Enterprise Risk Management Guideline

November, 2021

Policy AD 20 Enterprise Risk Management

ALGONQUIN COLLEGE

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Definitions

Word/Term	Definition
Enterprise	Refers to integrating risk management into the entire College operation.
Enterprise Risk Management (ERM)	A coordinated set of activities and methods that is used to direct the College and to control the many risks that can affect its ability to achieve objectives. Used interchangeably with the term Risk Management.
Enterprise Risk Management (ERM) Framework	A set of components that provides the foundations and organizational arrangement for designing, implementing, monitoring, reviewing, communicating and continuously improving the management of risk throughout the College. There are two types of components: the Enterprise Risk Management Policy; and the process, also known as the Enterprise Risk Management Guidelines.
Enterprise Risk Management Guidelines	Identifies the activities we apply in managing our risks, while creating and protecting the College's assets and reputation, improving performance, encouraging innovation and supporting our objectives.
Enterprise Risk Management (ERM) Policy	Expresses the College's commitment to risk management and clarifies its general direction or intention.
Enterprise Risk Management (ERM) Risk Report	A report delivered to the Audit & Risk Management Committee (ARM) on a quarterly basis, which provides ongoing monitoring on the progress of risk mitigation activities and results.
Impact	The severity of an event. Impact or severity of an event is rated as insignificant, minor, moderate, major or catastrophic.
Inherent Risk	The Likelihood and Impact scores following a risk assessment, and prior to the implementation of an appropriate risk treatment solution. This is also known as risk without controls.
Key Risk Indicator (KRI)	KRIs are metrics that are used to provide an early warning system to detect the emergence of a risk and enable adjustments to be made in risk controls to offset the potential negative effects of the risk.
Likelihood	The chance of an event occurring. Likelihood of an event occurring is rated as rare, unlikely, possible, likely, or almost certain.
Residual Risk	The Likelihood and Impact scores derived after the Risk Treatment has been applied.

Word/Term	Definition
Risk	Risk describes the effect of uncertainty on various objectives. At an enterprise level it describes the effect that uncertainty can have on the College's ability to execute its strategies and/or achieve its business objectives. Risk encompasses the potential for positive as well as adverse results.
Risk Analysis	A process used to understand the nature, sources, and causes of the risks identified and to estimate the level of risk. It is also used to study impacts and consequences and to examine the controls that currently exist.
Risk Appetite Statement / (College Risk Appetite)	A continuously reviewed statement that expresses the amount and type of risk that the College is willing to pursue or retain to achieve its mission and strategic objectives. The College statement is updated at a minimum once every three (3) years, and together forms the College Risk Appetite.
Risk Communication	The process of identifying risk and communicating broadly to enable all personnel to deliver on their responsibilities.
Risk Control	An activity or management action applied to mitigate risk. It includes the policies, procedures, reporting, and initiatives performed by the College to ensure that the desired risk response is carried out. These activities take place at all levels and functions of the College.
Risk Criteria	Terms of reference used to evaluate the significance or importance of the College's risks. They are used to determine whether a specified level of risk is acceptable or tolerable.
Risk Culture	The system of values and behaviors present throughout the College that shape risk decisions. Risk culture influences the decisions of management and employees, even if they are not consciously weighing risks and benefits. Risk Culture also describes individuals' degree of understanding that risk and compliance rules apply to everyone in pursuit of their business goals, and that this requires a common understanding of the organization's business purpose.
Risk Evaluation	The process of comparing the results of the risk analysis with the Risk Criteria to determine whether the risk, and/or its magnitude, are acceptable or tolerable. Risk evaluation assists in the risk treatment decision making.
Risk Gap	The risk of outcomes not meeting expectations. This requires further assessment of the risk to determine an appropriate risk treatment solution.
Risk Owner	A College employee who has been given the authority to manage a particular risk and is accountable for doing so.

Word/Term	Definition
Risk Profile	A written description of a set of risks that are managed and addressed on a College-wide basis, or by those responsible for a particular department or function within the organization. The College Risk Profile is updated at a minimum once every two (2) years.
Risk Register	The official recording and assessment (with Impact and Likelihood) of the identified risks facing the College at a given period.
Risk Response	One or more risk modifications methods to control risk.
Risk Tolerance	Represents the application of risk appetite to specific objectives and is implemented by Risk Owners and/or their personnel. It describes the level of risk the College is willing to accept relative to the consequential loss or opportunity resulting in the day-to-day business activities. The Risk Tolerance of the College may be different than what it is within various departments and business units.
Risk Treatment	The policies, procedures, processes, and controls implemented by management to modify the risk, taking into consideration the College's risk tolerances, while balancing the potential benefits of the modification, including the effect on risk likelihood and impact against the associated costs with implementing the risk modification.
Risk Universe	All risks that could impact the College.
Target Risk	Risk that management desires and will tolerate either in its inherent state, or after treatment of appropriate risk measures and controls.

