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Right Touch Risk Management Framework

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1. Introduction

Like any organization, the College of Registered Nurses of Alberta (CRNA) faces risks which can impact the organization's ability to achieve strategic goals and objectives. As a healthcare regulator, CRNA's mandate is to protect the public by ensuring its registrants are providing safe, competent and ethical care. As a result, the ultimate goal of the Right Touch Risk Management Framework (RTRMF) is to reduce harm to both the public and to the organization.

The risk management framework outlined in this document will assist Council, Executive Team, and all levels of staff in fulfilling their responsibility to oversee and manage organizational risks. CRNA's risk management framework is an Enterprise Risk Management (ERM) framework that is based on ISO 31000 international standards, and has been adapted to CRNA's unique business needs and organizational structure. The framework describes the philosophy, culture, governance, structures, and processes needed to ensure CRNA's risks are being effectively managed.

1.1 Right Touch

CRNA has committed to embedding the principles of Right-touch Regulation (RTR) in activities, processes, and decisions wherever possible. As a result, Right-touch thinking plays a significant role in shaping CRNA's understanding of risk management and the pursuit of risk-based regulation. Just as RTR aims to proportionately match the regulatory response to the circumstances, CRNA's risk management framework aims to ensure all strategic, operational, financial, and regulatory risks are being mitigated with the appropriate level of resources and oversight.

Following the guidance of the Professional Standards Authority, the term "risk-based regulation" refers to a regulatory approach where a two-fold evaluation of impact and probability takes place. There is no justification for regulation when risks are merely identified but not quantified and qualified. Properly assessing risks is complex and challenging, but it is essential in making risk-informed decisions. The role of the RTRMF is to provide the process by which risks are systematically identified, assessed, managed and reported.



2. Objectives

The primary objectives of the RTRMF are:

- embed the principles of risk management in all strategic, operational, financial, and regulatory activities
- integrate risk management into the strategic planning process, and utilize risk information as a basis for decision making to provide defensible rationale that can withstand external challenge
- contribute to regulatory efficiency by targeting the approaches of the regulator to allocate resources where risk is the greatest
- foster a risk-informed culture across all levels of the organization

3. Definitions

Risk - the effect of uncertainty on CRNA's Strategic Goals and Strategic Objectives.

Risk Owner - a person or entity that has been given the authority to manage a particular risk and is accountable for doing so on a day-to-day basis.

Enterprise Risk Management - a comprehensive, formalized, and consistent approach that will serve to identify, assess, prioritize, and manage risks and opportunities related to strategic objectives.

4. Risk Appetite Philosophy

CRNA accepts reasonable risks to achieve its strategic objectives. Managers and staff are encouraged to be innovative and entrepreneurial, which requires a certain level of inherent risk. Risk is an expected component of all business activities.

CRNA's risk appetite is the level of risk that the organization is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk.

In accepting risk, there will be no compromise of CRNA's core values of integrity, respect, accountability, and professionalism.



5. Risk Culture

CRNA is committed to fostering a culture of risk awareness and ownership throughout the entire organization to ensure that:

- Decisions are made with full awareness of the key risks relevant to those decisions
- Risk management is championed by the highest level of management in the organization
- Risk management is a continual process immersed in the business and does not sit outside of the day-to-day work
- All CRNA employees are aware of the organization's emphasis on risk management and incorporate a proactive approach to managing risk in their individual roles

Risk management is a core component of CRNA's strategic and business planning processes. As such, all business decisions and processes should actively involve elements of risk management.

6. Risk Communication

A key enabler of a successful risk management program is regular, open communication. Council and Executive Team commit to an open, transparent risk management and communication process. The Risk Management Policy's (RM1) goals and objectives will be communicated to all decision makers in the organization. They are expected to review and understand CRNA's risk management policy and philosophy. Where reasonable, all material matters surrounding risk management will be communicated to decision makers and other relevant stakeholders.

