



Effective Date: June 12, 2018

RISK MANAGEMENT

Definitions

- The following definitions apply to this Policy:
 - Risk** - is the possibility of a loss or other adverse event;
 - Risk Assessment** - a qualitative/quantitative evaluation of the nature and magnitude of each risk based upon known or theoretical vulnerabilities or threats, the likelihood of the threats being realized, and the potential related impact on Cowichan Tribes;
 - Material Risks** - any risks significant or large enough to threaten the success of Cowichan Tribes, or any significant part of Cowichan Tribes, in a material way. Provides for a threshold or cut-off point after which the risk must be addressed;
 - Risk Management** - proactive, systematic and disciplined efforts undertaken to identify, assess and mitigate risks and to reduce uncertainty in achieving priorities;
 - Financial Reporting Risk** - the possibility of ineffective controls and material misstatement in information from a variety of sources such as manipulation or alteration of accounting records, misrepresentation or intentional omissions of transactions, intentional misapplication of accounting principles, or human error;
 - Fraud Risk** - the potential for a person connected to the financial administration of Cowichan Tribes to use deception, trickery, unethical practices, or breach of confidence to dishonestly make a profit or gain and/or to obtain an unfair or dishonest advantage over others (includes theft, corruption, embezzlement, etc.);
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

Policy Directive:

Cowichan Tribes shall practice effective risk management by proactively and systematically identifying, assessing, monitoring, reporting and managing all material risks to Cowichan Tribes' assets, operations and priorities.

Related Cowichan Teaching

"Take care of the Earth and live in harmony with Nature"

Applicable Legislation and Standards

- Cowichan Tribes' risk management related practices must comply with applicable legislation, standards, and Cowichan Tribes' laws, policies and procedures, including:
 - The *First Nations Fiscal Management Act*;
 - Cowichan Tribes First Nation Financial Administration Law (the FAL);



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- iii) First Nations Financial Management Board (FNFMB) Standards; and
- iv) Public Sector Accounting Standards of the Public Sector Accounting Board.

Reason for Policy

4. The objectives of this Policy include:
 - i) Providing guidelines and a framework for the establishment of an effective risk assessment and management system for Cowichan Tribes and its related bodies, including clarifying the related roles and responsibilities;
 - ii) Ensuring Cowichan Tribes implements and practices sound risk management in a proactive, systematic and consistent manner; and
 - iii) Ensuring Cowichan Tribes' practices respecting risk management comply with all applicable requirements.

Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
 - i) Lack of clarity and directions respecting risk management for Cowichan Tribes;
 - ii) Inappropriate risk management practices;
 - iii) Risk of fraud and loss of assets;
 - iv) Negative impact on Cowichan Tribes' accountability and credibility; and
 - v) Contravention of applicable legislation, standards, or Cowichan Tribes' laws, policies and procedures.

Policy Application

6. This Policy applies to or affects Cowichan Tribes':
 - i) Chief and Council;
 - ii) Finance and Audit Committee;
 - iii) General Manager, Comptroller and all other department managers; and
 - iv) Any other officer, employee, committee, contractor, agent, or other person(s) involved in the risk management process on behalf of Cowichan Tribes.

Policy Requirements

Effective Risk Management

7. The General Manager must at least annually (and more often if necessary):
 - i) Identify and assess any material risks to Cowichan Tribes' financial assets, tangible assets, attractive material assets, operations, and achievement of strategic goals;
 - ii) Prepare a Risk Management Plan; and
 - iii) Report to the Finance and Audit Committee on proposed plans to mitigate the risks identified during the risk assessment and identification process.



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8. As part of the above risk identification and assessment process, the General Manager shall perform a fraud risk assessment.
9. Cowichan Tribes shall also conduct a risk assessment of its for-profit business activities that effectively addresses all the material risks related to each for-profit business project undertaken by Cowichan Tribes, and the resulting overall impacts on Cowichan Tribes.
10. Cowichan Tribes shall ensure that all material risks associated with any of its for-profit business activities are limited or managed appropriately.
11. For each material risk identified in the Risk Management Plan, Cowichan Tribes shall develop and implement a detailed mitigation plan with responsibilities assigned to specific employees.

