

ENTERPRISE RISK MANAGEMENT POLICY			
Policy No.	10014	Review Date	October 1, 2014
Effective Date	March 1, 2014	Cross-Reference	1.
Responsibility	Vice President, Administration		
Approver	Executive Council		

1. Policy Statement

1.1. GPRC is a risk aware institution focused on properly managing its risks while pursuing opportunities to enhance the value of the College. All GPRC employees are responsible for managing risk as part of their daily responsibilities and the College has implemented a formal program to guide the identification, assessment, treatment, monitoring and reporting of risks across the College.

2. Background

- 2.1. Enterprise Risk Management (“ERM”) is a process, promoted by the Board of Governors, management and other personnel and applied in strategy setting and business planning across the College. This Policy is a statement of commitment by the College to ensure the introduction, adoption and implementation of an effective risk management program.
- 2.2. ERM activities form an integral part of the College’s objective setting process. It supports and improves the decision-making, planning and prioritization processes to ensure appropriate action is undertaken to continually address risks. ERM is an ongoing, proactive and dynamic process to identify, assess, manage and communicate risks that may impact objectives to meet the overall strategic goals of the organization.
- 2.3. ERM will assist the College in attaining its goals while avoiding pitfalls and surprises along the way. It involves employees at every level of the institution and requires the development of a risk profile across the entire organization. ERM enhances GPRC’s ability to achieve its mission and vision and improves the allocation of resources across the College. This Policy sets out the structure of how ERM is to be carried out and is intended to operate in conjunction with all other policies and strategies of the College. While GPRC’s focus is to ensure ERM is formally established at the strategic, enterprise-wide level; the concepts contained within this Policy and the Guidelines in Appendix A may be applied at any stage in the life of a policy, process, project, or activity; in initial planning; and in the evaluation of options. It can also be applied at all levels / business units of GPRC.

3. Policy Objective

- 3.1. The objectives of this policy are to:
 - Build increased awareness and establish institutional responsibility for risk management across all levels and departments of the College
 - Establish protocols for the identification, assessment, management, reporting and governance of risks
 - Support the process of reporting on all risks to key decision makers within the College

- Support the culture of risk management throughout the College.

4. Scope

- 4.1. This policy applies to all employees across all departments and activities of the College, including academic, research, administration and support activities. Its application also applies to the Board of Governors.

5. Definitions

- 5.1. “Consequence” is the outcome of an event affecting goals. Consequence is usually expressed qualitatively or quantitatively as being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
- 5.2. “Control” is a measure that is modifying risk. Controls include any process, policy, device, practice, or actions which modify risk.
- 5.3. “Enterprise Risk Management” – see definition for “Risk Management”
- 5.4. “Governance” means processes by which a business / operating unit is directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the College.
- 5.5. “Inherent Risk” is the risk prior to apply a risk treatment.
- 5.6. “Likelihood” is the chance of something happening. Likelihood is usually expressed in terms of probability or frequency.
- 5.7. “Residual Risk” is the risk remaining after risk treatment.
- 5.8. “Risk” is the effect of uncertainty on goals. An effect is a deviation from the expected, either positive or negative.
- 5.9. “Risk Analysis” is the process to comprehend the nature of risk and to determine the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk treatment.
- 5.10. “Risk Appetite” is the amount and type of risk that an organization is willing to pursue or retain.
- 5.11. “Risk Assessment” is the overall process of risk identification, risk analysis and risk evaluation.
- 5.12. “Risk Evaluation” is the process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude are acceptable or tolerable. Risk evaluation assists in the decision about risk treatment.
- 5.13. “Risk Identification” is the process of finding, recognizing and describing risks. Risk identification involves the identification of risk sources, events, their causes and their potential consequences.
- 5.14. “Risk Management” is the coordinated activities to direct and control an organization with regard to risk.
- 5.15. “Risk Management Framework” is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the College.
- 5.16. “Risk Mitigation Strategy” is a control, policy, procedure, technology initiative and / or adjustment made to enhance the human resource complement of the GPRC team (e.g. role changes, training, hiring, succession planning, etc.) in order to enhance the management of a particular risk.
- 5.17. “Risk Tolerance” is the College’s or stakeholder’s readiness to bear the risk after risk treatment in order to achieve its goals.

