Huron-Superior Catholic
DISTRICT SCHOOL BOARD

PROCEDURAL GUIDELINES

RISK MANAGEMENT

PURPOSE
The purpose of this policy is to:

- establish a consistent approach to risk management and incorporate it into the strategic planning processes of the Board in an effort to support decision making and resource allocation at both the operational and strategic levels.

- apply a consistent approach to risk management to support the Board's governance responsibilities for the oversight of responsible risk-taking.

- manage a transparent approach to risk through open and meaningful communication and monitoring of all major institutional risks that balances the cost of managing risk with the anticipated benefit.

SCOPE
This policy applies to all plans, activities, business processes, policies, procedures, individuals, and property at the Huron-Superior Catholic District School Board. This policy is to be used in conjunction with the Risk Management Register/Model (Assessment Tool). The Board acknowledges that risk is everywhere; the scope of this framework is to quantify and manage major institutional risks as defined below.

DEFINITIONS
"Major Institutional Risk"
A major institutional risk is one that:

- has the potential to negatively or positively affect the board's ability to achieve one or more strategic objectives as set out in the Board's Multi-Year Strategic Plan and Ministry mandates, and
- cannot be effectively managed operationally by a single department or several departments working together due to lack of authority or resources.

"Mitigation Strategy/Controls"
Mitigation Strategy/Controls are the measures used to modify the risk to fall within the Board's tolerance for that risk. Options include accept, mitigate, transfer, or avoid the event, trend, or course of action.

"Residual Risk"
Residual Risk is the amount of risk still prevalent within a situation after a certain level of mitigation strategies/controls have been put in place to mitigate the noted risk.

"Risk"
Risk is the chance that an event, trend or course of action will have either a positive or negative effect on an institution's ability to meet its strategic or operational objectives.

"Risk Analysis"
Risk Analysis is the process of determining the ***likelihood*** of a particular event, trend, or course of action occurring, the *impact* on operational or strategic objectives if it does and the *speed of onset* or how quickly the risk will occur.

"Risk Tolerance"
Risk Tolerance is the level of risk the Board is willing to accept for any event, trend or course of action. Risk tolerance will vary depending on the potential effect of the risk on the Board's operational or strategic objectives.

"Risk Management Register/Model (Assessment Tool)"
The Risk Register/Model is a list of identified major institutional risks that documents the risk analysis, risk scores, risk treatments, and status of each risk.

Responsibilities

Audit Committee: is responsible for oversight of the Board's risk management framework, including the identification, escalation, management, and monitoring of all financial risks across the school board.

Director of Education: is responsible for ensuring that risk management is integrated into the development of strategic plans and operational decisions, and for reporting on the school board's risk profile to the Audit Committee annually.

Superintendents of Education: are responsible for a family of schools and as such, will work collaboratively with the Principals/Vice Principals to ensure risk is mitigated following board policies and procedures.

Principals/Vice Principals/Managers/Supervisors: Known as Risk Mitigators, who are typically responsible for one or more board functions and are directly responsible for implementing mitigation strategies/controls as directed by the Risk Management Team and their respective Superintendent of Education. Risk Mitigators are responsible for maintaining good internal controls, managing their operational risks, and advising their respective Superintendent of Education of any risks in their area of accountability that cannot be managed operationally.

Superintendent of Business: is responsible for monitoring sector best practices and standards, working with Risk Mitigators to analyze risks and develop effective risk treatments, managing the Board's insurance program, regularly updating and/or renewing the risk register, and coordinating with the Senior Team, who will serve as the Risk Management Team.

Risk Management Team: the team will be chaired by the Superintendent of Business and will include the Director of Education, the Superintendents of Education, the Manager of Human Resources, the Manager of Information Technology and the Manager of Plant Services. Principals/Vice Principals, the board's Health & Safety Officer, and any other applicable resource will support the Risk Management Team as needed. The Risk Management Team will assist in identifying emerging risks, prioritizing identified risks, directing mitigation strategies/controls, advising on the allocation of sufficient resources to mitigation strategies/controls, monitoring the results of mitigation strategies/controls, reviewing and updating the Risk Management Register/Model in preparation for the annual Board Finance report, and ensuring that risk management is integral to strategic goal setting and decision making.

All employees: are responsible for effectively managing risks in their area of responsibility and identifying and advising their supervisor of potential risks.

