



# Introduction to Risk Management

# Learning Objectives

1. What is risk?
2. Why is risk important?
3. What is risk management?
4. Who does what?
5. Keys to success

# 1. What is risk?

- The possibility that a negative event will happen
- This negative event may prevent your First Nation from achieving its objectives

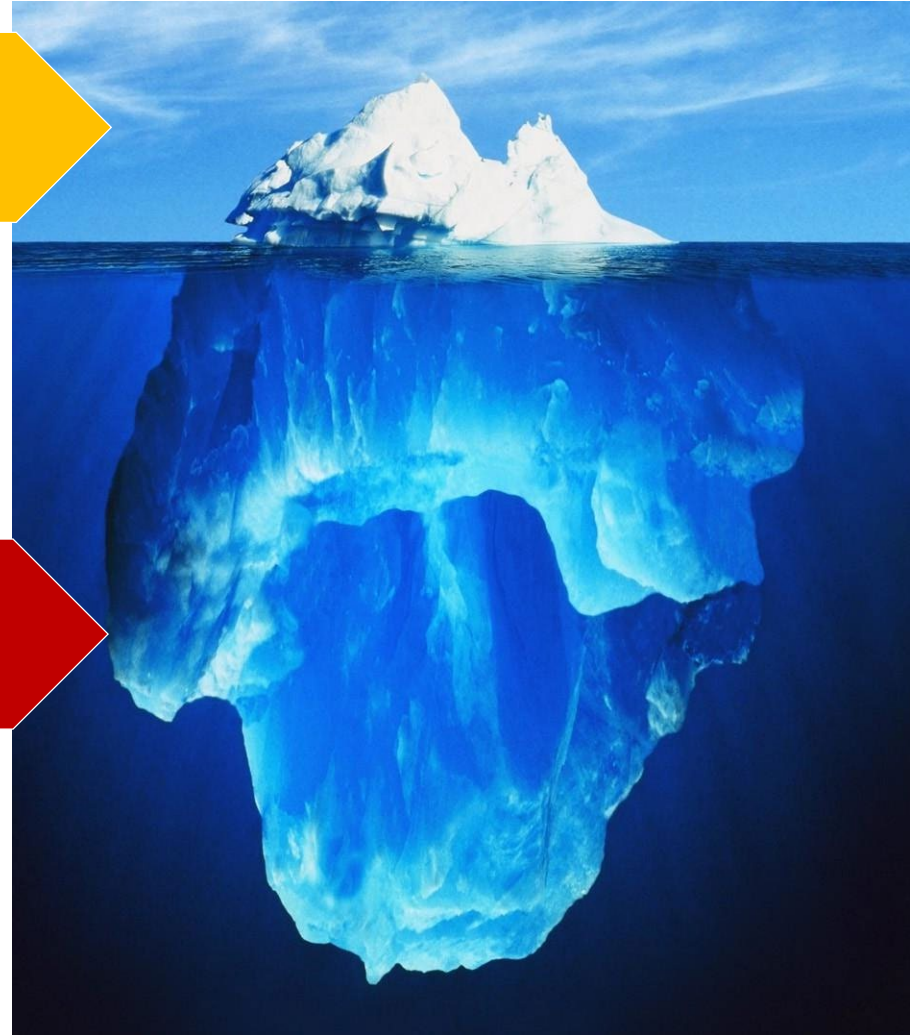
## Reality Check

- Bad things happen
- We tend not to prepare for them
- We *can* anticipate them
- We *can* be prepared
- We *can* minimize their impact

## 2. Why is risk important?

What keeps  
you up at night

What *should* be  
keeping you up



## 2. Why is risk important?

- Because managing risks can help your First Nation achieve its strategic objectives

### Reality Check

- Risks can be opportunities
- Managing risks =
  - Better results
  - Better decision-making
  - Better use of resources

### 3. What is risk management?

- The framework to manage risks:
  - Which risks does my First Nation face?
  - What impact can they have?
  - What can be done about it?

#### Reality Check

- Not all risks are equal
- Different risks at different levels in your First Nation

### 3. What is risk management?

- The process of increasing the chance that your First Nation achieves its strategic vision, priorities and objectives.