Maintaining Internal Controls

12. Cowichan Tribes must ensure that its laws, policies and procedures are designed and implemented to manage and mitigate any material risks and facilitate effective internal financial management controls that ensure the orderly and efficient conduct of Cowichan Tribes' operations.
13. The General Manager shall monitor Cowichan Tribes' control environment and control activities and report on them periodically to the Finance and Audit Committee and Council.
14. The General Manager shall ensure that persons engaged in Cowichan Tribes' financial management system, including those persons involved in control activities respecting the financial management system, are qualified to perform those activities and understand their responsibilities.
15. Cowichan Tribes shall ensure that proper records of its risk management practices are kept and maintained in compliance with applicable records management requirements.



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Procedures: Risk Management

Roles and Responsibilities

16. The responsibilities of Council include:
 - i) Establishing, documenting and implementing all policies, procedures and directions necessary to effectively manage and control the financial management system and related processes of Cowichan Tribes;
 - ii) Providing input to the annual and ongoing risk assessment for Cowichan Tribes, including consideration of fraud risks;
 - iii) Reviewing and, if appropriate, approving Cowichan Tribes' annual Risk Management Plan, and fraud risk assessment;
 - iv) Reviewing and, if appropriate, approving the following for Cowichan Tribes:
 - a) For-profit business activities, consolidated entities and ventures,
 - b) The investment strategy and investment risk assessment,
 - c) Borrowing/debt,
 - d) Loans, guarantees or indemnities,
 - e) Insurance coverage, and
 - f) Emergency plan; and
 - v) Ensuring Cowichan Tribes practices effective risk management in a proactive and systematic manner.
17. The responsibilities of the Finance and Audit Committee include:
 - i) Providing input to the annual and ongoing risk assessment process for Cowichan Tribes, including consideration of fraud risks;
 - ii) Monitoring financial reporting risks and fraud risks and the effectiveness of mitigating controls for those risks taking into consideration the cost of implementing those controls;
 - iii) Reviewing and reporting to Council on Cowichan Tribes' risk management policies and control and information systems and, where appropriate, recommending improvements to Council;
 - iv) Reviewing and recommending the Risk Management Plan and fraud risk assessment to Council; and
 - v) Monitoring the Risk Management Plan and fraud risk assessment on a regular basis to ensure risks are appropriately identified and managed.
18. The responsibilities of the General Manager include:
 - i) Managing the annual and ongoing risk assessment process for Cowichan Tribes, including the fraud risk assessment process;
 - ii) Preparing the Risk Management Plan and fraud risk assessment for Cowichan Tribes, and reviewing and updating them on a regular basis;



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- iii) Monitoring, identifying, assessing, and reporting to the Finance and Audit Committee on financial reporting risks and fraud risks;
 - iv) Monitoring and reporting to the Finance and Audit Committee on the effectiveness of mitigating controls for all material risks identified taking into consideration the cost of implementing those controls; and
 - v) Immediately reporting significant changes to the Risk Management Plan or fraud risk assessment to the Finance and Audit Committee.
19. The responsibilities of the Comptroller include:
- i) Ensuring Cowichan Tribes' financial administration systems, policies, procedures, directions and internal controls are appropriately designed and operating effectively;
 - ii) Reporting to the General Manager in a timely manner on any identified risks to Cowichan Tribes' financial assets, tangible capital assets and operations, as well as any proposed plans to mitigate the identified risks;
 - iii) Developing and recommending procedures to the General Manager for identifying and mitigating risks for the Risk Management Plan, including financial reporting and fraud risks;
 - iv) Ensuring approved procedures for identifying and mitigating risks are followed; and
 - v) Monitoring the control activities and their impact on Cowichan Tribes and the Risk Management Plan.
20. The responsibilities of all Cowichan Tribes' officers, department managers, employees, as well as any contractors or agents, include:
- i) Integrating sound risk management planning, implementation and reporting within the scope of their duties and responsibilities; and
 - ii) Reporting all material risks, within and beyond their scope of responsibility, to their immediate supervisor or to the General Manager

