

UNIVERSITY OF LETHBRIDGE ENTERPRISE RISK MANAGEMENT



Comprehensive ERM Framework 2015

University of Lethbridge Enterprise Risk Management

COMPREHENSIVE ERM FRAMEWORK 2015

PURPOSE AND SCOPE

The Enterprise Risk Management (ERM) Framework directs how the University of Lethbridge will establish and maintain a comprehensive ERM program, supported throughout the organization, and dedicated to providing greater confidence in the achievement of strategic objectives through the sharing of relevant and timely information about uncertainties and outcomes.

The framework ensures that information about risk derived from the risk management process is adequately supported and used as a basis for decision making at relevant organizational levels.

STANDARD

The University of Lethbridge will apply ISO 31000:2009 principles and guidance, including Guide 73 Risk management — Vocabulary.

“While all organizations manage risk to some degree, this International Standard establishes a number of principles that need to be satisfied to make risk management effective.” An organization should at all levels comply with the following ISO 31000:2009 Principles:

- a) Risk management creates and protects value.
- b) Risk management is an integral part of all organizational processes.
- c) Risk management is part of decision making.
- d) Risk management explicitly addresses uncertainty.
- e) Risk management is systematic, structured and timely.
- f) Risk management is based on the best available information.
- g) Risk management is tailored.
- h) Risk management takes human and cultural factors into account.
- i) Risk management is transparent and inclusive.
- j) Risk management is dynamic, iterative and responsive to change.
- k) Risk management facilitates continual improvement of the organization.

These principles direct the nature and extent of ERM activities at the University of Lethbridge.

CONTEXT

Design and implementation of this framework is predicated on an understanding of the internal and external context of the University of Lethbridge. This includes its cultural, social, political, legal and economic operating environment, as well as its governance, organizational structure, resources and capabilities. Acknowledging the influence of these factors the University will approach ERM incrementally and iteratively in order to add value and remain relevant to decision makers.

MANDATE AND COMMITMENT

The ERM Project Charter and Project Plan describes the University's commitment to the establishment of a comprehensive ERM program, including project purpose, milestones, deliverables, responsibilities and estimated timelines. (Appendix A)

POLICY AND GOVERNANCE

Enterprise risk management is governed by the ERM Policy (Appendix B). Accountability for ERM implementation and continuous improvement is prescribed by that Policy.

RISK APPETITE

To Be Determined

RISK IDENTIFICATION

The process of risk identification begins with clarifying and articulating the primary strategic objectives of the University of Lethbridge: the results it must achieve. Through engagement of senior administration and careful review of the University's strategic, academic, research and capital plans the complex and critical institutional goals are distilled into thirty-five core strategies. These strategies are expected to change over time and should be revisited at least annually.

Institutional risks are identified through extensive research of professional publications, most notably, the work of the Education Advisory Board in risk identification for the post-secondary sector. Risks that do not apply to the University of Lethbridge's operations (e.g. medical school protocols) are removed, and risks that are idiosyncratic to the University of Lethbridge (e.g. Destination Project) are added. This paring down of risks is accomplished through discussion with senior administration in a binary (applies/does not apply) examination. The result is a more concise and relevant inventory of institutional level risks.

RISK ANALYSIS AND EVALUATION

Each of the thirty-five core strategies are examined against the identified institutional level risks, and evaluated on the basis of likelihood, velocity, and impact using the risk criteria and evaluation tools in the framework. This analysis enables prioritization among pervasive risks, high impact risks, and core strategies most affected by risk.

RISK REPORTS AND ASSURANCE MAPPING

Results of risk analysis and evaluation are reported to Statutory Deans' Council and the Board. Following the initial risk identification and assessment, the Executive Analyst will report quarterly to Statutory Deans' Council to support the objectives:

- monitor and report on identified risk treatments;
- monitor the results of ongoing risk and controls monitoring; and,
- consider the effectiveness of the overall risk management process at the University of Lethbridge.

The top five risks and top five strategies at risk are updated and communicated at least bi-annually to the Audit Committee of the Board.

All other risks at the institutional level and all unit level risks are aggregated by source of assurance. Risk reports will address, at a high level, the overall profile of those risks. For example, risks related to internal controls over financial reporting are addressed by management assertions and the annual report of the Office of the Auditor General.

COMMUNICATION PLAN

To Be Determined: the approach will likely involve some combination of communication among and between the Statutory Deans' Council, Senior Executives and the Board of Governors Audit Committee.

ENTERPRISE RISK MANAGEMENT FRAMEWORK AND IMPLEMENTATION



Project Charter and Project Plan

Summary project charter including project purpose, milestones, deliverables, responsibilities and estimated timelines, for the design and implementation of an Enterprise Risk Management (ERM) program at the University of Lethbridge.

Enterprise Risk Management Framework and Implementation

PROJECT CHARTER AND PROJECT PLAN

PURPOSE AND SCOPE

Establishment of a comprehensive enterprise risk management (ERM) program, supported throughout the organization, and dedicated to providing greater confidence in the achievement of strategic objectives through the sharing of relevant and timely information about uncertainties and outcomes.

SPONSORS AND TEAM

Oversight responsibility for ERM rests with the Board of Governors Audit Committee.

Leadership responsibility for ERM development and implementation rests with the Vice-President Finance and Administration.

The Executive Analyst is responsible for the initial design and development of ERM framework, program structure, and tools.

