



Name:	Protocol on Risk Management
Manual:	Operational Procedures Manual
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Abstract:	The Association has established a written Risk Management Protocol to define risk, document what types of risks the Association commonly faces and how those risks are expected to be managed.

1.0 GENERAL

1.1 The Saint Mary's University Students' Association (herein after referred to as the "Association") is adopting this protocol to ensure that all hazards and risks contained within Association activities, including accredited student organizations, have been identified and controlled appropriately.

1.2 The Association aims to utilize risk management strategies to make better-informed decisions and improve the probability of achieving strategic and operational objectives.

2.0 DEFINING RISK

2.1 Risk is action, inaction or uncertainty that may improve or hinder achievement of organizational objectives, prejudice the security of the Association's assets, or affect its sustainability. Risk is an inherent aspect of organizational decision-making and the Association acknowledges that a

degree of risk is essential in order to generate success and growth.

2.2 Raw risk is the level of risk faced by an organization before any internal controls are applied. Internal control is a process, affected by the Association's BOARD, executive, management and other employees, designed to provide reasonable assurance regarding objectives in the following categories:

- 2.2.1 Organizational effectiveness and efficiency;
- 2.2.2 Reliability of financial reporting;
- 2.2.3 Integrity and security of assets;
- 2.2.4 Compliance with applicable laws and regulations.

2.3 Residual risk is the level of risk faced by an organization after internal controls are applied.

3.0 TYPES OF RISK (ASSOCIATION)

3.1 Risk to the Association may be comprised of one of the following types:

- 3.1.1 Compliance (breach of employment law);
- 3.1.2 Constitutional (lack of clarity of role of the PRESIDENT or BOARD);
- 3.1.3 Ethical / Environmental (inappropriate contract agreements);
- 3.1.4 Financial (multi-year capital investment);
- 3.1.5 Governance (lack of skills, training, structure);
- 3.1.6 Health and Safety (staff injury and absence due to injury);
- 3.1.7 Information Technology (technology failure and loss of data);
- 3.1.8 Operational (sharp downturn of revenues);
- 3.1.9 Recruitment and Retention (inability to recruit and retain staff);
- 3.1.10 Reputation (damage to organizational credibility);
- 3.1.11 Security (destruction, theft or loss of assets);
- 3.1.12 Staffing (insufficient training);
- 3.1.13 Strategic (lack of strategic long-term planning);

3.1.14 Volunteering (inappropriate or inaccurate information being distributed).

4.0 DEFINING RISK MANAGEMENT

4.1 Risk management is the structured identification and assessment of risks resulting from decisions that include any degree of uncertainty. It provides a framework within which to assess, evaluate and take action to mitigate risks facing the Association's operations.

4.2 Risk management facilitates the attainment of organization goals and helps to ensure the success of the organization alongside protecting its assets. Risk management involves addressing risk and balancing gains against losses.

4.3 The response to identified risk will vary depending on the nature of said risk and its significance within the context of operations. Managing risk shall involve decisions and actions to:

4.3.1 Mitigate the level of risk associated with an activity (e.g. controls, safeguards, policies);

4.3.2 Transfer the exposure to risk (e.g. obtaining insurance);

4.3.3 Tolerate the risk (e.g. immaterial or unlikely risk).

4.4 Risk management is widely recognized as a best practice element of corporate governance. An effective risk management protocol should integrate existing management processes and provide assurance over the management of key risks. While no protocol will eliminate risk, it is envisaged that any such programme will assist in the controlled taking of necessary risks and will increase institutional risk awareness.

4.5 Risk management is not a rigid methodology as there is no single correct way to manage risk. The Association has devised a risk management system appropriate to the risks it is exposed to. In order to be effective, this system

aims to build on existing practice and integrate other management processes.

4.6 Principles of effective risk management include:

- 4.6.1 Coverage of all types of risks, including but not limited to governance, management quality, reputation and financial;
- 4.6.2 Maintenance of a balanced portfolio of risk exposure;
- 4.6.3 Adoption of a clearly articulated approach and protocol;
- 4.6.4 Regular monitoring and review, giving rise to action where appropriate;
- 4.6.5 Integration within everyday business processes and alignment to the Association's strategic objectives;
- 4.6.6 Demonstrable commitment of executives, directors, management and other Association employees.

5.0 MEASURING RISK

5.1 Risks are commonly measured in terms of their likelihood of occurrence and potential impact. The Association measures likelihood and impact scores on a scale of one-to-five (1 - 5), where one (1) is a very low likelihood and five (5) is very high, and where one (1) is a very low impact and five (5) is very high.

