

Policy Name:	Risk Management Policy
Originating/Responsible Department:	Office of the President
Approval Authority:	Senior Management Committee
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Contact:	Vice President (Finance and Administration) & Director, Risk and Insurance Services

Policy

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

Definitions

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.

Enterprise Risk Management - a systematic approach to managing all the university's key enterprise risks.

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

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. 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, so as 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;
- exercising 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.

Scope

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 institutional risks to the President's attention.

The Director, Risk and Insurance Services assists managers' awareness of risk through the development of the university's operational and enterprise risk management framework and processes and by advocating for their continued improvement. Furthermore, the Director, Risk and Insurance Services 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 mitigation strategies.

Internal Audit's role in risk awareness is to evaluate the risk management processes of the university. It also provides support in risk identification by determining the effectiveness of internal controls and identifying risks presented by controls which are ineffective. Internal Audit also uses the enterprise risk management process as a tool to identify areas which should be audited.

Procedures

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.

Enterprise Risk Management Framework

Managers are required to refer to the Enterprise Risk Management Framework to gain an understanding of the principles and objectives of Carleton 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.

Risk Assessment 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.

Enterprise Risk Management Process

The enterprise risk management process is linked directly to the university's strategic planning process. The Director, Risk and Insurance Services is responsible for the development and implementation of the enterprise risk management framework and process. It is also the responsibility of the Director, Risk and Services 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 which are described in the university's Enterprise Risk Management Framework. The framework can be found on the Department of Financial Services website at <https://carleton.ca/riskinsurance/>.

Operational Risk Management Process

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 found at: <https://carleton.ca/riskinsurance/>.

Before initiating any significant event or activity (e.g. extracurricular, off campus, entering into contractual arrangements, etc.) the operational risk assessment process is to be undertaken. In addition, the Risk Management Manual (the "Manual") should be consulted to ensure proper risk mitigation procedures are followed. Should the event or activity being contemplated not be covered in the Manual, the Director, Risk and Insurance Services must be contacted for assistance. The Manual can be found on the Department of Financial Services website at <https://i.carleton.ca/wp-content/uploads/sites/137/2019-Risk-Management-Manual.pdf>.

Risk Financing Processes

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

- i) The procurement of all insurance coverages and products must be arranged or approved by the Director, Risk and Insurance Services.
- ii) The university shall purchase insurance to protect against catastrophic loss to its physical, financial and other assets. It shall also use insurance as its method of risk financing to protect its Board of Directors, officers, supervisors, employees and students, acting in good faith, against liability arising out of their duties as officers, directors, supervisors, employees and students of the university.
- iii) 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 insurance policies.
- iv) It is the responsibility of each department manager to advise the Director, Risk and Insurance Services of changes in programs, activities or assets, which may affect insurance coverage in place.

Contracts

The university shall require all individuals, groups and tenants using Carleton 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 Carleton University as an additional insured to their policy. Depending on the circumstance, the Director, Risk and Insurance Service can alter or waive these requirements.

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, Risk and Insurance Services, as soon as they become aware of a claim or possible claim. If insurance coverage applies, the appropriate insurer will be engaged. If no coverage exists, General Counsel will manage and supervise the university's response or defence 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.

Contacts:

Vice-President (Finance & Administration) Director, Risk and Insurance Services

Links to related Policies:

[Signing Authorities Policy](#)

[Legal Advice and Charges Policy](#)