Annual Risk Management Process and Plan

- 21. As part of the annual risk management process, the General Manager shall record material risks in a Risk Management Plan (see example in attached Appendix A).
- 22. The Risk Management Plan must ensure that risks related to Cowichan Tribes' specific business activities, loans, guarantees, indemnities, debts, investments, technology, operations, emergencies, financial reporting and fraud, are separately addressed, managed and monitored. These specific risks are addressed in various related policies listed at the end of this Policy and Procedures.
- 23. Cowichan Tribes' management team shall analyze the potential impact and likelihood of each risk identified and develop an appropriate risk mitigation plan.
- 24. Responsibility for each risk and corresponding risk mitigation plan shall be assigned to a qualified employee(s).



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25. The Risk Management Plan shall be presented to the Finance and Audit Committee for review and recommendation to Council for approval on an annual basis.

Fraud Risk Assessments

26. Fraud risk assessments shall include identification and assessment of following types of fraud in Cowichan Tribes:
- i) Fraudulent Financial Reporting - refers to an intentional act in financial reporting that is designed to deceive users of financial reports and that may result in a material omission from or misstatement of financial reports;
 - ii) Fraudulent Non-Financial Reporting - refers to an intentional act in non-financial reporting that is designed to deceive users of non-financial reports;
 - iii) Misappropriation of Assets - refers to the theft of Cowichan Tribes' assets where the theft may result in a material omission or misstatement in financial reports; and
 - iv) Corruption and illegal acts.
27. Fraud risk assessments shall also include identification of opportunities for fraud created by the following:
- i) Ineffective design and monitoring control activities as it relates to the following:
 - a) Unauthorized acquisition, use of disposal of assets,
 - b) Poor management oversight,
 - c) Management override of internal controls, and
 - d) Ineffective technology systems; and
 - ii) Wilful violation of laws that could have a material direct or indirect impact on financial reporting.
28. Fraud risk assessments shall include various ways that fraudulent reporting can occur taking into account the following:
- i) Management bias;
 - ii) The degree (or validity) of estimates and judgments used in financial reporting;
 - iii) Possible fraud schemes and scenarios;
 - iv) The nature of technology and management's (or a person's) ability to manipulate information using that technology;
 - v) Any unusual or complex transactions which are subject to significant management (or personal) influence; and
 - vi) The vulnerability of internal controls to management override and potential schemes to circumvent existing control activities.
29. Fraud risk assessments shall include identification of risks arising from the following:
- i) Incentives and rewards associated with achievement of objectives; and
 - ii) Pressures associated with achievement of objectives.



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30. Fraud risk assessments shall also identify the risk of fraud resulting from attitudes of and rationalizations by individuals justifying inappropriate actions.
31. See example of a fraud risk assessment in Appendix B attached to the end of these Procedures.

For Profit Business Activity

32. To conduct a risk assessment of for-profit business activities and ensure that all related material risks are limited or managed appropriately, the General Manager in conjunction with the Comptroller shall:
 - i) Identify any material risks associated with any for-profit business activity proposed by Cowichan Tribes;
 - ii) Outline the steps or actions that must be taken to limit or manage those risks to Cowichan Tribes;
 - iii) Obtain legal and any other professional advice required to ensure appropriate business structures and minimization of liability;
 - iv) Ensure that the Finance and Audit Committee and Council review and consider any proposed for-profit business activities;
 - v) Ensure that documented Council approval is obtained in advance for all for-profit business activities undertaken by Cowichan Tribes; and
 - vi) Monitor the financial reporting of approved for-profit business entities.