CRNA will provide formalized opportunities for risk communication as part of the annual strategic planning process, as well as regularly scheduled risk reporting to Executive Team, Council, and other decision-making groups. CRNA encourages open communication between and within departments to report risks, share successes and seek support for challenges.

An intake system has been established to support staff with respect to reporting and communicating risk issues, and to ensure centralized intake and storage of risks. For more information on submitting new risks, please contact the Risk Management team or see Section 8.2 – Risk Identification.

7. Risk Governance

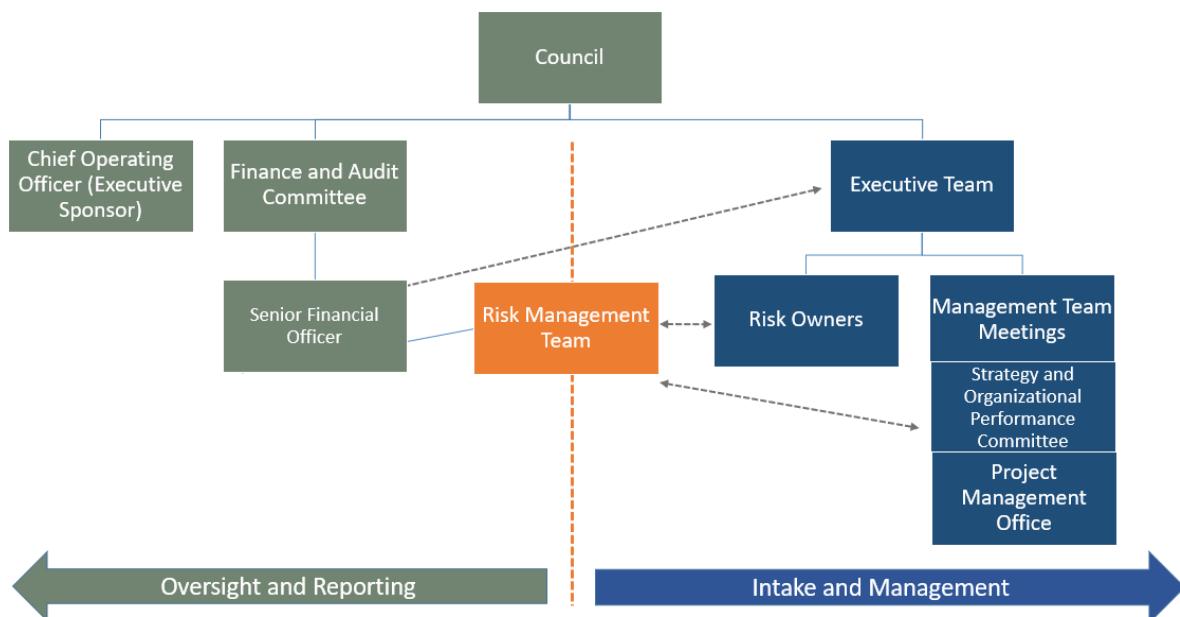
7.1 General Governance

As the College's governing body, Council's role in the risk management program is to provide overall risk oversight to the organization. It should be noted that risk oversight is not the same thing as risk management.

- **Risk oversight** is a governance function whereby Council obtains satisfactory assurance that the risk management policies, procedures, and programs in place are consistent with CRNA's strategy and risk appetite.
- **Risk management**, which is the day-to-day management of risks, falls under the responsibility of CRNA Executive Team, management and staff.

The Risk Management Team operates as central risk management function within the organization, working with risk owners and senior management to collect and assess risk information, and reporting that information up to Executive Team, Finance and Audit Committee, and Council for risk awareness and decision making.

Figure 1 – ERM Governance Structure





7.2 Roles & Responsibilities

As the governing body, Council provides overall oversight of CRNA's risks and is accountable for defining CRNA's risk appetite philosophy.

