Definitions:

Risk: is the chance that an event, trend or course of action will have either a positive or negative effect on an institution’s ability to meet its strategic or operational objectives.

Activity Risk Management: is the process of identifying, analyzing and managing risks. It provides the methodology for integrating risk into planning and decision making processes at the operational level.

Enterprise Risk Management: is the process of identifying, analyzing and managing strategic risks. It provides the methodology for integrating risk into the strategic planning and resource allocation processes at the strategic level.

Risk Analysis: is the process of determining the likelihood of a particular event, trend or course of action occurring and the impact on operational or strategic objectives if it does.

Risk Tolerance: sometimes known as risk appetite, is the level of risk the University is willing to accept for any event, trend or course of action. Risk tolerance will vary depending on the potential effect of the risk on the university’s operational or strategic objectives.

Risk Treatment: sometimes known as risk control, is the measures used to modify the risk to fall within the university’s risk tolerance for that risk. Options include accept, mitigate, transfer or avoid the event, trend or course of action.

Risk Register: a list of identified enterprise risks which documents the risk analysis, risk scores, risk treatments, PVP direction, results of risk treatments and status of each risk.

Purpose/Reason for Policy:

The purpose of this policy is to:

- incorporate a consistent approach to risk management into the culture and strategic planning processes of the University that supports decision making and resource allocation at both the operational and strategic levels.

- apply a consistent approach to risk management to support the university’s governance responsibilities for innovation and responsible risk-taking, policy development, programs and objectives. In all cases, appropriate measures will be put in place to address unfavourable impacts from risks and favourable benefits from opportunities.

- manage a transparent approach to risk through open and meaningful, pan-university
communication and monitoring of all key risks that balances the cost of managing risk with the anticipated benefit.

**Scope of this Policy:**

This policy applies to all plans, activities, business processes, policies, procedures, individuals and property that comprise the Trent University enterprise.

**Policy Statement:**

Trent University engages in a wide range of activities, both on and off campus, all of which give rise to some level of risk. It is the policy of Trent University to:

- Embed risk management into the culture and operations of the university
- Integrate Enterprise Risk Management into strategic planning, activity planning, performance management and resource allocation decisions
- Manage risk and leverage opportunities in accordance with best practices
- Regularly re-assess the university’s risk profile and the effectiveness of risk treatments in the context of the various strategic plans
- Anticipate and respond to changing social, environmental and legislative requirements

**Responsibilities:**

**Board of Governors:** is responsible for oversight of the ERM Program to ensure that the ERM process is used to develop and achieve the strategic objectives of the University as articulated in all strategic plans.

**President:** is responsible to ensure that all executive sponsors and risk owners integrate ERM into the development of strategic plans and operational decisions and to report on the university’s enterprise risk profile to the Board of Governors semi-annually.

**PVP:** is the senior risk committee of the university responsible to identify emerging enterprise risks, prioritize identified enterprise risks, direct or approve risk treatments, allocate sufficient resources to implement risk treatments, monitor the results of risk treatments, review and update the risk register in preparation for the semi-annual Board reports and ensure that ERM is integral to strategic goal setting and decision making.

**Director, Risk Management:** is responsible to manage the ERM Program. This involves monitoring sector best practices and standards, working with risk owners and executive sponsors to analyze both operational and enterprise risks and develop effective risk treatments, managing the university’s insurance program, regularly updating and/or renewing the risk register and coordinating risk management education and training.

**Risk Owners:** are supervisors typically responsible for one or more university functions and are directly responsible to implement risk treatments as directed by PVP. Risk owners are responsible for maintaining good internal controls, managing their operational risks and advising their Executive Sponsor of any risks in their portfolio that cannot be managed operationally and should be submitted to the ERM program.