5.18. “Risk Treatment Strategy” is the process to modify risk. This involves the selection and implementation of appropriate options for dealing with risk, which may include:

- Avoiding the risk
- Taking/increasing risk in order to pursue an opportunity
- Removing the risk source
- Changing the likelihood
- Changing the consequence
- Sharing the risk with another party or parties
- Retaining the risk by informed decision.

6. Guiding Principles – Risk Appetite

6.1. The College’s risk appetite should be established and confirmed annually by the President.

7. Guiding Principles – ERM Processes

7.1. The College’s should undertake comprehensive quarterly risk reviews, as part of the process to address risks associated with strategic plans, preparing operational plans and budgets, making general decisions, and as a part of other management systems. These risk reviews will refresh the reporting to management and the Board and ensure a common understanding of existing and emerging risks exist, along with the implementation of appropriate risk treatment and management strategies.

7.2. ERM processes refer to the activities that include:

- **Risk Identification** - the objective of risk identification is to develop a consistent and sustainable approach to identify risks that could impact the College’s ability to achieve its strategic objectives. Accordingly, the College will complete a comprehensive risk identification exercise annually in conjunction with its strategic planning process to identify key risks that may impede it from achieving each of its strategic objectives. Using these risks, the College will then continue through the following steps of risk assessment, risk mitigation and control, as well as monitoring and reporting of the risks.
- **Risk Analysis and Evaluation** – the risk analysis and evaluation process provides a standard and consistent approach to understanding the likelihood and consequence of potential risks to the College. During this process, risks with an adverse potential impact to the College’s strategic and operational plans should be examined across the institution as a whole and should be assessed from two perspectives – likelihood of occurrence and the consequence should the risk occur. In addition, the risks should also be evaluated in the absence of controls (i.e. inherent risk) and in consideration of the controls that are in place (i.e. residual risk). Broadly defined, a control is a measure that modifies risk. Controls include any process, policy, device, practice, or actions which modify risk. Evaluating both the inherent and residual risks will serve either to demonstrate the importance of existing controls and will justify their continuation, or to identify those controls which are no longer necessary or cost-effective. This also identifies the significance of risks should the controls fail. Upon the completion of the risk analysis and evaluation, the College will have a prioritized set of risks based on the residual risk evaluation.
- **Risk Treatment** - Having evaluated the residual risk level of each risk, GPRC will develop formal risk treatments for any risks exceeding the risk appetite of the College (i.e. orange or

red risks; risks with a final rating of 8 or greater). Risk treatments may include one or more of the following options:

- Avoiding the risk
- Taking/increasing risk in order to pursue an opportunity
- Removing the risk source
- Changing the likelihood
- Changing the consequence
- Sharing the risk with another party or parties
- Retaining the risk by informed decision.

For risks that have a risk rating of extreme or high (i.e. orange or red risks; risks with a final rating of 8 or greater) and for which the risk treatment strategy is one of: avoid the risk, take / increase the risk, remove the risk source, change the likelihood / consequence, or share the risk, a risk mitigation plan should be developed. Risk mitigation involves identifying the range of options for responding to risk, assessing those options, preparing risk mitigation plans and implementing them. A risk mitigation plan is comprised of one or more risk mitigation strategies to reduce the residual risk to an acceptable level of risk within GPRC's risk appetite.

As part of determining the risk treatment and risk mitigation plan, responsibility for the management of each of the risks (regardless of its residual risk rating) will also be assigned to departmental or functional units of the College. These departmental or functional units own the risks and it is their responsibility to manage them, as well as identify and escalate new / emerging risks.

