

University of Prince Edward Island	Policy No. govbrdmt0012	Revision No. 0
Policy Title: Risk Management Policy		Page 1 of 4
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1. Introduction

Risk exposure is an inevitable aspect of all activities, including University activities. An effective risk management process enables the development of adequate risk mitigation strategies, thereby reducing the likelihood and impact of negative outcomes. It also contributes to value creation by supporting the attainment of University objectives.

2. Purpose

2.1. The purpose of this Policy is to:

2.1.1. Establish responsibilities for the management and oversight of University risk exposures.

2.1.2. Set out principles of risk management that:

2.1.2.1. Support the achievement of the objectives of the University

2.1.2.2. Ensure compliance with governance, legal and regulatory obligations

2.1.2.3. Provide a consistent, university-wide, and integrated approach in managing the risks of the University and

2.1.2.4. Support the oversight responsibilities of the Board of Governors (The Board) over risk management.

3. Scope

3.1. This Policy is organization-wide and applies to:

3.1.1. All activities and operations, both administrative and academic, of the University.

3.1.2. All units, departments and faculties of the University.

4. Definitions

4.1. **Enterprise Risk Management (ERM)** is a risk management process that adopts a consistent, integrated and organization-wide approach to managing the risks of the

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University, aligns directly to the University’s strategic objectives and places an emphasis on value creation.

- 4.2. **Risk** is the probability that a certain event will occur, the impact of which could lead to some form of loss if materialized.
- 4.3. **Risk Appetite** is the level of risk that the University is willing to accept in the attainment of its objectives.
- 4.4. **Risk Appetite levels** are financial and non-financial metrics used to determine the extent to which the University is willing to accept risks.
- 4.5. **Risk owners** are members of the SET and their direct reports supervising an operational, academic or compliance function of the University.
- 4.6. **Senior Executive Team (SET)** comprises the President, Vice-Presidents and the Chief Information Officer of the University.
- 4.7. **UPEI** or the **University** means the University of Prince Edward Island.
- 4.8. **UPEI ERM Framework** is a set of mechanisms, including procedures, risk management principles and tools, that supports an integrated, campus-wide and consistent approach to managing the risks of the University.

5. Responsibilities

- 5.1. This Policy is authorized by the Board.
- 5.2. The Board has overall responsibility for the University’s risk management. The Finance and Audit Committee and the Governance and Appeals Committee, as delegated by the Board, oversee the risk management processes of the University.
- 5.3. The President is responsible for implementing and maintaining this Policy.
- 5.4. The President is responsible for reporting on risks to the Board and its Standing Committees.
- 5.5. The University Auditor and Risk Management Officer is responsible for facilitating the development and administration of the UPEI ERM Framework.
- 5.6. The Senior Executive Team is responsible for identifying, assessing and managing University risks in accordance with University policies and the UPEI ERM Framework.
- 5.7. Deans, associate deans, associate vice-presidents, administrative directors, associate directors, managers and supervisors of a University unit are responsible for

identifying and managing risks directly associated with their operations, in accordance with University policies and the UPEI ERM Framework.

6. Policy

6.1. UPEI Risk Philosophy Statement

The Board of Governors adopts the following Risk Philosophy Statement for the University:

6.1.1. Risk and value creation

Risk is an inevitable part of the University's existence and proper risk management helps to preserve and create value for the University and its stakeholders.

6.1.2. Risk and decision making

No matter how complete and frequent risk assessment exercises are, the results of these exercises do not hold any value unless and until they are brought in and form part of the decision-making process of the University.

To facilitate risk-informed decisions, risk management has to be embedded in policy development, strategy setting, operational activities, and review, authorization and monitoring processes.

6.1.3. People and culture

Risk-based decisions are largely driven by organizational risk culture which is, in turn, driven by its people.

The embracement of the UPEI Risk Management Framework by all stakeholders is a key element in the success of its implementation.

Education, accountability, and open and critical discussions around risks are other key drivers to a healthy risk culture.

6.2. Risk Appetite

6.2.1. The SET defines the risk appetite of the University in respect of particular areas of vulnerability by considering a combination of financial and non-financial metrics, based on recognized risk management practices, and by assessing the reasonableness of accepting risks associated to the attainment of University objectives.

6.2.2. The Finance and Audit Committee, as delegated by the Board of Governors, approves the Risk Appetite of the University.

- 6.2.3. The SET will reassess risk appetite levels every five years, or earlier as circumstances dictate. Such circumstances include the development of a new Strategic Plan and its mid-term review, a majority change in leadership or a majority change in Board membership.

6.3. **UPEI ERM Framework**

- 6.3.1. The UPEI ERM Framework must include mechanisms that
 - 6.3.1.1. Facilitate the identification of risks which could adversely impact the University
 - 6.3.1.2. Assess the significance of the identified risks to the University
 - 6.3.1.3. Support the development of risk mitigation strategies
 - 6.3.1.4. Are conducive to continuous risk monitoring
 - 6.3.1.5. Enable the development of risk reports
 - 6.3.1.6. Support risk-based decision-making
 - 6.3.1.7. Promote a University-wide risk culture and
 - 6.3.1.8. Facilitate the development of risk-focused processes
- 6.3.2. Risk owners shall follow the principles of the UPEI ERM Framework in managing University risks.

6.4. **Risk Reporting**

- 6.4.1. The President will report on risks to the Finance and Audit Committee and the Governance and Appeals Committee on a semi-annual basis and to the Board on an annual basis, or earlier as circumstances dictate.

7. **Review**

- 7.1. This Policy is to be reviewed every five years or earlier, as circumstances dictate.