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## Enterprise Risk Management

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### Policy Statement

BCIT takes risks as necessary in pursuit of its organizational objectives and is committed to maintaining strong risk management capabilities, and an effective and consistent risk management process across the Institute.

This Policy is supported by an Enterprise Risk Management (“ERM”) Standard that clarifies the ERM principles and approach established in this Policy and guides the processes, methodology, tools and techniques the Institute will use to implement the Policy requirements, duties and responsibilities.

Both the Policy and the Standard have been prepared with reference to leading practices in Canada’s public and higher education sector and are based on internationally established guidelines for risk management (ISO 31000 Risk Management Standard and Committee of Sponsoring Organization (“COSO”) ERM, Integrating with Strategy and Performance). They are intended to provide a consistent foundation for risk management across the Institute.

### Purpose of Policy

The purpose of this Policy is to

- set the principles and approach for managing institutional risks, and
- establish the governance, roles and responsibilities for Enterprise Risk Management (“ERM”) across the Institute.

### Who This Policy Applies To

This Policy applies to all of BCIT’s Employees and members of the Board of Governors.

### Scope

This Policy applies to all BCIT activities.

### Related Documents and Legislation

#### Industry Standards

[ISO 31000 Risk Management Standard](#)

[COSO ERM, Integrating with Strategy and Performance](#)

#### BCIT Policies

Policy 1200, Fraud

Policy 3501, Acceptable Use of Information Technology

Policy 3502, Information Security

Policy 6700, Freedom of Information and Protection of Privacy

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Policy 7100, Safety and Security  
Policy 7110, Emergency Management  
Policy 7150, Occupational Health and Safety

## Definitions

**Audit and Finance Committee** or “**AFC**”: means the BCIT Board of Governors standing committee on Audit and Finance.

**BCIT** or **Institute**: means the British Columbia Institute of Technology continued under the *College and Institute Act*.

**Board**: means the BCIT Board of Governors.

**Employee**: means a person who is employed by BCIT.

**Enterprise Risk Management** or “**ERM**”: means a holistic and proactive strategy continuously applied throughout the Institute to identify, assess, communicate and manage potential risks that might inhibit BCIT from achieving its objectives or might create opportunities to advance them.

**ERM Guiding Principles**: means foundational principles based on industry standards tailored to BCIT’s specific environment that guide BCIT’s overall approach to ERM.

**ERM Framework** or **Framework**: means the system of infrastructure, processes, methodology, tools and techniques that enables a consistent, efficient and effective approach to risk identification, assessment and response. It is a conceptual model of how ERM is structured and operates to achieve its intended purpose and benefits. There are three key components of the ERM Framework:

- **ERM Infrastructure**: means the foundation upon which ERM is based such as risk culture, risk governance model, risk philosophy and risk appetite, risk management policies, and training. The infrastructure supports the risk management process and provides the overarching structure of ERM for the organization.
- **ERM Process**: means a systematic and structured approach for identifying, assessing, managing and monitoring material institutional risks. The process is periodic and executed through enterprise-wide communication and collaboration with stakeholders.
- **Integration of Risk with Strategy and Performance**: means aligning the ERM process with the strategic planning, budgeting and other critical management processes, and embedding risk information in management decision making. Integration is critical to realizing the full benefits of ERM.

**Enterprise Risk Management Function**: means the operational unit that is responsible for developing and implementing the ERM Framework.

**ERM Standard**: means the standard that clarifies the ERM principles and approach established in the ERM Policy, articulates the ERM Framework, and guides the processes, methodology, tools and techniques the Institute will use to implement the Policy requirements, duties and responsibilities.

**Internal Audit Function:** means the operational unit that is responsible for providing independent and objective assurance on the Institute’s risk management and internal control framework to the Board.

**Managers:** means all Managers, Associate Deans, Associate Directors, Associate Registrar, Assistant Directors, and an excluded role with direct reports.

**Management:** means an executive, administrator, or excluded (non-bargaining unit) administrative employee of the Institute, except the President.

**Risk:** means a state of uncertainty regarding potential events that can present either a threat or an opportunity for achieving organizational objectives.

**Risk Appetite:** means the types and amount of risk that BCIT is willing to accept in pursuit of its objectives, along with how much risk mitigation is required.

**Risk Assessment:** means the process undertaken to identify and assess existing and emerging risks in the context of the established Risk Appetite.

**Risk Governance Model:** means a structure that defines the allocation of duties and responsibilities among different groups for making risk decisions and taking accountability for risk management.

**Risk Philosophy:** means the overall set of shared beliefs and attitudes towards risk taking at BCIT that drive BCIT’s Risk Appetite.

**Risk Profile:** means the current state of material risk exposure, aggregated across all risk types.

**Risk Register:** means the record used to capture material risks making up BCIT’s Risk Profile.

**Senior Team:** means all Vice-Presidents, the CIO, and Executive Directors who report directly to the President.

**Senior Leaders:** means all Associate Vice-Presidents, Senior Directors, Directors, Deans, Executive Directors, Registrar, and Controller reporting to the Senior Team members.

## ERM Guiding Principles

ERM at BCIT is guided by the following principles:

- BCIT takes **risks as a necessary part** of its operations and understands that not all risks can and should be fully mitigated.
- Risks are managed to **minimize losses and optimize returns** in a manner that balances the cost of managing risk with the anticipated benefit.
- Risk management at BCIT is **tied to its strategy and objectives** and is designed as one of the inputs to making informed strategic, investment and operational decision making.
- BCIT manages its risks through a **structured, systematic and integrated approach**, established by the ERM Framework, to ensure consistent and comparable results, and adequate consideration of risk in key decision-making.

