

# Strategic Risk Management

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# Session Purpose and Agenda

## Purpose:

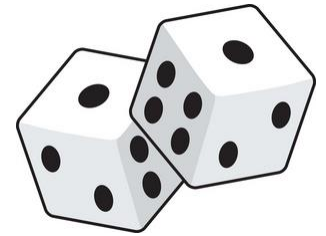
- Raise understanding and awareness of strategic risk areas
- Promote further investigation, discussion and implementation of risk management strategies at your Student Associations
- Opportunity to share ideas about risk in your Associations

## Agenda:

- Risk Overview
- Risk Framework
- Thinking About Risk - Application

# What Is Risk?

- Possibility that something will occur whether negative or positive
- That something produces consequences that have an impact
- Likelihood is the probability that the consequence will occur



Impact (Cost or Benefit) X Likelihood



# Why Look at Risk?

- Asking “What if?” in a structured way allows:
  - Good Governance - Mission/mandate to be fulfilled
  - Preparation - Rehearse the possibilities of tomorrow
  - Reduce or counter potential losses by taking action today
  - Seize potential gains

# Misconceptions About Risk

- You can eliminate risk



# Magic!



# Misconceptions About Risk

- You can eliminate risk
- A well run organization has no risk



# No Risk = Good Business



"We've considered every potential risk except the risks of avoiding all risks."



# Misconceptions About Risk

- You can eliminate risk
- A well run organization has no risk
- Assume risk is being looked after by someone else



# Someone Else is Looking After It



# Misconceptions About Risk

- You can eliminate risk
- A well run organization has no risk
- Assume risk is being looked after by someone else
- All risk is about something bad happening to the organization



