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Part 15 - Insurance and Risk Management

Enterprise Risk Management Policy POL 1500

Policy Type:	Management		
Policy Sponsor:	Vice-President, Administrative Services	Effective:	December 10, 2012
Office of Administrative Responsibility:	Risk Services	Last Reviewed:	
Approver:	Board of Governors	Approved:	December 10, 2012

A. OVERVIEW

The University acknowledges that there is an element of uncertainty associated with all activities. Due to the University's desire to be creative and innovative, the diverse nature of the University's teaching, scholarship and service activities, and the fact that not all uncertainties can be transferred to third parties through insurance policies, contracts or waivers, the management of Risks and opportunities at all levels of the organization is imperative.

B. PURPOSE

The University is committed to building increased awareness and a shared responsibility for managing uncertainties at all levels of the organization. A clearly defined Risk Management policy supports this. This policy is intended to help the University achieve its mission and vision and to maximize the efficient use of the University's available resources by:

- assisting in decision making processes that will minimize potential losses;
- taking advantage of new opportunities; and,
- improving the management of existing uncertainty.

C. SCOPE

Compliance with University policy extends to all members of the University community.

D. POLICY STATEMENT

The University will manage Risks and opportunities to achieve its mandate and protect the University community and its assets. It will maintain a proactive, long-term, and sustainable enterprise-wide Risk Management strategy to support the achievement of the University's strategic objectives.

The management of Risks and opportunities is a shared responsibility and must be done at all levels of the University. The University, where appropriate and cost effective, will seek to share Risk with third parties through the use of insurance policies, waivers and contracts.

E. DEFINITIONS

- (1) **Outcome:** The positive or negative result or impact of an event affecting objectives.
- (2) **Likelihood:** The probability of something happening.
- (3) **Residual Risk:** Risk remaining after Risk Treatment.
- (4) **Risk:** The effect of uncertainty on objectives.
An effect is a deviation from the expected – positive and/or negative.
Objectives can have different aspects (such as educational, financial, experiential, health and safety, and environmental) and can apply at different levels (such as strategic, organization-wide, project, product and process).
Risk is often characterized by reference to potential events and Outcomes, or a combination of these.
Risk is often expressed in terms of a combination of the Outcomes of an event (including changes in circumstances) and the associated Likelihood of occurrence.
Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its Outcome, or Likelihood.
- (5) **Risk Management:** The coordinated activities to direct and control an organization with regard to Risk.
- (6) **Risk Tolerance:** The organization's or stakeholder's readiness to bear the Risk after Risk Treatment in order to achieve its objectives. NOTE Risk Tolerance can be influenced by legal or regulatory requirements.
- (7) **Risk Treatment:** Process to modify Risk. Risk Treatment can involve:
 - Retaining the Risk by informed decision
 - Sharing the Risk with another party or parties
 - Changing the Outcomes
 - Changing the Likelihood
 - Removing the Risk source
 - Avoiding the Risk by deciding not to start or continue with the activity that gives rise to the Risk

RELATED LINKS (if applicable)

- Enterprise Risk Management Policy (Appendix A): Enterprise Risk Management Process Framework

Part 15 – Insurance and Risk Management

Parent Policy: Enterprise Risk Management Policy

POL 1500

Enterprise Risk Management Process Framework (Appendix A)

Procedure Type:	Management		
Procedure Sponsor:	Vice-President, Administrative Services	Effective:	December 10, 2012
Office of Administrative Responsibility:	Risk Services	Last Reviewed:	
Approver:	Board of Governors	Approved:	December 10, 2012

1. OVERVIEW

Mount Royal University will use the ISO 31000 Standard as a guide to develop and implement its Enterprise Risk Management (ERM) processes to oversee and manage Risk and opportunities for the organization. The Framework manages Risk and opportunities through the application of Risk Management processes at varying levels and within the specific context of the University. The Framework enables information about institutional Risks and opportunities, to be identified, assessed, evaluated, treated, and used as a basis for decision making and accountability across the University.

2. PROCESS FRAMEWORK

The process for ERM at the University is illustrated in the following diagram:



MRU's Objectives and Priorities

The University has identified a set of strategic objectives and priorities for the organization. The ERM process supports the achievement of the University's objectives by identifying Risks and untapped opportunities that affect or influence the University's objectives and priorities.

Identify Risks and Opportunities

The University will conduct an environmental scan to understand the internal and external context in which we operate. This is important to ensure that the objectives of internal stakeholders are considered and that externally generated threats and opportunities are properly assessed and evaluated when making decisions.

The University will utilize a number of techniques to ensure Risks and opportunities that affect all levels of the institution are captured. These include:

Interviews: interviews can be held with management groups across the institution to obtain candid views and knowledge of past events and potential Risks and opportunities.

Workshops: workshops can be used to bring together cross-functional or multi-level individuals for the purpose of drawing on the group’s collective knowledge.

Event Inventories: use listings of potential Risks and opportunities common to a specific industry or functional area or Risks and opportunities identified by other similar organizations.