- BCIT's ERM Framework is **customized** to fit the organizational culture, internal and external environment, and stakeholder needs and expectations.
- ERM at BCIT is a **shared responsibility** and a **continuous and collaborative** process where appropriate and timely involvement of stakeholders enables knowledge, views and perceptions to be shared and considered when identifying, prioritizing and managing material institutional risks.
- Everyone is responsible for understanding the risks that fall under their area of responsibility and working closely with other stakeholders to understand relevant **interdependencies and interconnections**.
- BCIT's ERM is **forward-looking and dynamic**. It considers the current exposures and anticipates future risks and opportunities in the context of the evolving internal and external environment.
- BCIT's ERM practices will **continuously evolve** to reflect external and internal conditions and to align with BCIT's strategic objectives and operational requirements.

### General Requirements for ERM

BCIT will carry out the following activities to facilitate effective risk management and reporting:

- Maintain an ERM Framework in alignment with the ERM Guiding principles that will be documented in an ERM Standard.
- Use the ERM Standard to apply ERM consistently across all areas and enable consistent consideration of risk in decision making.
- Review and update its Risk Philosophy and Risk Appetite on an annual basis to ensure it remains aligned with changing strategic priorities and institutional objectives.
- Perform a formal enterprise risk assessment annually and, where necessary, develop risk mitigation plans to ensure BCIT's Risk Profile remains within Risk Appetite.
- Report BCIT's Risk Profile and planned risk mitigation to the Board at least annually, and at other intervals as needed to communicate newly emerging issues and related changes to the Risk Profile.
- Align ERM with other internal risk programs to ensure effectiveness and efficiency. Carry out periodic risk training to support a strong risk culture and to equip everyone with the skills and knowledge required to fulfil their risk management duties and responsibilities.

### Duties and Responsibilities for ERM

This section outlines the ERM roles and responsibilities of the Board, President, Senior Team, Senior Leaders, Managers and Employees, and the ERM and Internal Audit functions.

**Board of Governors (through its Audit and Finance Committee as outlined in the Governance Manual):**

- Has ultimate oversight of, and accountability for BCIT's risk management approach, structures and processes, and approves the Institute's ERM Policy, Risk Philosophy and Risk Appetite.
- Through annual and periodic risk reporting, oversees compliance with the ERM Policy and ensures that material risks are well understood and managed according to the established Risk Appetite.
- Delegates overall responsibility for ERM to the President.
- Obtains periodic independent assurance that BCIT's ERM Framework and risk culture are adequate and effective.

**President:**

- As the Executive Sponsor for ERM, assumes ownership of BCIT's ERM Policy, Standard, and Framework and is ultimately responsible for the effective management of the institutional risks based on BCIT's established Risk Appetite.
- Delegates responsibility for developing and implementing the ERM Policy, Standard, and Framework to the ERM function, and appoints an accountable Senior Team member for each material institutional risk.
- Guides and supports the Senior Team in establishing BCIT's Risk Appetite and, through reviewing and ultimately approving BCIT's Risk Profile and risk mitigation strategies, ensures material risks are adequately managed
- Ensures strategic, financial and capital planning activities are aligned with ERM, and ERM is used to drive critical decision making.

**Senior Team:**

- Oversees the management of specific institutional risks, as assigned by the President.
- Develops the institutional Risk Philosophy and Risk Appetite in alignment with the institutional mission, vision and objectives.
- Provides guidance and support to Senior Leaders in identifying, assessing, prioritizing and managing BCIT's material risks; approves BCIT's draft Risk Profile and risk mitigation strategies; and ensures risk is embedded in decision making at strategic, tactical and operational levels.

**Senior Leaders:**

- Manage assigned institutional risks and provide input to the Senior Team in establishing BCIT's Risk Appetite.
- Guide their departments in the management of material risks and ensure that Managers and Employees develop and implement appropriate mitigation strategies for risks under their areas of responsibility.

- With the ERM function's support and direction, develop a draft Risk Profile, capturing all relevant material risks and proposed risk mitigation strategies, for the Senior Team's consideration and approval.

#### **Managers and Employees:**

- Participate in risk assessment and prioritization discussions; support the Senior Leaders in developing BCIT's Risk Profile; manage institutional risks and opportunities in accordance with the established Risk Appetite; and escalate material issues to their respective management or the ERM function.

#### **Enterprise Risk Management Function:**

- In collaboration with and direction from the President, develops, maintains, and implements BCIT's ERM Policy, Standard and Framework.
- Facilitates risk identification, assessment, prioritization and mitigation discussions with the Senior Leaders and the Senior Team, and develops a draft Risk Profile for the Senior Team's approval.
- Maintains BCIT's Risk Register, and utilizes the results of the periodic risk discussions to prepare annual and periodic risk reports for the AFC and the Board.
- Acts as an internal ambassador and knowledge resource for ERM; provides risk awareness training to all BCIT Employees and Board members; and works in collaboration with BCIT's other risk and control functions to align methodologies and aggregate risk information in the institutional Risk Profile.

#### **Internal Audit Function:**

- Performs periodic assessment of BCIT's ERM Framework and provides assurance to the AFC and the Board that ERM practices and processes are adequately designed and operating effectively to support BCIT in managing its material risks.

### **Other Documents Associated With This Policy**

ERM Standard

### **Amendment History**

		<u>Approval Date</u>	<u>Status</u>
Created:	Policy 1300 version 1	2022 Dec 06	In Force

### **Scheduled Review Date**

2025 Dec 06