Algonquin College - Enterprise Risk Management

The College's Enterprise Risk Management (ERM) Policy sets the tone for risk management throughout the organization and supports the development of an imbedded risk culture. At the outset, it is crucial to identify that every activity of every type carries some degree of risk. Post-secondary institutions are continuously exposed to a wide spectrum of risks. Broadly speaking, however, risk is also an inevitable part of opportunity. It is essential, therefore, when considering opportunities that we view risk management efforts as a means to optimize the opportunity, rather than constrain it.

The Enterprise Risk Management (ERM) Guidelines provides a best practices approach in guiding the College through the development of its business strategy, achieving its objectives and making informed decisions.

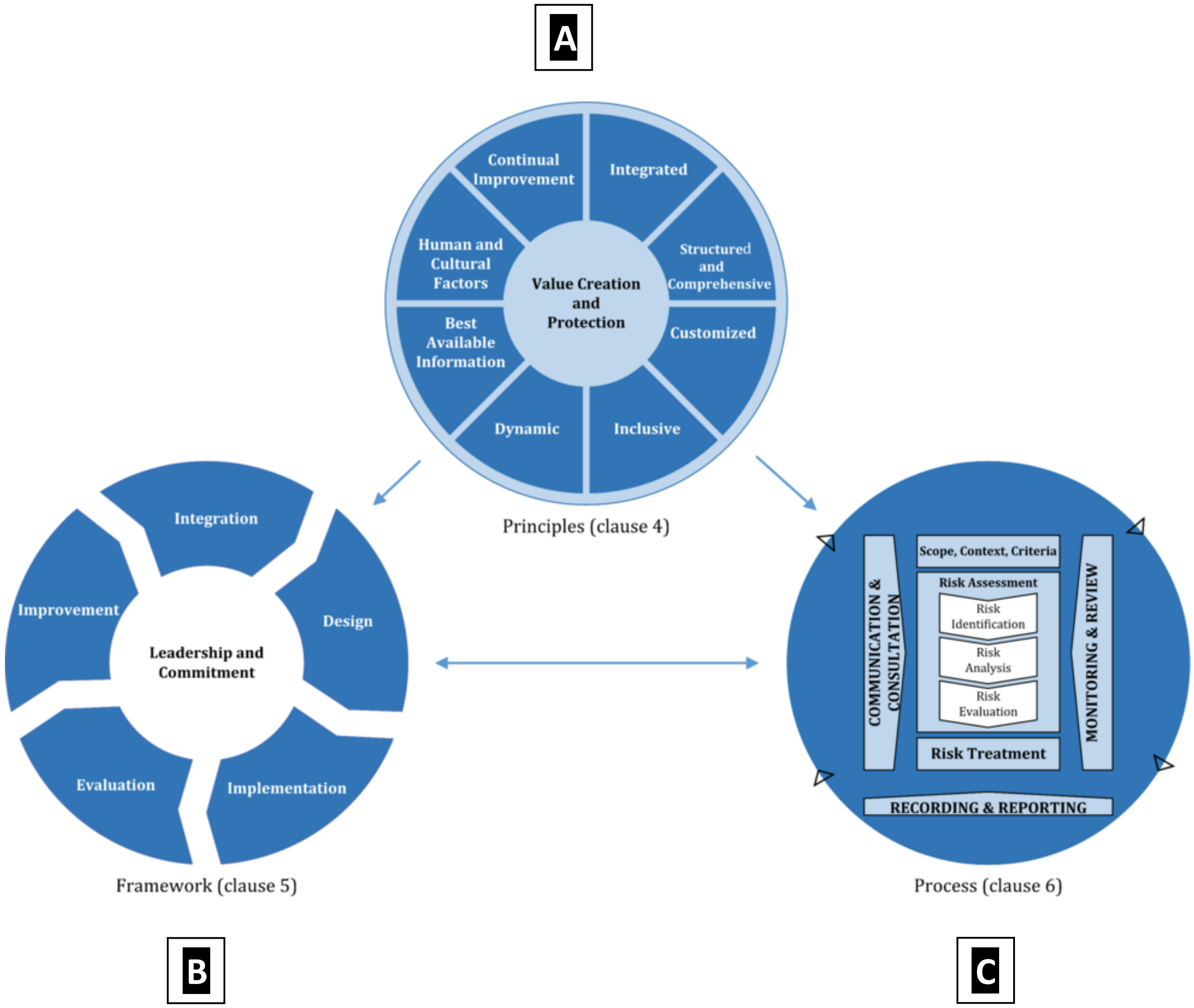
Various levels and types of risk have an impact to strategic and business planning, schools/departments, projects/initiatives and activities on a daily basis. A risk-informed culture allows for the effective management of risk in a fashion that ensures the optimal achievement of goals at every level of the College.

The ERM Guidelines outline the Principles, Framework and Process, based on an industry standard framework, for risk assessment of risk to be used as a reference, and to encourage the consideration of risk throughout College activities.