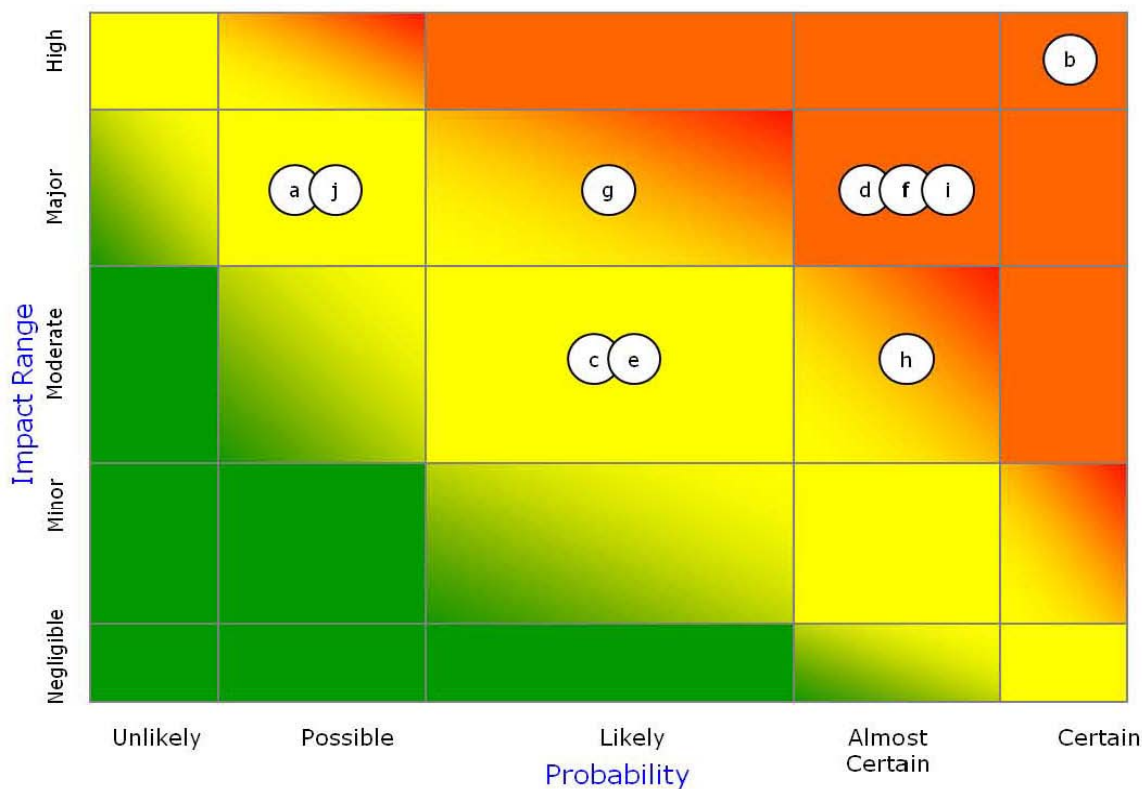
Questionnaires: questionnaires can be utilized to focus participant thinking on internal and external factors that may give rise to Risks and opportunities. They also ensure all appropriate individuals are consulted given resource limitations or time constraints.

Analyze and Evaluate Risks and Opportunities

Risks and opportunities will need to be analyzed, looking at:

- The causes and sources;
- the Outcome of each Risk or opportunity; and
- Likelihood of each Risk or opportunity.

The University shall develop criteria for scoring Outcome and Likelihood, which will provide a systematic process to quantifying Risks and opportunities. Once a rating for Outcome and Likelihood is determined, a heat map can be used to plot the Risks and Opportunities and demonstrate where they fall in relation to one another, as shown below:



Risks and opportunities must be evaluated to determine which ones require mitigation and to identify the priority for mitigation.

Evaluating Risks and opportunities involves taking into consideration the University's Risk Tolerance, which may be different depending on the type of risk. In evaluating Risks and opportunities, it is important to consult with all stakeholders to ensure that interdependencies and priorities are fully understood and accurate.

Develop Action Plan and Implement Strategy

With the Risks and opportunities that require mitigation, the University will identify options for Risk Treatment, assess the options, select a mitigation option, and implement a mitigation plan.

Risk Treatment involves selecting one or more options or controls for modifying Risks or realizing opportunities. Treatment options should be evaluated for costs, benefits, practicality and maintainability. As a result, it is beneficial to involve both those who will be involved in the activity and those who will be affected by the mitigation measures.

The Risk Treatment Plan documents how the chosen treatment option will be implemented. Specific individuals should be assigned to oversee the implementation and mitigation plans for different Risks and opportunities. Some of these plans may need to be combined and compared to identify and resolve conflicts and eliminate redundancy. Mitigation plans should:

- identify responsibilities, schedules, expected Outcome of mitigation, budgets, and, performance measures;
- document how the mitigation options will be implemented; and,
- include mechanisms for assessing and monitoring mitigation plan progress and effectiveness against objectives and individual responsibilities.

Communication

Communication is an important consideration at each step of the ERM process. The University will utilize FaceTime, meetings with the Students' Association of Mount Royal University, news media, faculty advisory committees, and other available mechanisms to communicate and consult with key internal and external stakeholders for the purposes of identifying and understanding Risks and opportunities, their Outcomes and the measures being taken to manage the Risks and opportunities.

Monitor and Report Results

Ongoing review is essential to ensure that the information obtained during the ERM process remains current and relevant. Factors that may affect Likelihood and Outcome, as well as the factors that affect the suitability or cost of mitigation options may change. Therefore, it is necessary to review the cycle regularly.

The University will develop processes that enable the periodic review of all aspects of the ERM process including review of existing controls, mechanisms to analyze and learn from events, detecting changes in the internal and external environments, and the ability to identify emerging Risks and opportunities. The monitoring process also includes an examination of the ERM process framework.

The University will develop a Risk Report that will be presented to the Audit and Finance Committee and Board of Governors for review annually. Also, updates to Risk and opportunity items or ranking will be presented to the President's Executive Committee for discussion and approval.

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