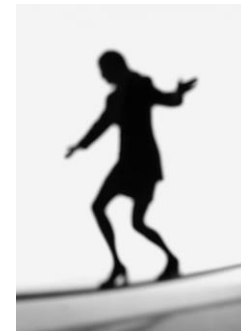
# Nothing Risked, Nothing Gained



# Misconceptions About Risk

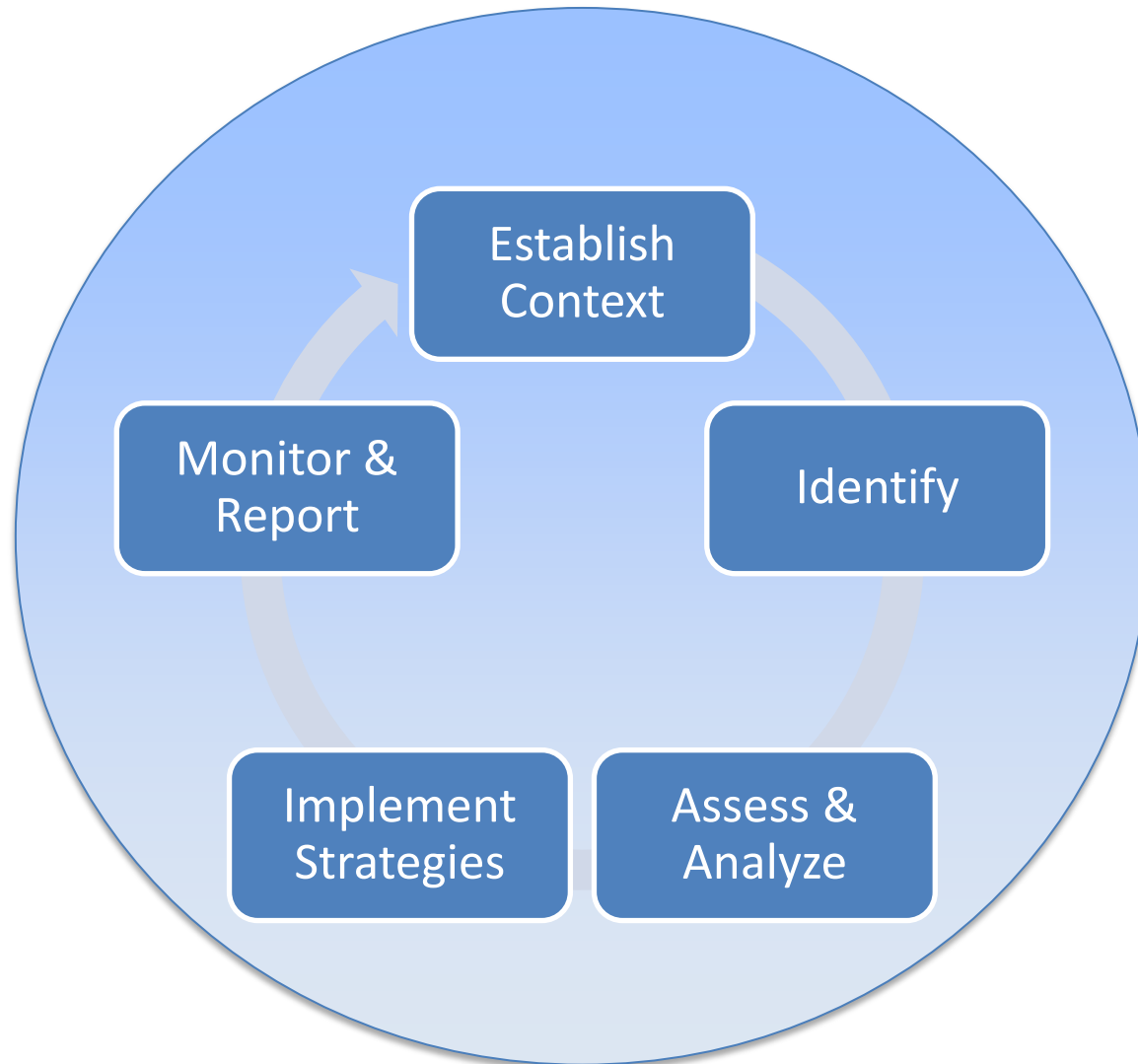
- You can eliminate risk
- A well run organization has no risk
- Assume risk is being looked after by someone else
- All risk is about something bad happening to the organization
- Insurance = risk management

