

Risk Management Policy

Administrative Authority:	Vice-President, Finance & Administration
Approval Authority:	Board of Governors
Approval Date:	October 20, 2023
Next Review:	October 2026
Review History:	

1. Purpose

The university's leadership recognizes that risk management is an integral part of the university's governance framework and its operating environment and is committed to establishing an environment that ensures risk management is a fundamental part of all university activities. The purpose of the policy is to encourage the integration of risk management at all levels of management within the University and to establish guidelines for the reporting of risk to Senior Management and the Board of Governors.

Risk management assists all levels of academic, research and administration management by supporting a systematic approach to identifying, evaluating, and managing the risks which could prevent the university from achieving its strategic and operational goals. In supporting the achievement of the university's strategic and operational goals, the objective of the policy is to raise awareness of risk management. More specifically, the policy provides guidance for all levels of management and other stakeholders, to promote:

- awareness of the business risks that are associated with the operations of the university;
- awareness of the key enterprise risks that the university faces;
- applying due diligence in decision-making;
- an appropriate level of due care in daily operations;
- intelligent risk taking in the pursuit of new ideas and innovation; and
- legal and statutory compliance as a minimum standard.

2. Scope

2.1 This policy is applicable to all University departments and units. Responsibility for identifying and managing the risks of the University, as in any organization, lies with the leadership of the institution. Academic and Administrative leadership is responsible for ensuring compliance with University policies and applicable legislation and regulation. Leadership also has a responsibility to identify, evaluate and manage enterprise and operational risks and bring emerging strategic and enterprise risks to the President's attention.

2.2 The Director, Procurement and Risk assists managers' awareness of risk through the development of the University's Enterprise Risk Management Framework and operational risk assessment processes by advocating for their continued improvement. Furthermore, the Director, Procurement and

Risk assists operational managers' risk awareness by communicating the results of the risk management processes to all internal stakeholders and by assisting managers in the creation of risk treatment strategies.

3. Policy Statement

3.1 Laurentian University adopts best practices in identifying, evaluating, and managing both operational and strategic risks to ensure that these risks are appropriately treated or exploited, to ensure the achievement of the university's strategic and operational goals.

3.2 Definitions

3.2.1 **Risk**: the effect of an event or activity on the achievement of the university's strategic or operational goals. An effect is either a positive or negative variation on what is expected to occur.

3.2.2 **Enterprise Risk Management** a systematic approach to managing all the university's key enterprise and strategic risks.

3.2.3 **Operational Risk Management** a systematic approach to managing uncertainties resulting from inadequate or failed internal processes, people or systems.

4. Governance and Responsibility

Risk management is the responsibility of all the University's employees. This document guides the Board of Governors, managers, supervisors, faculty and staff who are involved in the Enterprise Risk Management and Operational Risk Management processes.

4.1 Role of the Board of Governors

The Board of Governors through the Audit and Risk Committee have the responsibility for the oversight of the risk management program including key enterprise risks and the respective risk treatment measures implemented. The Board, through its Audit and Risk Committee, will:

- approve policy in relation to risk management;
- approve the Top 10 Key Enterprise risks register;
- monitor the effectiveness of risk management processes; and
- approve management action to improve risk management.

4.2 Role of the President

- provide general risk management oversight to ensure Enterprise Risk Management adoption throughout the university;

- assess top risks action plans and review/approve major risk treatment options; and
- promote a risk management culture at all levels of the university.

4.3 Role of the Vice-Presidents

The Vice-Presidents are accountable to the President for risk management and are to:

- develop and implement policies and procedures for risk management;
- determine the risk profile of the University and the University's attitude to risks with respect to particular major issues;
- identify and manage the enterprise risks faced by the University and convey this information to the President and the Board of Governors;
- ensure that operational risks are identified and appropriately managed throughout the University;
- ensure that recommendations and directions of the Board of Governors, President, and Internal and External Auditor, with respect to risk management are acted upon;
- provide adequate information in a timely manner to the Board of Governors through the Audit and Risk Committee on the status of risks and risk treatments in place and proposed;
- ensure the existence of performance standards for the implementation of risk management policies and procedures;
- arrange for the annual review of the performance of budget centres, business enterprises and controlled entities in relation to the implementation of risk management policies and procedures; and
- review policies and procedures on a regular basis to ensure they remain effective and appropriate.

4.4 Role of Directors and Managers

Directors, managers and academic leaders of the University, and its controlled entities, are responsible for incorporating risk management into their standard management practices by the following:

- identify and determine appropriate actions to address operational risks within their area of responsibility in accordance with university policies and procedures;
- implement actions with respect to risk management as directed by the Vice-Presidents; and
- report on the management of significant emerging or residual risks.

4.5 Director, Procurement and Risk

The Director, Procurement and Risk is responsible for overall risk management at the University and as such is responsible to:

- develop the risk management framework and policies that allows the University to manage risk in a structured way and promotes a strong risk management culture at the University;
- ensure risk and opportunities are formally recognized, prioritized, and assigned to appropriate risk owners throughout the university.
- ensure that the risk owners have assigned appropriate managers to oversee the implementation of actions to mitigate risks and enhance opportunities wherever possible.
- monitor and report on progress of those actions;
- ensure the ERM program is monitored and updated regularly;
- maintain/update the Top 10 Key Risk Register;
- conduct or arrange appropriate risk management education and training;
- provide policy and processes to departments to identify, analyze and manage risks;
- produce and provide relevant and timely user reports;
- provide an annual ERM status report (measured progress/next steps);
- manage the risk financing program of the University through the procurement of adequate insurance coverage to protect the University's physical assets and any potential liability exposure.