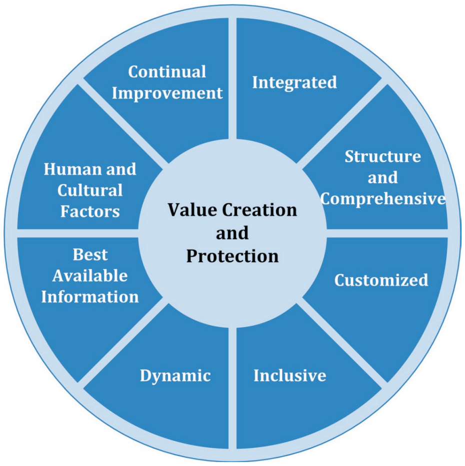
Principles, Framework and Process

(ISO 31000:2018)

(Figure 1)



A – Principles (figure 2)



Through innovative and strategic discipline, the College's mandate is to create value to its stakeholders, while protecting its assets and reputation.

The following principles are the foundation for managing the College's risks, and factors into the development of the Enterprise Risk Management framework and processes. These principles assist the College by improving its performance and encouraging innovation, while managing the effects of uncertainty of its business strategy and objectives.

- **Integrated** – Enterprise Risk Management is an integral part of all College activities
- **Structured and Comprehensive** approach to Enterprise Risk Management contributes to consistent and comparable results.
- **Customized** – the ERM framework and process are customized and proportionate to the College's internal and external context, and related to its Strategic and Business Plans.
- **Inclusive** – Appropriate and timely involvement of stakeholders/risk owners enables consideration of views, perceptions and knowledge, resulting in improved awareness and informed management of risks.
- **Dynamic** – Risks can emerge, change or disappear according to the College's internal and external context. Enterprise Risk Management must anticipate, detect, acknowledge and respond to those changes and events in an appropriate and timely manner.
- **Best Available Information** – Enterprise Risk Management takes into account limitations and uncertainties associated with historical and current information, as well as future expectations. This information should be timely, clear and available to relevant stakeholders/risk owners.
- **Human and Cultural Factors** – Human behaviour and culture significantly influence all aspects of the College's Enterprise Risk Management program.
- **Continual Improvement** – Learning and experience helps the College to continually improve its Enterprise Risk Management program.

B – Framework (figure 3)

The Enterprise Risk Management (ERM) Framework provides value to Algonquin's long-term and short-term objectives, as its main purpose is to assist with integrating the College's risk management into significant activities and functions. The purpose is to provide a culture of managing risk anchored in our governance, strategic planning, reporting, policies and values.

The effectiveness of the ERM Framework depends on the successful integration of its key activities and functions with the College's governance and decision-making. This will rely heavily on the support of stakeholders, and the leadership and commitment from the Board of Governors and the College's leadership team.

- **Integration** – Risk is managed in every part of the College, and everyone within the College has responsibility for managing risk.
- **Design** – the ERM framework is designed to assist the College in identifying and understanding its internal and external context. Resources need to be adequately allocated, while management and staff are appropriately assigned and accountable to their responsibilities and roles.

  Communication and consultation is shared by stakeholders/risk owners on a timely basis, allowing for feedback and continuous improvement.
- **Implementation** – Successful implementation of the framework requires engagement by all stakeholders and allows the College to address any uncertainty within its decision-making.

  If properly designed and implemented, the ERM Framework ensures the College's risk management is a part of all activities and functions throughout the College, including decision-making, and that changes within its internal and external context will be captured.
- **Evaluation** – The College must measure the performance derived from its ERM Framework against its purpose and expected behaviour to determine whether it remains suitable in achieving the College's business strategy and objectives.
- **Improvement** – Value and improvement to the College can be achieved through continuous monitoring and adaptation to the ERM Framework, as internal and external context changes.

Algonquin College – ERM Framework (figure 4)

Since 2012, the College has been committed to ongoing development of an Enterprise Risk Management program, this was established based on collaborative efforts from the Ministry of Colleges and Universities and the staff at Algonquin College. Based on the ISO 31000:2018 Risk Management Guidelines, the College has developed the following framework which includes:

1.) The Audit and Risk Management (ARM) Committee, which represents Board of Governors (BoG) oversight for Risk Management.

2.) The College Risk Management Committee (CRMC) is a multi-disciplinary steering committee with cross college representation engaged in the ongoing monitoring and reporting of identified risks and direction setting related to the ongoing development of the ERM Framework.

3.) Risk Appetite expresses the amount and type of risk that the College is willing to pursue or retain to achieve its mission and strategic objectives. The College's Risk Appetite consists of articulated statements, taken into consideration with the ERM Framework, and updated every three years.

