ENTERPRISE RISK MANAGEMENT

INTRODUCTION

This procedure outlines the structured framework to identify, manage and monitor risks that may affect meeting the strategic goals and objectives of the School District ("District"). This procedure shall be leveraged across all levels of the District in undertaking the necessary proactive measures to mitigate the District's risks while ensuring a culture of accountability and continuous improvement is fostered and subsequently instilled.

The primary objectives of this procedure are to:

- Set clear standards for recognizing potential risks associated with District's activities.
- Encourage a proactive approach to risk identification, assessment, and mitigation, fostering a risk culture of risk awareness.
- Define roles and responsibilities related to enterprise risk management.
- Integrate enterprise risk management into the District's decision-making processes.
- Instill clarity and accountability across the District around monitoring and mitigating risks.

Definitions of key terms related to this procedure are outlined in Appendix A.

PROCEDURES

Enterprise Risk Management enables the District to conduct a comprehensive process for identifying, assessing, and prioritizing strategic risks that may impact its ability to achieve its goals. Risks shall be evaluated based on established criteria, including likelihood and impact, tailored to the District's specific risk appetite and in accordance with the risk evaluation guidelines outlined in Appendix B. The ERM process should assess current controls and processes to ensure they operate within acceptable risk levels. For significant risks, strong mitigation strategies shall be developed to manage them effectively.

The process also identifies any discrepancies between the District's risk limits and the level of risk treatment. This insight enables the District to adjust resources appropriately to address under- or over-mitigated risks. The ERM program will undergo regular reviews to adapt to internal and external changes, ensuring it remains effective and responsive to new risks.

Risk management is an integral part of the District's ERM framework and must be embedded in its culture and practices. The risk management process should be continuously refined to align with the District's needs and the evolving risk landscape. Risks shall be systematically identified, assessed, mitigated, monitored, and reported according to the following steps:

1. **Risk Identification:** Risks are identified through workshops and reviews of events that could impact the District's strategic goals. This process should be revisited periodically to ensure it remains current.

2. **Risk Evaluation:** Each identified risk is evaluated based on its likelihood and impact and compared to the District's acceptable risk thresholds. Risks that exceed these limits will require appropriate mitigation measures.

3. **Risk Treatment/Mitigation:** When risks surpass acceptable levels, treatment strategies such as risk acceptance, transfer, avoidance, or elimination must be implemented depending on the severity of the risk.

4. **Risk Monitoring, Reviewing and Reporting**: Risks and their treatment plans should be monitored continually, reviewed and reported at least annually. These reports will provide

updates on the effectiveness of risk mitigation strategies and any changes in risk status. Reporting must occur periodically to ensure accountability and provide assurance that risks are being managed within acceptable levels.

ROLES AND RESPONSIBILITES

For the ERM program to succeed, active participation from all levels of the District is essential. Defined roles and responsibilities ensure that risks are identified, evaluated, and managed efficiently, and the risk-related information is communicated to all relevant parties.

Role	Responsibilities
The Board of Education	The Board, through its delegated authority to the Superintendent and Secretary Treasurer, is made aware of the District's key risks. The Board approves the District's ERM policy and will receive the District's ERM results and reports on risk status.
Superintendent / Secretary Treasurer	The Superintendent and Secretary Treasurer retain the ultimate responsibility for risk management and for determining the appropriate level of risk that the District is willing to accept in the determination and execution the District's strategy, including: • Review of the District's overall risk exposures and the processes around the management and monitoring of such risks, and the allocation of responsibilities for specific risk areas across the District's management, the Board and Board committees. • Discussion with management regarding the District's major strategic, reputational, operational, financial, human resources, reporting, and legal/safety/regulatory/contractual compliance risk exposures, and the steps management has taken to monitor and manage such exposures. • Coordinating the risk identification, risk assessment, risk management and risk monitoring processes. • Reporting to the Board on any significant risk related changes or emerging issues. • Review of the ERM policy periodically with any changes to be recommended to the Board for review and approval.
Senior Team	The Senior Team is responsible for overseeing the implementation and ongoing execution of risk management processes, and for accurately reporting on the District's consolidated enterprise wide risks and the status of risk management periodically.
Risk Owners	Each risk is assigned a Risk Owner for the purpose of management and review of the risk. Risk Owners are to periodically report the status on risk movements and progress made with respect to implementation of the risk response/ mitigation plans in place and the effectiveness of the controls in place. Deficiencies in control effectiveness are to be communicated to management and documented.
All Employees	The District's staff have a general duty of care and are responsible for complying with requests from management in connection with the application of this procedure and related policy. Through appropriate preventative and detective action, reasonable care should be taken to prevent or mitigate adverse impacts on the District. Additionally, staff are to communicate with their supervisor any additions, deletions and changes in facilities, systems, processes, regulations, or operations that may add significant risk and/or significantly affect existing risk assessments.

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APPENDIX A - DEFINITIONS

Enterprise Risk Management (ERM): ERM is an integrated enterprise-wide risk process established over time which links the management of strategic objectives to risk in order to improve and protect the District's performance. It creates a formal process for identifying, evaluating and managing the significant risks an organization faces.