Final accountability for the RTRMF lies with the Chief Operating Officer, who is the executive level sponsor for the complete risk management program. The day-to-day operations of the risk management program will be managed by staff in the Risk Management area with operational accountability sitting with the Senior Financial Officer. However, it is important to understand that all employees share a responsibility in organizational risk management.

All other Executive Team members will support CRNA's risk appetite philosophy, promote compliance within its risk appetite, and manage risks within their areas of responsibility consistent with risk tolerances.

As noted in CRNA's risk appetite philosophy statement, managers and staff are encouraged to be innovative, entrepreneurial, and effectively manage risks to enhance the work that they do.

Function	Key Responsibilities
Council	<ul style="list-style-type: none"> • Risk governance and oversight • Establish the strategic context and risk tolerances • Actively incorporate risk into their oversight and governance process • On a regular basis, obtain reasonable assurance that CRNA's risk management approach for significant risks is being adhered to
Executive Team	<ul style="list-style-type: none"> • Encourage a risk-aware culture and risk-based decision making • Ensure risk information is reported to Council as required • Provide oversight and direction for the implementation and consistent application of the RTRMF by the Risk Management team and departments • Champion risk management as well as manage and monitor the risk exposures and risk management activities at the organizational level

Senior Financial Officer	<ul style="list-style-type: none"> • Senior management level accountability for risk management program • Present Risk Reports to FAC and Council along with COO • Represent Risk Management function at Strategy and Operational Performance Committee • Encourage culture of risk management through senior leadership • Position the operationalization of risk management framework with management
Risk Management Team	<ul style="list-style-type: none"> • Collect sufficient risk information (from departments and operational level) to understand the nature and magnitude of significant risks to which CRNA is exposed • Ensure sound procedures and practices are implemented for the management of key organizational risks • Facilitate risk discussions with ET and risk owners • Support the facilitation of risk discussions and identification at department levels and business functions • Prepare Risk Reports with the guidance of Executive Team • Keep current on best practices in ERM and facilitate implementation of best practices within overall ERM program and within the departments • Administrator for risk register and electronic risk management tool
Risk Owners	<ul style="list-style-type: none"> • Identify and assess the significance of the risks to the achievement of CRNA's objectives, strategies, plans and operations • Escalate identified risks with real or potential significance to the Risk Management team • Monitor assigned risks and execute risk mitigation strategies • Reassess ongoing risks as required to monitor changes in risk profile • Integrate risk management processes into operations and team planning

8. Risk Management Cycle

Enterprise Risk Management is a dynamic and ongoing process that is integrated with CRNA's strategic and business planning processes – acknowledging that strategic opportunities and risks often go hand-in-hand. There is no point in time when the process of risk management is “finished”, the cycle is ongoing and continues to evolve with the organization's constantly changing risk profile.

There are six key stages of risk management as illustrated below. All of CRNA's risks will be managed through this continuous life cycle until the risk has been mitigated to an acceptable level.

This section will describe each of the Risk Management stages in more detail.

Figure 2 – CRNA Risk Management Cycle





8.1 Strategy

Council, supported by the Executive Team, is responsible for developing the Strategic Plan for the organization. The Strategic Goals and Strategic Objectives will be a key input in the development of risks for the organization, as risks are defined as uncertainties which can impact the achievement of strategic goals and outcomes. As well, at the end of the risk management cycle, risk information is then used as an input in the development of the strategic plan. In this way, strategic planning and risk management will always be inter-connected.

8.2. Risk Identification

Submit or Modify a Risk

To submit a new risk, speak to your manager or go to the Risk Management electronic tool here: <https://nursesab.sharepoint.com/sites/RiskManagement>. Risk owners can edit and manage their existing risks using the same tool.