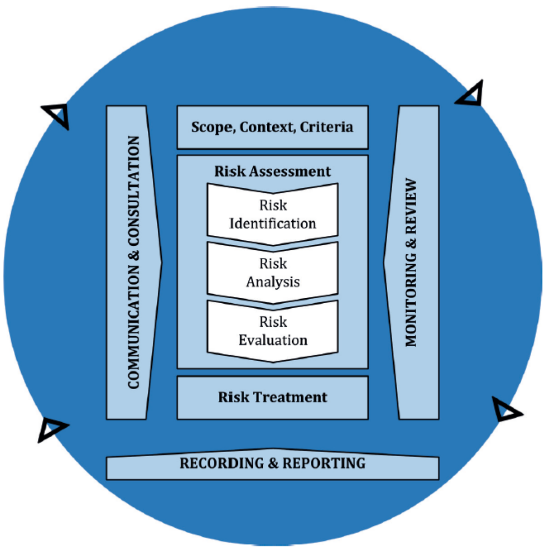
4.) Risk Tolerance is related to risk appetite but describes the level of risk the College is willing to accept in relation to a threat or an opportunity in the day-to-day business activities. The conceptualization of both appetite and tolerance will provide guidance during decision-making once they are developed and endorsed by the College Board of Governors.

5) Risk assessment tools and processes are described in further detail in this guideline.

C – Process

The College's Enterprise Risk management (ERM) Process involves systematically applying its policies, procedures and practices to the activities of: communicating and consulting, establishing the context, and assessing, treating, monitoring, reviewing, recording and reporting risk. This can be applied at the strategic, operational or project level, reflecting a fluid, iterative practice.

(Figure 5)



- **Communication and Consultation** – helps stakeholders to understand the risk and the reasons why particular actions are required, while obtaining feedback and information to support decisions.

- **Scope, Context, Criteria** – Defining the scope allows the College to customize its ERM Process, enabling effective risk assessment and appropriate risk treatment.

  Risk Criteria should be aligned with the College's ERM Framework and customized to the specific scope and purpose of the activity under consideration, while reflecting the College's values, objectives and resources.

- **Risk Assessment** – The overall process of identifying, analyzing and evaluating risk activities. Drawing upon the best available knowledge and information from stakeholders, Risk Assessment should be conducted systematically, iteratively and collaboratively.

- **Risk Treatment** – Involves balancing the potential benefits of achieving College objectives against the cost and/or disadvantages of implementing a risk treatment option.

- **Risk Monitoring and Review** – Should take place at all stages of the ERM Process, which results incorporated throughout the College's performance management, measurement and reporting activities.

- **Recording and Reporting** – The ERM Process and its outcomes are documented and reported in order to provide the information necessary for decision-making, while improving upon risk management activities.

  Reporting the outcomes derived through the ERM Process is a vital step to the College's governance, allowing for enhanced and meaningful dialogue with the College's Board of Governors and Leadership Team. Reporting to these oversight bodies supports the assessment of whether the given information is relevant to the College's objectives.

Algonquin College – ERM Process

The Enterprise Risk Management (ERM) Process is integral to the College's management and decision-making. It is integrated into the structure, operations and processes of the College, and can be applied at the strategic, operational, program or project levels.

Step 1 – Communication and Consultation

Communication and consultation will be developed in the early stages of the risk management process, engaging stakeholders for buy-in and perspective will support the ERM framework throughout its maturity. Effective communication and consultation enhances the risk management process when all stakeholders understand and respect each other's point of view and are actively part of the decision making process.

Step 2 – Establishing the Scope, Context & Criteria

Prior to initiating a risk assessment, an analysis of the internal and external environment is required to identify the main stakeholders. This would include a determination of the interdepartmental interfaces or relationships within the College. In addition to stakeholder identification, defining both the internal and external environment at the time of risk assessment in relation to the achievement of the College's strategic priorities and objectives is critical.

Since resources are often limited, it's important to justify the amount of resources required to carry out a risk assessment, to define the goals and objectives, and identify and define responsibilities for managing the risk.