Good Risk Management is About  
Balance



impact<sup>8</sup>

# What is Risk Management?



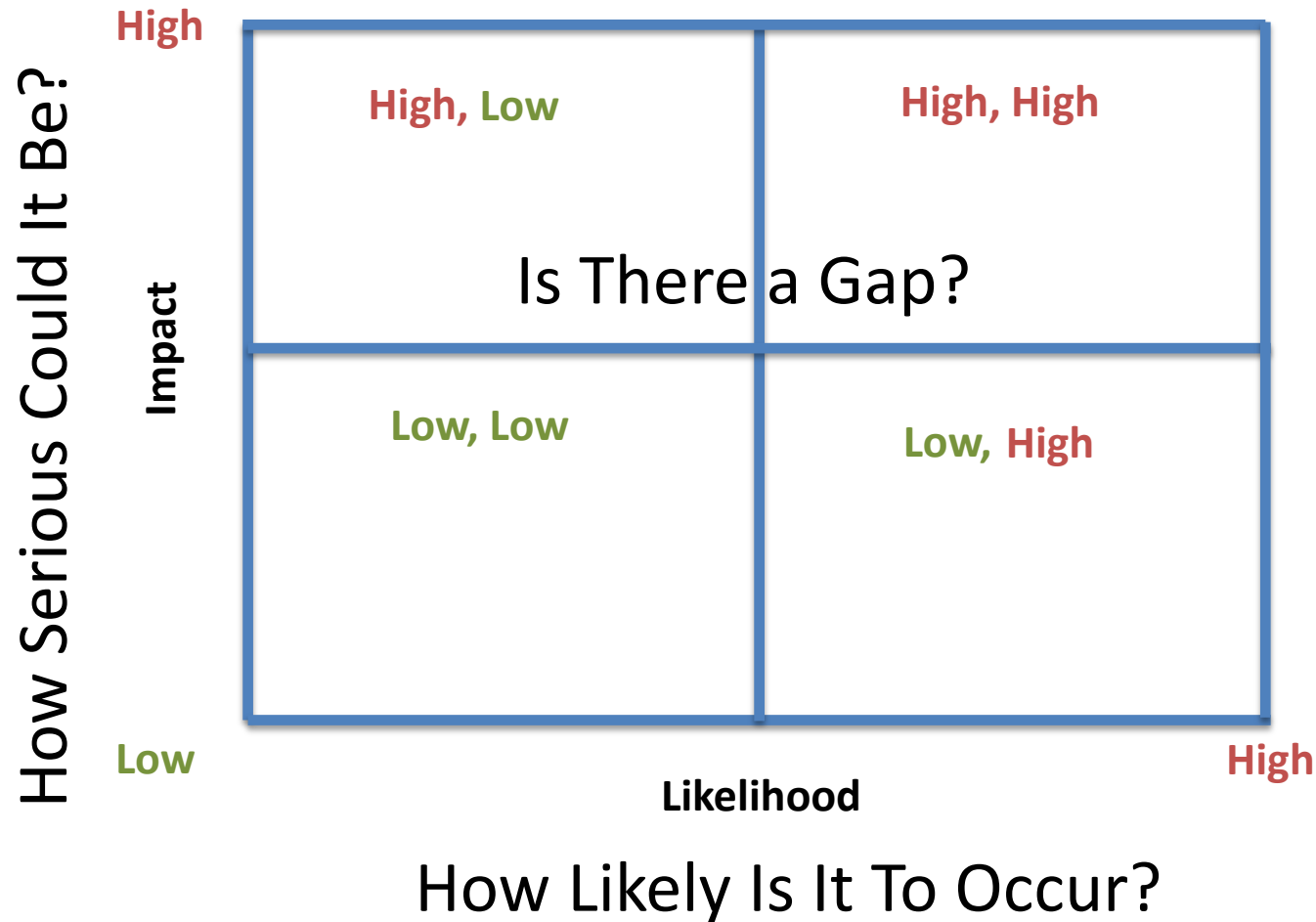
# What Could Happen? –

## Common Sources of Non Profit Risk

- **Governance** – ineffective oversight
- **Goodwill** - reputation, stature in your “community”
- **Operations** - service delivery
- **Property** - buildings & facilities (including content)
- **Financial** – income related, fraud & decisions based on inaccurate information
- **Compliance** – laws and regulations