5.2 A measurement of total risk can be ascertained by multiplying the separate scores for likelihood and impact: [likelihood] x [impact] = [risk score]

5.3 Any risk scoring a twelve (12) or higher is defined as a **significant risk** to the Association.

6.0 SIGNIFICANT RISK

6.1 Significant risks have a high likelihood of occurrence and a high potential impact. These risks are to be actively managed and monitored.

6.2 Significant risks are assigned to the GENERAL MANAGER, who shall preempt any given risk with plans concerning the mitigation of risk throughout the year. The GENERAL MANAGER shall measure and report how successfully the risk is being managed alongside recommendations to improve said risk management processes.

6.3 Significant risks are reported and reviewed termly by the BOARD through the PRESIDENT. These reports are intended to detail progress concerning risk mitigation, monitoring and management, which has been prepared and reviewed by the GENERAL MANAGER.

7.0 CONTINGENCY RISK

7.1 Contingency risks are, by definition, unlikely to occur, but are understood to have a potential impact score of five (5). An example of a contingency risk would be the destruction of a building due to a fire.

7.2 Contingency risks shall be assigned the responsibility of the GENERAL MANAGER, who may from time-to-time be required to prepare action plans detailing how the Association would respond to a situation should said risk materialize. The GENERAL MANAGER may also be required to report on the existing assurances and controls in place to prevent said contingency risks from occurring.

7.3 Contingency risks are reported and reviewed termly by the BOARD through the PRESIDENT. These reports are intended to detail progress concerning risk mitigation, monitoring and management, which has been prepared and reviewed by the GENERAL MANAGER.

8.0 RISK MANAGEMENT PROTOCOL

8.1 The Association's Risk Management Protocol has a key role to play in the Association's internal control and governance structure. The protocol

explains the Association's overarching approach to risk management and documents various roles and responsibilities concerning risk management.

8.2 The Association's Risk Management Protocol also describes the process that the GENERAL MANAGER and PRESIDENT use to evaluate the effectiveness of the established internal control and governance structure.

8.3 The Association's Risk Management Protocol is to be reviewed annually.

9.0 OVERARCHING APPROACH

9.1 The following principles highlight the Association's approach to risk management and internal controls:

- 9.1.1 The BOARD recognizes the crucial importance of risk management in their decision-making processes;
- 9.1.2 The GENERAL MANAGER has delegated responsibility from the PRESIDENT for overseeing risk management within the Association as a whole;
- 9.1.3 All Association employees maintain an open and receptive approach to mitigating risk, which is to be annually reviewed by the GENERAL MANAGER, PRESIDENT, and ultimately, the BOARD;
- 9.1.4 The GENERAL MANAGER reviews, advises and implements action plans approved by the PRESIDENT and BOARD;
- 9.1.5 The Association makes prudent recognition and, when necessary, disclosure of the financial and non-financial implications of risk;
- 9.1.6 Full-time and executive staff are responsible for encouraging best practices concerning risk management in their respective area of operations;
- 9.1.7 Key risk indicators are identified and closely monitored on a regular and ongoing basis by all Association employees.

10.0 BOARD OF DIRECTORS

10.1 Although the Association's Constitution assigns operations staff with overseeing risk management protocol, the BOARD has a fundamental role to play in providing accountability within a framework of prudent and effective controls that enable risk to be assessed and managed. This role is fulfilled by:

- 10.1.1 Receiving accurate, timely and clear information from the GENERAL MANAGER via the PRESIDENT;
- 10.1.2 Constructively analyzing strategy, performance and ability to meet predetermined goals and objectives. The BOARD should ensure the integrity of financial information and controls are robust and defensible;
- 10.1.3 Setting the tone and influencing a culture of risk management within the Association, which includes:
 - 10.1.3.1 Determining whether the Association is exposed to risk with respect to any relevant issue;
 - 10.1.3.2 Setting the standards and expectations of the PRESIDENT with respect to conduct and integrity;
 - 10.1.3.3 Approving major decisions affecting the Association's risk profile or exposure.

11.0 GENERAL MANAGER

11.1 The GENERAL MANAGER has a key role to play in providing an internal assessment of the effectiveness and adequacy of the Association's system of risk management. The GENERAL MANAGER shall safeguard stakeholders' interests and the Association's assets, which includes alerting the PRESIDENT to any emerging risk(s).

11.2 The GENERAL MANAGER shall, from time-to-time or as necessary, manage all material controls, including financial, operational and compliance controls, as well as risk management systems including but not limited to the

integrity of financial statements and audits, adherence to the Association's Risk Management Protocol, and all budgetary processes.

11.3 The GENERAL MANAGER further achieves this role by evaluating the effectiveness and adequacy of the Association's internal controls by reviewing the previous year's risk management performance and considering the internal and external risk profiles for the current year.

11.4 The GENERAL MANAGER shall direct full-time staff to implement protocol concerning risk management and internal controls.