Granting of Lease or License

33. Cowichan Tribes may carry on a business that derives income from the granting of a lease or license of or is in respect of:
 - i) An interest in, or natural resources on or under, Cowichan Tribes' lands or lands owned in fee simple by or in trust for Cowichan Tribes; or
 - ii) Any other property of Cowichan Tribes.
34. The granting of leases by Cowichan Tribes must be done in accordance with the FAL, FNFMB Standards and applicable Cowichan Tribes' land management laws, policies and procedures (or the Land Code).
35. A granting of a lease by Cowichan Tribes requires a written lease agreement that is appropriately approved, agreed to and signed by the respective authorities.
36. Cowichan Tribes and the lessee must comply with the terms and conditions of the lease agreement.
37. Cowichan Tribes shall monitor all granted leases to ensure compliance with the respective lease agreement and take the appropriate actions wherever it is determined that the terms and conditions of the lease agreement have been breached.

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Records Management

38. Cowichan Tribes shall keep proper records and documentation respecting its risk management practices, and shall ensure that these records and documents are maintained in a secure and confidential manner, as per Cowichan Tribes' Financial Records Management Policy and Procedures, including records and documents relating to:
- i) Risks to Cowichan Tribes reported by employees and other persons;
 - ii) Risk Management Plans for Cowichan Tribes, and their approval by Council;
 - iii) Fraud risk assessments and the related findings;
 - iv) Risk related reports prepared by or on behalf of Cowichan Tribes;
 - v) Actions taken to manage, mitigate, and prevent such risks;
 - vi) Review and approval of for-profit business activities;
 - vii) Leases granted by Cowichan Tribes; and
 - viii) The qualifications of individuals involved in Cowichan Tribes' financial management system and control activities.

Related Cowichan Tribe's Policies

- Capital Asset Management Policy and Procedures;
- Debt Management Policy and Procedures;
- Emergencies Policy and Procedures;
- Financial Records Management Policy and Procedures;
- Financial Reporting Policy and Procedures;
- Guarantees and Indemnities Policy and Procedures;
- Information Systems and Technology Policy and Procedures;
- Insurance Policy and Procedures;
- Investment Policy and Procedures;



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APPENDIX A - RISK REGISTER - Cowichan Tribes Risk Management Policy and Procedures