When identifying risks, the following information is required:

1. Risk statement - Describe the risk
2. Category - Determine the category of risk (categories defined in Section 9)
3. Likelihood - Assess the likelihood of the risk occurring
4. Impact - Assess the impact if the risk were to occur
5. Treatment - Determine treatment strategy as required by the framework
6. Accountable Risk Committee Member – Who will speak to the risk at Risk Committee meetings

Risk Register

All identified risks will be captured in the risk register. The risk register is a structured repository of risks that:

- Captures all risk information in a central location
- Reflects the current business environment and identified strategic challenges
- Captures the risk levels by the product of its probability and impact, and consideration for current and planned risk management strategies
- Is reviewed annually (at a minimum) by a Risk Committee comprised of senior leadership
- Is used to periodically report risk information to decision makers

Access to the full Risk Register is limited to the Risk Management Team. However, members of the Risk



Committee can view all risks from their department and are encouraged to share and discuss risk information with their staff as appropriate.

8.3. Risk Assessment

A core component of the risk management cycle is the assessment and prioritization of identified risks. Since risk has been defined relative to CRNA's Strategic Goals and Strategic Objectives, risk materiality must also be evaluated against those same objectives. The level of materiality represents the relative priority of a risk to the organization.

For an identified risk, materiality will be measured in two dimensions – the **probability** of the risk occurring and the **impact** of the consequences if it were to occur. All risks should be re-assessed quarterly to ensure the most up-to-date risk information is being reported to Executive Team and Council. Risk owners are responsible for keeping their risk information current, and for adding / removing risks as required.

8.3.1. Impact

A five-point scale has been defined to define the ranges of impact for individual risks. The scale ranges from low to catastrophic, which defines potential states of impact to the organization relative to its strategic priorities.

Table 1 – Impact Scale

SCORE	RATING	DESCRIPTION	GENERAL GUIDELINE
5	CRITICAL	A risk event that, if it occurs, would result in catastrophic failure to the extent that one or more Strategic Goals or Strategic Objectives will not be achieved, or will impact CRNA's ability to deliver on its core mandate of public protection.	Generally, if they occur, these risks will require Council's attention.
4	HIGH	A risk event that, if it occurs, will have a significant impact on achieving desired results, to the extent that one or more Strategic Goals or Strategic Objectives will fall below acceptable levels.	Generally, if they occur, these risks will require Executive Team's attention, and possibly Council's. Will likely require a formal treatment plan such as a project or initiative.
3	MEDIUM	A risk event that, if it occurs, will have a moderate impact on achieving desired results, to the extent that one or more Strategic Goals or Strategic Objectives will fall well below goals but above minimum acceptable levels.	Generally, if they occur, these risks will require management oversight, and in some cases, a formal treatment plan.
2	LOW	A risk event that, if it occurs, will have a minor impact on achieving desired results, to the extent that one or more Strategic Goals or Strategic Objectives will fall below goals but well above minimum acceptable levels.	Generally, if they occur, these risks will be managed by managers and staff at the operational level.
1	NEGLIGIBLE	A risk that, if it occurs, will have little or no impact on achieving any Strategic Goals or Strategic Objectives.	Generally, if they occur, these risks can be managed by existing policies and procedures.

The definition for each level of materiality describes the potential outcome for the organization. Each category represents a progressively larger impact to the organization's Strategic Goals and Strategic Objectives. When assigning the impact consideration should always be given to the impact on strategic priorities.

There are several areas of impact that are typically considered in an assessment. For instance, impact factors may include damage to owned assets, injury or death to employees, patients or members of the public, media scrutiny and public perception, etc. These factors are all potential impacts of risk events.

8.3.2 Probability

The prioritization of identified risks considers not only the materiality of impact, but also the relative probability of such an event occurring. In the absence of historical data, it is often difficult to predict the probability of an event occurring. As such, the intent of the probability ranking is to consider relative probability, separating remote events from highly likely events.

A five-point scale has been defined to define the ranges of probability for individual risks. The scale ranges from highly unlikely to virtually certain.