# Impact & Likelihood

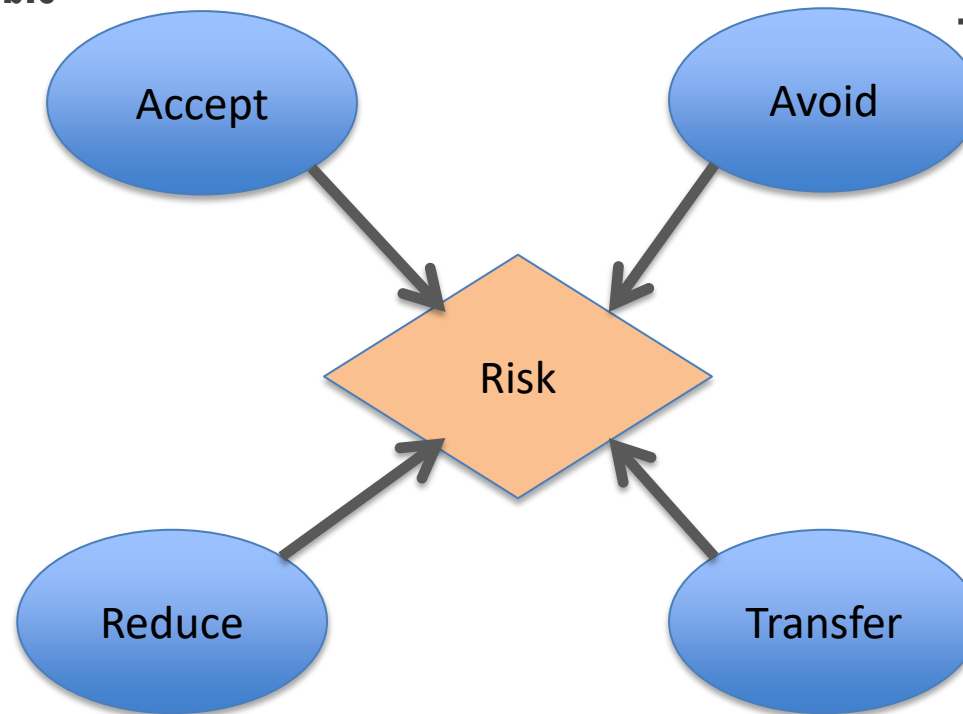




# Mitigation Strategies

- **Cost/Benefit**
- **Reasonably Acceptable Level**

- **Stop Doing**
- **Don't Do It**



- **Decrease Likelihood**
- **Decrease Impact**

- **Insurance**
- **Share It**



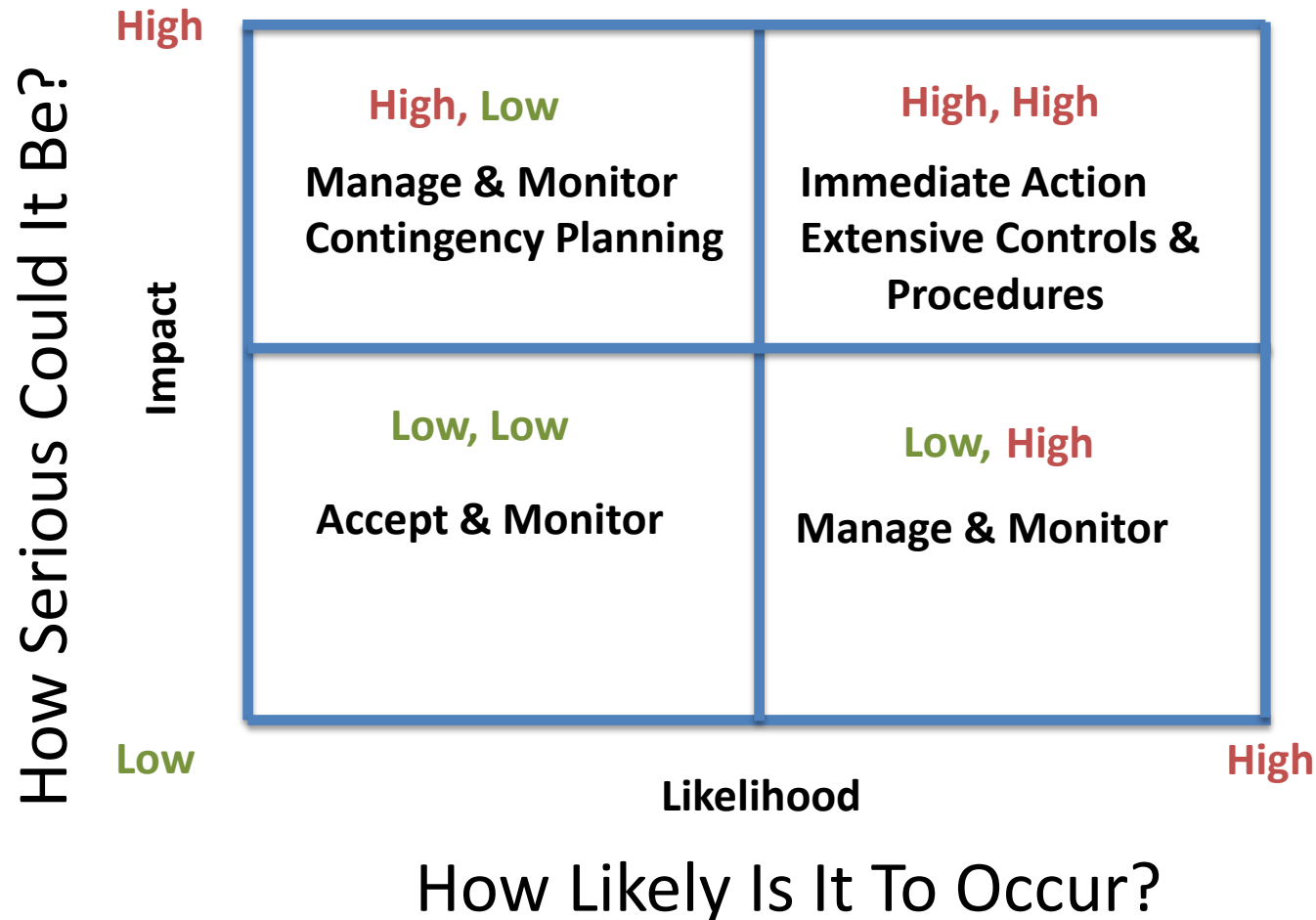
# Which Strategy Is This?