# 3. What is risk management?

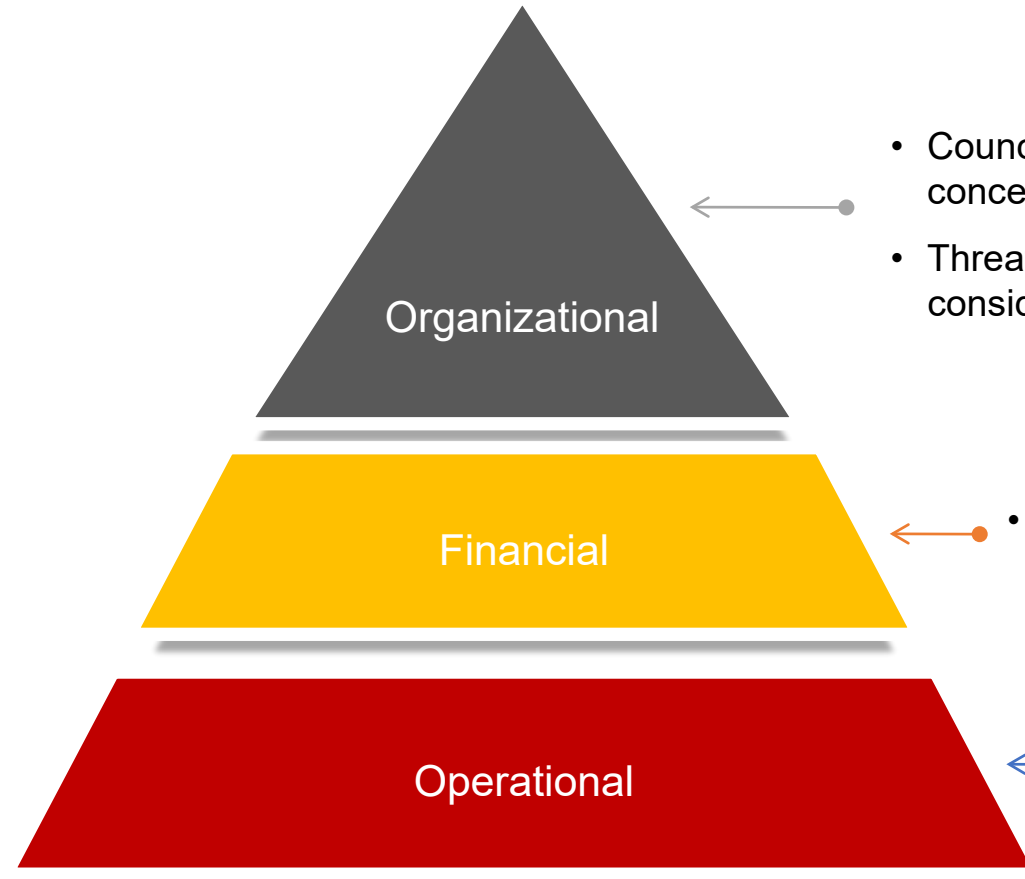
## Control Source

Good Decisions



Good Rules

## Level



Organizational

Financial

Operational

- Council and senior management level concern
- Threats to actual First Nation viability—considered mission critical