Table 2 – Probability Scale

SCORE	RATING	DESCRIPTION	GENERAL GUIDELINE
5	VIRTUALLY CERTAIN	<ul style="list-style-type: none"> • This event is virtually certain to occur in the near future • In any given year, there is more than a 90% likelihood of the event occurring 	Left untreated, this risk will occur every year.
4	VERY LIKELY	<ul style="list-style-type: none"> • This event is very likely to occur in the near future • In any given year, there is more than a 70% likelihood of the event occurring 	Left untreated, this risk will occur most years.
3	LIKELY	<ul style="list-style-type: none"> • This event is likely to occur in the near future • In any given year, there is more than a 50% likelihood of the event occurring 	Left untreated, this risk will occur in some years.
2	UNLIKELY	<ul style="list-style-type: none"> • This event is relatively unlikely, but may occur in the foreseeable future • In any given year, there is between a 10% and 50% likelihood of the event occurring 	Left untreated, this risk will not occur in most years.
1	HIGHLY UNLIKELY	<ul style="list-style-type: none"> • Rare occurrence • This event is either not likely to occur or highly unlikely to occur in the foreseeable future 	Left untreated, this risk will most likely not occur in any year.

8.3.3 Risk Ranking

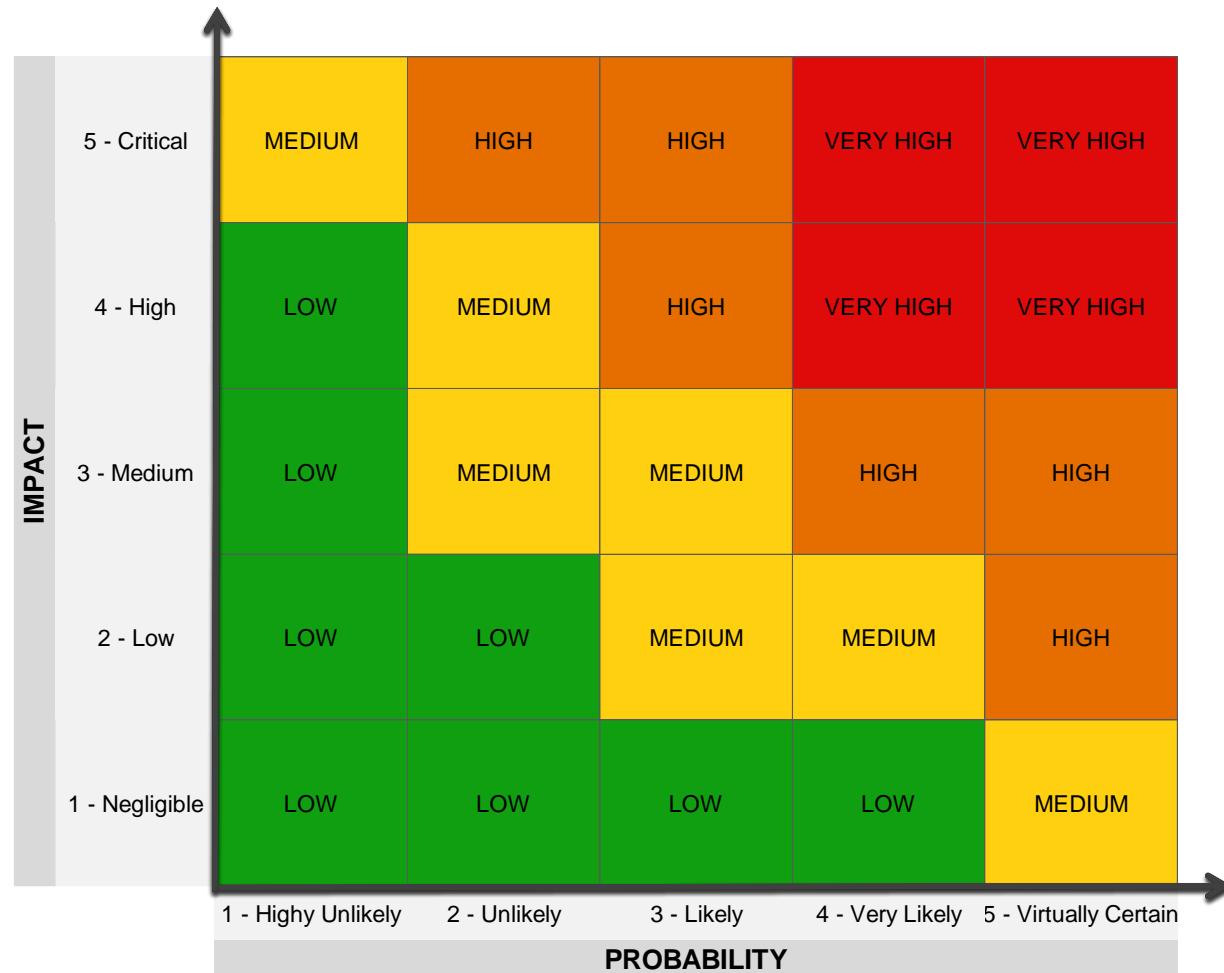
An impact and probability score will be assigned for each risk. To rank the risk we use the risk score, which is the product of the impact and probability scores.

