

## **D – Executive Limitations**

## **RISK MANAGEMENT**

### **Background**

Oversight of risk management is an integral part of the role of the Board of Governors of Northern College. The Board of Governors recognizes that a coordinated risk management approach is critical to the achievement of its strategic goals and key directions.

Risk exists in all activities. However, an established institutional risk management system establishes levels of risk tolerance while providing a framework to identify, assess and mitigate potential risks that may significantly impact the goals or operations of the college.

Risk management is a college wide activity. Employees and members of the Board of Governors have a role to play in the identification and management of risk, through risk management processes being integrated into planning, and risk management being embedded in all activities of the College.

### **Policy**

The President will manage risk to protect both the college community and its assets and will maintain a proactive, long-term and sustainable college-wide risk management strategy as summarized in the college's Risk Management Framework.

The college, when appropriate and cost effective, will seek to share risk with third parties through the use of college policies, insurance policies, waivers and contracts.

### **Procedure**

The President is responsible for ensuring that a comprehensive Risk Management Framework is in place and implemented, and that appropriate accountability reports are provided to the Board and to the college community.

While the President has accountability, risk management exists as a shared responsibility at all levels of Northern College.

### **Definitions**

**Risk** refers to the effect of uncertainty that surrounds future events and the positive or negative impact they may have on the ability of an organization to meet its objectives.

**Risk management** is a systematic approach to identifying, analyzing and managing strategic risk and taking the best course of action under uncertainty. It provides the methodology for integrating risk into the strategic planning and resource allocation process at the strategic level.

**Risk tolerance**, sometimes known as risk appetite, is the level of risk the college 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 college's operational or strategic objectives.

**Risk management framework** comprises a process for understanding the interconnectivity of the risks and the potential compounding effect of unfavorable events occurring simultaneously. The risk management framework consists of key activities: identifying risks; analyzing, validating and prioritizing them; determining risk tolerance; managing risks through various response strategies and ongoing monitoring.

### **Monitoring System**

The President shall provide an annual statement or statements of compliance with this policy including a summary of any ongoing challenges and emerging issues.