Statutory Deans' Council is responsible for validating the ERM framework, including the initial identification and evaluation of key institutional risks.

APPROACH

With the support of the Vice-President Finance and Administration, the Executive Analyst will apply ISO 31000 principles and guidance to establish the mandate, organizational commitment, policies, governance structure, and overall framework for ERM, including the communication plan.

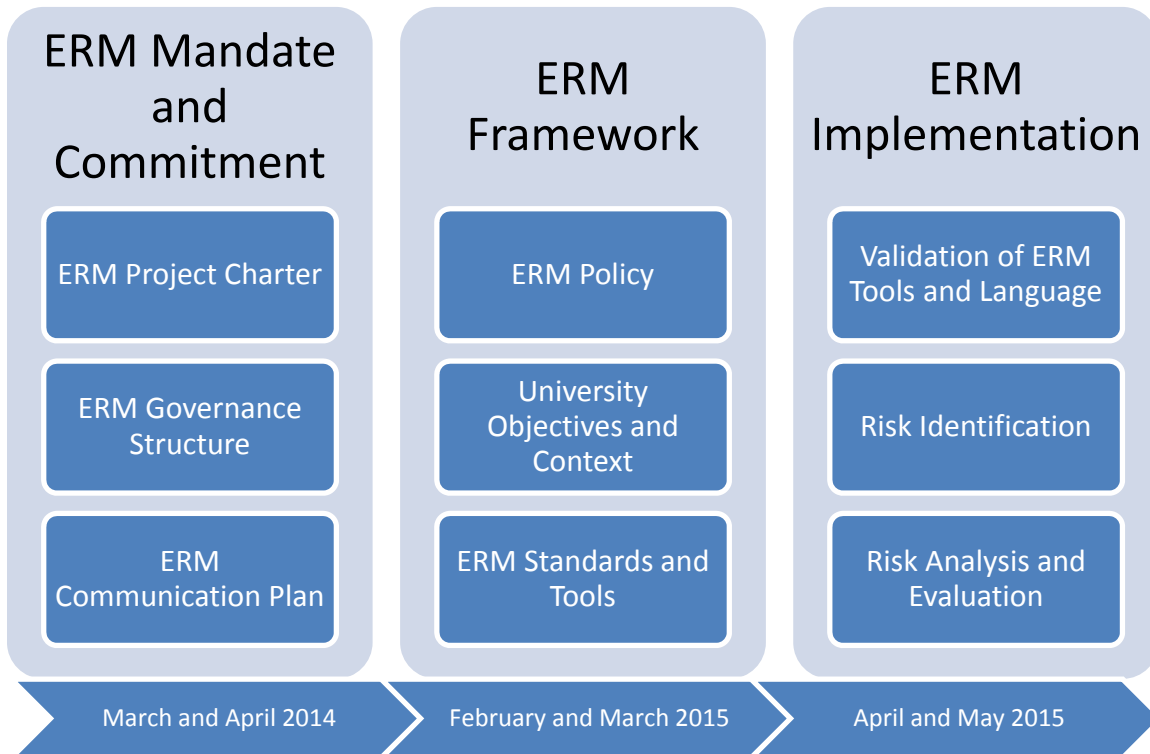
The Executive Analyst will also lead the initial risk identification and assessment with a focus on root cause analysis, in consultation with Senior Executives, the Strategic Plan, Academic Plan, Strategic Research Plan, Capital Plan, and members of Statutory Deans' Council where applicable.

Analyzing the risks identified will include the following:

- determine risk impact, likelihood, and velocity;
- determine residual risk after considering the University of Lethbridge's risk appetite and risk treatments; and,
- recommend accountability assignments for risk ownership and treatment.

DELIVERABLES AND TIMELINES

The first several months will be dedicated to developing an ERM Framework that reflects the University's organizational objectives for ERM, contains the critical content identified in ISO 31000, and sets accountability for ERM activities and communications. Once the framework is established, risk identification, assessment and evaluation activities will shape the draft communications and deliverables on risk, in consultation with members of Senior Executive.



PROJECT APPROVAL

Nancy Walker
Vice-President, Finance & Administration

James Berezan
Audit Committee Chair



Policies and Procedures

GENERAL

ENTERPRISE RISK MANAGEMENT POLICY

1. Overview

The University of Lethbridge is committed to creating and protecting value by explicitly addressing uncertainty in pursuit of its strategic objectives. Risk management will be part of a conscious approach to recognizing, recording, and responding to changes and conditions at all levels of the University.

2. Purpose

The purpose of this policy is to articulate the University's approach to risk management as part of its strategic and operational processes, and define governance and accountability for Enterprise Risk Management ("ERM") at the University.

3. Scope

This policy applies to all administrative, academic, and research activities undertaken by, and on behalf of, the University of Lethbridge.

4. Definitions

The University applies internationally accepted risk management definitions from ISO Guide 73:2009, as amended from time to time. Key definitions in this policy include:

Risk – effect of uncertainty on the University's objectives. An effect is a deviation from the expected, and can be positive and/or negative.

Risk Appetite – the University's approach to assess and eventually pursue, retain, take or turn away from risk.

Risk Management – coordinated activities to direct and control the University with regard to the risks affecting the realization of objectives.

Risk Management Framework – set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the University.

AUTHORITY:	RESPONSIBILITY:	EFFECTIVE DATE:
Board of Governors	V.P. Finance & Administration	February 2015