POLICY NO. 20

RISK MANAGEMENT FRAMEWORK

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- 396-04 October 29, 2019
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SECTION 1

PURPOSE

1.1 John Abbott College (the "**College**") is committed to promoting practices to identify and manage risk. These risk management practices are intended to develop proactive activities that can assist the College in maximizing opportunities for achieving its strategic objectives and protect the College from negative events.

Without limiting the generality of the foregoing, and for greater certainty, the risk management practices set forth herein also apply to risk management in the context of corruption and collusion in the contract management process, as per the *Directive concernant la gestion des risques en matière de corruption et de collusion dans le processus de gestion contractuelle* (the "**Directive**") issued under the *Act respecting contracting by public bodies* (CQLR, c. C-65.1).

SECTION 2

DEFINITIONS

2.1 *Risk* is anything that prevents or impedes an organization from achieving its key goals and objectives. Risk refers to the uncertainty that surrounds future events and outcomes. It is the expression of the likelihood of an event occurring, the impact on organizational goals and objectives if the event should occur, and the influence the event would have in the achievement of goals and objectives.

Risk management is the process of identifying, analyzing, evaluating and developing management actions or activities to mitigate or deal with the risk facing an organization.

Risk register is the tabulated output document of the risk management process, which should include the columns specified in the risk register template attached hereto as Schedule A (the "**Risk Register**"). For purposes of clarity, the portions of the Risk Register dealing with the UPAC Risks shall constitute the *Plan de gestion des risques* prescribed under the Directive (the "**UPAC Risk Register**").

SECTION 3

RISK MANAGEMENT PROCESS

3.1 The College's methodology for risk management may be divided into the following four steps, which are applied with regards to a strategic or operational goal or objective:

- Identify Risks;
- Analyze Risks;
- Mitigate Risks; and
- Monitor and Review Risks.

3.1.1 Identify Risks

The first step consists of identifying the risk that hinders a specific goal or objective. The types of risks that may be faced by the College are many and varied; they may be internal or external to the College. Sources of risk may include: uncertainty of funding, competition for students, security of information, accurate delivery of course curriculum, competition for qualified faculty, labour relations, employee health and safety, etc. Risks are typically identified via meetings or brainstorming sessions with individuals who are qualified to assess what might hinder a specific institutional goal or objective. Without limiting the generality of the foregoing, the risks identified by UPAC in the context of corruption and collusion in the contract management process (the "**UPAC Risks**") are also to be examined. Identified risks, including the UPAC Risks, are collected and kept in the Risk Register.

3.1.2 Analyze Risks

The second step consists of determining the *likelihood* of an identified risk occurring and the *impact* of the risk, should it occur, so as to calculate the *level of risk*.

a) *Likelihood*
The likelihood of a risk occurring is to be measured as per the following:

RATING	LIKELIHOOD	DESCRIPTION
Low 1	Improbable, rare or unlikely <25% chance	May occur in exceptional circumstances
Medium 2	Possible 25-75% chance	Might occur under current circumstances
High 3	Very strong possibility or almost certain >75% chance	Is expected to occur unless circumstances change

In assessing the likelihood of a risk, the existing controls currently in place are to be identified and considered.

b) *Impact*

The impact of the identified risk on the College is to be determined. In such respect, three (3) key types of possible impacts have been identified: Student Success, Institutional Excellence and Employee Satisfaction, together with three (3) levels of impacts for each type, as per below:

IMPACT RATING	STUDENT SUCCESS	INSTITUTIONAL EXCELLENCE	EMPLOYEE SATISFACTION
Low 1	Reduction in # of applications by <2% Decrease in graduation or retention rates by <2% Reduction in semester pass rates by <2%	Recovery cost or loss of revenue <$10K Disruption in essential services for <5 days Minor damage to College reputation (internal and/or external)	Undesired loss of staff by <2% Average time of a vacant position, <30 days Reduction in employee satisfaction survey results by <2%
Medium 2	Reduction in # of applications by 2% to 5% Decrease in graduation or retention rates by 2% to 5% Reduction in semester pass rates by 2% to 5%	Recovery cost or loss of revenue $10K to $100K Disruption in essential services for 5-10 days Short-term damage to College reputation (internal and/or external) recovery in less than 1-year	Undesired loss of staff by 2% to 5% Average time of a vacant position, 30 to 60 days Reduction in employee satisfaction survey results by 2% to 5%
High 3	Reduction in # of applications by >5% Decrease in graduation or retention rates by >5% Reduction in semester pass rates by >5%	Recovery cost or loss of revenue >$100K Disruption in essential services for 10 days or more Long-term damage to College reputation (internal and/or external) multi-year recovery	Undesired loss of staff by >5% Average time of a vacant position, >60 days Reduction in employee satisfaction survey results by >5%

