



Pima County Community College District Board Policy

Board Policy Title: Enterprise Risk Management

Board Policy Number: BP 4.03

Adoption Date: 11/21/79

Schedule for Review & Update: Every three years

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Sponsoring Unit/Department: Finance and Administration

Motion Number: 1943

Legal Reference:

Cross Reference:

The Pima County Community College District (“College”) recognizes it is subject to a number of Risks including strategic, operational, financial, compliance, and reputational Risks, and is committed to implementing and utilizing an Enterprise Risk Management (ERM) Program for identifying, assessing, and managing Risks and opportunities to promote the achievement of the College’s goals and objectives. The ERM Program should be a formal and continuous process involving all programmatic and functional areas of the College. ~~shall develop and implement a risk management program, the purpose of which shall be to minimize long-term costs of funding risks through the following:~~

- ~~—1. Risk Avoidance;~~
- ~~—2. Risk assumption;~~
- ~~—3. Risk Reduction through safety and loss control activities;~~
- ~~—4. Risk Transfer.~~

~~The program shall be conducted without unduly inhibiting the necessary activities and functions of the College.~~

The purpose of this policy is to articulate the College's approach to Risk Management as part of its strategic and operational processes, and define governance and accountability for ERM at the College.

Definitions:

The College applies internationally accepted Risk Management definitions from ISO Guide 31000:2018, as amended from time to time. Key definitions for the purpose of this policy include:

- **Risk** means the effect of uncertainty on the College's objectives. An effect is a deviation from the expected, and can be positive and/or negative.
- **Risk Appetite** is the College's approach to assess and eventually pursue, retain, take or turn away from Risk.
- **Risk Management** is the coordinated activities to direct and control the College with regard to the Risks affecting the realization of objectives.
- **Risk Management Framework** is the set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the College.

Policy:

The College will establish and maintain an ERM program. ERM will be systematic, timely, economical, and integrated into all organizational processes, including strategic planning.

ERM will support the achievement of the College's strategic, operational, and financial objectives by helping decision-makers make informed choices, prioritize actions, and distinguish among alternative courses of action.

The College will primarily use the ISO 31000:2018 Risk Management - Guidelines model, as amended from time to time, in developing and maintaining its Risk Management Framework.

The College recognizes that the management of Risk does not mean the College will eliminate all Risks. Rather, establishing and maintaining a comprehensive

ERM program will ensure that Risk is identified and managed within the College's Risk Appetite.

Responsibilities:

Management of Risk at the College involves the Governing Board (Board) and the Office of the Chancellor (Chancellor) as follows:

The Board, through its Finance and Audit Committee, is responsible for providing oversight of the College's ERM program.

The Chancellor shall designate a position to have overall day-to-day responsibility for the establishment, implementation, monitoring, and communication of ERM processes and activities in accordance with the principles of ISO 31000:2018, including:

- Applying ERM with the College's strategic objective setting activities; and
- Communicating at least biannually to the Finance and Audit Committee the College's overall Risk profile, critical Risks and associated strategies, and progress of the ERM program.