# Which Strategy Is This?

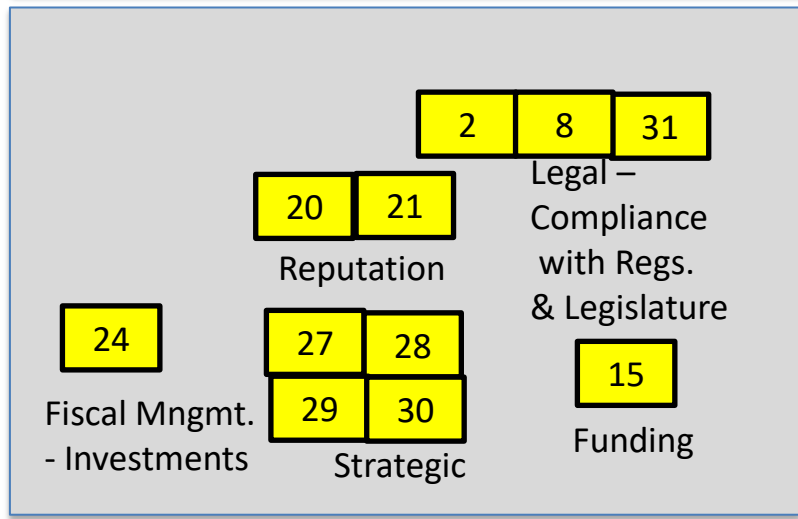
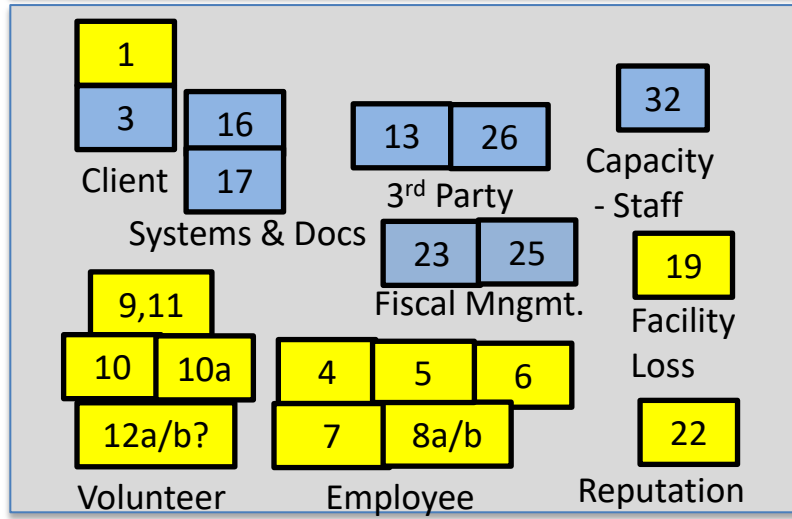
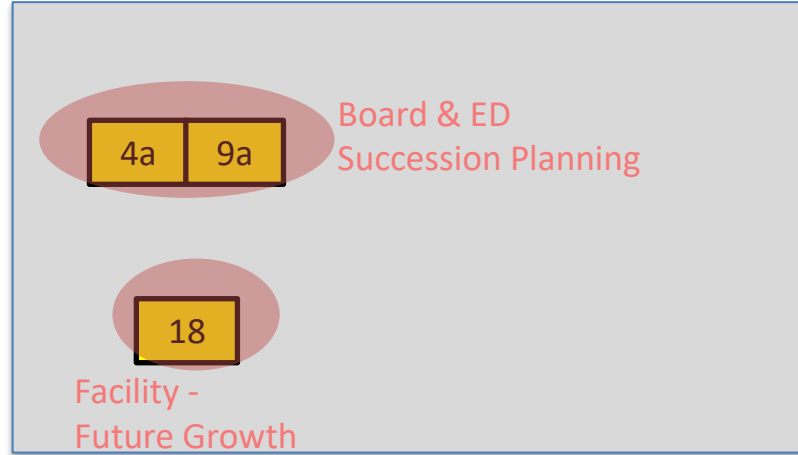
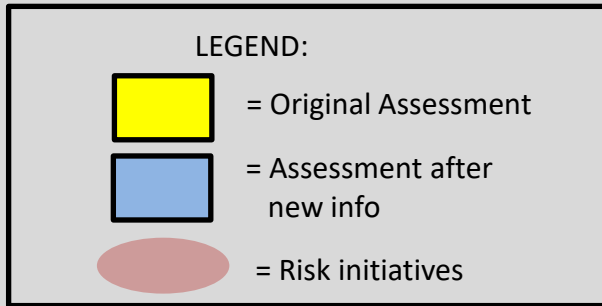


