Risk Management Steering Committee

MINUTES OF THE MEETING of April 25, 2017
2:30 – 4:00 pm, MWB Boardroom 120

Attendees: Kristi Simpson (Chair), Kim Lewall (for Wency Lum), Kane Kilbey, Jim Dunsdon, Andrew Coward, Tom Phipps, Ron Proulx, Rob Johns, Murray Griffith, Ben McAllister, Andy Mavretic, Tony Eder, Julia Eastman, Melanie Groves (for Bruce Kilpatrick), Rhonda Ljunggren (recorder)

Regrets: Gayle Gorrill, Nancy Wright, Tom Downie

1. Approval of Agenda

The agenda was approved as circulated.

2. Chair’s Remarks

Round table introductions were conducted, and new members Tom Phipps (Internal Audit) and Tony Eder (EOC Director) were welcomed to the committee.

3. Adoption of minutes of the meeting held October 24th, 2016

The minutes of the meeting of October 24th, 2016 were approved as circulated.

4. Business Arising:

4.1 International risk management policy (K. Kilbey)

Mr. Kilbey advised the committee that he and Dr. Wright have been working with a group on policy, and are now working on providing tools, templates and resources to support the policy. The group’s goals are to assess the level of risk being undertaken, understand and mitigate risks, look at UVic’s responsibility and assess where resources should be deployed.

Mr. Kilbey noted that some areas on campus (notably Business and Co-op and Careers) are heavily involved in international travel and have procedures and tools already in place. The committee hopes to do further work on enhancing existing tools where possible and create a toolkit for broader campus use.
5. New Business

5.1. Enterprise Risk Management – Audit Update (T. Phipps)

Mr. Phipps presented a review of the enterprise risk management program audit by MNP, divided into the following sections: methodology and scope, summary of capability and maturity, summary of recommendations, benchmarking summary and next steps.

1) Methodology and scope:

UVic’s program was compared to MNP’s proprietary maturity tool, which is an assessment of where UVic is using a standardized framework with a five point scale. The ratings are somewhat subjective, being interview based plus a documentation review. The model has 8 attribute, which each attribute being given a maturity level rating of 1 to 5, 1 being initial awareness, progressing to 5, which is fully established across the organization.

Highlights of UVic’s scores across the attributes are as follows:

1) Risk leadership - This score indicates a clear buy-in and engagement of the President and Executive leadership team, including the Board of Governors.
2) Risk Appetite and Tolerance – can be defined by strategic objective, risk category or by individual risks; defining helps to frame risk management decisions.
3) Risk Policy and Strategy – opportunities to provide more clarity on roles and responsibilities for the various committees/functions involved in the ERM process.
4) People – knowledge, use of risk management, empowerment, engagement, and understanding of ERM. It is typical for institutions to be “top down,” and as you move down the levels, ERM is less used and less understood. As the program matures, it permeates down to lower levels. In level 5 (top score), ERM becomes a combination of top down and bottom up, with common risk language in use across all levels of the organization.
5) Framework and tools – There is a lot of variation across organizations; some use their own risk framework and some adopt other standardized frameworks. Likewise with tools, an ERM program can be organized using Excel OR using specialized ERM software for monitoring/reporting risks. Moving up to a level 5 can be costly for an institution and the report contains some recommendations for improvement using existing tools.
6) Risk management process – describes how risk management is built into all business units, ties into key decision-making and how clearly ERM is linked to strategic planning. UVic will need to decide what level of risk management should permeate through the various functions and inform/integrate into existing business processes and decisions.
7) Risk monitoring/reporting – monitoring for new/emerging risks, reassessing existing risks, timely identification/analysis of risks.
8) Performance/outcomes – difficult to objectively measure; how to measure if the RM program is effective.
9) Summary of Recommendations:

In order to generate recommendations, MNP came up with what they believed to be UVic’s desired state, or where we want the program to be. This was done to identify where there are gaps between the current and desired state; therefore the recommendations focus on closing those gaps.

High priority:

1) Confirm or amend the desired maturity state levels – this will confirm where gaps exist between current and target state, and will allow UVic to direct its priorities accordingly.

2) Discuss/debate risk appetite and formalize/refine the risk appetite statement. There is typically a lot of value coming from having the discussion, and it will help provide a framework for risk decisions. MNP has provided some high level examples of risk appetite statements as a starting point.

3) Directly tie risk identification into strategic planning – by definition, risk is defined as those events that can prevent the organization from achieving its objectives; therefore, a clear linkage is important and provides focus. Timing is not completely aligned with strategic/business planning processes (service plans and EPT/Integrated Planning). Example: there are many risk registers for various areas/units, but these don’t formally tie back to strategic objectives or even unit objectives.

Medium priority:

1) Consider extending ERM training to levels below director level – there are many benefits to engaging all levels, such as better understanding/knowledge of risks, becoming more engaged, etc. ERM helps formalize risk management so that it is managed consistently, appropriately, and in line with the institution’s risk appetite.

