4, 2016

## Appendix A Strategic Risk Management Overview