- Finance & Audit Committee and Departmental level concern

- Departmental level concern



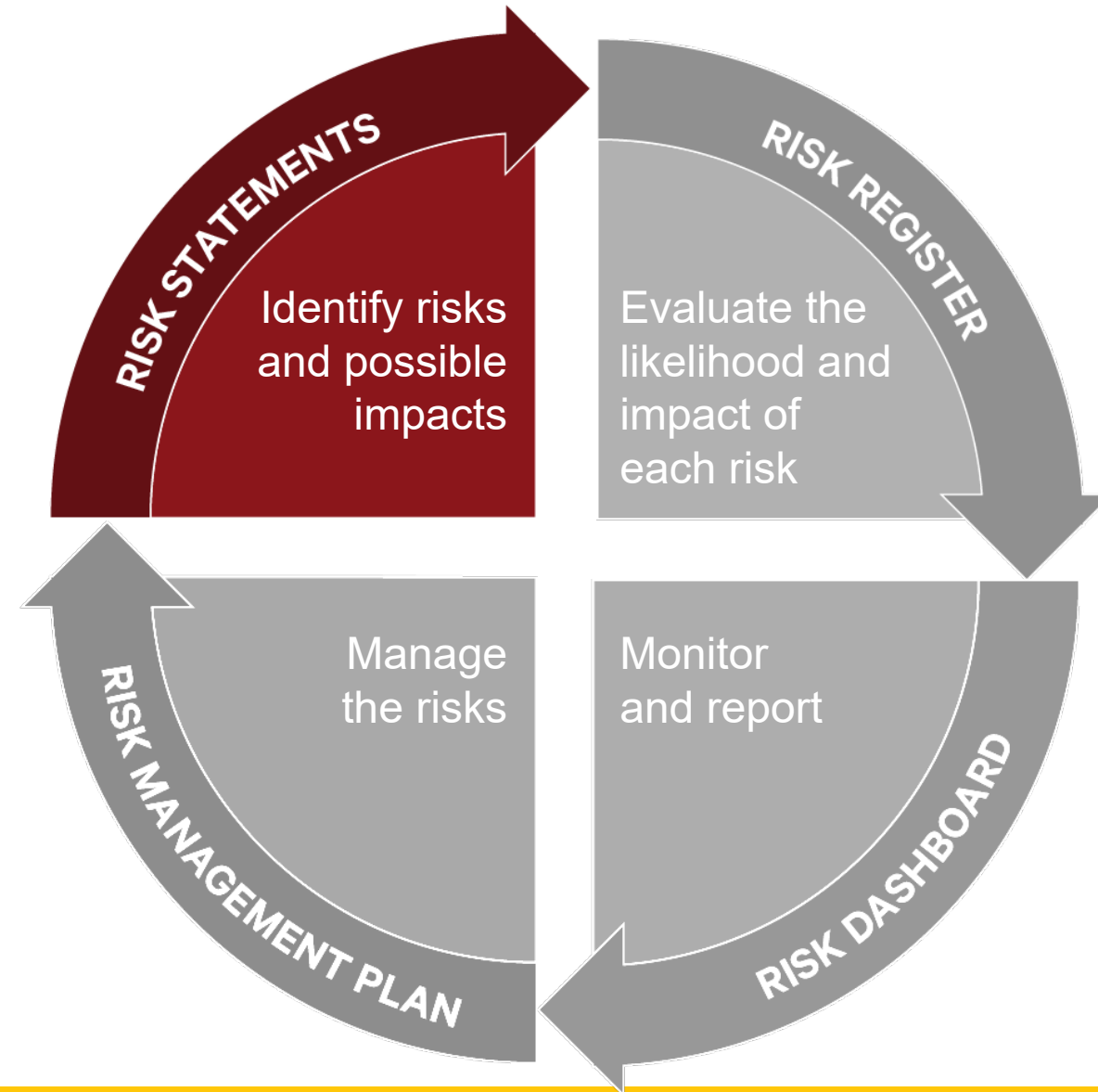
### 3. What is risk management?

- The identification, evaluation, monitoring and management of risks.