Risk Score = Impact Score x Probability Score

For example if, a risk received an Impact Score of 3 and a Probability Score of 3, the Risk Score would be $3 \times 3 = 9$.

Risks are categorized as Low, Medium, High, and Very High based on the risk map below in Figure 3.

Figure 3 – Risk Map



8.3.4. Risk Tolerance

CRNA's strategic risk tolerance is set by the Executive Team and Council. It is expressed as the specific maximum risk that an organization is willing to take regarding each relevant risk. The RTRMF is designed to identify and manage CRNA's key risk exposures with the goal of reducing risks to an acceptable level.

The table below indicates CRNA's recommended risk response based on the overall risk rating.

Table 3 – Recommended Risk Responses

Overall Score	Risk Rating	Recommended Response
0-4	Low	Monitor risk for any changes, high risk tolerance
5-9	Medium	Risk mitigation is discretionary, medium risk tolerance
10-15	High	Mitigate risk if resources permit, low risk tolerance
16-25	Very High	Mitigate risk at all costs, low to zero risk tolerance

8.4. Treatment

After identifying, evaluating and prioritizing risks, it is time to decide how to treat risks. These risk management strategies or risk treatments are simply actions taken to help manage or mitigate a risk and will vary depending on the materiality of the risk. Priority risks with less acceptable levels of risk tolerance should be the highest priority to manage followed in priority order by other risks.

Risk treatment involves a range of processes, including:

- The formulation and selection of risk treatments
- The implementation of the required action for each risk
- An assessment of residual risk
- Determination of further controls if the residual risk is still too high
- Assessing the effectiveness of the risk treatment in the long term

Risk treatments are not universal and may change as the objective or context of the strategy of CRNA evolves.

Risk management treatment options include:

- *Accept* – making an informed decision that the risk rating is at an acceptable level or that the cost of the treatment outweighs the benefit
- *Reduce likelihood* – implementing a strategy that is designed to reduce the likelihood of the risk to an acceptable level
- *Reduce impact* – implementing a strategy that is designed to reduce the impact of the risk to an acceptable level
- *Avoid* – deciding not to proceed with the activity that introduced the risks, and choosing an alternative less risky approach or process
- *Transfer* – implementing a strategy that transfers the risk to another party or parties, such as outsourcing the management of physical assets, developing contracts with service providers or insuring against the risk

The risk treatment process will demonstrate what the risk is, how it is mitigated, who is responsible, the required timeframe for action, and reporting requirements for accountable individuals.

These treatment approaches need to be integrated into overall business performance objectives and reviews, with full commitment from management if they are going to be continuously effective and drive improvement and efficiency across the organisation.

8.5. Implementation & Monitoring

Implementation of risk management strategies will be overseen by the individual risk owners. Risk owners will work with identified stakeholders to develop risk mitigation plans based on the risk treatments identified by the Risk Management team.