**All employees:** are responsible for effectively managing risks in their area of responsibility and identifying and advising their supervisor of potential risks.
<table>
<thead>
<tr>
<th><strong>Contact Officer</strong></th>
<th>Director, Risk Management</th>
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<tbody>
<tr>
<td><strong>Date for Next Review</strong></td>
<td>November 2018</td>
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</table>
| **Related Policies, Procedures and Guidelines** | Activity Risk Management Policy  
Student Activity Risk Management Policy  
Emergency Management Plan  
Health and Safety Policy |
| **Policies Superseded by This Policy** | *Nil* |
# APPENDIX ‘B’

## ENTERPRISE RISK MANAGEMENT

Contact Officer | Director, Risk Management
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### PROCEDURE

<table>
<thead>
<tr>
<th><strong>Purpose</strong></th>
<th>The purpose of this procedure is to describe the Enterprise Risk Management process.</th>
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<thead>
<tr>
<th><strong>Procedure</strong></th>
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</table>

| **Everyone** | 1. Identify any risks - ie. Threats or opportunities - affecting Trent that you are not able to effectively manage to reduce the risk of loss, or achieve the potential gains, in a manner compliant with legislation, sector best practices, Trent policies or the instructions of your supervisor.  
2. Report these risks to your supervisor. |

| **Risk Owners (supervisors)** | 1. When commencing a new activity, conduct a risk assessment in accordance with the Activity Risk Management Policy.  
2. If you become aware of an untreated risk in your portfolio, determine the potential impact of the risk on your operation, or the university, and the likelihood of that impact to occur.  
3. Determine if you should:  
   a. Avoid the risk - ie discontinue the activity giving rise to the risk if it will not negatively affect operational objectives;  
   b. Transfer the risk - ie. Hire a contractor, buy insurance etc.  
   c. Treat the risk - ie. Take additional measures to minimize losses and/or maximize gains such as altering procedures, adding physical safety measures, cross training personnel, duplicating important equipment or backing up data.  
   d. Accept the risk - ie. The potential loss or gain is not significant.  
4. If in doubt, seek advice from the Risk Management Office.  
5. If you are unable to take appropriate action due to lack of resources, authority or institutional support, consider working with one or more other risk owners (departments) to treat the risk.  
6. If step 5 is not feasible, report the risk to your Executive Sponsor. |

| **Executive Sponsor** | 1. Validate the risk analysis in light of existing strategic planning objectives.  
2. If the Risk Owner’s recommended treatment is appropriate, determine whether you have the authority and can allocate resources to implement the treatment.  
3. If the risk is likely to affect Trent’s ability to achieve one or more strategic goals, the risk is an enterprise risk. Advise the Director, Risk Management, even if you are able to treat the risk.  
4. If you are unable to treat the risk, either under your authority or in collaboration with one or more executive sponsors, add the risk to the PVP agenda. You may wish to have the Director, Risk |
Management assist with a detailed risk analysis and risk score in preparation for discussion at PVP.

| PVP | 1. Review the risk analysis and determine which strategic objectives may be affected, negatively or positively, by the risk exposure.  
2. Consider the current risk tolerance level(s) set by the Board.  
3. Provide direction to the Executive Sponsor as follows:  
   a. The risk treatment to be undertaken;  
   b. The resources available to implement the risk treatment;  
   c. The measurable results expected;  
   d. The Risk Owner(s) who must implement the treatment; and  
   e. The due date to PVP for the first report on the results of the treatment.  
4. Determine whether the risk treatment is in itself a strategic objective and should be included as an objective in any of the strategic plans.  
5. Ensure the budget is amended to reflect any additional resource allocations.  
6. Provide the above information to the Director, Risk Management to update the Risk Register. |
| Executive Sponsor and Risk Owner | 1. Implement the risk treatments and document the results.  
2. Consult with Risk Management to evaluate the residual risk once the risk treatment has been implemented.  
3. Prepare a report to PVP by the due date, advising of the results and residual risk and recommending further action. |
| PVP | 1. Review risk treatment reports and provide further direction as necessary. The attached risk tolerance statement should be considered when reviewing results achieved. Direction may include additional or continued risk treatment, closure of the risk or ongoing monitoring with reports to PVP.  
2. Update strategic plans and budget as required.  
3. Provide above information to the Director, Risk Management. |
| Director, Risk Management | 1. Provide advice and assistance to Risk Owners and Executive sponsors with respect to risk analysis, risk scoring and risk treatments.  
2. Maintain the Risk Register and ensure all new and updated risks are entered in a timely manner.  
3. Monitor report due dates to ensure updates are provided to PVP.  
4. Advise Executive Sponsors of active risks that have not been updated.  
6. Draft semi-annual ERM Top 10 report to the Board, based on the Risk Register, and submit to PVP for approval.  
7. Coordinate complete ERM Risk Renewals every five years, or as required. Risk Renewal may include:  
   a. Risk identification surveys and questionnaires to employees.  
   b. Risk identification interviews with Risk Owners and Executive Sponsors.  
   c. Confirmation that the updated Risk Register is reflected in Integrated and Strategic Plans.  
   d. An assessment of university wide engagement in the risk management and strategic planning processes. |
1. Review semi-annual ERM Top 10 reports to ensure enterprise risks that exceed the levels in the Risk Tolerance Statement are being identified and managed.