c) *Level of Risk*

The level of risk is calculated by multiplying the Likelihood Rating by the Impact Rating to produce the Overall Risk Rating.

Likelihood Rating x *Impact Rating* = *Overall Risk Rating*

Given the three-scale rating used for Likelihood and Impact, the overall risk rating will be a number between 1 and 9. The table below also indicates the type of actions to be taken depending on the overall risk rating.

IMPACT RATING			
3	3	6	9
2	2	4	6
1	1	2	3
	1	2	3

LIKELIHOOD RATING

OVERALL RISK RATING	ACTION
1, 2	Accept Risk
3, 4	Monitor Risk
6, 9	Mitigate Risk

The likelihood, impact and level of each risk are to be included in the Risk Register.

3.1.3 Mitigate Risks

All risks that are rated 6 or 9 will be taken forward into the action planning stage at the strategic level and require a mitigation plan (also referred to as an action plan). The mitigation plan are the actions that will be undertaken to mitigate these key risks. The purpose of a mitigation plan is to determine the risk treatment that needs to be applied to a key risk so as to manage it down to a tolerable and acceptable level. In identifying such mitigation plans, it is important to also consider its desired outcome (solution) so as to ensure that a particular risk will be mitigated (i.e., once the mitigation plan is in place, what is the expected or completed change that will mitigate the risk).

A summary of the planned actions, the "owner" (person responsible to ensure that the mitigation action occurs) and the solution will also be recorded in the Risk Register.

3.1.4 Monitor and Review Risks

All risks, no matter their overall risk rating, need to be monitored and periodically reviewed, particularly if the risk changes or the controls become vulnerable. This process of monitoring and review is not meant to be a static process but rather a dynamic one, one that responds to changes in the College's objectives and environment. At a minimum, this review process should occur at a Directors Meeting at least once per year and be reported to the Board of Governors annually.

SECTION 4

REPORTING & RESPONSIBILITY

4.1 As per the Directive, the UPAC Risk Register for an applicable financial year shall be approved by the chief executive officer of the College annually, before the start of such applicable financial year.

4.2 As per the Directive, a report (the "**Report**") is to be produced every three (3) years and cover the UPAC Risk Registers for those three (3) years. The Report shall be approved by the chief executive officer of the College no later than four (4) months following the end of the third financial year of the Report.

The Report constitutes the *Rapport de surveillance et de revue du cadre organisationnel de gestion des risques* contemplated in the Directive and as stated therein, shall include the following elements:

- *les résultats de l'organisation à l'égard de la gestion de ses risques;*
- *la mesure des écarts constatés dans les différents plans de gestion des risques et l'appréciation des progrès réalisés;*
- *les résultats de la vérification de l'efficacité du cadre organisationnel de gestion des risques;*
- *la revue du cadre organisationnel de gestion des risques;*
- *tout autre élément déterminé par le Conseil du trésor.*

4.3 The Director General and the Contract Rules Compliance Monitor (RARC) of the College are the owners of the process outlined herein and the custodians of the College's Risk Register.

SCHEDULE A

RISK REGISTER TEMPLATE

Legend	
	Accept Risk
	Monitor Risk
	Mitigate Risk
	Risk has been mitigated
	Risk has not yet been assessed

	Categories
SS	Student Success
IE	Institutional Excellence/Reputation
SAF	Safety & Security
OT	Other
UPAC	Collusion & Corruption in Contracts

Risk #	**Risk Description** *(What are you worried about and why?)*	**Existing Controls** *(To help assess Likelihood)*	**Assessment of the Potential Impact**	**Likelihood** *(of happening)*	**Impact** *(on our goals)*	**Risk Rating**	**Level of Risk**	**Category**	**Action Plan** *(Summary)*	**Owner**	**Solution**