### 3. What is risk management?

- The identification of risks



# 3. What is risk management?

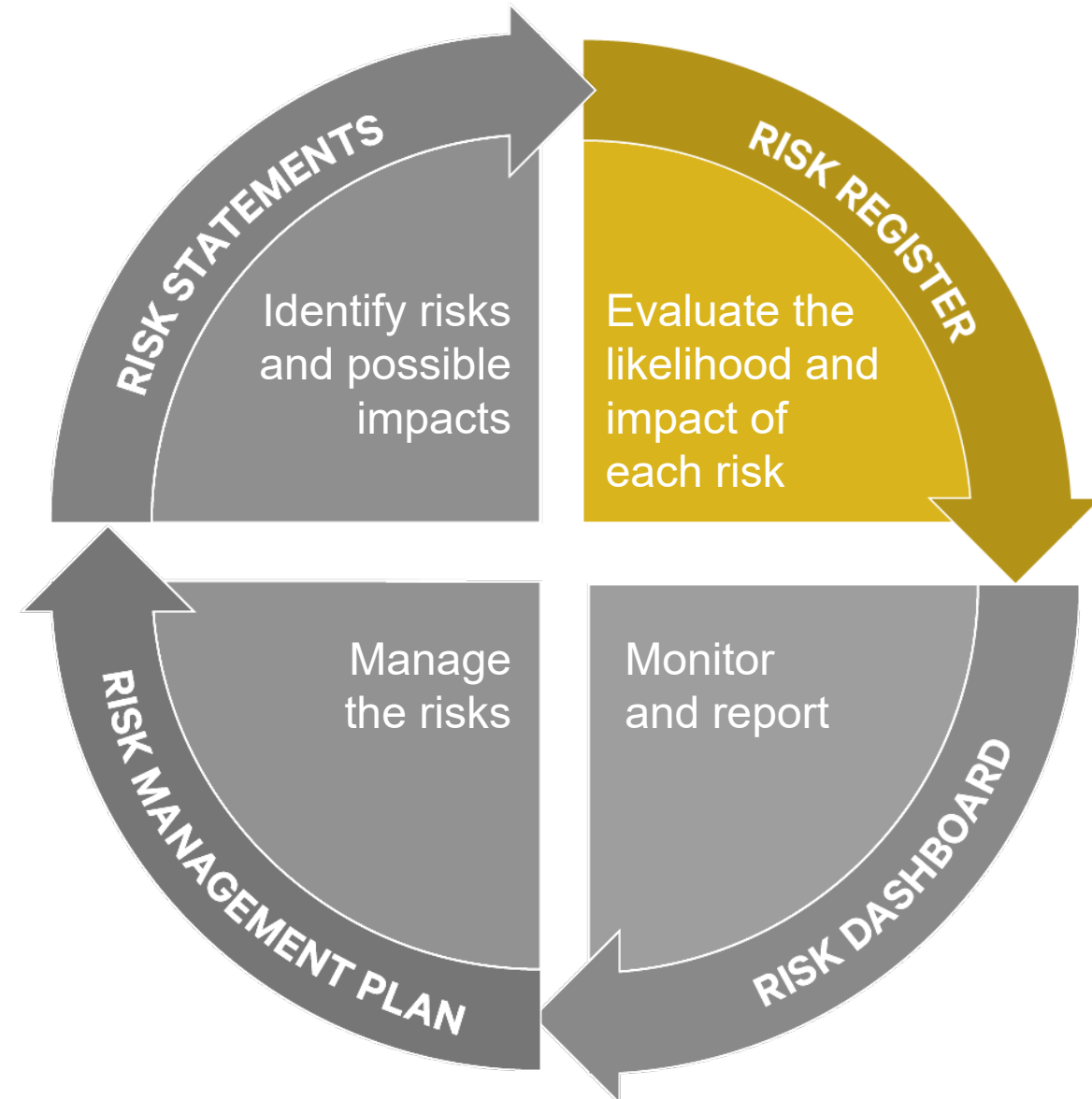
## Phase 1 – Risk Statements

Identify which negative events can happen and what impact they can have.

Risk Description
Not recording our stories and language leads to loss of our culture
Lack of succession plans leads to loss of “corporate knowledge”
Delaying infrastructure/asset maintenance leads to infrastructure failure and increased costs
Funding shortfall due to discontinuation of grants leads to reduced or cut services to members
Not linking cultural values to economic development activities leads to lack of community support

### 3. What is risk management?

The evaluation of risks



# 3. What is risk management?

## Phase 2 – Risk Register

List all of the Risk Statements and their potential impacts in a table called the Risk Register.

Event	Impact
Funding shortfall due to discontinuation of grants	Reduced or cut services to members