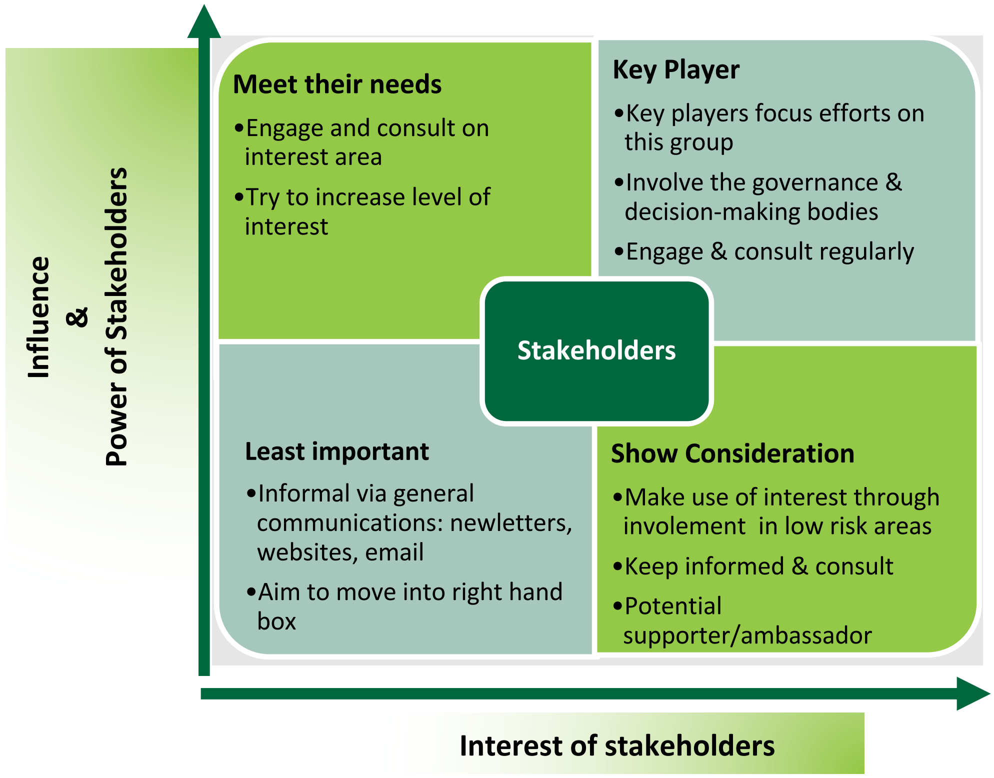
Undertaking the above will ensure that the approach taken is appropriate for the situation or risk assessment, to the College and to the risks impacting on the College's ability to achieve its strategic priorities and objectives.

(Figure 6)

Internal Context	External Context
• Governance • Policies, organizational structure, culture, human resource capabilities, contractual relationships and information systems.	• Political, cultural, economic, regulatory, social, legal climate • Key drivers and trends (MCU) • Competition

While consulting with stakeholders it is important to balance inclusivity and resource capacity with the scope of the risk. The process should not be designed to utilize more resources than are necessary to achieve a desired outcome. The stakeholders required to conduct a College level risk assessment relating to a strategic plan would be notably far more inclusive than the resources required to properly assess risk associated with a specific project or initiative. The stakeholder matrix identified in Figure 7 provides a useful reference when selecting stakeholders for representation.

(Figure 7) Influence & The Power of Stakeholders



Step 3 – Risk Assessment

Risk assessment describes the multi-part process of risk identification, risk analysis and risk evaluation.

Risk assessment describes the multi-part process of risk identification, risk analysis and risk evaluation. A risk assessment process can be applied at any level of the organization and for any process or activity, regardless of scope. While risk assessment related to the Strategic Plan or Business Plan of the College is conducted from an enterprise-wide perspective, the context for a department / school activity or project / initiative should be appropriately established with relativity to that operation.

At a strategic level, effective risk assessment helps to inform business-planning practices and allow for the optimization of business plans across the enterprise. At a more operational level, risk assessment adds value to operational plans by ensuring adequacy of controls to both protect the College from negative events and enhance the ability of the College to take full advantage of opportunities through effectively managing the inherent risks.

In Figure 8 a sampling of the wide range of risks and risk sources that might impact the College from both the internal and the external context is provided.

(Figure 8) – Factors Affecting the College's Value Drivers

Internal Environment

Strategic / Structural
- Governance
- Performance Measurement
- Organizational Structure
- Strategic Alliances, Partnerships & Reciprocal Relationships
- Policies
- Innovation
- Reputation / Brand
- Stakeholder Relations
- Public Policy Engagement

Cultural
- Goal Alignment
- Communication
- Ethics, Values & Diversity
- Social Responsibility
- Change Management
- Accountabilities & Empowerment

College's Value Drivers

Students
- Recruitment, Enrolment & Retention
- International Students
- Program Delivery
- Student Satisfaction & Relationship Management
- Grants / Scholarships
- Student Services
- Student Conduct
- Health & Safety

Technology & Information Systems
- Capacity and Availability
- IT Disaster Recovery
- Security
- Strategy & Architecture
- Reliability & Efficiency
- Information Systems
- Innovation / Emergency Technology

Academic
- Curriculum
- Academic Fraud
- Research
- Faculty (resources / skills / interdisciplinary collaboration)
- Intellectual Property

Administrative / Operations
- General Operations
- Policies and Procedures
- Process Efficiency & Effectiveness
- Administrative Capacity
- ***Business***

Human Resources
- Staffing Levels & Skills
- Development, Performance & Succession
- Recruitment & Retention
- Compensation & Incentives

Financial Management
- Financial Reporting
- Financial Planning
- Financial Policies & Procedures
- Internal Controls
- Fraud
- Cashflow and Liquidity
- Funding Access (public and private sources)
- Capital Management
- Endowment Management
- Interest Rates

Facilities Asset Management
- Physical Infrastructure Capacity
- Capital Project Management
- Property & Equipment Maintenance

