



Policy Name	<i>Enterprise Risk Management</i>		
Policy #	RM 4.0	Category	Risk Management
Policy Owner	Chair of Audit Committee	Effective Date	June 1, 2022
Policy Lead	VP Administration and CFO	Next Review Date	June 1, 2027
Approved by	Board of Governors	Approval Date	May 31, 2022

1.0 Policy Statement

The mandate of Enterprise Risk Management (ERM) is to promote risk-informed decision making and support the effective execution of the Northern Alberta Institute of Technology (NAIT) strategic and business plans by implementing an organization-wide risk management framework. This includes assisting management in the identification, assessment, and treatment of risks, as well as the semi-annual reporting of risks and risk treatments to NAIT's Executive Management Committee and the Audit Committee of the Board of Governors.

NAIT is committed to managing risks and pursuing opportunities to achieve its strategic objectives and business priorities. The purpose of this policy is to ensure a consistent, scalable approach to risk management throughout NAIT to support decision-making and governance responsibilities.

2.0 Scope

The policy applies to all plans, activities, business processes, policies, procedures, and NAIT employees. Risk management is the responsibility of all employees as part of their duties at NAIT.

Where necessary, more detailed risk management policies and procedures should be developed to cover specific areas of NAIT's operations, such as financial management and business management. Where this occurs, such policies and regulations should comply with the broad directions described in the NAIT ERM Policy.

3.0 Definitions

Term	Definition
Enterprise Risk Management	A coordinated set of activities and methods used to direct NAIT and control the risk that affects our abilities to achieve our strategic direction and vision.
Key Performance Indicator	A set of quantifiable measurements used to gauge an organization's overall long-term performance. (Lagging indicator)
Key Risk Indicators	Metrics that serve as early warning signals that a risk may occur impacting NAIT's ability to achieve one or more of its objectives. (Leading indicator)

Risk	Effect of uncertainty on achieving strategic direction and vision with both positive and negative attributes.
Risk appetite	The level of risk that NAIT is prepared to accept in pursuit of its objectives before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of innovation and the threats, that change inevitably brings.
Risk-based decision making	Allows the uncertainties to be characterized, and integrated into such activities as planning, crisis prevention and management. Risk-based decision-making provides a process to ensure that optimal decisions, consistent with the goals and perceptions of those involved are reached.
Risk escalation	A risk management system whereby an increasingly higher level of authorization is required to sanction the continued tolerance of increasingly higher levels of risk.
Risk profile	A description of NAIT's existing management practices, common vulnerabilities, tolerance and key interdependencies concerning its risks, as well as an assessment of their relative likelihood, consequences and priority.
Risk reporting	A way of communicating project and business risks to people who need to know.
Risk treatment	The process of selection and implementation of appropriate options for dealing with risk. This involves the selection and implementation of appropriate options for dealing with risk.
Risk tolerance	Organization's readiness to bear the risk after risk treatment to achieve its objectives.

4.0 Guiding Principles

- 4.1 Provide a structured basis for strategic, tactical, and operational planning across NAIT.
- 4.2 Enhance NAIT's governance and corporate management processes.
- 4.3 Enable NAIT to effectively discharge its statutory and legislative financial management responsibilities.
- 4.4 Provide a practical framework for managers to assess risks inherent in the decisions taken.
- 4.5 Assist and motivate decision-makers, at all levels, to make good and proactive management decisions that do not expose NAIT to unacceptable levels of risk of unfavourable events occurring which adversely impact the attainment of organizational goals; encourage and commit decision-makers to identify sound business opportunities that will benefit NAIT without exposing the Institute to unacceptable levels of risk.
- 4.6 Minimize the risks of not identifying sound business opportunities.
- 4.7 Protect NAIT from unacceptable costs or losses associated with its operations.
- 4.8 Safeguarding of NAIT's resources - its people, finance, property, and reputation.
- 4.9 Assist NAIT in achieving its strategic objectives.
- 4.10 Create an environment where all staff assume responsibility for risk management.

- 4.11 A consistent risk assessment process will be used in developing risk registers, including those for executive portfolios, departments, and strategies/initiatives where a separate registry is appropriate.
- 4.12 Risk assessment and mitigation will be a standard element of business cases, new programs and courses, and changes within the operation of NAIT.
- 4.13 Identified risks will be evaluated and either accepted, avoided, controlled, or transferred depending upon the impact(s) the risk may have against the achievement of NAIT's strategic direction and vision.
- 4.14 Supporting the promises to Alberta, industry, students and staff, may occasionally require a higher risk acceptance; however, significant risk controls must be implemented when public funds, reputation, and loss prevention (serious harm, injury, property damage or environmental impact) remain within the scope of accepted risk.

5.0 Other Related Documents

RM 4.1 Enterprise Risk Management Procedure
 NAIT Enterprise Risk Management Framework
 NAIT Risk Appetite Framework
 ISO 31000:2018(E) Risk Management – Guidelines
 Guide 73 Risk Management - Vocabulary
 COSO Enterprise Risk Management – Integrated Risk Framework

Document History

<i>Date</i>	<i>Action/ Change</i>
October 1, 2018	October 1, 2018 NAIT Policy Enterprise Risk Management OA.7.0 replaced with Enterprise Risk Management Policy RM4.0
October 1, 2019	Changed policy owner and lead. Added definitions and clarity. Approved by Audit Committee
February 3, 2022	Revamped policy to align it to the external and internal requirements. Name change (previously Enterprise Risk Identification and Analysis).
May 31, 2022	Revised policy approved by Board of Governors