Risk Management Process

Risk Mitigators will:

1. Consider risk factors when supervising board activities.
2. If aware of an untreated risk in your area of accountability, determine the potential impact of the risk on your operation, or the board, the likelihood of that risk to occur, and how quickly the risk will occur.
3. Determine if you should:
   a. Avoid the risk – i.e. discontinue the activity giving rise to the risk if it will not negatively affect operational objectives;
   b. Mitigate the risk – i.e. follow Emergency Procedures Handbook, advise their respective Superintendent of identified risk, etc.
   c. Manage the risk – i.e. Take additional measures to minimize losses and/or maximize gains such as altering procedures, adding physical safety measures, cross training personnel, duplicating important equipment, or backing up data.
   d. Accept the risk – i.e. The potential loss or gain is not significant.
4. If in doubt, seek advice from your respective Superintendent.

Superintendents will:

1. Validate the risk analysis in light of existing strategic objectives.
2. If the Risk Mitigator's recommended mitigation strategy/controls is appropriate, determine whether resources can be allocated to implement the mitigation strategy/controls.
3. Provide advice and assistance to Risk Mitigators with respect to risk analysis, risk scoring, and risk mitigation/controls.
4. Maintain the Risk Management Register/Model and ensure all new and updated risks are entered in a timely manner. (Appendix A)
5. Ensure the budget is amended to reflect any additional resource allocations.
6. Monitor risk trends in the education sector and advise Risk Mitigators as required.

Risk Management Team will:

1. Compile risks from all operations and Risk Mitigators within his/her respective portfolios.
2. Assist in reviewing the risk analysis to determine the risk levels of various initiatives.
3. Provide direction to the Superintendent of Business as follows:
    a. The risk mitigation/controls to be undertaken;
    b. The resources available to implement the risk mitigation/controls;
    c. The measurable results expected;
    d. The draft annual Risk Report to the Audit Committee

The Audit Committee will:

1. Review the annual Risk Report to ensure risks are being identified and managed.
2. Access the steps the Director of Education and senior business official have taken to manage risks, including the adequacy of insurance for those risks.
3. Make recommendations to the Board of Trustees on policies and procedures based on the annual Risk Report.

The Board of Trustees will:

1. Review and approve this Policy and Procedure document.
2. Receive and review the Audit Committee Report.

Appendix A – Risk Management Register/Model (Assessment Tool)

The Board acknowledges that there is an element of risk in any decision or activity and encourages intelligent risk taking when the risk is appropriately managed. This statement, applied to all major institutional risks, explains a critical component of the Board's risk management framework by quantifying each risk and indicating the required risk treatment across the following areas:

RISK CATEGORY	DESCRIPTION
Compliance/Legal	Uncertainty regarding compliance with laws, regulations, standards, policies, directives, contracts. May expose the school board to the risk of fines, penalties, litigation.
Equity	Uncertainty that policies, programs, services have an equitable impact on the population.
Financial	Uncertainty on obtaining, using, maintaining economic resources, meeting overall financial budgets/commitments. Includes fraud risk.
Governance/Organizational	Uncertainty of having appropriate accountability and control mechanisms such as organizational structures and systems processes. Systemic issues, cultural values, organizational capacity commitment, and learning and management systems, etc.
Information/Knowledge	Uncertainty regarding the access to or use of accurate, complete, relevant and timely information. Uncertainty regarding the reliability of information systems.
Environmental	Uncertainty usually due to external risks facing an organization including air, water, earth, forests. An example of an environmental, ecological risk would be the possible occurrence of a natural disaster and its impact on an organization's operations.
People/Human Resources	Uncertainty as to the school board's ability to attract, develop, and retain the talent needed to meet its objectives.
Operational Service	Uncertainty regarding the performance of activities designed to carry out any of the functions of the school board, including design and implementation.
Political	Uncertainty of the events may arise from or impact any level of the government. E.g. change in government
Privacy	Uncertainty with regards to the safeguarding of personal information or data, including identity theft or unauthorized access.
Security	Uncertainty relating to physical or logical access to data and locations.
Stakeholder	Uncertainty around the expectations of the public, other governments, media or other stakeholders.

Strategic	Uncertainty that strategies and policies will achieve required results or that policies, directives, guidelines, legislation will not be able to adjust necessary.
Technology	Uncertainty regarding the alignment of IT infrastructure with technology and business requirements. Uncertainty of the availability and reliability of technology.
Catholic Faith	Uncertainty of threats to Catholic education. e.g. funding, prevalence of secularism

Guideline

A major institutional risk differs from an operational risk in that:

- It has the potential to negatively or positively affect Huron-Superior Catholic District School Board's ability to achieve one or more strategic objectives as set out in the Multi-Year Strategic Plan, or any other significant Ministry of Education mandates, and
- It cannot be effectively managed operationally by a single department or several departments working together due to lack of authority or resources.

