Background and Objectives

• SD#68 has made significant progress in articulating its strategic priorities and has clearly defined its goals along with actions required to achieve them in the organization’s Strategic Plan.

• SD#68’s Management perceives value in the process of identifying and prioritizing the key risks that may inhibit SD#68 from reaching these strategic goals.

• In addition, the Office of the Auditor General has recommended that all School Districts in British Columbia conduct an Enterprise Risk Management (ERM) assessment. In line with good practice, SD#68 wishes to institute an ERM program that will help the organization:
  • identify significant risks;
  • prioritize these risks;
  • implement appropriate risk mitigation strategies and monitoring procedures.
Business Objectives, Opportunities, Risks, and ERM

- **Objectives** are the goals that the enterprise is trying to achieve.

- **Risk** is “the effect of uncertainty on objectives” [ISO 31000:2009(E) Risk Management Standard] or “the possibility that an event will occur and adversely affect the achievement of objectives” [COSO ERM Integrated Framework]

- **Risk and Opportunity** are closely inter-related
  - Expressed in terms of **Likelihood** of occurrence and **Impact** on objectives.
    - Potential negative impact = **Risk**
    - Potential positive impact = **Opportunity**

- **Enterprise Risk Management (ERM)** is an organization-wide approach to identification, assessment, communication, and management of risks in a cost-effective manner
Effective ERM:

- Structured and disciplined
- Enterprise-wide
- Linked to business strategy
- Risk optimization versus risk minimization
- Defined risk responsibilities
- Continuous monitoring and measurement

is...

empowers...

**Governance**
Monitoring and reporting of key risks and actions to manage risk for Management and the Board

**Strategy**
Realignment of business strategies by manoeuvring through choices via analysis of key risk and potential financial impact

**Performance**
Utilization of key risk indicators and insights provided by risk intelligence to drive decision making and improve business performance
ERM is a key element of management of an enterprise

Business value is maximized when management sets strategy and objectives to strike an optimal balance between goals, opportunities, and related risks, and efficiently and effectively deploys resources in pursuit of the entity’s objectives.

Benefits of Enterprise Risk Management (ERM) include:

• *Seizing opportunities* – By considering a full range of potential events, management is positioned to identify and seize opportunities

• *Aligning risk appetite and strategy* – Risk Appetite = the nature and amount of risk an organization is willing to take in pursuit of its business objectives.

• *Enhancing risk response decisions* – Provides rigor around identifying and selecting among alternative risk responses – risk avoidance, reduction, sharing, and acceptance.

• *Reducing strategic and operational surprises and losses* – Enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.

• *Identifying and managing multiple and cross-enterprise risks*

• *Improving deployment of capital* – Obtaining robust risk information allows management to effectively assess overall capital needs and enhance capital allocation.
## Approach

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<th>Phase</th>
<th>Key Activities</th>
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| **Phase 1 - Project planning & review of documentation** | - Confirm the project scope, timeline, milestones, deliverable format, and establish cadence for progress updates.  
- Work with management and Board to define the ERM program’s purpose and practices.  
- Conduct a high-level stakeholder assessment to develop a list of management and board members to be interviewed.  
- Obtain and review relevant artifacts (e.g. strategic plan) in order to prepare for stakeholder interviews. Develop pre-read material and tailored questions for interview preparation packages and in turn, schedule interviews.  
- Establish risk management framework; definitions, categories, ranking criteria, ERM policy and risk assessment approach. |
| **Phase 2 – Conduct Management & Board interviews** | - Conduct stakeholder interviews with identified board members, trustees and management.  
- Prepare interview summary notes (working papers only) and develop draft risk categories and statements for workshop.  
- Establish the current state risk profile (prioritized key risks).  
- Present to management for confirmation and review.  
- Schedule ERM workshop. |
| **Phase 3 – Prepare & develop materials for ERM workshop** | - Finalize draft risk categories and statements for ERM workshop participants to vote on.  
- Finalize appropriate criteria and definition for quantification of risks — e.g., impact, likelihood of occurrence etc., as well as prioritization of risks. (e.g., High, Medium, Low).  
- Finalize list of workshop participants and in turn develop and circulate pre-read material for workshop. |
| **Phase 4 – Conduct ERM workshop** | - Conduct 3-4 hour workshop with identified board members, trustees and management.  
- Participants will anonymously vote on the impact and the likelihood of occurrence for each risk.  
- KPMG will facilitate discussion for each risk area and note potential risk owners and mitigating factors. |
| **Phase 5 – Finalize ERM artifacts** | - Formalize outputs from the ERM workshop including:  
  - A risk register that summarizes risk rankings as well as risk owners and mitigating factors for each risk  
  - A high-level summary presentation that includes heat maps for each of the risk categories.  
  - Provide the organization with guidance on maintaining/refreshing its ERM program. |
What risks are we seeing on our SD clients’ Risk Registers?

- Recruitment and retention (both instruction and administration)
- Organizational capacity
- Delivery of new academic curriculum
- Funding constraints
- Quality of facilities
- Data protection and privacy
- Inability to support FNIM students
- Local and international reputation (international students)
- Funding for special needs
- Secure environment for educators, students, stakeholders
- Competition with other education providers
- Ethical breaches by teachers
- Attendance management
- Information technology/information management environment