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#	Risk Category	Responsible Office	Risk	Potential Impact	Likelihood	Impact	Level of Risk	Mitigation/ Action Plan	Plan Status
		<i>Who is responsible for monitoring and controlling the risk?</i>	<i>Provide a description of the risk and date identified</i>	<i>Provide estimates of the impact of the risk - quantitative, qualitative, as appropriate</i>	<i>An estimation of the likelihood of occurrence</i>	<i>The likely impact on Cowichan Tribes</i>	<i>Risk level based on likelihood and impact of risk</i>	<i>Mechanisms to monitor and control the risk</i>	
1	Debt	Finance	Default on debt	Inability to go forward with projects (Economic development, social projects, infrastructure, community projects); Loss of tobacco tax money	Rare	Extreme (>\$10M)	LOW	Budgeting; Targeting funds for debt payments	
2	Emergencies	Chief & Council	Council does not have adequate, documented emergency and contingency plans in place	Possible risk to safety of members and possible damage/loss to CT's assets	Likely	Moderate (\$2M-\$5M)	MEDIUM	Emergency preparedness plan; insurance on band assets	In Effect
3	Emergencies	General Manager	Emergency drills and procedures are not practiced	Possible risk to safety of members and possible damage/loss to CT's assets	Possible	Minor (\$100K-\$2M)	LOW	Yearly earthquake/fire drills	In Effect
4	Emergencies	General Manager	Emergency plans are not communicated to all affected persons	Possible risk to safety of members and possible damage/loss to CT's assets	Almost Certain	Moderate (\$2M-\$5M)	MEDIUM	Absent	In Effect
5	Emergencies	Chief & Council	Emergency management plans are not reviewed annually	Possible risk to safety of members and possible damage/loss to CT's assets	Almost Certain	Moderate (\$2M-\$5M)	MEDIUM	Absent	In Effect
6	Financial Management	Chief & Council	FAL obligations are not implemented and maintained	Inability to get FMS certification; possible breach of covenant if borrowing with FNFA; inadequate controls on financial matters leading to loss of money or revenue; transparency and accountability to members and partners negatively impacted	Possible	Moderate (\$2M-\$5M)	LOW	Oath of office; financial policies	In Effect
7	Financial Management	Chief & Council	Council does not demonstrate effective financial management procedures	Inaccuracies could result in additional resources (staff time and audit costs) to correct	Unlikely	Major (\$5M-\$10M)	LOW	Finance and Audit Committee makes reports and recommendations to Council; 11 knowledgeable Councillors (quorum of 5) for decision-making; hiring competent staff; independent audit reviews financial	In Effect
8	Financial Management	Finance	Cowichan Tribes fails to achieve planned levels of financial performance	Possible program, staff, and capital spending cuts; lower quality of life for members; breach of covenant if borrowing for FNFA; CT's transparency and accountability are compromised with members	Unlikely	Major (\$5M-\$10M)	LOW	Budgeting; Work plans; Monitoring and addressing deficiencies	In Effect
9	Financial Management	Chief & Council	Persons are not qualified to perform financial reporting services	Inaccuracies could result in additional resources (staff time and audit costs) to correct	Rare	Major (\$5M-\$10M)	LOW	Finance and Audit Committee makes recommendations on the selection, engagement, and performance of an auditor; Hiring competent staff (e.g. Comptroller with a CPA)	In Effect
10	Financial Management	Finance	Unexpected loss of Own Source Revenue (CIF, Tobacco Tax, Forestry, Host Local Government)	Possible program, staff, and capital spending cuts; lower quality of life for members; breach of covenant if borrowing for FNFA; CT's transparency and accountability are compromised with members	Unlikely	Moderate (\$2M-\$5M)	LOW	Only budgeting when amounts are certain to be received	In Effect
11	Fraud/Illegal Activities	Chief & Council	Council does not have procedures to identify and assess fraud	Loss or damage of assets; additional costs to repair, replace, insurance; additional wear and tear on assets	Possible	Moderate (\$2M-\$5M)	LOW	Central control in Finance Department; hiring competent staff who discover fraud; controls in approval of expenditures; TIFIS user	In Effect
12	Fraud/Illegal Activities	Finance	CT engages in fraudulent financial and non financial reporting	Users of financial reports receive false information, with the potential to make misinformed decisions	Rare	Major (\$5M-\$10M)	LOW	Financial Reporting policy; Audit review; regular review by the Finance and Audit Committee	In Effect
13	Fraud/Illegal Activities	Management	CT engages in corruption and illegal acts	Legal liability to CT and damage to its reputation	Rare	Major (\$5M-\$10M)	LOW	Oath of Office; HR Policy; Legal advice	In Effect
14	Fraud/Illegal Activities	Chief & Council	Council does not have effective control activities resulting in unauthorized acquisition, use or disposal of CTs assets, poor management oversight, management override of internal controls and ineffective technology systems	Damage or loss of assets; potential legal liability for CT; additional resources used in addressing the issue and therefore not available for more productive uses; potential cost overruns	Possible	Major (\$5M-\$10M)	MEDIUM	Financial policies; hiring competent staff; controls in approvals of expenditures; TIFIS user security; 2 signatures required on cheques; audit review	In Effect