4.6 Role of Internal Audit

At the time drafting this framework Laurentian University does not have the role of Internal Auditor. Should the position be created in future the Internal Audit will:

- monitor the effectiveness of the operation of the risk management framework and be an input in the risk identification process; and
- recommend changes to controls, which when implemented will provide more effective and efficient mitigation of the identified risk.

5. Enterprise Risk Management Framework

5.1 The university has adopted an Enterprise Risk Management Framework, and procedures to ensure that operational managers apply due diligence, demonstrate due care, comply with applicable laws and regulation and take the appropriate level of risk when making decisions.

5.2 Managers are required to refer to the Enterprise Risk Management Framework to gain an understanding of the principles and objectives of Laurentian University's Enterprise Risk Management program and specifically, the University's risk appetite. In addition, the framework outlines the process which must be used in completing an operational risk assessment.

6. Risk Management Process

The aim of the risk management process is to identify the major risks facing the University at both the enterprise and operational level and assist managers in developing and communicating risk treatment activities.

The Enterprise Risk Management process is linked directly to the University's strategic planning process. The Director, Procurement and Risk is responsible for the development and implementation of the Enterprise Risk Management Framework and process. It is also the responsibility of the Director to communicate the key enterprise risks identified as part of the Enterprise Risk Management Process to stakeholders, such as senior management and the Board of Governors. The detailed Enterprise Risk Management process, including specifics on risk identification, risk analysis and evaluation, risk treatment and reporting templates are described in the university's Enterprise Risk Management Framework. The framework's details can be accessed by reaching out to the Procurement and Risk Office.

On an operational level, it is the responsibility of all academic and administrative departments to manage day to day risk effectively. To assist managers in the operational risk management, process the University has developed a "Guide on How to Perform an Operational Risk Assessment (Department, Project, Event etc.)". The Guide can be obtained by contacting the Procurement and Risk Office. Before initiating any significant event or activity (e.g., extracurricular, off campus, entering contractual arrangements, etc.) the operational risk assessment process should be undertaken. The Manager Risk and Insurance can be contacted for assistance in conducting an operational risk assessment and creating a treatment plan.

7. Risk Financing

The University has a risk financing process to assist with managing its potential risk and liability. The following guidelines ensure that the proper risk financing techniques and insurance coverage is in place to meet the university's risk financing objectives:

- 7.1 The procurement of all insurance coverages and products must be arranged or approved by the Director, Procurement and Risk.
- 7.2 The university is required to procure insurance coverage aimed to safeguard its physical, financial, and other valuable assets against potential catastrophic losses. Additionally, insurance will serve as the chosen means of risk financing for the University, extending protection to its Board of Governors, officers, supervisors, employees, and students who act in good faith. This coverage will shield them from liabilities that may arise from their respective roles as University-affiliated individuals. Furthermore, it's important to acknowledge that all insurance policies are subject to deductibles, exclusions, and limitations, which can influence the extent of coverage provided.
- 7.3 The payment of deductibles and non-insured losses (e.g., below the deductible amount) shall normally be the responsibility of the department suffering the loss. Personal property of faculty, staff and students is not covered by the University's property insurance policies.

7.4 The University shall maintain a self-insurance fund to provide the financing necessary to cover losses where insurance would *not cover the loss pay—except for the application of the insurance deductible* and also to pay the deductible in the event of an insured loss.

7.5 It is the responsibility of each department manager to advise the Director, Procurement and Risk of changes in programs, activities, or assets, which may affect insurance coverage in place or require the procurement of additional coverage.

8. Contracts

The University shall require all individuals, groups and tenants using Laurentian University facilities to hold the university harmless from all claims for bodily injury or property damage and provide proof of General Liability insurance in an amount of not less than \$5,000,000, including adding the University as an additional insured to their policy. Depending on the circumstance, the Manager, Risk and Insurance can alter or waive these requirements.

9. Claims

It is the responsibility of all members of the community to report any pending or actual claim, lawsuit, or regulatory proceeding against the University to the university's General Counsel and/or the Director, Procurement and Risk as soon as they become aware of a claim or possible claim. If insurance coverage applies, the appropriate insurer will be engaged. It is the responsibility for the Manager, Risk and Insurance to report all claims to insurers, and in coordination with the University's General Counsel to be the point of contact with all University insurers. If no coverage exists, General Counsel will manage and supervise the university's response or defense to the proceeding and retain external counsel as may be appropriate. No employee shall settle a claim, regulatory proceeding, or legal action against the university without consulting with General Counsel and receiving the approval of the President and/or the appropriate Vice-President responsible for the operations from which the claim, regulatory proceeding or legal action originates.

The General Counsel and the Director, Procurement and Risk shall develop and maintain a Claims and Incident Register to track incidents that are insured or incidents that are not insured but pose liability to the University or have caused damage to University property.

10. Policy Review:

This policy will be reviewed **at least** every three years to assess its effectiveness and make necessary updates or revisions.