2. Review and approve this Policy including the Risk Tolerance Statement (Appendix C) annually.

<table>
<thead>
<tr>
<th>Date Approved</th>
<th>December 6, 2013</th>
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<tbody>
<tr>
<td>Approval Authority</td>
<td>Board of Governors</td>
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<tr>
<td>Date of Commencement</td>
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<tr>
<td>Amendment Dates</td>
<td>N/A</td>
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<tr>
<td>Date for Next Review</td>
<td>November 2018</td>
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Related Policies, Procedures and Guidelines
- Activity Risk Management Policy
- Student Event Risk Management Policy
- Emergency Management Plan
- Health and Safety Policy
APPENDIX ‘C’

GUIDELINE TEMPLATE

ENTERPRISE RISK MANAGEMENT
INSTITUTIONAL RISK TOLERANCE
STATEMENT

Contact Officer
Director, Risk Management

Purpose

The University acknowledges that there is an element of risk in any decision or activity and encourages intelligent risk taking when the risk is appropriately managed. This Statement, which is to be applied at the enterprise level, explains a critical component of the University’s risk management framework by quantifying each risk and indicating the required risk treatment across the following vital areas:

- Legal, Safety and Security
- Reputation
- Infrastructure (financial and physical)
- Academics and Research (Operational)
- Strategic

Guideline

An Enterprise Risk differs from an operational risk in that:

- It has the potential to negatively or positively affect Trent’s ability to achieve one or more strategic objectives as set out in the Integrated Plan, Academic Plan, Strategic Enrolment Plan, Oshawa Strategic Plan, IT Strategic Plan, Strategic Research Plan or any other significant strategic plan, and
- It cannot be effectively managed operationally by a single department or several departments working together due to lack of authority or resources.

Once identified, a risk must be analyzed to determine its potential effects on the University. Wherever possible, quantifiable data rather than anecdotal evidence or assumptions should be used. However, in many cases, especially in relation to reputation risk, there are too many variables to accurately determine a precise likelihood or impact, so judgment, experience and sector trends and the results of similar events at other institutions must be used to predict a worse, or best, case outcome.

A risk score is developed by assessing two variables:

1. The likelihood of a risk event or condition occurring; and
2. The consequences of that event or condition.

Assisted by the tables below, the risk owner estimates likelihood on a scale from “rare” to “almost certain”, and consequences from “insignificant” to “extreme”, then determines the overall level of risk by placing them in the matrix that follows.

<table>
<thead>
<tr>
<th>Score</th>
<th>Likelihood Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Rare</td>
<td>Has not occurred at any university in the last 10 years.</td>
</tr>
<tr>
<td>2 - Unlikely</td>
<td>Has not occurred at a Canadian university within the last 10 years or</td>
</tr>
</tbody>
</table>
any university within the last 5 years.

3 - Moderate  Similar events have occurred at Ontario universities at least once every 10 years or any Canadian university once every five years.

4 - Likely  Similar events have occurred at Trent at least once every 10 years, at an Ontario university once every five years or at any Canadian university once every 2 years.

5 - Almost Certain  Similar events occur at Trent once every 5 years or less, at other Ontario universities once every 2 years or at any Canadian university once or more each year.