# 3. What is risk management?

## Phase 2 – Risk Register

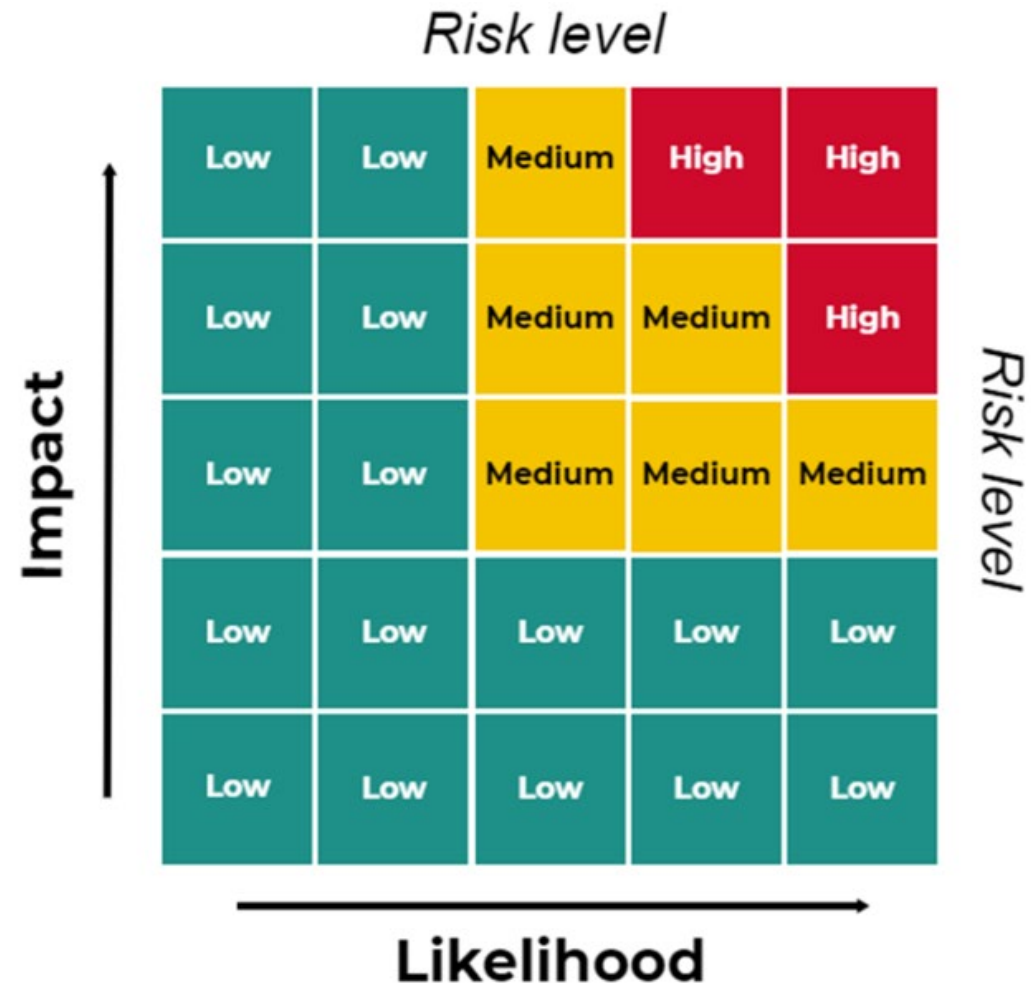
Evaluate the Risk Statements according to **likelihood** and **impact**.

Define: Risk Statement	Evaluate	
Risk Description	Likelihood Score	Impact Score
Funding shortfall due to discontinuation of grants leads to reduced or cut services to members	Medium	High

