



UNITED WAY OF CENTRAL ALBERTA RISK MANAGEMENT PROCESS

"Final", Rev 0, July 2014

Scope

An important element of organizational governance is the effective understanding and management of potential events that could interfere with the execution of the organization's mission and strategic plan. This document defines a framework to enable the assessment of risks and the development of risk management plans for the United Way of Central Alberta.

Key Objectives:

- Provide a framework for making risk-based decisions
- Align risk management activities to overall organizational objectives
- Develop an ability to establish an acceptable risk tolerance for UWCA
- Define accountabilities with respect to identified risks and required actions
- Demonstrate stronger governance
- Recognize trends and common risk challenges facing parts of the organization or the organization as a whole

Responsibilities

Board of Directors

- Foster a risk-intelligent culture
- Establish risk framework and drive the process for risk management
- Establish acceptable risk tolerance level
- Assess UWCA strategies against risk tolerance levels
- Discuss identified risks with the CEO, to establish workable management plans
- Define roles/responsibilities/authorities

Governance Committee

- Provide direction on application of the risk framework.
- Assess effectiveness of overall risk management process.
- Periodically evaluate identified risk controls and plans for any significant risks.

CEO

- Responsible for performance of the UWCA and implementation of identified risk management plans.

Key Process Steps

- Identify possible impact scenarios. Consider both internal and external impacts. Impacts may be physical or “soft” (people, processes, equipment, financial, environmental, regulatory, reputation, etc). These scenarios are typically developed through brainstorming exercises. It is helpful to reference the organization’s strategic plans, objectives, and stakeholder groups. “SWOT” data can often feed directly into risk evaluations.
- Assess each scenario to determine:
 - Magnitude of consequences, if the scenario were to occur
 - Probability/likelihood that the scenario could occur
- Based on the above, determine relative priority ranking of the risk scenario.
- Based on priority, identify existing controls or management plans in place to minimize the risk. If acceptable controls are not in place, develop management plans to ensure the unacceptable risks are managed.
- Document and implement management plans.
- Periodically assess implementation and effectiveness of management plans.
- Update process on a frequency determined by the board.

To assist in ranking the risks, the following pages contain a risk matrix and associated definitions:

| Severity of Consequences | | | | Improbable | Remote | Unusual | Possible | Expected |
|--|--|--|---|------------|--------|---------|----------|----------|
| People (job-related injury) | Financial (includes impacts from misconduct / misappropriation) | Reputation Impacts | Regulatory | | | | | |
| Fatality event | >\$1M | Potential loss of donors, >25%, with likely long-term effects, potentially irreversible. | Mandated shutdown of organization | B | A | AA | AA | AA |
| Long-term disability, or multiple serious injuries | \$200K - \$1M | Potential loss of donors, 10 - 25%, with potential lingering effects beyond 2 years. | Penal sanctions from regulatory body | C | B | A | AA | AA |
| Lost-time injury | \$100K - \$200K | Potential loss of donors, 5 - 10%, recovered within 1-2 years. | Temporary stop work order, or prosecution | C | C | B | A | AA |
| Restricted work case | \$20K - \$100K | Potential loss of donors, 1 - 5%, recovered within 1 year. | Public inquiry or official regulatory investigation | C | C | C | B | A |
| First aid case; short-term discomfort | <\$20K | Potential loss of donors, less than 1%, recovered within 1 year. | Reportable regulatory gap/infraction (minor) | C | C | C | C | B |

July 2014 updated to reflect the outputs from the combined outputs of the Fall 2013 and Spring 2014 board retreats, reflecting the board's views of acceptable residual risk levels for various scenarios.

Definitions of the Described Frequencies:

Expected – Will occur regularly in the normal course of business, likely at least once per year.

Possible – Known to occur, and reasonable to anticipate.

Unusual – Known to occur, though infrequent and not typically anticipated.

Remote – Believe may have happened somewhere, but would be difficult to find an example.

Improbable – Highly unlikely. Reasonable to assume it will probably never happen.

Definitions of the Risk Rankings:

“AA” Risk – Highly Unacceptable Risk. Immediate action required.

“A” Risk – Unacceptable Risk. Follow-up action is required. Plans should be in place within 6 months of identifying this level of risk. Implementation should be completed as soon as practical within the capabilities of the organization, and generally and long-term controls in place within 5 years unless otherwise agreed by the board of directors. In cases where execution of plans extends over a number of years, interim short-term measures must be considered to manage the risk.

“B” Risk – Level of acceptability is unclear. Further assessment of the scenario may be required. Board judgment may be required to determine level of action. Generally, should try to minimize the number of “grey area” final risk rankings, by providing added clarity or additional controls where reasonable.

“C” Risk – Acceptable. No further controls required.