11.5 The GENERAL MANAGER shall identify and evaluate significant and contingency risks for the PRESIDENT, who shall assist the GENERAL MANAGER in efforts to mitigate risks and report said risks to the BOARD.

11.6 In evaluating the effectiveness and adequacy of the Association's internal controls, the GENERAL MANAGER and PRESIDENT shall consider the following:

11.6.1 Control Environment:

- 11.6.1.1 The Association's financial and social objectives;
- 11.6.1.2 Organizational structure and resource management;
- 11.6.1.3 Culture, approach and resources concerning risk management;
- 11.6.1.4 Delegation of authority;
- 11.6.1.5 Public reporting;

11.6.2 Identification and Evaluation of Significant Risk:

- 11.6.2.1 Timely assessment of relevant significant risks;
- 11.6.2.2 Prioritizing risks and allocating resources to address areas of high exposure on an equitable basis;

11.6.3 Information and Communication:

- 11.6.3.1 Quality and pertinent information concerning significant risks;

11.6.3.2 Time requirements for control necessity and implementation;

11.6.4 **Monitoring and Corrective Action:**

11.6.4.1 Ability of the Association to learn-from-and-adapt-to include identified areas of risk;

11.6.4.2 Commitment and timely implementation of corrective action and controls.

12.0 SYSTEM OF INTERNAL CONTROL

12.1 The Association's system of internal control incorporated risk monitoring and management. This system encompasses a number of elements that work to facilitate an effective and efficient operation, further enabling the Association to respond to a variety of operational, financial, social and commercial risks.

12.2 The elements of the system of internal control include the following:

12.2.1 **High-Level Risk Framework:** This framework comprises the Association's Risk Management Protocol and the recognized number of risk in order to facilitate the identification, assessment and ongoing monitoring of significant risks. The list is formally reviewed annually, however emerging risks are to be added, assessed and controlled as they arise.

12.2.2 **Protocols and Procedures:** Attached to significant risks are a series of protocol intended to support the internal control process. The Association's Risk Management Protocol is to be implemented and communicated by the GENERAL MANAGER and PRESIDENT.

12.2.3 **Monitoring and Reporting:** Comprehensive regular reporting is designed to monitor significant risks, controls and decisions made to rectify problems and mitigate risk. The PRESIDENT and

GENERAL MANAGER shall meet at least three (3) times per year and share an obligation to provide an assessment of the effectiveness and adequacy of the Association's system of risk management. This assessment shall be delivered to the BOARD via the PRESIDENT annually.

12.2.4 **Third Party Reporting:** From time-to-time, external parties may be retained to address specific areas of risk requiring a degree of expertise and reliability.

13.0 DESIRED OUTCOMES

13.1 Risk management is an extension of good management practice and a continued commitment to focus on areas of concern or threat. It is acknowledged that the potential benefits of risk management include:

- 13.1.1 Increased focus on the achievement of specific strategies by highlighting areas in which objectives are unclear or are not in sync with the Association's strategic vision;
- 13.1.2 Improved organizational awareness of risk as well as the benefits of managing risk;
- 13.1.3 Empowering individuals through placing their activities in the context of an overarching strategy in order to designate them responsibility to implement or eliminate controls;
- 13.1.4 Improved compliance with internal policies and expectations;
- 13.1.5 Assurance that there will be no significant and unexpected risks arising from regular operations;
- 13.1.6 Effective risk mitigation to reduce the potential impact of organizational risk;
- 13.1.7 Competitive advantages arising from the use of risk management within day-to-day decision-making;
- 13.1.8 An ability to systematically identify, assess and seize opportunities with assurance that is not possible without a system for managing risk;



- 13.1.9 Effectively managed projects, initiatives and student societies;
- 13.1.10 Demonstrating successful risk management to stakeholders to improve the Association's credibility and encourage further financial investment from the membership.

14.0 REVIEW TIMETABLE

14.1 Annual processes detailed in this Risk Management Protocol are to be adhered to given the following timetable:

- 14.1.1 **MAY & NOVEMBER:** Strategic risk profile review completed by the GENERAL MANAGER and PRESIDENT;
- 14.1.2 **NOVEMBER & APRIL:** Bi-annual review of risks - update by the PRESIDENT to the BOARD;
- 14.1.3 **JANUARY:** Review of the Association's Risk Management Protocol by the GENERAL MANAGER;
- 14.1.4 **FEBRUARY:** Approval of Association's Risk Management Protocol by the PRESIDENT;
- 14.1.5 **AUGUST:** Drafting of Annual Risk Management Plan to mitigate major risks by the GENERAL MANAGER and PRESIDENT;

15.0 UPDATE SCHEDULE

Version History (#)	Date Changed	Updated By	Description of Change
1.0	December 15, 2014	Office of the President	Document creation. Approved by President and submitted to Board.