External Environment

Business Environment
- Social/Economic (global and local marketability; demographics)
- Political (education policy)
- Competition (Colleges, programs offered by other institutions
- Technological Advancement

Compliance & Standards
- Regulatory
- AODA
- Federal, Provincial & Municipal Government (funding compliance)
- Legal
- Employment
- Privacy
- Procurement Practices

Different tools and techniques can be used in the risk assessment process. One particularly effective technique, especially for risk identification, is brainstorming with stakeholders. A tool that supports this style of risk assessment has been developed for use by any areas of the College engaged in risk assessment. The tool has evolved over several different iterations, based on direct feedback from users, to help simplify and align it directly with College processes surrounding risk management.
The tool includes the capability to produce a comprehensive risk register that can be further used for risk monitoring and business planning purposes by the user area or to support communication of the material in a comprehensive fashion.

The tool is available for download from the College Risk Management Department website for Risk Assessment. The first page of the tool provides detailed instructions and tips for completing an assessment, which can also be supported directly through coordination with the Risk Management Department.

Step 3a - Risk Identification

As indicated above, this step involves the identification and classification of risk sources, events, their causes and their potential impacts on the achievement of the College's objectives. Since risk is imbedded in all opportunities, it is important to identify the potential benefits of the opportunity, which are offset by the adverse results that the risks might bring. An example of this might be the consideration of the strategic benefit associated with a new business initiative while recognizing the risks associated with the inadequacy of policies and procedures to regulate the business initiative adequately to reduce potential legal / compliance risks to the College.

As risks are identified, they need to be categorized in accordance with the adopted risk categories that have been approved by the College and are the basis upon which the Audit & Risk Management Committee maintains oversight of College risk monitoring processes. *See Figure 9*

It is important in the risk identification step to understand the most granular articulation of the risk. Using processes similar to root cause analysis, a risk can often be qualified to a very specific event or potential event. This is helpful later in the risk assessment process to be able to align specific risk controls to each risk. As the College ERM process matures, the use of Key Risk Indicators (KRIs) will be advanced as a means by which the status of risks can be monitored on an ongoing basis. KRIs are metrics that are used to provide an early warning system to detect the emergence of a risk and enable adjustments to be made in risk controls to offset the potential negative effects of the risk. A more thorough approach to risk identification will assist with the identification of KRIs in the future.

(Figure 9)

AC Risk Category	Criteria
Financial	The risk of financial loss due to a potential change in market conditions, funding or significant direct financial losses.
Strategic and Reputational	Risks that affect or are created by the College's business planning process which impacts College goals and objectives. The loss of value to the College brand and negative impact in our ability to attract students and investment.
Operational and Hazard	Risks arising from the operation of the College. Inherent hazards that affect the College's ability to execute its business goals.
Compliance and Legal	Risk of loss arising from non-compliance with internal and external regulatory requirements. Risk of legal action and liability claims.

Step 3b - Risk Analysis

Risk analysis will determine the importance of a risk, the adequacy of existing risk controls and need for and potential effectiveness of additional risk controls. The risk analysis process allows the College to consider the extent to which potential risks might have a negative impact on the achievement of the College's strategic priorities and operational objectives. In order to assess risks, the impact and likelihood of each risk is considered against a set of pre-defined criteria. The combined effects of impact and likelihood are examined using a **Risk Rating Matrix** to determine whether the risk should be considered low, moderate, high or critical.

Impact refers to the extent to which a risk event might affect the College. It is recognized that a risk may carry impacts across the range of risk categories (Strategic, Reputational, Financial, International, Compliance/Legal, Operational / Hazard). The risk category that is most predominant should be selected when assigning a category to a risk. When determining an impact rating, assign the rating as it relates to the risk category that has been selected for the risk. (*See Figure 10)*

Likelihood represents the possibility that a given event will occur. In this risk assessment, likelihood has been expressed using qualitative terms (almost certain, frequent, likely, possible, unlikely, rare). The context for occurrence should be considered relative to the finite exposure period for activity being assessed. (*See Figure 11)*

For each of the risks identified, the product of the impact rating and the likelihood rating determine the inherent risk score, using the risk rating matrix. (*See Figure 12)*

(Figure 10) **Impact Rating**

Impact		Descriptors
1	**Insignificant**	Financial loss up to $ X Local media attention quickly remedied Not reportable to regulator No Injuries to employees or third parties, such as students or vendors Isolated Staff Dissatisfaction
2	**Minor**	Financial Loss of $ X up to $ X Local Reputational damage Reportable incident to regulator, no follow up No or minor injuries to employees or third parties, such as customers or vendors General staff morale problems and increase in turnover
3	**Moderate**	Financial loss of $ X up to $ X National Short - term negative medical coverage. Report breach to regulator with immediate correction to be implemented Out-patients medical treatment required for employees or third parties, such as students or vendors. Widespread staff morale problems and higher turnover.
4	**Major**	Financial loss of $ X up to $ X National long-term negative media coverage; significant loss of market share Report to regulator requiring major project for corrective action Limited in-patient care required for employees or third parties, such as students or vendors. Some senior managers leave, high turnover of experienced staff, not perceived as employer of choice
5	**Catastrophic**	Financial loss of $ X or more International long-term negative media coverage; game-changing loss of market share Significant prosecution and fines, litigation including class actions, incarceration of leadership. Significant injuries or fatalities to employees or third parties, such as students or vendors. Multiple senior leaders leave

