

Risk Management Procedure	Procedure Number	5.3.1P
	Effective Date	June 14, 2013

1.0 PURPOSE

Pursuant to Board of Trustees Policy [insert number], the Purpose of this procedure is to establish a coordinated approach to risk management and ultimately to establish an effective risk management culture at Laramie County Community College. A coordinated approach to risk management will contribute to building a risk-smart decision making environment that allows for innovative and responsible risk-taking. Risk management encompasses the responsibility of protecting College resources - human, physical and financial - through the incorporation of sound risk management practices into all aspects of campus operations. The goal of risk management is to actively manage exposures by identifying the types of losses faced by the College, analyzing the different types of these exposures and deciding how to manage and finance these losses through a combination of insurance, risk avoidance, risk transfers, appropriate program implementation and effective claims management.

The level of risk is dynamic and depends upon many factors including potential rewards, the nature of operations and the appetite of the College for risk, any of which may vary over time. It therefore requires that risk management is constantly under review and becomes an integral component of all decision making. The risk analysis process established in this Procedure will apply to decisions made by the College that could have a significant potential risk to the financial stability, reputation, and quality of college activities and services.

2.0 REVISION HISTORY

Adopted on: 6/14/13

3.0 PERSONS AFFECTED

This Procedure is applicable to the Board of Trustees, all full-time and part-time administrators, professionals, faculty, staff, students and visitors.

4.0 DEFINITIONS

- A. *Risk* – A probability or threat of a damage, injury, liability, loss or other negative occurrence that is caused by external or internal vulnerabilities, and that may be neutralized through preemptive action, and is measured in terms of consequences and likelihood.
- B. *Risk Management* - A logical and systematic approach of organizational procedures and practices that will allow the College to maximize opportunities and minimize losses and negative impacts.
- C. *Risk Assessment* – The process used to determine risk management priorities by evaluating/comparing the level of risk against predetermined acceptable levels of risk.
- D. *Risk Response and Description* – The management action(s) that allow the College to accept, avoid, transfer or reduce the identified risk.

5.0 PROCEDURES

A. Authority and Responsibility

- 1) Risk management is the identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks. The College may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy (*or combination of strategies*) to properly manage future events or activities.
- 2) The Vice President of Administration and Finance Services, or his/her delegate, shall administer the risk management program and activities on all campus sites; make recommendations to faculty, staff and administration regarding the risk management program; and build working relationships with the campus community and public.
- 3) All members of the College community have a responsibility to engage in effective risk management. Directors, Deans, and Vice Presidents will be responsible for implementing good risk management practice within their area.
- 4) Risks will be identified, within a general risk framework, by considering them in the context of the units and College objectives as set out in the Strategic Plan and Department/Division objectives.
- 5) Risks will need to be managed and not necessarily avoided. This will be achieved by transferring the risk via insurance cover, employing controls to mitigate or avoid the risk, altering activity to reduce the level of risk or perhaps withdrawing from the activity entirely. Any one or a combination of techniques may be employed.
- 6) Controls as well as risks will be identified, evaluated and assessed so that judgments may be made about the residual levels of risk to be borne and to focus a review on the effectiveness of the control systems.
- 7) The campus risk management program shall be guided by the "Risk Management Manual". This document is available on through the Purchasing website, or via hard copy upon request by contacting the Administration and Financial Services Department.

B. Guiding Objectives

- 1) To integrate risk management into the culture of the College.
- 2) To manage risk in accordance with the recommended best practice.
- 3) To establish legal and regulatory compliance as a minimum standard.
- 4) To continue to anticipate and respond to the changing environment of the College.
- 5) To prevent Injury and damage where possible and to reduce the cost of risk.
- 6) To continually raise awareness within the campus community of the need to manage business risk, and to monitor the effectiveness of controls and practices.

C. Principles

- 1) LCCC recognizes that a coordinated risk management approach is critical to the achievement of its' strategic mission and goals, therefore the college is committed to and has established a risk management approach to critical strategic and operational decision-making that is proactive in its method of identification, analysis, evaluation and treatment of potential risks.
- 2) Managing risk is the role of all college employees, students and visitors. A risk management framework has been established to provide a coordinated and consistent means of managing all college risk.
- 3) Reports on key risk and mitigating strategies will be provided by administrators to the College President and Cabinet members.

D. Risk Management Process

Step 1: Planning for Risk Analysis
<p>Establish the Context for Risk Analysis</p> <ul style="list-style-type: none"> • What risk is being analyzed? (<i>strategic, program, event, activity, etc.</i>) • What is the scope of the risk analysis? What limits or values are in place? • Who is best informed to assist in the analysis of this risk?

Step 2: Risk Analysis Sessions			
<p><i>Identify Risks</i></p> <ol style="list-style-type: none"> 1. Identify Risk 2. Determine category of risk 	<p><i>Analyze Risks</i></p> <ol style="list-style-type: none"> 1. Identify current controls 2. Determine likelihood and consequences 3. Calculate risk level 	<p><i>Evaluate Risks</i></p> <ol style="list-style-type: none"> 1. Determine if controls are adequate 2. Determine tolerance for the risk 3. What action will be taken (treat or not) 	<p><i>Treat Risks</i></p> <ol style="list-style-type: none"> 1. Develop action plan 2. Identify who will take action and by what date

Step 3: Monitoring and Reporting
<ol style="list-style-type: none"> 1. Once the risk analysis is complete, the responsible administrator is able to establish, in conjunction with appropriate review(s) and recommendation(s), a risk treatment plan. 2. Report new risks and evaluate same (new projects, activities and events). 3. Responsible administrator monitors success of risk treatment plan, including failures. 4. Responsible administrator prepares an annual review/assessment of risk treatment plan. 5. Annual reports are submitted to President’s Cabinet for review and action.

E. Potential Risk Treatment Plans

- 1) Risk may need to be avoided by ending the activity or event.
- 2) The risk may be transferred to a third party, or shared with others.
- 3) The exposure to the risk can be limited.
- 4) The risk can be reduced or eliminated by establishing or improving control measures.
- 5) The risk may need to be insured against.
- 6) The risk may be accepted as being unlikely to occur and/or of low impact and will be reviewed as needed.

REQUIRED APPROVALS	NAME/SIGNATURE	Date
Originator(s) Name(s)	Jerry L. Harris – Director, Contracting & Procurement	2/19/2013
Approval by President’s Cabinet		4/10/13
Ratified by College Council	Kari Brown-Herbst, Co-chair	6/14/13
Approval by President (Signature)		6/14/13