

RISK MANAGEMENT POLICY

1. INTRODUCTION

- 1.1. As Interior Health (the “Authority”) carries out operations to meet its Mission, there are a number of risk factors that can cause uncertainty in achieving this.
- 1.2. Enterprise Risk Management (ERM) is a framework for managing risks that includes the coordinated activities to direct and control an organization with regard to managing the effects of these uncertainties. This means identifying, analyzing, evaluating and treating risks in a timely manner so that their potential effects are reduced to acceptable levels. While structured reviews are meant to be conducted on a regular basis, any serious risks that become apparent should be reported immediately to management for review and treatment.
- 1.3. Other benefits sought from the ERM program are, support for better management planning and decision making, detection of new opportunities and better usage of limited resources.
- 1.4. The purpose of this policy is to establish a general framework for the Authority’s ERM program and its overall objectives. Responsibility for implementation of this program and its effective operation will rest with Management.
- 1.5. The *Terms of Reference for the Board of Directors* requires the Board of Directors (the “Board”) “ensure management identifies the principal financial and non-financial risks of the Authority and implements systems and programs to manage these risks”.

2. OVERALL OBJECTIVES

The objectives of the Authority’s ERM program are to:

- a. recognize risk management as critical to the achievement of Authority goals and governance responsibilities;
- b. integrate Enterprise-Wide Risk Management into the organizational culture;
- c. maintain a proactive approach to the identification, analysis, evaluation and treatment of potential risks at optimal levels of assurance for stakeholders and at minimum cost to the Authority;

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- d. establish a risk management process that is clearly defined and documented and fully integrated with other strategic and operational processes;
- e. continuously apply risk management practices and disciplines in decision-making including proper accountability, performance monitoring, and improvement of planning and practices; and
- f. identify, commit and train the resources necessary to implement effective ERM practices.

3. ENTERPRISE RISK MANAGEMENT FRAMEWORK

- 3.1. The ERM Framework (the “Framework”) is based upon the International Organization for Standardization’s ISO 31000 Risk Management - Principles and Guidelines, and aligns with the risk management guidelines set out by the Province of British Columbia’s Risk Management Branch and Government Security Office.
- 3.2. The Framework is the foundation for ensuring that information derived from the risk management process is adequately reported and used as a basis for decision-making and accountability at all relevant organization levels.
- 3.3. At an organization level the Framework consists of:
 - a. policies and procedures related to risk management;
 - b. the risk management process; and
 - c. supporting systems for tracking risk information, providing education and consultative services.
- 3.4. The process flow of the Framework follows a regular cycle of:
 - a. reviewing the design of the Framework to ensure that it is still appropriate and effective;
 - b. implementing required modifications;
 - c. monitoring and reviewing the performance of the Framework; and
 - d. developing and incorporating improvements derived from monitoring of the Framework into the next redesign cycle.

4. BOARD ROLE

The Board will:

- 4.2.1 Have a continuing understanding of the principal risks associated with the Authority's objectives;
- 4.2.2 Ensure management keeps the Board informed of any major incident reports;
- 4.2.3 Ensure management keeps the Board well informed of changing risks;
- 4.2.4 Review ERM program functioning and identify any need for changes in policy or process;
- 4.2.5 Receive an update from management on the ERM program (including any changes to the ERM program) including identified risks and mitigation strategies on an annual and as required basis; and
- 4.2.6 Maintain a supportive stance, reinforcing the importance of effective risk management in all decision-making relevant to the achievement of the Authority's Mission and its accountability to its stakeholders.