The Risk Management team will periodically review the implementation of risk management actions and status of outstanding actions, providing guidance and feedback to the risk owner as required. As well, the Risk Committee will periodically meet to review all risks and treatments, and provide oversight over CRNA's overall risk profile.



8.6. Risk Reporting

The Risk Management Team will prepare Risk Reports to be presented periodically to decision makers including Executive Team, Finance and Audit Committee, and Council. Risk reports will be developed using three principles:

1. **Intuitive** – Reports will use plain language and avoid jargon. Risk information must be conveyed to decision makers in clear and understandable language.
2. **Relevant** – Reports will contain the right information for the right audience. Reports must find the balance between being overwhelming (too much detail) and being so high-level that they do not provide any useful information.
3. **Actionable** – Reports will provide analysis and insights to facilitate risk-informed decision making, as opposed to simply providing a list of risks.

Risk Reports could include, but are not limited to, the following:

Executive Summary

- Overall assessment of risk profile
- Key findings and top priorities
- Significant risk mitigation strategies

Risk Dashboard

- Risk statistics
- Heatmap and graphs
- Top risks

Risk Category Overviews

- category definition and overview
- risk ranking and stats
- risk drivers
- emerging risks
- risk management activities



9. Risk Categories

CRNA utilizes a comprehensive, common and stable set of risk categories (sometimes called a Risk Taxonomy) in its risk management framework. Risks will be organized into one of the following four categories:

Category	Definition
Strategic Risk	Risks that affect or are created by an organization's business strategy and strategic objectives. Strategic risks are those that can threaten to disrupt the assumptions at the core of an organization's strategy.
Operational Risk	Risks that affect an organization's ability to execute its strategic plan. Operational risks often involve loss resulting from inadequate or failed procedures, systems or policies.
Financial Risk	Risks associated with the structures and processes of an organization to ensure sound management of financial resources and its compliance with financial management policies and standards. Financial risk often refers to the money flowing in and out of an organization, and the possibility of financial loss or misrepresentation.
Regulatory Risk	Risks associated with the potential for losses and legal penalties due to failure to comply with applicable laws, regulations, professional standards, or other compliance requirements. As a healthcare regulator, CRNA places compliance with the Health Professions Act as a top priority.

Each category of risk reflects a different area of CRNA's business mandate, and it is important to ensure risks are being appropriately managed in all four categories. There will often be times where a particular risk could fit into more than one category. In these cases, the risk owner can work with the Risk Management team to identify the risk category that best fits.



10. Risk Training and Awareness

Risk awareness may be defined as a capability of the organization to recognize risks before they threaten, mitigate them when they arise, and recover from the damages they may cause. Creating a risk aware culture suggests that the capability is present throughout the organization and it is woven into the normal routines and behaviors of all those involved. This is the goal of the Risk Management Team through training, using informal and formal mechanisms to educate all CRNA's stakeholders and employees.

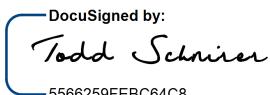
The International Standards for the ISO 31000 framework are very clear on the expectations of an organization's risk-aware culture and the organization must establish a visible environment and culture that cultivates risk awareness.

Improving risk awareness requires more than just modeling and communicating appropriate behaviors. The hardest aspect of building a successful risk aware culture is to garner the buy in from the majority, if not all, members of the organization. The Risk Management Team intends to do this through the visible participation of Executive Team and senior leadership in the drive to adopt risk management at CRNA.

The Risk Management Team is available to assist all departments and projects in learning to use and incorporate appropriate risk management practices that align with the Right Touch Risk Management Framework.

Approved By

The undersigned hereby approves the Right Touch Risk Management Framework for CRNA's usage as outlined in this document.

Date	Name, Title	Signature
10/13/2022	Todd Schnirer – Senior Financial Officer	<p>DocuSigned by:</p>  <p>5566259FEBC64C8...</p>