- **Risk Monitoring and Review** - monitoring and review is a process that assesses the effectiveness of GPRC's ERM Program over a period of time. The process for monitoring GPRC's ERM Program will include:
 - Regular Risk Reporting: Reports on emerging / new and existing risks, as well as the respective risk treatments and risk mitigation plans are provided to the Risk Management Advisory Committee on a quarterly basis. In addition, the Executive Team and the Board receive summary risk reports on a semi-annual and quarterly basis, respectively.
 - Risk Escalation Process: During the course of day-to-day business, new risks may be identified which could negatively impact the achievement of GPRC's goals. As GPRC employees identify new risks, they should be brought to the attention of their immediate supervisor or the VP, Dean, Director or Department Head of the respective business / operating unit of GPRC. The supervisor, VP, Dean, Director or Department Head should assess the inherent risk, review existing control and calculate residual risk all of which should be documented in the detailed risk plans and risk register for GPRC.
- **Communication and Training** - in addition to risk reporting, various mechanisms, such as awareness campaigns or training / education sessions, should be developed to ensure that communication is effective and reaches every employee throughout GPRC. All personnel should receive a clear message from the President and Executive Team that risk management responsibilities must be taken seriously and are an obligation of all employees within the College.

In addition, sufficient time and resources should be allocated to ensure that employees are properly informed and trained. Employees should be educated on various components of the ERM Program, depending on their risk management responsibilities.

8. Guiding Principles – Risk Universe

8.1. The enterprise risks that will be covered under this Policy (collectively referred to as “the risk universe”) include:

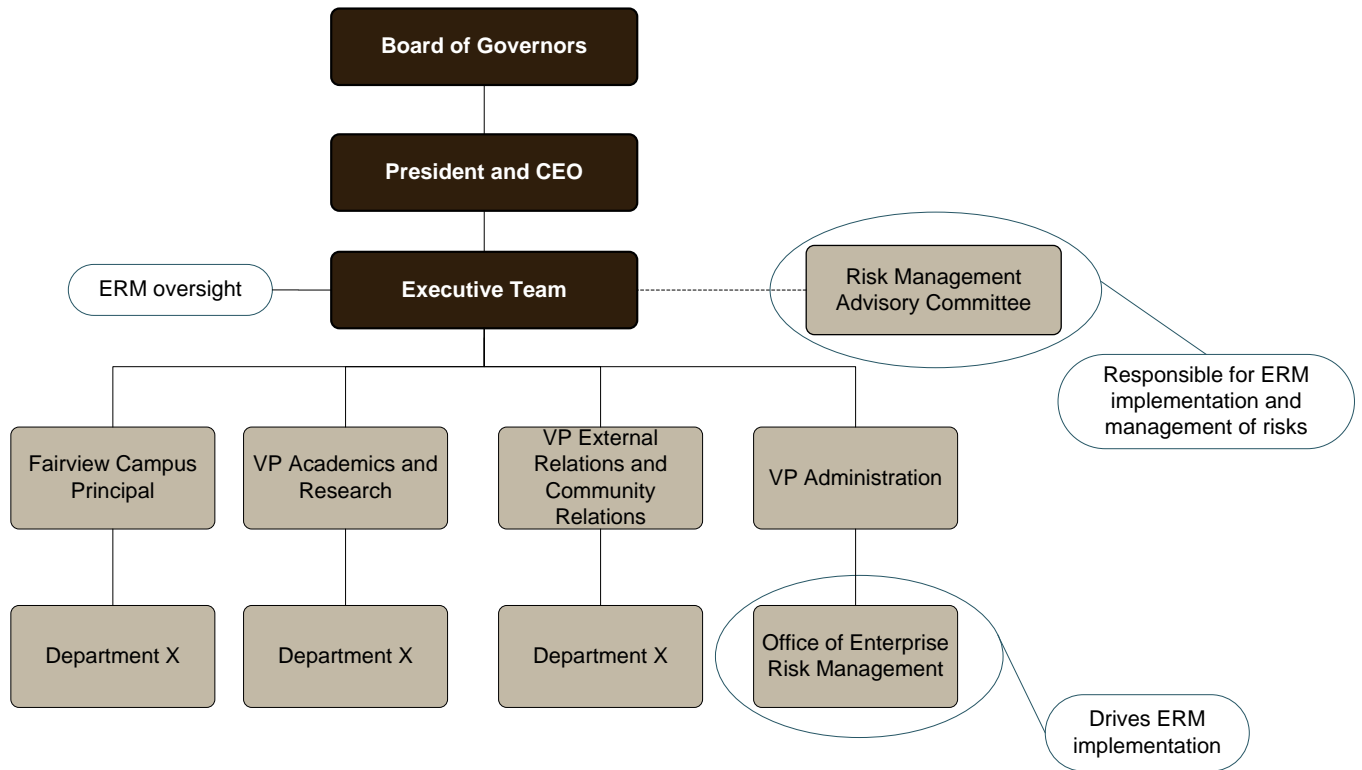
- Strategic and Governance Relationships, Reputation and Culture
- Academic Program (includes Students)
- Asset Management
- People
- Operations
- Financial Management and Reporting (includes Business Environment)
- Technology and Information Systems
- Regulatory Compliance and Standards
- Health, Safety and Security
- Environmental
- Property and Buildings
- Project Management, Suppliers and Contractors