(Figure 11) **Likelihood Rating**

Likelihood		Descriptors
1	**Rare**	Event may occur only in exceptional circumstances
2	**Unlikely**	Event could occur at some time
3	**Possible**	Event might occur at some time
4	**Likely**	Event will probably occur in most circumstances
5	**Almost Certain**	Event is expected to occur in most circumstances

(Figure 12) – **Risk Rating Matrix**

Likelihood

Impact	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Catastrophic (5)	Moderate Risk	Moderate Risk	High Risk	**Critical Risk**	**Critical Risk**
Major (4)	Low Risk	Moderate Risk	High Risk	High Risk	**Critical Risk**
Moderate (3)	Low Risk	Moderate Risk	Moderate Risk	High Risk	High Risk
Minor (2)	Low Risk	Low Risk	Moderate Risk	Moderate Risk	Moderate Risk
Insignificant (1)	Low Risk	Low Risk	Low Risk	Low Risk	Moderate Risk

(Figure 13) **Risk Scores**

Risk Score	Risk Level	Description
1 to 4	**Low Risk**	Manage by routine procedures and operations; should not require much attention but should be reviewed at least 18 months.
5 to 10	**Moderate Risk**	Manage by specific monitoring or response procedures; should be monitored and reviewed every 12 months
11 to 18	**High Risk**	Requires escalation to Vice President; should be constantly monitored and reviewed every 3 months.
19 to 25	**Critical Risk**	Requires escalation to Board Committee responsible for risk management oversight; should be constantly monitored and reviewed monthly.

Step 3c - Risk Evaluation

Risk evaluation utilizes the outcomes of risk analysis to support the decision-making process for treating risks. It supports prioritization of efforts in terms of which risks require different levels of treatment to mitigate the risk to an amount that is within acceptable limits. Currently, this context is established through general business practices, however, as the College evolves its ERM, College level tolerances for risk will be established to help guide this process. Assessing the current strength or effectiveness of controls is important to understand where additional controls might be required. (*See Figure 14)*

(Figure 14)

Risk Control Effectiveness	Description
Weak	Activities or controls in place are insufficient or not operating effectively to prevent or mitigate this risk or no activities or controls in place to prevent or mitigate this risk.
Moderate	Activities or controls moderately reduce the risk, although activities or controls do not manage all potential risk events or are not operating effectively.
Strong	Significant attention to the risk and its drivers. Activities or controls in place provide considerable certainty of control and are operating effectively. The College has undertaken all economically feasible controls and is maintaining an ongoing monitoring system.

Step 4 – Risk Treatment

Risk treatment options fall into the following categories: (Figure 15)

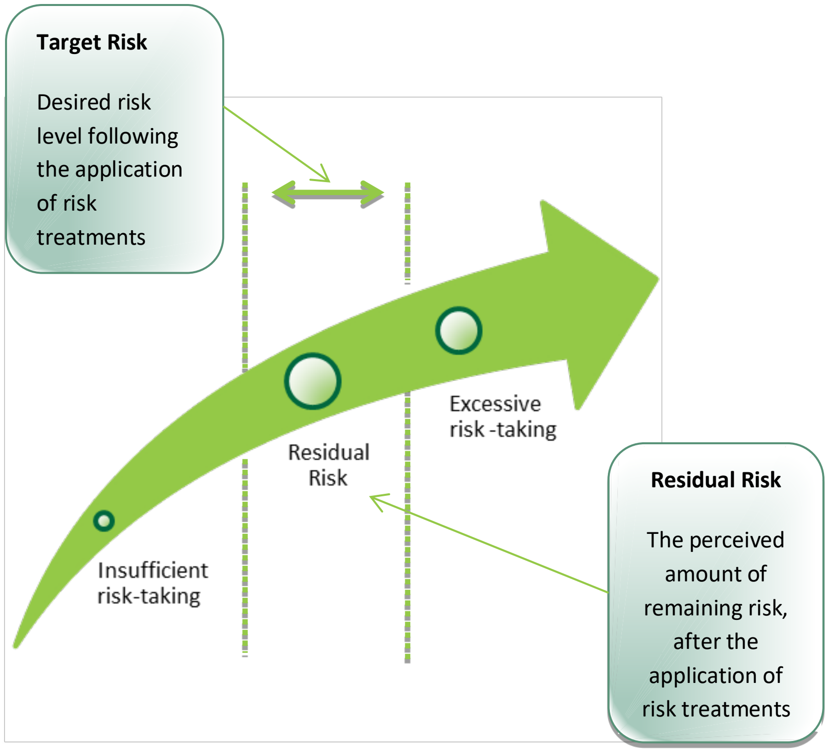
Risk Control	Description
Avoidance	Taking action to exit or not undertake the activities that give risk to the risks
Reduction	Reducing the risk likelihood, impact or both
Acceptance	Taking no action to affect likelihood or impact
Transfer	Reducing risk likelihood or impact by transferring or sharing a portion of the risk. This can be done through contractual transfer of activities, financial risks, liability risks etc.