# Typical Mitigation Actions Based on Assessment



# Risk Framework Example

Likelihood  
(with  
mitigation  
in place)



Low

Impact of Occurrence



# Board Role

- Establish a Risk Culture
  - Context & Policies
  - Risk Tolerance Discussions
  - Board Membership
- Assign Roles & Structure For Risk
- Define Understand Key Risks
- Ensure Structure & Process

Establish  
Context

Establish  
Context

Identify

Assess &  
Analyze

# Board Role

- Approve Policies & Action Plans
- Define Management & Reporting Structure
- Ask the Right Questions

Implement  
Treatments

Monitor &  
Report

Monitor &  
Report

Board Responsibility Is Oversight: Defining the Risk Culture, Understanding Key Risks & Asking the Right Questions

# Clearly a Culture Has Been Established!





# ED Role

- Ensure communication
- Identify new risks to the Board
- Follow a structured, documented risk assessment process
- Implement policies, procedures, practices & controls
- Monitor & report on risk

Establish  
Context

Identify


Assess &  
Analyze

Implement  
Treatments

Monitor &  
Report



# Documentation

What could happen? Description of Key Risk & Consequence	How serious could it be? Impact (High Medium Low)	How likely is it to occur? Likelihood (High Medium Low)	Assessment Pre- Mitigation (High Medium Low)	What's already in place? Controls Currently in Place	Is this reasonably acceptable risk? Assessment Post – Mitigation (High Medium Low)	What should we do to reduce the risk? Action Required & by Who
						

# Thinking About Risk Management at Student Associations

Discuss & Record :

- Identify 3 Key Risks & the Possible Consequences

Ask: What Could Happen?

# What Could Happen? –

## Common Sources of Non Profit Risk

- **Governance** – ineffective oversight
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# Thinking About Risk Management at Student Associations

Discuss & Record :

- Assessment of Each Key Risk Identified:
  - **Impact:** How Serious Could it Be? (High Medium Low)
  - **Likelihood:** How likely is it to occur? (High Medium Low)



# Thinking About Risk Management at Student Associations

## Your Next Steps:

- What are your next steps based on the information you received today?
- What questions are you going to ask?

# Application


What could happen?

How serious could it be?

How likely is it to occur?

What's already in place?

What questions do we need to ask?

Description of Key Risk & Consequence	Impact (High Medium Low)	Likelihood (High Medium Low)	Assessment Pre- Mitigation (High Medium Low)	Controls Currently in Place	Questions
					

# Thank You

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