

# **The University of British Columbia**

## **Risk Register Guidelines & Instructions**

Revised March 27, 2015

### **Definitions**

#### **Enterprise Risk Management (ERM)**

A general definition: ERM is a systematic, comprehensive and ongoing approach to identifying and managing all types of risks on an organization-wide or enterprise basis.

An official definition (from the Australian/New Zealand Risk Management Standard): The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. The risk management process involves communicating, establishing the context, identifying, analyzing, evaluating, treating, monitoring and reviewing risk.

#### **Key Features of ERM**

- Generic and applicable to diverse lines of business
- Holistic; addresses all types of risk (strategic, financial, operational, hazard, reputational) in all parts of the organization
- Continuous process
- Addresses both risks and opportunities
- Effected by people at every level of an organization
- Aims to enhance value for constituents
- Considers established disciplines, such as business continuity planning or emergency response planning, insurance, loss prevention, to be specific treatments within a wider risk management process
- Essentially a decision process for managing uncertainties and effectively allocating resources

Risk is defined as the possibility that an event, action or inaction (including failure to pursue opportunities) might adversely affect UBC's ability to achieve its objectives and successfully execute its strategies. Risks can be internal (within UBC's control) or external. Risks will always be present. Risks are situations which could occur in the future and which if they did occur, could have a negative impact on UBC. In contrast, issues are situations which have occurred or are occurring and which could have a negative impact on UBC.

To facilitate consistency among the various faculties and units, please apply the following guidelines when completing your Risk Register. The overall context underlying the identification of risks and their assessment should be the objectives which the organization is pursuing – what could interfere with achievement of these objectives?

#### **Executive Unit**

Each Risk Statement is associated with a UBC Executive.

**UBC Unit & Sub-Unit (if applicable)**

Each Risk Statement is associated with a UBC Faculty, Unit (& Sub-Unit where applicable), or Program.

**Risk ID**

Risk ID is unique to each risk statement and will be assigned by the Office of Enterprise Risk Management. These ID's should not be changed.

**Risk Statement**

Some guidelines for composing the Risk Statement:

- **State cause and effect**
  - Examples:
    - Budget cuts (Poor)
    - Possible 10% budget cut prevents accomplishing deliverable X (Better), or
    - Possible 20% budget cut resulting in (or leading to) a construction delay (Better)
- Select a defined moment and state only one risk at a time
  - Examples:
    - Accidental event X occurs causing environmental damage, health hazard and possible litigation which leads to reputation loss and political risk (Poor)
    - Failure to ensure process Y leads to accidental event X (Better)
- Recognize external risks which have a specific impact
  - Examples:
    - Possible power outage. It will affect everything. (Poor)
    - Possible power outage resulting in delays in workflows for project-critical payments X and Y (Better)

**Primary Risk Owner**

Provide the name of the person(s) inside UBC who has overall accountability for the risk – this is typically the unit head. Provide First Initial and Last Name.

**Dependencies**

If applicable, provide the names of internal units and/or external organizations that your unit is dependent upon to manage the risk.

**Risk Class**

Identify all risk class types applicable to the risk (Operational, Financial, Hazard, Academic, Reputational, and Strategic).

## Probability of Occurring (Risk likelihood)

Probability of Occurring is the first factor evaluated for each individual risk. It represents how probable or likely it is that the risk will occur. Assume a three-year time horizon when estimating probability of occurrence, unless a different time horizon is agreed upon. The estimated probability rating should be the probability of occurrence – taking into consideration any controls currently in place.

Probability / Likelihood (3-year time horizon)		
		Description
1	Very Unlikely	The situation has rarely occurred previously / is not expected to occur.
2	Unlikely	The situation could occur in some circumstances.
3	Possible	The situation could occur in most circumstances.
4	Likely	The situation will likely occur in most circumstances.
5	Almost Certain	The situation is expected to occur / is already occurring.

## **Severity of Impact (Risk Consequences)**

Severity of Impact is strongly linked to UBC's risk tolerance i.e. the worst loss that the organisation is capable of and/or willing to absorb within its current operational structure.

Severity of Impact represents a measure of the potential magnitude of the risk should it materialise. For the purposes of this exercise, it is assumed that the existing controls had failed and that the magnitude of the impact of the risk is a measure of the financial impact before any recoveries are made from insurance or other third parties.

Financial impact is, however, not always the most appropriate measure. In some cases it is more appropriate to envisage the severity of impact of a risk in terms of operations, academic considerations, effect on strategy and constituents and/or reputation, and to this end, alternative measures/ scales must be considered.

It may well be that the impact severity in one type of impact category (e.g. reputation) will be greater than in other categories; when this is the case, base the severity of impact rating for the risk on the type of impact category with the highest severity rating.

