

# BOARD POLICY

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<b>POLICY TYPE:</b>	Governance process
<b>POLICY TITLE:</b>	Integrated Risk Management Framework
<b>EFFECTIVE DATE:</b>	February 2015
<b>REVISION DATE:</b>	May 2019
<b>RENEWAL DATE:</b>	May 2022

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## 1. Background

- 1.1. Durham College is committed to providing high-quality education and services to our students, staff, community and preserving our reputational and financial integrity in order to continue our mission.
- 1.2. Integrated Risk Management (IRM) is an ongoing, proactive and dynamic process involving the College's Board of Governors, management and other personnel. It is a systematic approach to setting the best course of action to manage uncertainty by identifying, analyzing, assessing, responding to, monitoring and communicating risk issues and events that may have an impact on the organization's ability to successfully achieve its strategic objectives.
- 1.3. The College has developed an IRM framework based on the internationally recognized principles from ISO 31000 to manage change and uncertainty. The framework applies to employees at every level and will assist the college in achieving its strategic objectives through structured and effective risk management processes.

## 2. Definitions

### 2.1. Integrated Risk Management

Integrated risk management is a systematic approach to managing uncertainty by identifying, analyzing, responding to, monitoring and communicating risks across the organization.

### 2.2. Risk Appetite

Risk appetite refers to the amount and type of risk that an organization is willing to take in order to meet their strategic objectives.

### 2.3. Inherent risk

Inherent risk refers to the amount of risk that exists without consideration of current controls that are in place to mitigate the risk.

## 2.4. Residual risk

Residual risk refers to the amount of risk remaining after controls have been put in place to mitigate the inherent risk.

## 3. Purpose and objectives

3.1. The College will maintain an effective IRM program to ensure:

- **Oversight:** All critical risks have been identified and are being managed and monitored under a holistic approach consistent with the Board-approved risk appetite statement;
- **Ownership and Responsibility:** Establish structured processes to identify, evaluate, mitigate and report risk exposures. The ownership of risk is assigned to key decision makers within the College who will manage the College's strategic governance, financial and operational risks;
- **Assurance:** The Board, management and relevant stakeholders have reasonable assurance that risk is being appropriately managed within defined levels to bring value to the College; and
- **Support:** The culture of risk management is supported and encouraged throughout the College.

3.2. The objectives of this policy are to:

- Establish the risk appetite of the College;
- Identify the key responsibilities of the Board, Audit and Finance Committee and management; and
- Outline the frequency and form of reporting requirements.

3.3. The College's Risk Management operating Policy and Procedure (ADMIN 223) requires departmental and functional units to undertake risk reviews as part of the process of addressing risks that will impact the College's strategic objectives.

## 4. Policy statements

### 4.1. Risk Appetite

Risk appetite establishes the boundaries for the overall/broad risk taking activities of the College and is an indication of the amount of risk the College is willing to accept in the achievement of its strategic priorities. Risk appetite statements are developed using a consistent rating scale and descriptors. The following scale and descriptors are used by the College:

Appetite Level	Risk Appetite Descriptor	Definition
1	Averse	Not willing to accept risks in most circumstances
2	Cautious	Cautious in the acceptance of some risks in certain circumstances
3	Open	Open to accepting risks in certain circumstances where the risk is not a high inherent risk
4	Willing	Willing to accept opportunities having high inherent risk

## 4.2. Risk Appetite Statements

### 4.2.1. Ethical Leadership

Without a strong emphasis on ethics, Durham College will not be successful in achieving our mission, vision, values and goals. Ethics, integrity, transparency, respect, equal access and diversity will be communicated, modeled and required of all faculty, staff and students. The College is averse to this risk and not willing to accept risks in most circumstances in this area.

### 4.2.2. Reputation

It is regarded as critical that Durham College preserves its high reputation. The College therefore has a low appetite (averse to cautious) for risk in the conduct of any of its activities that puts its reputation in jeopardy, could lead to undue adverse publicity, or could lead to loss of confidence and funders of its activities.

### 4.2.3. Compliance

Durham College places great importance on compliance, and has no appetite for any breaches in statute, regulation, professional standards, research, bribery or fraud. The College wishes to maintain accreditations related to courses or standards of operation, and has low appetite (averse to cautious) for risk relating to actions that may put accreditations and operations in jeopardy.