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15	Fraud/Illegal Activities	Chief & Council	Misconduct with vulnerable groups that Cowichan Tribes engages with (youth, elders)	Legal liability to CT and damage to its reputation	Unlikely	Major (\$5M-\$10M)	LOW		In Effect
16	Human Resources	Human Resources	Key staff leaving without proper succession planning	Loss of corporate memory	Likely	Minor (\$100K-\$2M)	LOW	HR Policy (13.06)	In Progress
17	Human Resources	Human Resources	Staff will not have the skills and/or knowledge to implement the strategic plan	Inability to implement strategic goals and projects; turnover of staff; accountability to members compromised	Possible	Insignificant (<\$100K)	LOW	Performance evaluations; job descriptions; HR hiring/selection process	In Effect
18	Human Resources	Human Resources	Staff member injured on-site in the normal function of their duties	Temporary loss of staff members or decreased productivity due to injury; staff morale impacted	Almost Certain	Minor (\$100K-\$2M)	LOW	Training for high risk positions (e.g. Swift water training for Fisheries staff)	Absent
19	Information Systems Technologies	Information Systems	Information systems are not working effectively, in a timely manner, have the right security and permissions and/or data is not retained in accordance with legal requirements	Inefficiencies that result in increased staff time and costs and possible security threats and data loss/breaches	Possible	Major (\$5M-\$10M)	MEDIUM	IT Policy; Records & Information Management Policy; hiring competent staff;	Absent
20	Information Systems Technologies	Information Systems	Failure of IT systems (servers, etc.)	Inability for staff to access data required to perform their job duties; decreased productivity during downtime	Unlikely	Major (\$5M-\$10M)	LOW	Off-site back-ups; Emergency Response plan	In Effect
21	Insurance	Finance	Council do not have documented and appropriate insurance coverage	Potential for being over/under insured; risk that CT would not have sufficient funds to cover losses	Unlikely	Insignificant (<\$100K)	LOW	Annual review of Statement of Values of all assets that are insurable	In Effect
22	Investments	Chief & Council	Council do not have documented policies regarding the investment strategy and allowable uses of available funds	Potential for unprofitable investments and deficits; risk to CT's assets	Unlikely	Moderate (\$2M-\$5M)	LOW	Cowichan Tribe's Investment policy	In Effect
23	Investments	Chief & Council	Council cannot demonstrate that investments were made in accordance with FMB requirements	Risk of breach of covenant if borrowing from FNFA; CT's transparency and accountability are compromised with members	Unlikely	Moderate (\$2M-\$5M)	LOW	Cowichan Tribe's Investment policy	In Effect
24	Leadership	Chief & Council	Several council members depart prior to end of term, reducing number of members to less than quorum	Loss of knowledge on current projects; loss of capacity to lead CT; Uncertainty for members and other partners leading to potential loss of opportunities	Rare	Insignificant (<\$100K)	LOW	Quorum of 5, current council has 11 members	In Effect
25	Leadership	Chief & Council	Chief and Council are not aligned in their vision and priorities for CT	Inability to move ahead on projects; impacted ability to make decisions and move things forward for the community; conflicting messages for members and partners leading to push-back from the community and/or missed opportunities with partners	Possible	Moderate (\$2M-\$5M)	LOW	Strategic Plan outlining common goals	In Effect
26	Leadership	Human Resources	There is not a positive workplace environment that supports values and integrity	Inaccuracies could result in additional resources (staff time and audit costs) to correct	Unlikely	Moderate (\$2M-\$5M)	LOW	Administration lines of communication; HR Policy (handles complaints); Management is supported in handling personnel situations	In Effect
27	Loans, Guarantees, and Indemnities	Finance	Loans are not made within the applicable FAL standards	Possible breach of covenant if borrowing with FNFA; CT's transparency and accountability are compromised with members	Possible	Insignificant (<\$100K)	LOW	Cowichan Tribes' Loans and Advances Policy	In Effect
28	Loans, Guarantees, and Indemnities	Chief & Council	Council will not have formalized policies and procedures for the Guarantees on private on-reserve mortgages for individual members	Loss of money and CT's transparency and accountability are compromised with members; Council's reputation could be affected	Possible	Insignificant (<\$100K)	LOW	Mortgage contingency fund; banks' limitations on providing loans; council approval required	In Effect
29	Loans, Guarantees, and Indemnities	Finance	Not having proper documentation to support the collection of monies and	Loss of money and CT's transparency and accountability are compromised with members	Unlikely	Insignificant (<\$100K)	LOW	Cowichan Tribe's Band Member and Employee Debts Policy	In Effect
30	Loans, Guarantees, and Indemnities	Finance	Policies supporting the writing off and forgiving of debts will not be followed	Users of financial reports receive false information, with the potential to make misinformed decisions; CT's transparency and accountability are compromised with members	Unlikely	Insignificant (<\$100K)	LOW	Cowichan Tribes' Loans and Advances Policy	In Effect
31	Loans, Guarantees, and Indemnities	Finance	Inadequate maintenance of records for all guarantees and securities given for projects	Users of financial reports receive false information, with the potential to make misinformed decisions	Rare	Minor (\$100K-\$2M)	LOW	Council approval required	In Progress
32	Projects	General Manager	Community members and surrounding communities will oppose projects due to misinformation or lack of understanding	Inability to move ahead on projects; loss of investments made	Likely	Moderate (\$2M-\$5M)	MEDIUM	Information sessions; legal review; environmental review	In Progress
33	Regulations	General Manager	Regulation changes for current activities (i.e. Gaming, fisheries, privacy laws, etc.)	Possibility of non-compliance with new regulations leading to financial penalties or the need for additional investments to rectify the situation and become compliant	Possible	Minor (\$100K-\$2M)	LOW	Professional development workshops to stay up-to-date on changes	In Progress