Once identified, a major institutional risk must be analyzed to determine its potential effects on the Board. Wherever possible, quantifiable data rather than anecdotal evidence or assumptions should be used. However, in many cases, especially in relation to reputation risk, there are too many variables to accurately determine a precise likelihood, impact or speed of onset. Therefor judgment, experience, sector trends, and the results of similar events at other institutions must be used to predict a worst, or best, case outcome.

A risk score is developed by assessing three variables:

1. The likelihood of a risk event occurring;
2. The severity of that event; and
3. The speed of onset of the risk or event occurring.

Assisted by the tables that follow, the Risk Management Team estimates likelihood on a scale from “Rare” to “Certain”, impact from “Incidental” to “Extreme”, and speed of onset from “Very Slow” to “Very Fast” then determines the overall level of risk by adding the scores from the three variables and categorizing the risk as “Low”, “Medium”, or “High”.

Likelihood Scale – represent the possibility that a given event will occur.

Rating	Annual Frequency	
	Descriptor	Definition
5	Certain	Given event occurs at least once in a year; Continually experienced.
4	Likely	Given event occurs at least once in every 3 years; Will occur frequently
3	Possible	Given event occurs at least once in every 5 years; Will occur several times
2	Unlikely	Given event occurs at least once in every 15 years; Unlikely, but can reasonably be expected to occur
1	Rare	Given event occurs at least once in every 25 years; Unlikely to occur but possible

Impact Scale – refers to the extent to which a risk event might affect the Board.

Rating	Descriptor	Definition
5	Extreme	Financial loss of $1,000,000 or more Long-term negative media coverage Significant prosecution and fines, litigation including class actions Significant injuries or fatalities to employees or third parties, such as students or vendors Multiple senior leaders leave Ministry of Education supervising school board to return back to financial stability
4	Major	Financial loss of $250,000 up to $1,000,000 Long-term negative media coverage 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 or experienced staff, not perceived as employer of choice Operational capacity hindered by 80-100%
3	Moderate	Financial Loss of $100,000 up to $250,000 Short-term negative media coverage Report of breach to regulator with immediate correction to be implemented Out-patient medical treatment required for employees or third parties, such as students or vendors Operational capacity hindered by 40-80%
2	Minor	Financial Loss of $50,000 up to $100,000 Local reputational damage Reportable incident to regulator, no follow-up No or minor injuries to employees or third parties, such as students or vendors General staff morale problems and increase in turnover Operational capacity hindered by 10-40%
1	Incidental	Financial loss up to $50,000 Local media attention quickly remedied Not reportable to regulator No injuries to employees or third parties, such as students or vendors Isolated staff dissatisfaction Operational capacity hindered by <10%

Speed of Onset – refers to the time it takes for a risk event to manifest itself (time elapses between the occurrence of an event and the point at which the board first feels its effects).

Rating	Speed of Onset	
	Descriptor	**Definition**
5	Very Fast	Very rapid onset, little or no warning, instantaneous
4	Fast	Onset occurs in a matter of days to a few weeks
3	Medium	Onset occurs in a matter of a few months
2	Slow	Onset occurs in a matter of several months
1	Very Slow	Very slow onset, occurs over a year or more

Total Score – is the sum of the Likelihood, Impact, and Onset scales. The total score determines if the overall risk is categorized as high, medium or low.

Rating	Total Score	
	Descriptor	**Definition**
11-15	High	The potential risk is likely to be major, likely and quick to happen
6-10	Medium	The potential risk is meaningful in one category or middle of the road in all 3 categories
1-5	Low	The potential risk scores low on all 3 categories

Managing the Risk

The overall risk is measured based on the total cumulative score of the likelihood, impact, and speed of onset scores. The mitigation strategies/controls noted within each identified risk are identified by the Risk Mitigators and Risk Management Team. Any residual risk is identified by the Risk Management Team. The Audit Committee assesses the level of residual risk to determine if the level or residual risk is appropriate.

If a risk requires further mitigation strategies/controls, the Audit Committee will recommend further action for the Risk Management Team. If the level of residual risk is acceptable, no further mitigation strategies/controls are needed and the Audit Committee will accept the level of residual risk.

The Risk Management Register/Model, will be reviewed and updated by the Risk Management Team one (1) time per year. The Audit Committee of the Board will assess the Risk Management Model one (1) time per year.