8.2. This ERM Policy serves as an umbrella Policy for individual risk management policies that exist for each of the above areas. In addition, Appendix D of the Guidelines contained as an Appendix to this Policy provides an illustration of the College’s risk universe.

9. Roles and Responsibilities

The responsibility for ERM lies with all levels of College. Roles and responsibilities for each level of the College must be clearly articulated to ensure successful undertaking of risk management practices. A sound risk management organization and associated practices will support College staff in more readily accepting the culture of risk management as part of their daily activity.

9.1. An ERM organizational structure is shown below. Specific roles and responsibilities of each group follows.



9.2. The roles and responsibilities of those individuals / business units identified above are as follows. In addition, the table below also outlines the respective responsibilities of the VP Administration, Dean, Directors and Department Heads responsible for implementing ERM.

STAKEHOLDER	RESPONSIBILITIES
Board of Governors	The Board of Governors supports Enterprise Risk Management (“ERM”) by: <ul style="list-style-type: none"> • Providing risk management philosophy direction • Being aware of and concurring with the College’s risk appetite • Understanding the College’s most significant risks and whether the President & CEO is responding appropriately.
President & CEO	The President and CEO is responsible for ensuring a robust environment which facilitates sound and prudent risk taking and risk managing activities and: <ul style="list-style-type: none"> • Establishes effective ERM in the organization • Understands the College’s most significant risks and ensure these risks are being monitored and mitigated as necessary

STAKEHOLDER	RESPONSIBILITIES
	<ul style="list-style-type: none"> • Provides risk reporting to the Board of Governors related to the College’s most significant risks • Ensures risks are fully considered in the development of long-term strategies and plans for the College.
<p>Executive Team</p>	<p>The President and the Executive Team are responsible for the effective management of risk for the College as a whole. The Executive Team:</p> <ul style="list-style-type: none"> • Provides leadership and guidance for the College with respect to the ERM Program • Sets the College’s risk appetite and risk tolerance limits • Approves guidelines and policies for the identification, assessment, management and monitoring risks • Monitors status, effectiveness and completeness of risk identification and risk mitigation activities • Monitors effectiveness of the College ERM Program and Guidelines • Reviews the College’s portfolio view of risk and considers it against the College’s risk appetite • Advocates and ensures the integration of risk management into strategy and goal setting, ongoing measurement processes, and key decision-making • Develops and provides a strong environment to facilitate sound and prudent risk taking and risk managing activities • Reviews and approves risk information prior to reporting to the Board of Governors • Promotes high ethical and integrity standards and establishes a culture within the College that emphasizes to all levels of personnel the importance of risk management • Ensures that appropriate risk treatment and response strategies are selected in view of College’s risk appetite and risk tolerance limits.
<p>Vice President Administration</p>	<p>The Vice President Administration has overall ownership of the ERM Program and is responsible for developing, coordinating and facilitating implementation of the ERM Program and Guidelines, which includes:</p> <ul style="list-style-type: none"> • Establishing ERM policies, including defining roles and responsibilities and participating in setting goals for implementation • Establishing a common risk management language that includes common measures around likelihood and impact, and common risk categories • Establishing processes, procedures and tools for the identification, assessment, measurement, management and monitoring of business risks