#### **4.2.4. Financial**

Durham College is open to accepting risk while maintaining its long-term financial viability and its overall financial strength. Whilst targets for financial achievement will be higher, the College will aim to manage its financial risk by attaining an operational surplus each year and achieving a satisfactory quick ratio and debt to assets ratio, where possible.

#### **4.2.5. Education and Student Experience**

Durham College wishes to stimulate students to develop a lifelong thirst for knowledge and learning, and encourage a pioneering, innovative and independent attitude and aspiration to achieve success. The College expects at a minimum to be in the top quartile of surveys related to student experience. The College recognizes this should involve an increased degree of risk in developing education and the student experience, and is open in accepting this risk, subject always to ensuring that potential benefits and risks are fully understood before developments are authorized and that sensible measures to mitigate risk are established.

#### **4.2.6. Environment and Social Responsibility**

Durham College aims to make a significant, sustainable, and socially responsible contribution to Ontario and the world through its research, education, knowledge exchange and operational activities. The College recognizes this should involve an increased degree of risk and is open in accepting this risk, subject always to ensuring that potential benefits and risks are fully understood before research and developments are authorized and that sensible measures to mitigate risk are established.

#### **4.2.7. People and Culture**

Durham College aims to value, support, develop and utilize the full potential of our employees to make Durham a stimulating and safe place to work. The College places importance on a culture of academic freedom, equality and diversity, dignity and respect, collegiality, annual reviews and the development of staff. The College has a cautious appetite for any deviation from its standards in these areas, and an averse appetite for deviations from its standards regarding the health and safety of staff, students and visitors.

#### **4.2.8. International Development**

Durham College aims to achieve global impact via student exchanges with a number of countries around the world. The College is cautious to operations outside of Canada but has a strong appetite in recruiting students from other countries to the extent that this activity supports the mission and reputation of the College.

### **5. Roles and responsibilities**

#### **5.1. Board of Governors**

The Board of Governors is responsible for:

- Approving the risk appetite level of the College through the IRM Framework Board Governance policy; and
- Annually reviewing the risk register for extreme and high risks to ensure mitigation strategies are in place.

#### **5.2. Audit and Finance Committee**

The Audit and Finance committee will:

- Monitor risk assessment through the annual risk register;
- Oversee the functioning of the IRM framework to gain assurance of its effectiveness;
- Gain understanding of high and extreme risks at inherent and residual levels;
- Approve annual updates on institutional risk, and if necessary recommend changes to risk appetite to the Board of Governors for approval; and
- Gain assurance that management has undertaken the risk responses for high and extreme risks as outlined.

#### **5.3. Durham College Leadership Team**

The Durham College Leadership Team is responsible for:

- Approving the College's operational risk management policy and procedure;
- Overseeing and supporting the risk management framework for all business processes and key decision-making within the College; and
- Reviewing extreme and high-level strategic risks presented by the Chief Administrative Officer and Chief Financial Officer that impact Durham College's strategic plan and objectives.

#### **5.4. Chief Administrative Officer and Chief Financial Officer**

The chief administrative officer and chief financial officer will:

- Ensure an effective risk management framework is established, implemented and maintained;
- Work with members of the leadership team to ensure mitigation strategies are developed for extreme and high-level risks; and
- Identify and present extreme and high-level strategic risks to the College President and Board of Governors through the Audit and Finance Committee.

#### **5.5. Vice-Presidents, Deans and Directors**

Vice-Presidents, deans and directors are responsible for:

- Determining and managing both strategic and operational risks within their portfolio that may impact the College's strategic and operational objectives, in consultation with the Office of Insurance and Risk Management;
- Participating in the development, review and update of the institutional risk register;
- Addressing, monitoring and reporting on the status of the key risks they are accountable for;
- Integrating risk management principles into business processes and the management of day-to-day College activities; and
- Fostering a culture of risk awareness.

### **6. Reporting**

The Audit and Finance Committee of the Board of Governors receives for approval, an annual update of the integrated risk management process. This update includes details of the high and extreme risks and provides the committee with additional reports to enhance their understanding of the process and the results of the process.

### **7. Monitoring**

The Board will receive an annual report from the Audit and Finance Committee identifying the high and extreme risks and confirming that satisfactory mitigation strategies are in place.

### **8. Related legislation, Minister's Binding Policy Directives and other documents**

- Minister's Binding Policy Directive - Governance and Accountability Framework