Objectives: The implicit and explicit goals that the District is trying to achieve at the district-wide, divisional, departmental, project, process, and other levels.

Risk: A potential action or event that, if it occurs or does not occur, could adversely affect the District's achievement of one or more of its objectives. Measured as a combination of likelihood of event occurrence (or failure to occur) and impact (consequence) if it does occur (or fails to occur). Risks may occur in any one of the following categories: strategic/reputation, financial, human resources, operational, and legal/safety/regulatory/contractual compliance.

Likelihood (Probability or frequency of occurrence): The probability that a risk will occur (or fail to occur), and/or the frequency of occurrence of the risk event.

Impact (Consequence): Result or effect on outcomes from realization of a risk. The outcome may be expressed qualitatively or quantitatively (for example, financial or reputational) as being a loss, injury, disadvantage, or gain. There may be a range of possible impacts associated with an event.

Inherent Risk (Gross Risk): The level of risk to the District in the absence of any controls that management has in place to mitigate the risk's likelihood and/or impact.

Control: A control is any measure, process, or action put in place to reduce risk by decreasing the likelihood or impact of an adverse event. Controls can be preventative, detective, or corrective.

Residual Risk (Net Risk): The level of risk to the District considering the controls that management has in place to mitigate the risk's likelihood and/or impact, and the effectiveness of those controls.

Manage: To control or take charge of a risk to avoid or manage its likelihood and impact on the District and/or to enhance its opportunity.

Mitigate: To lessen or minimize the adverse impact of a risk through specific management processes, internal control activities, insurance, or other controls. Risk mitigations can include actions that avoid the risk (such as by not undertaking the activity which gives rise to the risk, reduce likelihood and/or impact of occurrence of the risk, and that transfer the risk to other entities).

Optimize: To balance potential risks versus potential opportunities within the District's stated willingness or appetite and capacity to accept risk. This may require an organization to increase or decrease the amount of risk relative to the potential opportunity.

Risk Culture: Risk culture refers to the values, beliefs, and behaviors related to risk awareness, risk management, and risk-taking within an organization. A strong risk culture promotes a proactive approach to managing risks and ensures that all employees understand their role in maintaining effective risk management practices. A weak risk culture is characterized by a lack of awareness and minimal accountability resulting in exposing the District to weaknesses and/or vulnerabilities.

Risk Register: A risk register is a live document outlining the District's identified risks and controls, their assessment, mitigation strategies, and status. It provides a central place to track risk information and the steps being taken by the District's risk owners to manage them.

Risk Treatment: Risk treatment involves selecting and implementing one or more options for modifying risk. The options include avoiding the risk, reducing the likelihood or impact, transferring the risk to another party, or accepting the risk with no further action required.

Risk Acceptance: Risks can reasonably be accepted if, on a residual risk basis, they are within the District's risk appetite and tolerance. Failure to identify, assess and adequately manage and mitigate risks results in risk acceptance by default, which default risk acceptance may be inappropriate as the risks may exceed risk appetite and tolerance (if articulated); such risk acceptance by default is not consistent with this procedure.

Risk Transfer: Transferring the responsibility of a risk to a third party (e.g. insurance, bonds, warranties, third party contracts).

Risk Avoidance: Deciding not to start or continue to pursue an activity or program as a result of the identified risk.

Risk Assessment: A risk assessment process enables the District to consider the extent to which potential events may have an impact on the achievement of organizational objectives.

Risk Identification: The process of identifying and understanding potential risks to the District.

Risk Management Processes: The processes applied during strategy setting and divisional activities across the District to identify, assess, and manage risks through risk management actions that avoid, reduce, transfer, or accept risk.

Risk Monitoring: The process of reviewing and evaluating the effectiveness of the action plan implemented through the risk management process and identifying opportunities to manage future reoccurrence of similar risk(s).

Risk Opportunity: The return which may be realized if risk is assumed but managed in a manner that may optimize its potential benefit.

Risk Appetite: The amount or level of risk an organization is prepared to accept in the pursuit of achieving its goals and objectives.

Risk Owner: An individual, or group of individuals, that has been given the responsibility and authority to manage a particular risk.

Risk Tolerance: The maximum amount of residual risk that is considered acceptable. Acceptable risk tolerance varies depending on the nature and level of the objective and is generally higher at the District level than at divisional unit, program, project, process, and other levels.

Emerging Risks: Emerging risks are new or evolving risks that are not yet fully understood or anticipated. These risks can arise due to changes in the external environment, such as technology, regulations, or market conditions.

APPENDIX A - RISK EVALUATION GUIDELINES

Ranking and Response Framework: The following provides guidance on the District's response to risk rankings			
Extreme	Threatens organizational strategies, objectives or goals to the extent that the District may not meet its legal or regulatory requirements, or remain viable.	**Moderate**	May affect results or performance but will not create a lasting impairment or materially impact the District's strategies and objectives.
High	Threatens fulfillment of the District's strategic goals, objectives or ability to meet its performance requirements, or has a lasting impairment on results our performance.	**Low**	May affect optimal performance or attainment of objectives but does not affect the District as a whole.