### 3. What is risk management?

#### Phase 2 – Risk Register

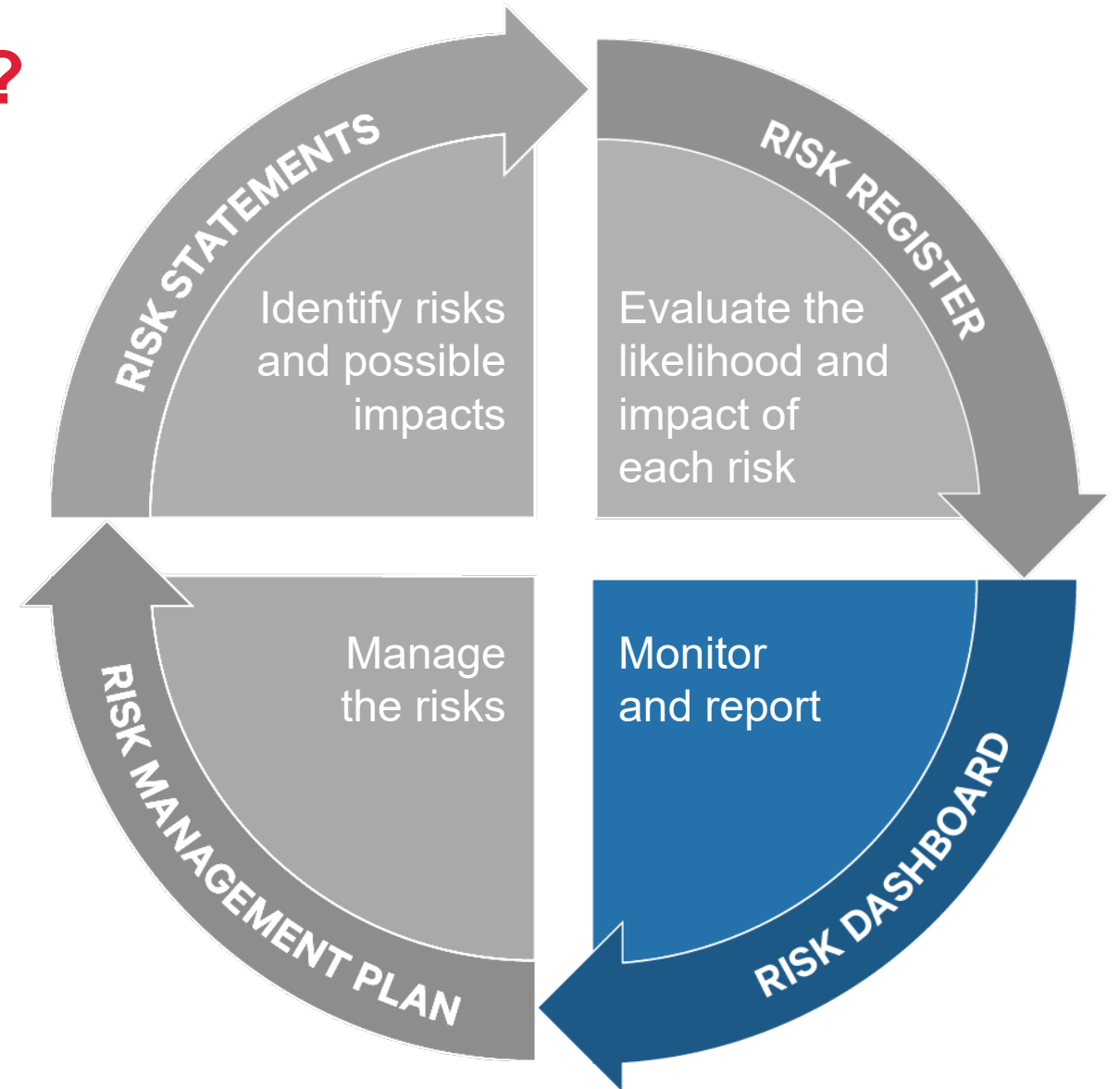
Evaluate the Risk Statements according to **likelihood** and **impact**.



### 3. What is risk management?

Enter the risk description and evaluation into the risk register.

