

Chapter 35

Saskatchewan Institute of Applied Science and Technology – Risk Management

1.0 MAIN POINTS

We audited the Saskatchewan Institute of Applied Science and Technology (SIAST) Board's risk management processes in 2008 and made two recommendations. We reported our first follow-up of this audit in 2010. This chapter is our second follow-up of the SIAST Board's actions on our two recommendations up to July 31, 2013. The SIAST Board has implemented both of these recommendations. SIAST has a risk management policy and has established risk tolerance guidelines. Further, SIAST's management has created a risk registry with assessments on the severity and likelihood of each risk, and linked its strategic risks to its balanced scorecard¹ which is reported to the Board annually.

2.0 INTRODUCTION

SIAST is Saskatchewan's primary public institution for the development and delivery of post-secondary technical education and skills training. Its mandate includes sharing knowledge, providing skills training, and engaging in applied research, to meet the needs of students, employers, and communities.²

In our *2008 Report – Volume 3*, Chapter 2, we concluded that the SIAST Board did not have effective processes for risk management as of June 30, 2008, and made two recommendations.

In 2010, we examined the SIAST Board's actions on our recommendations. At that time, we found that SIAST had made good progress towards meeting our recommendations. We reported that follow-up in our *2010 Report – Volume 2*, Chapter 2. In 2013, we examined the SIAST Board's actions on the remaining recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook - Assurance*. To evaluate SIAST's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SIAST's management agreed with the criteria in the original audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the SIAST Board's actions up to July 31, 2013, and the status of the recommendations including the date on which the Standing Committee on Public Accounts agreed to the recommendations. We found that SIAST implemented the outstanding recommendations.

¹ Balanced scorecard is a strategic planning and management system that is used to align business activities to the vision and strategy of the organization and monitor organizational performance against strategic goals. Source: The balanced scorecard Institute. www.balancedscorecard.org/bcsresources/aboutthebalancedscorecard/tabid/55/default.aspx (17 October 2013).

² SIAST's *2012-13 Annual Report*, p.1.



3.1 Implemented Comprehensive Risk Management Policies and Procedures

We recommended that the Saskatchewan Institute of Applied Science and Technology's Board use more comprehensive risk management policies and procedures that:

- › Define key terms and processes
- › Assign roles and responsibilities for risk management
- › Require risks be identified in relation to strategic objectives
- › Require analysis of risk likelihood and impact including timeframes
- › Set criteria to evaluate risk tolerance
- › Outline guidance to treat key risks

(2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

Status – Implemented

SIAST had previously developed and approved a risk management policy. Additionally, in 2010 SIAST created a risk management tolerance document that set out how each risk in the risk registry should be scored. This risk score takes the likelihood and severity of the risk into account. SIAST has created a strategic risk registry that aligns with its risk management policy and risk tolerance guidelines. This risk registry outlines all of the organizational risks and determines which are significant based on their score. Furthermore, the registry lists “risk owners”³ for each risk identified. All risk owners are members of senior management. SIAST's management completed guidance to managers on how to treat key risks.

3.2 Implemented Written Reports to Board on Risk Analysis and Outcomes

We recommended that Saskatchewan Institute of Applied Science and Technology's Board require that the written risk management reports it receives include analysis of risk and outcomes of risk management. (2008 Report – Volume 3;

Public Accounts Committee agreement December 9, 2008)

Status – Implemented

As discussed previously, SIAST has created a risk tolerance document and strategic risk registry. Each risk on the risk registry has been assessed on an “inherent” level based on the likelihood and severity of the risk, and on a “residual” level based on the compensating controls that will reduce the risk. If the residual risk score is above a certain threshold, SIAST considers this a significant risk that requires attention. The written risk assessments include analysis of risks, identify the strategic goal and the intended results of actions for each risk. The strategic goals and related risks, are defined in SIAST's balanced scorecard, which is reported to the Board on an annual basis.

³ A risk owner is the person responsible for managing a particular risk.