Cowichan Tribes Policies



APPENDIX B:

Example of a Fraud Risk Assessment

[The following is only an example of a fraud risk assessment and does not list all possible fraud risks that Cowichan Tribes may have.]

Identified Fraud Risks and Schemes¹	Likelihood²	Significance³	People or Department⁴	Existing Anti-Fraud Controls⁵	Assessment of Anti-Fraud controls⁶	Fraud Risk Response⁷
<i>Conflict of Interest – Contracts improperly awarded</i>	<i>Remote</i>	<i>Material</i>	<i>Accounting</i>	<i>Council reviews and approves awarded contracts prior to payment.</i>	<i>Evidenced by Council meeting minutes.</i>	<i>Risk of Council override exists.</i>
<i>Recording of rent receipts in incorrect periods</i>	<i>Remote</i>	<i>Insignificant</i>	<i>Accounting</i>	<i>Year-end reconciliation of the rent revenue and receivables</i>	<i>Risk of override still exists</i>	<i>No further action, receipts are minimal.</i>
<i>Unauthorized payroll adjustments</i>	<i>Reasonably Possible</i>	<i>Material</i>	<i>Payroll</i>	<i>Finance Manager approves periodic payroll registers and reviews one-time payment queries</i>	<i>Adequately mitigated by control</i>	<i>N/A</i>

1. Identified Fraud Risks and Schemes: This column shall include a full list of the potential fraud risks and schemes that may face Cowichan Tribes. This shall be formed by discussions with employees, officers and Councillors and brainstorming sessions.



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APPENDIX B:

Example of a Fraud Risk Assessment (*continued*)

2. **Likelihood of Occurrence:** To design an efficient fraud risk management program, it is important to assess the likelihood of the identified fraud risks so that Cowichan Tribes establishes proper anti-fraud controls for the risks that are deemed most likely. For purposes of the assessment, it shall be adequate to evaluate the likelihood of risks as remote, reasonably possible, and probable.
3. **Significance to Cowichan Tribes:** Quantitative and qualitative factors shall be considered when assessing the significance of fraud risks to Cowichan Tribes. For example, certain fraud risks may only pose an immaterial direct financial risk to Cowichan Tribes, but could greatly impact its reputation, and therefore, would be deemed to be a more significant risk. For purposes of the assessment, it shall be adequate to evaluate the significance of risks as immaterial, significant, and material.
4. **People and/or Department Subject to the Risk:** As fraud risks are identified and assessed, it is important to evaluate which people inside and outside Cowichan Tribes are subject to the risk. This knowledge will assist in tailoring its fraud risk response, including establishing appropriate segregation of duties, proper review and approval chains of authority, and proactive anti-fraud procedures.
5. **Existing Anti-fraud Internal Controls:** Map pre-existing controls to the relevant fraud risks identified. Note that this occurs after fraud risks are identified and assessed for likelihood and significance. By progressing in this order, this framework intends for Cowichan Tribes to assess identified fraud risks on an inherent basis, without consideration of internal controls.
6. **Assessment of Mitigating Controls:** Cowichan Tribes shall evaluate whether the identified controls are operating and mitigating fraud risks as intended.
7. **Fraud Risk Response:** Residual risks shall be evaluated by the organization and fraud risk responses shall address such remaining risk. The fraud risk response could be implementing additional controls.