Risk Assessment Likelihood Guidelines

Likelihood Assessment Guidelines:

91 - 100%	**Almost Certain** Broad Descriptor: Will undoubtedly occur/recur, frequently Timeframe: Expected to occur at least daily	5
56 - 90%	**Likely** Broad Descriptor: Will probably occur/recur. Timeframe - Expected to occur at least weekly	4
26 - 55%	**Possible** Broad Descriptor: Might occur or recur occasionally Timeframe: Expected to occur at least monthly	3
5 - 25%	**Unlikely** Broad Descriptor: Do not expect it to occur/recur, but is possible Timeframe: Expected to occur at least annually	2
< 5%	**Rare** Broad Descriptor: Will probably never occur/ recur Timeframe: Not expected to occur for years	1

Risk Evaluation and Presentation

Likelihood ↑ / Impact →	1	2	3	4	5
5					**Extreme**
4				**High**	
3			**Moderate**		
2		**Low**			
1					

Risk Assessment Impact Guidelines

Risk Category	Description	Severity of Impact				
		1. Negligible/ Insignificant	2. Minor	3. Moderate	4. Major	5. Extreme/ Catastrophic
Strategic/ Reputation	**Impacts the District's reputation and/or ability to execute on current and/or future strategic directions.**	No adverse publicity. The strategic direction, and/or the nature and/or activities of the District, may be forced to change in an undesired but negligible way, or be prevented from changing in a desired but negligible way. Potential outcomes remain within risk tolerances.	Minor adverse publicity. The strategic direction, and/or the nature and/or activities of the District, may be forced to change in an undesired but minor way, or be prevented from changing in a desired but minor way. Potential outcomes remain within risk tolerances.	Localized adverse publicity. The strategic direction, and/or the nature and/or activities of the District, may be forced to change in an undesired moderate way, or be prevented from changing in a desired moderate way. Potential outcomes may or may not remain within risk tolerances.	Adverse publicity in national media. The strategic direction, and/or the nature and/or activities of the District, may be forced to change in an undesired major way, or be prevented from changing in a desired major way.	Sustained adverse publicity in national media. Potential outcomes are highly unacceptable. Existence of the District in recognizable form may be terminated.
Financial Resources	**Impacts the District's financial resources.**	Loss of less than $100K of the District's financial resources. Potential outcomes remain within risk tolerances.	Loss of between $100K-$500K of the District's financial resources. Potential outcomes remain within risk tolerances.	Loss of between $500-$2M of the District's financial resources. Potential outcomes may or may not remain within risk tolerances.	Loss of between $2M-$5M of the District's financial resources. Potential outcomes are outside risk tolerances.	Loss of more than $5M of the District's financial resources. Potential outcomes are highly unacceptable. Existence of the District in recognizable form may be terminated.
Human Resources	**Impacts the District's achievement of a high-performance, safe and inclusive work environment that fosters employee satisfaction, development, and engagement with positive labour relations.**	No adverse impact on employee engagement, retention, performance, or other Human Resources objectives including labour relations. Potential outcomes remain within risk tolerances.	Limited adverse impact on employee engagement, retention, performance, or other Human Resources objectives including labour relations. Potential outcomes remain within risk tolerances.	Significant adverse impact on employee engagement, retention, performance, or other Human Resources objectives including labour relations. Potential outcomes may or may not remain within risk tolerances.	Substantial adverse impact on employee engagement, retention, performance, or other Human Resources objectives including labour relations. Potential outcomes are outside risk tolerances.	Sustained adverse impact on employee engagement, retention, performance, or other Human Resources objectives including labour relations. Potential outcomes are highly unacceptable.
Operational Efficiency & Effectiveness (includes IT-related risks)	**Impacts the District's ability to achieve operating efficiencies while maximizing student and stakeholder satisfaction.**	The District is able to deliver its services with no disruption and/or data loss. Potential outcomes remain within risk tolerances.	The District is able to deliver its services with limited disruption and/or data loss. Potential outcomes remain within risk tolerances.	The District is able to deliver its services with significant disruption and/or data loss. Potential outcomes may not remain within risk tolerances.	The District is unable to deliver key services due to significant disruption and/or data loss. Potential outcomes are outside risk tolerances.	The District is unable to deliver core services due to extensive disruption and/or data loss. Potential outcomes are highly unacceptable.
Compliance (Regulatory/ Safety/Legal/ Contractual)	**Impacts the District's ability to comply with relevant applicable laws and regulations, and/or with the District's contractual obligations.**	No regulatory/legal consequence or injury risk. Outcomes remain within risk tolerances.	Limited regulatory/legal consequence and minor reversible injury risk. Potential outcomes remain within risk tolerances.	Significant regulatory/legal consequence and major reversible injury risk. Potential outcomes may or may not remain within risk tolerances.	Substantial regulatory/legal consequence and irreversible injury or death risk. Potential outcomes are outside risk tolerances.	Substantial regulatory/legal consequence and irreversible multiple injury or death risk. Potential outcomes are highly unacceptable.