<table>
<thead>
<tr>
<th>Score</th>
<th>Severity Descriptors*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Insignificant</td>
<td>Impact is primarily operational, local and mediated within the current fiscal year.</td>
</tr>
<tr>
<td>1.</td>
<td>No legal consequences or adverse health effects for any individual.</td>
</tr>
<tr>
<td>2.</td>
<td>Costs of less than $50K absorbed by current budget.</td>
</tr>
<tr>
<td>3.</td>
<td>Brief negative or positive attention in local news/social media.</td>
</tr>
<tr>
<td>4.</td>
<td>Small number of classes or research projects disrupted for under one month.</td>
</tr>
<tr>
<td>5.</td>
<td>Achievement of a strategic goal delayed within FY.</td>
</tr>
<tr>
<td>2 - Minor</td>
<td>Negative/positive outcomes from risks or opportunities that are unlikely to have a permanent or significant effect on the University’s reputation or performance</td>
</tr>
<tr>
<td>1.</td>
<td>Warning or order to comply from regulatory authority; minor injuries to one or two individuals.</td>
</tr>
<tr>
<td>2.</td>
<td>Loss (or gain) of over $50K and under $500K.</td>
</tr>
<tr>
<td>3.</td>
<td>Negative or positive attention in local news/social media for up to one week.</td>
</tr>
<tr>
<td>4.</td>
<td>Small number of classes or research projects disrupted for 1 to 4 months.</td>
</tr>
<tr>
<td>5.</td>
<td>One or more strategic goals not attainable and must be revised.</td>
</tr>
<tr>
<td>3 - Moderate</td>
<td>Negative/positive outcomes from risks or opportunities that will have a significant impact on the University but can be managed effectively in the medium term</td>
</tr>
<tr>
<td>1.</td>
<td>Statutory charges against one or two employees; serious injuries to one or more individuals or minor injuries to three or more.</td>
</tr>
<tr>
<td>2.</td>
<td>Financial loss/gain from $500K to $2M ie up to 2% of total annual operating budget</td>
</tr>
<tr>
<td>3.</td>
<td>Negative/positive attention in national news/social media for less than a week, or in local media for 1 to 2 weeks or in surrounding communities for under 2 weeks.</td>
</tr>
<tr>
<td>4.</td>
<td>Inability of a substantial portion of an entire department to provide education or perform research for less than one month or the disruption of a small number of classes or research projects for more than 4 months.</td>
</tr>
<tr>
<td>5.</td>
<td>A key strategic goal underlying an institutional commitment cannot be attained without significant revision and delay of over a year.</td>
</tr>
<tr>
<td>4 - Major</td>
<td>Negative/positive outcomes from risks or opportunities with a significant effect that</td>
</tr>
<tr>
<td>1.</td>
<td>Statutory charges or civil suits against the University and one or more of its senior administrators; permanently disabling injuries to one or more persons.</td>
</tr>
</tbody>
</table>
| 2. | Financial loss/gain of $2M to $5M ie. Up to 5% of
will require major effort to manage and resolve in the medium term but do not threaten the existence of the institution in the medium term. Value added if managed successfully is significant.

3. Negative/positive headlines in international news/social media for less than a week, or attention in national media for 1 to 2 weeks, or in the local media for more than 2 weeks or sustained negative/positive reaction among surrounding communities.

4. Inability for the substantial portion of an entire department to provide education or perform research for a period between 1 and 4 months.

5. One or more institutional commitments unable to be achieved in planning timeframe.

**5 - Extreme**

Negative/positive outcomes from risks or opportunities which if not resolved in the medium term will threaten the existence of the institution. Value added if managed successfully is transformational.

1. Criminal charges and other legal action against the institution and one or more senior administrators or directors; one or more fatalities.

2. Financial loss/gain over 5% of operating budget ($5M).

3. Intense negative/positive headlines in the international media for more than 1 week or in the national media for more than 2 weeks.

4. Inability for the substantial portion of an entire department to provide education or perform research for more than one academic term.

5. One or more institutional commitments unachievable.

*Consequences and examples relate to the five major risk categories:

1. Legal, Safety and Security
2. Reputation
3. Infrastructure (financial and physical)
4. Academics and Research (Operational)
5. Strategic

**The Matrix**

The risk level for each category of risk is evident when the risk is placed in the appropriate cell in the matrix below. To further refine the analysis, the numerical scores can be multiplied for a total risk score.

Example: Risk event is structural failure due to a deferred maintenance issue.

1. Legal, Safety and Security: Employee(s) injured during failure. Likelihood is rare but consequences (MOL orders and charges, injuries or death) could be extreme. Risk Level 3. (Score 5)

2. Reputation: rare/moderate. Risk Level 2. (Score 3)

3. Infrastructure: Rare/Minor. Insurance premium increase, deductible and MOL fines not likely to exceed $1M. Risk Level 1. (Score 2)

4. Academic and Research: Rare/Minor. Depending on the building and the extent of the damage, most classes and research could be relocated within 4 months. Risk Level 1. (Score 2)

5. Strategic: Rare/Insignificant. Depending on the failure, one or more strategic goals may be delayed within the FY. Risk Level 1. (Score 1)

If a risk falls into several categories, it is always placed in the category with the highest risk level. In the example above, the overall Risk Level is 3.
Treating the Risk

**Extreme:** The University will not accept an Extreme risk (red portion of matrix) without additional treatment unless fully reviewed and approved by PVP. For all other extreme risks, risk treatment measures must be implemented immediately such that the residual risk is High (orange) or below before the event, trend or course of action can proceed. In cases where the likelihood is low but the impact extreme or high and additional risk treatment measures are not feasible for financial or other reasons, PVP may accept the risk if the activity or condition is strategically necessary.