STAKEHOLDER	RESPONSIBILITIES
	<ul style="list-style-type: none"> • Framing authority and accountability for ERM in Departments • Promoting an ERM competence throughout the College including facilitating development of technical ERM expertise • Overseeing development of Departmental/Functional Unit risk tolerance limits • Assisting Deans, Directors and Department Heads in aligning risk responses with the College’s risk tolerance limits and developing appropriate controls • Facilitating development of reporting protocols and monitoring the reporting process • Providing information to the President & CEO to report to the Board of Governors on progress and exceptions and recommending actions as needed • Reviewing and implementing actions to address ERM Program deficiencies and enhancements.
<p>Risk Management Advisory Committee</p>	<p>This Committee validates the risk register provided through the Office of Enterprise Risk Management and reviews risks and opportunities for consideration by the Executive Team, including:</p> <ul style="list-style-type: none"> • Overseeing risk by approving processes, procedures and tools for the identification, assessment, measurement, management and monitoring of College-wide risks • Acting as subject matter experts, participating in education, training, communication, and awareness building of ERM at GPRC • Assist in addressing functional, cultural, and departmental barriers to managing risks • Facilitating the development of processes to support reporting protocols and escalation of risks • Establishing ERM policies including defining roles / responsibilities and setting goals for implementation for approval by the Executive Team • Reporting quarterly to Executive Team on the College’s risk profile • Meeting quarterly to validate risk treatments / risk mitigation strategies on existing and newly identified risks • Making recommendations to the Executive Team regarding which risks or opportunities significantly impact the College’s strategic goals to warrant development of enterprise-level risk treatments / mitigation strategies to manage those risks or opportunities.
<p>Deans, Directors and Department Heads</p>	<p>Deans, Directors and Department Heads retain authority and responsibility for day-to-day management and reporting of risks within their area of responsibility, including:</p>

STAKEHOLDER	RESPONSIBILITIES
	<ul style="list-style-type: none"> • Ensuring execution of risk management guidelines for the respective Department/School. • Identifying and assessing risks that affect their area of responsibility • Overseeing development of Department/School objectives and tolerance limits for Department risks • Support the development and implementation of detailed risk tolerance limits • Monitoring activities against approved risk targets and tolerance limits, reporting instances where risks exceed tolerance limits and recommending corrective action where appropriate • Reporting status of Department / School risks on a regular basis • Maintaining adequate documentation that risks and opportunities are properly identified, assessed, managed and monitored • Ensuring risk standards, measures and methodologies are consistently applied • Facilitating risk management training in conjunction with the Office of Enterprise Risk Management.
<p>Office of Enterprise Risk Management</p>	<ul style="list-style-type: none"> • The Office of Enterprise Risk Management assists the Vice President Administration with the development and roll-out of the ERM Program. The Office of Enterprise Risk Management also provides assistance to the Dean, Directors and Department Heads and provides technical expertise where required, including but not limited to: • Developing ERM policies for approval, including defining roles and responsibilities and participating in setting goals for implementation • Developing a common risk management language for approval, that includes common measures around likelihood and impact, and common risk categories • Developing for approval processes, procedures and tools for the identification, assessment, measurement, management and monitoring of business risks • Facilitating development of technical ERM expertise • Assisting Deans, Directors and Department Heads to align risk responses with College’s risk tolerance limits and developing appropriate controls • Facilitating development of reporting protocols and monitoring the reporting process • Reporting to the Vice President Administration on progress and exceptions and recommending actions as needed • Implementing actions to address ERM Program deficiencies and

STAKEHOLDER	RESPONSIBILITIES
	enhancements
ERM Participants (All College Employees)	<ul style="list-style-type: none"> • Executing risk management activities in accordance with the ERM Program and Guidelines and the direction of their respective Dean, Director or Department Head.

10. Exceptions to the Policy

10.1. No exceptions are permitted to this Policy.

11. Amendments (Revision History)

11.1. Amendments to this Policy will be published from time to time and circulated to the College Community.

Appendix A

ERM Guidelines