A thorough understanding of the risk and input from risk owners and stakeholders allows the development of reasonable risk control activities that can be applied to mitigate the risk to acceptable levels, while not unduly compromising the opportunity that is presented by the proposed business initiative or intention. Once treatment options have been agreed upon, risk owners must review the risk in the context of the application of these controls, to determine the effects on impact and likelihood, following the process identified in *Step 3b*.

By reviewing these anticipated effects, revised risk scores can be produced that project the residual risk following the implementation of risk controls. The residual risk can be compared to College comfort levels that are defined by risk appetite and risk tolerance statements to determine whether it has been suitably mitigated. (*See Figure 16)*

(Figure 16)

At a future point in the development of the ERM, these values can be quantified in order to establish target ranges that encourage opportunity seeking and discourage excessive risk-taking.



Risk treatment is cyclical and requires continuous assessment to ensure residual risk levels remain within the desired target range.

Since risks are dynamic, adjustments to risk controls are necessary when residual risk declines or increases in order to continue to effectively balance risk with opportunity.

Step 5 - Risk Monitoring and Review

Risk monitoring and review provides risk owners with a consistent and timely opportunity to identify new emerging risks and revise existing risk ratings as well as to review the effectiveness of risk treatment plans in place. Although ad hoc reviews can be beneficial, particularly in a period of rapid change, planned review periods should be determined.

Following the process described in the Risk Management Guidelines and using the tool that has been identified are helpful to risk owners to produce a risk register of those risks, which they are monitoring, and which have an influence on their business plans. The final step of the risk assessment is the production of a risk register, based on all of the data collected by conducting the assessment from beginning to end in the risk assessment tool. The register can be modified to provide additional columns for regular business monitoring cycles, inclusion of business metrics that relate to the identified risk areas and identification of new or emerging issues.

This register is similarly used at the College level to provide a useful listing of all College risks, developed through the College Risk Profile, and reported regularly to the ARM Committee. *(See figure 17)*

(Figure 17) – Risk Register

Risk Register

				Inherent Risk			Residual Risk				
RID#	Risk Category	Risk Name	Risk Description	IMPACT (1 to 5)	LIKELIHOOD (1 to 5)	RISK SCORE	IMPACT (1 to 5)	LIKELIHOOD (1 to 5)	RISK SCORE	Risk Control Effectiveness	Risk Response / Mitigation Plans Action & Implementation
1		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
2		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
3		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
4		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
5		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
6		Nil		Nil	Nil	#VALUE!		Nil	#VALUE!		
7		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
8		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
9		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		
10		Nil		Nil	Nil	#VALUE!	Nil	Nil	#VALUE!		

The College is committed to integrate Enterprise Risk Management (ERM) into our culture and embed it into our strategic decision-making and business planning as ERM supports the achievement of our goals and objectives.

Industry rating agencies have confirmed that ERM maturity encourages innovation and leads to increased value, stability, and resilience for the College and to Stakeholders. A high ERM maturity level leads to enhanced performance management, budget efficiency, operational excellence and better-informed decision-making that contemplate risks and rewards in a fluid operating environment.

The Enterprise Risk Management (ERM) Guidelines and the imbedded tools are intended for general application across College operations. It is recognized, however, that there may be other tools or resources available that are designed to deal with specific risks. The ERM Guidelines do not preclude the use of other tools, however, and should be referenced in terms of the required output that is necessary for the College to apply.

Step 6 - Recording and Reporting

It is imperative that the risk management process, including its outcomes, be documented and reported in order to communicate the risk events across the College. Reporting documented activities and outcomes helps to provide the College leaders and stakeholders with information needed for decision-making, while improving its risk management activities.

The College reports quarterly to the Audit and Risk Management (ARM) Committee of the Board of Governors on the status of risk mitigation plans for high-risk activities. At a minimum, high-risk owners are regularly engaged to support this reporting and update processes accordingly. Any risk owners who have undertaken risk assessments will find the value in regularly revisiting the risk assessment as a naturally aligned process with ongoing business planning.

References

1. Algonquin College Enterprise Risk Management Policy AD 20

2. Colleges Ontario - Integrated Risk Management Framework (February 2014) Webinars - Produced by MNP LLP

3. International Standard CSA/ISO 31000: 2018 Risk Management Principles and Guidelines

4. International Standard CAN/CSA-IEC/ISO 31010 (R2019**)**

5. http://stakeholdermap.com/stakeholder-analysis.html