The following table provides some severity measures for different types of impact, and should be used as a guideline or signposts. They are provided for illustrative purposes to aid judgement which, except where the impact is financial, will often have a significant subjective element:

**Severity of Impact**

<b>Type of Impact</b>						
	<b>Severity</b>	<b>Financial</b>	<b>Reputation</b>	<b>Operations</b>	<b>Strategic/ Constituents<sup>1</sup></b>	<b>Academic</b>
<b>1</b>	<b>Minimal</b>	< 1% of budget	No (one day or less) negative impact on public perception within the relevant internal or external communities	Negligible effects	Affects only some members of one group of constituents	No (one day or less) negative impact on ability to deliver on education and/or research
<b>2</b>	<b>Minor</b>	> 1 < 5% of budget	Very brief (one or two weeks) negative impact on public perception within the relevant internal or external communities	Normal administrative difficulties	Affects only one group of constituents	Very brief (one or two weeks) negative impact on ability to deliver on education and/or research
<b>3</b>	<b>Significant</b>	> 5 < 10% of budget	Short term (one to six months) negative impact on public perception within the relevant internal or external communities	Delay in accomplishing objectives. Short term non-routine measures needed	Affects more than one group of constituents	Short term (one to six months) negative impact on ability to deliver on education and/or research
<b>4</b>	<b>Major</b>	> 10 < 15% of budget	Medium term (six months to one year) negative impact on public perception within the relevant internal or external communities	Medium term non-routine measures needed before objectives can be met	Affects several key constituents	Medium term (six months to one year) negative impact on ability to deliver on education and/or research
<b>5</b>	<b>Massive</b>	> 15% of budget	Long term (more than one year) negative impact on public perception within the relevant internal or external communities	Some objectives will not be met. Long term non-routine measures needed	Affects most or all key constituents	Long term (more than one year) negative impact on ability to deliver on education and/or research

<sup>1</sup> Constituents include internal groups (e.g. students, faculty and staff) and external groups (e.g. the Province of BC, the City of Vancouver, donors, the University Neighbourhoods Association and other community groups).

## Overall Rating

Is determined by multiplying the Probability of Occurring rating by the Severity of Impact rating, and can range from one to twenty-five. As a general rule, the higher the overall risk rating, the greater the priority assigned to mitigating the risk. However, an exception to this general rule may be asymmetrical risks (risks which are very unlikely to occur but which would have a major or massive impact if they did).

## Control & Risk Mitigation Activities (in place) Rating

The rating is an evaluation of the effectiveness of the controls and risk mitigations that are currently in place to control or mitigate the risk (e.g. policies, procedures, transfer mechanisms, physical measures, insurance, loss control measures, contingency plans). They should be considered when rating the risk for the Probability of Occurring and the Severity of Impact (above).

The assessment of Controls & Risk Mitigation Activities is on a five-point scale and is illustrated below.

Current Controls Rating		
1	<b>Excessive</b>	Greater than compliance with statutory requirements, considered leaders in the sector, too many resources being devoted
2	<b>Robust</b>	Full compliance with statutory requirements; comprehensive procedures, prevention is the organisation's strategy, redundancy built in
3	<b>Adequate</b>	Reasonable compliance with statutory requirements; reasonable standards established, some preventative measures in place
4	<b>Weak</b>	Insufficient controls; weak procedures; limited attempt made to implement preventive measures
5	<b>Non-Existent</b>	No controls exist.

## Risk Tolerance & Acceptance

Choose one only:

<b>Monitor</b>	Risk is tolerable; current controls are adequate or better; risk is inconsequential; risk tolerance is high – therefore only monitoring of the risk is required.
<b>Treat</b>	Risk is tolerable but current controls are insufficient and/or the overall risk rating is high; additional mitigation (treatment) is required
<b>Avoid</b>	Cannot live with this risk; need to develop new operating plans or strategy to avoid it altogether; do not do the action which would trigger this risk.

**Additional Risk Mitigations to be Completed**

This is an optional field, but typically if the rating of current controls is greater than 3 (Adequate), additional risk mitigation recommendations should be identified. However, they may also be appropriate when the current control rating is 3 or lower, particularly if the overall risk rating is high.

**Risk Mitigation Owner(s)**

Provide the name of the person(s) inside UBC who is accountable for completing or carrying the additional mitigation step forward. Provide First Initial and Last Name. If outside entities are involved with the mitigation, they may also be noted.

**Target Completion Date**

This should be the target date for the completion of the risk mitigation plan. Please indicate month, day, year (e.g. 8/31/2014).

For some risks, the need for mitigation activities will continue, in which case "ongoing" should be shown on the completion date.