**High:** The University will accept a High (orange) risk as long as it is reduced to a lower level of risk in the midterm through reasonable and practicable risk treatments.

**Medium:** The University will accept a Medium (yellow) risk as long as it is reduced to a lower level of risk in the long term using low resource options. The risk should be analyzed to determine whether it is being “over managed” where the control strategies could be relaxed in order to redeploy resources.

**Low:** A Low (green) risk generally requires no additional risk treatment. The risk should be analyzed to determine whether it is being “over managed” where control strategies can be relaxed in order to redeploy resources.

If a risk requires further risk treatments, options are:

- **Accept the Risk.** For low impact, low likelihood risks, PVP may be prepared to accept the risk because the cost and effort required to further reduce or eliminate the risk exceeds the benefits to the university. If PVP chooses to accept the risk, it should be removed from the active risk register and re-evaluated if circumstances change. An example might be the risk of a successful lawsuit pertaining to a student activity that has reasonable due diligence procedures in place. Cancelling the activity could negatively impact on student satisfaction and possibly retention, so the risk is acceptable.

- **Transfer the Risk.** Legal, financial and some operational risk can be effectively transferred in whole or in part to a third party through contracts and risk financing arrangements such as insurance. For example, creating Trent Energy Inc. with PUC to manage the hydro-electric plant transfers the risk from Trent University to this new corporation while guaranteeing annual revenue on an ongoing basis.
• **Treat the Risk.** Risk treatments are designed to eliminate or reduce the likelihood and/or the impact of each risk and use techniques appropriate to each individual risk and risk factor. Treating the risk means that PVP wishes to continue with the activity giving rise to the risk, and has tasked the Executive Sponsor and Risk Owner to manage that risk in a cost effective manner to reduce the potential of it negatively affect our strategic goals, or to enhance the potential of it positively affecting our strategic goals.

• **Avoid the Risk.** In some cases, the risk inherent in a particular event or course of action cannot be transferred or treated so that it meets Trent’s risk tolerance level. PVP may decide that, in the best interests of the university, the risk should be avoided altogether by not proceeding with the event or course of action. An example might be a strategic goal to open a new campus in the Bancroft area. The risk that debt servicing of the initial capital investment may not be possible if enrolment does not meet a certain annual target may result in the project being abandoned.

To effectively treat a risk, the underlying root causes and factors contributing to the risk exposure must be understood and individually mitigated. Risk treatments already in place should also be taken into consideration. Some risks are relatively straightforward, such as regulatory compliance, but others are more complex, such as enrolment which is dependent on many factors, few of which can be quantified even with good student selection criteria data. The more detailed and precise the data, the more likely effective risk treatments can be selected and implemented.

In the absence of precise causal data, best practices at other universities that are successfully managing a particular risk can be adapted to Trent. The experience and judgment of the Risk Owner and Executive Sponsor are key in determining effective risk treatments.

PVP and the Executive Sponsor must also define expected results, in measurable terms. For example if the risk relates to high numbers of employee injuries, the risk treatment might be implementing an extensive safety training program. The expected results might be a 10% drop in injuries per year.

A due date to document the result and report back to PVP must be set. If the required results are not achieved, further analysis is required to determine what additional risk treatments may be required. For example, if despite implementation of a comprehensive Strategic Enrolment Plan, student numbers do not increase, a major restructuring or alternative revenue generation may be required. In this case, the risk treatment should be incorporated into the Integrated Planning process as a strategic goal.

The effects of each risk treatment should be monitored by PVP until the desired results are achieved. Once PVP is satisfied that the risk is being managed within the tolerance levels established by the Board, the risk can be deactivated. It should be re-activated and re-evaluated if circumstances change.

**Related Policies / Procedures**

Activity Risk Management Policy
Emergency Management Plan
Health and Safety Policy

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