2) Expand use of risk registers – take a risk-based approach to determine what areas should have risk registers (example: HR, where there are HR risks but no formal HR-specific risk register).

3) Continue to integrate ERM into planning (capital/budgeting/business continuity) – ERM is meant to be a tool that provides information for decision-making; need to continue in the direction of using a common framework and language at all levels.

4) Enhance governance and clarify accountabilities – clarity on roles and responsibilities when it comes to RM (specific roles / committees / departments /use of KPIs / monitoring performance / reporting).

Committee discussion included:

- Cost-benefit trade-off in driving this down below the Director level – will there be a worthwhile return on this; currently being debated. At present, this is dealt with at the AVP/Executive Director level and left to individual areas to drive down.
• Re assessment ranking levels – Many areas (example: ORS) already involve risk assessment in contract language.
• Implementation using existing tools (i.e., EPT) instead of starting a new process.

Benchmarking:

MNP provided some benchmarking data for post-secondary institutions in Alberta and BC; most are “self-assessment” ratings. UVic is doing well compared to other PSIs and public sector organizations.

Next steps:

• Consider priority and suggested timelines
• Start with the “desired state” discussion

5.2 Enterprise Risk Management – High, Very High and Medium Risks (A. Coward)

Mr. Coward reviewed the list of High and Very High Risks brought to the Board of Governors in January, and then reviewed the annual process of ranking medium risks for the committee:

• The April RMSC meeting involves reviewing/updating the editorial sections of the risks; identifying changes to the indicators, mitigation strategies and any other necessary future strategies.
• The October meeting is for examining the scoring of risks to ensure the medium risk ratings are still current, and identifying that trends and risk mitigation owners are still appropriate.

The committee proceeded to conduct a review of each medium risk, with risk owners asked to provide comments for the committee and speak to any changes, which will be brought to the October meeting.

5.3 Emergency Planning Update (R. Johns)

Mr. Johns updated the committee on emergency planning activities on campus since the last meeting:

o There were two disruptive events on campus:
  ▪ Gas leak resulting in the evacuation of four buildings on January 26th which resulted in the activation of the site response team;
  ▪ Snow closure February 28th;
  ▪ Debriefs were held for both events, with some lessons learned.

o February/March saw the soft launch of the new active threat video, rolling into emergency preparedness week in early May. The video augments the regular active threat sessions offered on campus.

  o Welcome Tony Eder to the role of EOC Director. An additional 12 staff have been added to the EOC group.
15 staff members have been identified to work in the emergency call centre.

Training –
- Active threat multi-agency exercise in March
- Executive Group Exercise completed
- EOC training sessions have been held with an EOC exercise scheduled in June
- Board of Governors exercise scheduled for end of May
- Rapid damage assessment training with FMGT
- Two tests of emergency alerts per year, with another coming up soon

Discussions starting with University Systems re cyber threat management

Fire drills scheduled in the next 2 days (93 drills last year, with the same amount projected for 2017)

Ron Proulx noted that regarding gas leaks, contractors must now work with BCHydro according to new FMGT standards. When digging near gas lines, contractors are not allowed to dig until the lines are completely exposed using water/suction method.

### 5.4 Business Continuity Update (B. McAllister)

Mr. McAllister referenced Internal Audit’s recommendation to conduct a Business Impact Analysis (BIA) following the core systems continuity assurance review, and defined BIA as a process designed to prioritize operational functions by assessing the potential impact that might result if a disruption occurs.

From June to October 2016, Mr. McAllister and a BCP consultant interviewed around 40 departments on campus to determine the primary functions of the unit, how long they believed the function could stop before it became significant, and then using the ERM scale to identify the level of the risk. The analysis also collected some base information on reliances the unit had on other units for each function/activity identified.

The interviews resulted in around 250 functions to be reviewed and prioritized by the Project Planning Group. Of the 250 functions ~80 have been defined as requiring institutional continuity plans.

The next phase involves determining a plan to move forward to address each of the identified priority activities. For each function, proposed mitigation strategies will be developed. This is expected to be a multi-year process.

In closing, Mr. McAllister advised the committee that the BCP tool will continue to be used in departments not covered by the above project. As a side project, individual research labs will be encouraged to provide a “BCP lite” for their own labs.

### 5.5 Insurance Asset Inventory (B. McAllister)

Mr. McAllister advised the committee that a co-op student has been hired for the summer term to conduct an inventory of high-value equipment in campus labs.
6. Reports

6.1 Due Diligence Reports

- **Finance (M. Griffith)**
  
  Mr. Griffith noted that UVic had received money back from both the provincial and federal governments.

- **OHSE (A. Mavretic)**
  
  Mr. Mavretic advised the committee that no red flags had been raised re compliance, and no areas of concern for the committee.

There being no further discussion, the meeting was adjourned at 4:00 pm.

Next meeting: October 23, 2017: MWB Boardroom 120, 1:30 – 3:00 pm