GOVERNMENT OF YUKON   Policy 2.25

GENERAL ADMINISTRATION MANUAL

VOLUME 2: HIGHWAYS AND PUBLIC WORKS

TITLE: ENTERPRISE RISK MANAGEMENT POLICY

EFFECTIVE: September 9, 2014

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1. SCOPE

1.1. Authority

This policy is issued under the authority of Cabinet minute #14-25[6].

1.2. Application

This policy applies to all Government of Yukon departments, as defined in GAM Policy 2.1.

1.3. Purpose

The purpose of this policy is to:

- Ensure the implementation of common and consistent risk management processes and practices within departments and across the Yukon government.

- Support a risk management culture where risks are identified and managed.

- Minimize the adverse effects of risk and losses that may impact government departments.

- Establish roles, responsibilities and decision-making processes to effect internal coordination and consistency.

1.4. Background

All Government of Yukon activity involves some degree of risk. A successful risk management approach addresses risk proactively rather than reactively. Risk management involves assessing risk, determining risk tolerance levels, strategically making informed decisions and taking action under conditions of uncertainty.

Enterprise risk management is the integrated and coordinated application of risk management practices across YG. Risks identified within units, branches or departments may have an impact that extends beyond the areas where they were originally identified. In these cases the risks are elevated to a higher level and re-assessed within the new context.

1.5. Corporate Values

Risk management encourages a culture that embraces:
- innovation and opportunity
- informed risk taking
- acknowledgement of risk as inherent in all government activities
- management of risk to minimize losses

1.6. Definitions

Departmental Risk Representative (DRR): designated staff member within each department appointed by the deputy minister and responsible for managing the department's risk management program.

Enterprise Risk Management: the integrated and coordinated application of risk management practices across Yukon government including integration within and between departments.

Risk: any internal or external situation or event that has the potential to impact government's ability to achieve its objectives, deliver its services, or carry out its projects or events.

Risk Management: the practice of systematically identifying and understanding risks and the controls in place to manage them. The risk management process helps determine whether, in the context of a business unit, program or project, a risk is acceptable or requires mitigation.

Risk Management Committee: an interdepartmental committee made up of departmental risk representatives and the staff of the Risk Management Office.

Risk Management Office: central Yukon government (YG) office located within the Department of Highways and Public Works that coordinates YG's enterprise risk management program and the risk management committee.

2. RISK MANAGEMENT FRAMEWORK

2.1. The risk management process

Each risk management exercise involves five basic steps.

1. **Establish the context:** Establishing the context involves defining the external and internal factors that organizations must consider when they manage risk. An organization's external context includes its external stakeholders, its local, national, and international environment, as well as any external factors that influence its objectives. An organization's internal context includes its internal stakeholders, its approach to governance, its contractual relationships and its capabilities, culture and standards.

2. **Identify the risk:** The identification process looks at what is critical for the success of the business unit, program or project and then considers what may go wrong. This is the risk. For each risk, possible causes are identified and the impacts, should the risk occur, are defined.

3. **Analyze the risk:** This process identifies and analyzes the risk in terms of consequence and likelihood in order to calculate the risk severity.

4. **Evaluate the risk:** This process evaluates the risk and existing controls to determine whether action is required and identifies who is responsible for managing the risk.

5. **Treat the risk:** After evaluating the risk, determine whether risk tolerance levels have been exceeded. To manage the risk, the responsible area creates mitigation strategies. All of the mitigation strategies together for a particular business unit, program or project make up the risk treatment plan. The responsible area schedules and assigns mitigation strategies in this plan.

In addition to these five steps, the following two elements occur continually throughout the process.

1. Communicate and Consult – ensures that all participants are aware, understand, are involved in and contribute to the process.

2. Monitor and Review – an ongoing part of risk management that is integral to every step of the process. Monitoring and reviewing ensures the important information generated by the risk management process is captured, used, and maintained.

2.2. Enterprise Risk Management

The enterprise risk management process allows for the analysis, elevation and reporting of risk at various levels within and across Yukon government.

Risk assessments are conducted on the department's strategic and operational objectives, and the risk management process is integrated into all major project and program decisions.

The corporate risk registry allows for an integrated corporate approach to risk management where risks are shared, interdependencies are explored and analyzed together, and combined risk mitigation strategies are applied.

2.3. Administration of the Risk Management Revolving Fund

The Risk Management Office manages insurance and risk matters for Government of Yukon, including the purchase of insurance, management of the Risk Management Revolving Fund (Fund) and investigating and managing claims made against YG.

The Fund provides coverage for liability claims incurred by departments and for property damage to select YG buildings according to coverage principles approved by Management Board.

3. ROLES AND RESPONSIBILITIES

3.1. Deputy Ministers' Review Committee:

Approves corporate risk management policy.

Acknowledges, reviews, and provides direction on corporate risks.

Makes recommendations to Management Board, where appropriate, regarding changes to the risk management insurance coverage principles based on information provided in the risk management annual report.

3.2. Deputy Ministers:

Integrate risk management into departmental business processes, decision making and planning at an appropriate level as determined by the deputy minister.

Work with the Risk Management Office within Highways and Public Works and department risk representatives to elevate risks to Deputy Ministers Review Committee according to corporate tolerances.

Identify a department risk representative.

Manage and monitor program implementation within the department.

Use corporate risk management processes, framework and systems.

Report changes to the department's building portfolio (acquisitions, disposals, or transfer of assets) to the Risk Management Office for insurance purposes.

Ensure that additional activities or responsibilities that may result in a material change in exposure for YG (e.g., new acts or agreements which may impact the value or frequency of claims against the government) are reported to the Risk Management Office.

3.3. Risk Management Office:

Provides advice, expertise and guidance on risk management practices.

Chairs the Risk Management Committee.

Works with deputy ministers to elevate risks to Deputy Ministers' Review Committee according to corporate tolerances.

Develops training curriculum, training plans and ensures that training is available.

Provides support and training to departmental risk representatives.

Manages and maintains the corporate risk registry system.

Monitors and reports on program implementation across departments.

Reports annually at the end of each fiscal year to Deputy Ministers' Review Committee on the status of the Risk Management Program.

Administers the Risk Management Revolving Fund.

3.4. Department Risk Representatives:

Develop department training plans consistent with the corporate framework.

Develop department operational processes consistent with corporate frameworks.

Provide advice, expertise and facilitation on department risk analyses.

Analyse department risks and work with the Risk Management Office to determine which ones to identify to the deputy minister as a possible corporate risk.

Use corporate risk management processes, framework and systems.

3.5. Risk Management Committee:

Supports the government-wide program through sharing of knowledge and best practices in risk management.

Discusses, reviews and vets departmental and corporate risks and recommends strategies for mitigation and management or risk elevation.