



<b>RISK MANAGEMENT PROCEDURE</b>
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<b>Procedure Type:</b>	Institutional	<b>Initially Approved:</b>	January 10, 2017
<b>Procedure Sponsor:</b>	Vice President, Finance and Operations	<b>Last Revised:</b>	January 10, 2017
<b>Responsible Unit:</b>	Finance Department	<b>Review Scheduled:</b>	June 2024
<b>Approver:</b>	President and CEO		

**A. PURPOSE**

In accordance with the Alberta University of the Arts (AUArts) Risk Management Policy, this procedure describes the Institutional Risk Management process.

This approach to risk management measures the effect of uncertainty of the achievement of objectives through the measure of the probability of occurrence and impact of an event or change in circumstances. This allows risks controls to be put in place to ensure AUArts is able to manage its operations effectively.

AUArts is committed to increasing awareness of risk management and building a shared responsibility for managing risks at all levels of the institution. This procedure applies to all employees and the activities undertaken AUArts.

**B. ROLES AND RESPONSIBILITIES**

1. The President and CEO delegates the development of the risk report to the Vice President, Finance and Operations who, in turn, delegates the coordination and documentation of the reporting process.
2. AUArts maintains a risk register that identifies the risk and actions associated for each risk. This document is updated on an annual basis as per the Risk Management Policy.
3. To aid the annual update of the risk register, some or all of the following may be used:
  - a) Information collection from risk owners using the risk identification form;
  - b) Feedback from other AUArts sources (employees, contractors, publications, etc.);
  - c) Reference of external sources (Provincial/Ministerial sources and publications, risk trends; investment reports, etc.)
4. Each risk identified will be assigned a Risk owner who will have the accountability and authority to manage the risk.
5. If a risk treatment plan is required, the Risk owner will be responsible for the implementation of the plan.
6. Risk owners will use these simplified questions to identify potential risks when completing the Risk identification form:
  - a) Why are we doing it at all? (i.e. does it support the goals of the Institution/ department?)
  - b) What could go wrong?

- c) How could it affect me or others?
- d) How likely is it to happen?
- e) What can I do about it?
- f) With this information, the risk owner will determine the inherent risk of an action or event.

**C. PROCEDURES**

1. Each Fall the Risk Identification Form will be distributed to Risk owners with the deadline to submit.
2. Where applicable, for previously identified risks, the risk identification form will be prepopulated with previously reported treatment plans for status reporting.
3. Risk owners can delegate the completion of the risk form to a direct report.
4. The responses will be collated and submitted information will be added to the register.
5. The Vice President, Finance and Operations will review and confirm the report and present findings to the President and CEO's Cabinet.
6. The President and CEO's Cabinet will recommend the report to the Board of Governors, Finance and Audit committee for information.

**D. DEFINITIONS**

<b>Control:</b>	a measure that is modifying or mitigating the risk.
<b>Inherent risk:</b>	the exposure arising from a specific risk before any action has been taken to manage it.
<b>Impact:</b>	a level of the severity of an event affecting the achievement of objectives.
<b>Probability:</b>	a level of the likelihood of something happening.
<b>Residual risk:</b>	the risk remaining after treatment or controls.
<b>Risk:</b>	The effect of uncertainty on objectives, which can be positive or negative, and is measured as a combination of probability of occurrence and impact of an event/ change in circumstance.
<b>Risk acceptance:</b>	an informed decision to consent a particular risk.
<b>Risk analysis:</b>	the process of determining the nature and level of the risk.
<b>Risk appetite/ tolerance:</b>	the amount and type of risk that an organization is prepared to pursue or retain. AUArts requires risks with a score of medium (6 <) to be reported with a treatment plan as per this procedure.
<b>Risk description:</b>	a structure statement of risk usually containing sources, events, causes and consequences.

<b>Risk evaluation:</b>	completed by the Risk owners annually, this is the process of comparing the results of the risk analysis with risk criteria to determine whether the risk and/ or its magnitude is acceptable or tolerable.
<b>Risk identification:</b>	the process of recognizing and describing risks, calculating the risk score with the probability and impact measures using the AUArts risk identification form and submitting to the procedure owner.
<b>Risk management matrix:</b>	a matrix that guides the risk identification and evaluation process.
<b>Risk owner:</b>	the person with the accountability and authority to manage the risk.
<b>Risk register:</b>	a living document that records information about identified risks.
<b>Risk report:</b>	a report developed and submitted to the Board of Governors, Finance and Audit committee annually containing an executive summary of the risk activities, heat map visually displaying the report results and a copy of the updated risk register.
<b>Risk score:</b>	the magnitude of a risk expressed in terms of a combination of the impact and probability.
<b>Risk tolerance:</b>	AUArts' (or the stakeholders) readiness to bear risk after risk treatment in order to achieve its objectives.
<b>Risk treatment:</b>	a plan that details the process to modify risks by applying the following options/ responses: <ul style="list-style-type: none"> <li><b>Accept:</b> retain the risk by informed decision. This can include developing contingency plans to respond if the event occurs or taking no action and dealing with risks as they occur. This type of treatment is recommended by the risk owner and applied by Cabinet via motion. As a result of acceptance of a risk, the risk item will only be reported on one occasion and excluded from future reports.</li> <li><b>Avoid:</b> decide not to start or continue to pursue an opportunity as a result of the identified risk. Where this type of treatment is applied, the risk item will only be reported on one occasion.</li> <li><b>Mitigate:</b> reduce the probability and/ or negative consequences (impact) of a risk to a desirable level.</li> </ul>

**Transfer:** give responsibility of risk to a third party (e.g. insurance, bonds, warranties, third party contracts).

**E. RELATED POLICIES**

- Risk Management Policy

**F. RELATED LEGISLATION**

- Post-Secondary Learning Act (PSLA)

**G. RELATED DOCUMENTS**

- AUArts Institutional Risk Identification Form
- Risk Management Matrix

**H. REVISION HISTORY**

<b>Date (mm/dd/yyyy)</b>	<b>Description of Change</b>	<b>Sections</b>	<b>Person who Entered Revision (Position Title)</b>	<b>Person who Authorized Revision (Position Title)</b>
06/11/2024	Updated Template and position titles	All	University Secretariat Assistant	VP, Finance and Operations