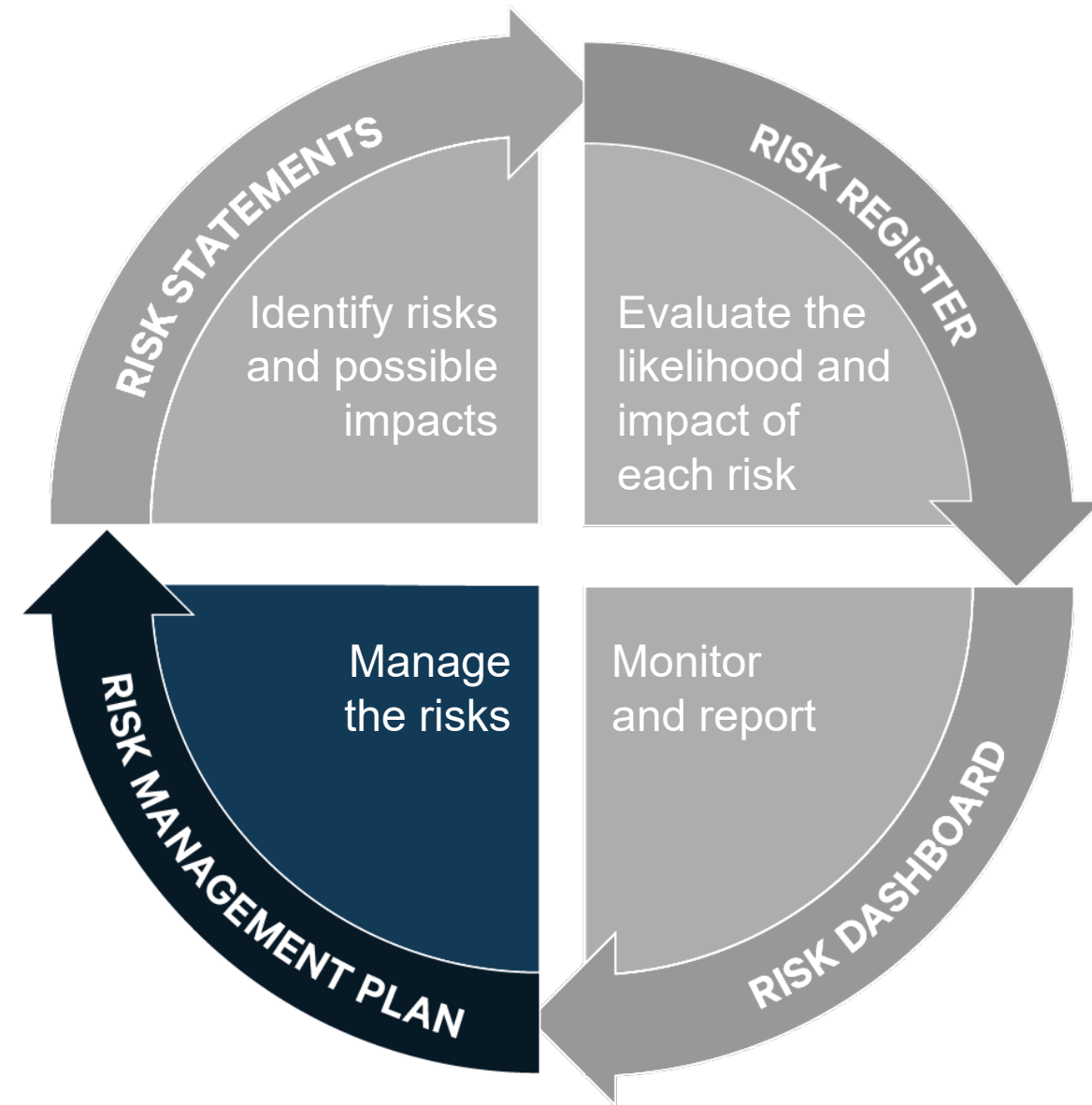
How will you manage this risk?





### 3. What is risk management?

The management of risks



# 3. What is risk management?

## Phase 4 – Risk Management Plan

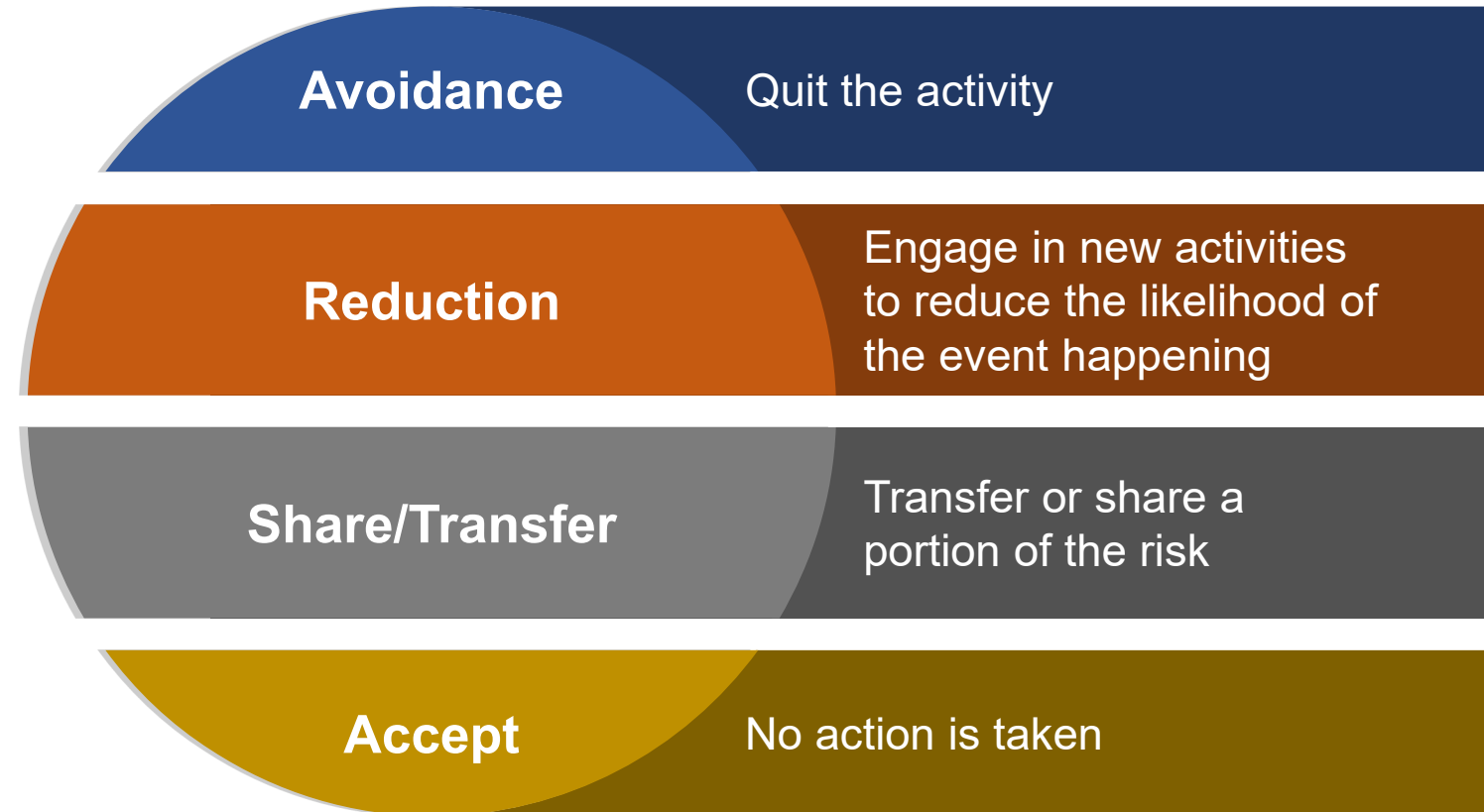
Create a Risk Management Plan for priority risks

Define: Risk Statement	Evaluate		Monitor and Manage
Event Impact	Likelihood Score	Impact Score	Risk Management Plan
Funding shortfall due to discontinuation of grants leads to reduced or cut services to members	Medium	High	<b>Reduce/ Mitigate:</b> Develop other ways to fund the programs and use a portion of own source revenues for core cultural programs

### 3. What is risk management?

#### Phase 4 – Risk Management Plan

Risk Management strategies involve:



## 4. Who does what?

- Different levels within the organization have different risk management responsibilities:

### Chief and Council

- Establish policies and procedures that manage risks of: fraud, financial reporting, for-profit business activities, investments, insurance, loans, guarantees & indemnities, emergencies and technology.
- Provide input into the risk assessment process and review and approve Risk Management Plan annually.

## 4. Who does what?

- Different levels within the organization have different risk management responsibilities:

### Finance & Audit Committee

- Provide input into risk assessment process that includes monitoring of financial reporting and fraud risks and effectiveness of mitigating controls while considering costs.
- Recommend Risk Management Plan to Chief and Council annually and review Risk Management Plan on a quarterly basis to ensure risks are adequately identified and monitored.

## 4. Who does what?

Different levels within the organization have different risk management responsibilities:

### Senior Manager

- Manage the annual risk assessment process that includes the identification, assessment, monitoring and reporting on risks, including financial reporting and fraud risks, and effectiveness of mitigating controls while considering costs.
- Prepare Risk Management Plan and update on quarterly basis; present Risk Management Plan to Finance & Audit Committee and provide progress updates on quarterly basis.

## 4. Who does what?

Different levels within the organization have different risk management responsibilities:

### Senior Financial Officer

- Develop and recommend procedures for identifying and managing risks, including fraud and financial reporting risks, as part of annual Risk Management Plan.
- Ensure approved procedures and activities are in place to manage risks and report on these to Senior Manager on quarterly basis.

## 5. Keys to success

**Communicate**



**Risk strategies across  
the organization**

**Monitor**



**Risk Management Plan  
progress regularly**

**Consistent**



**Risk management approach  
across organization**

**Align**



**Monitoring and controls  
of risks that matter most**



# 6. Questions

