



*Our mission is to
create the premier
university
environment for our
students, faculty and
staff in which to
learn, work and live.*

Risk Management Report

2016

Trev Gonnason
Director, Risk Management



UNIVERSITY OF NEW BRUNSWICK
RISK MANAGEMENT REPORT
2016
TABLE OF CONTENTS

Executive Summary.....	1
Introduction.....	3
Section 1: Risk Management Goals and Objectives	6
Section 2: Updates on Key Risk Management Activities at UNB	9
UNB 2016 Top Ten Risks	111
Insurance Program Status Report	14
Environmental Health & Safety Status Report.....	15
Appendices.....	16-22
Appendix A - UNB Top Ten Risk Identification and Assessment	
Appendix B - UNB Top Ten Risks Continuity Schedule and Assessment	
Appendix C - UNB Inherent Risk Exposure Matrix - Short to Medium Term	
Appendix D - UNB Risk Appetite and Risk Tolerance Guidelines	
Appendix E - Risk Appetite Statement	
Appendix F - UNB Risk Appetite Threshold Summary	
Appendix G - Insurance Portfolio	
Appendix H - UNB Insurance Portfolio Summary - 2016 Policies and Coverages	

Executive Summary

Attached is the ninth annual Risk Management Report for the University of New Brunswick. The report outlines the main risk management initiatives undertaken in 2016 and outlines the goals for 2017.

Summary of Key Activities in 2016

Risk Governance

- Senior Management and Board continued focus on key Top 10 Risks
- Continuation of key risk identification by Board Committees
- Continued development and evolution of the Risk Governance Framework
- Updated University's "Top 10 Risks"

Risk Management

- Review and update of IT Information Security Policy
- Implementation of new Student Event Risk Management Policy (UNBF)
- Utilization of mass notification system in conjunction with an active threat exercise (UNBF)
- Implementation of internal phishing campaign for cyber security awareness
- Consultation on draft Internal Responsibility System Policy (safety related)

Priorities for 2017

Risk Governance

- Communication of Risk Appetite Statement to University Community
- Continuation of risk governance into Board Committee agenda planning
- Continued assessment of Top Ten Risk Strategies

Risk Management

- Enhance the frequency and effectiveness of the Risk Management Committee meetings
- Continued enhancement of IT Disaster Recovery processes
- Continued population of Risk Register and establishing reporting process
- Approval of Internal Responsibility System Policy, development and approval of additional safety policies

Key Mitigation Strategy Development

- Development of a UNB Capital Planning Framework continues. Two priority projects commenced in 2016. A comprehensive condition assessment for all University buildings in Fredericton is complete and is updated annually. In addition, a draft Residence capital renewal strategy for the Fredericton Campus has been received.
- Establishment of the Integrated Office of Student Recruitment & Strategic Enrollment Management to ensure that recruitment and retention efforts are streamlined and delivered for both campuses in a consistent way
- Implementation of UNB Branding and Marketing Project "Why UNB" to enhance reputation and awareness of UNB and support recruitment and retention of both students and faculty/researchers
- Continued development of Academic Plans on each Campus for integration to match financial resources to these plans and ensure sustainability of the University.

- Further development of enhanced communication and consultative process to address reconciliation after labour disruption with Faculty key priorities identified through an administrative retreat with action items.

Conclusion

Risk Management continues to evolve at UNB. The continued approach is to ensure there is a solid foundation of core traditional risk management practices for hazard and property-related matters, while providing a framework from within which broader strategic and operational risk management conversations can be communicated to facilitate intelligent risk taking. As the Risk Management framework is strengthening, we continue to evolve and improve the Risk Governance Framework.

Introduction

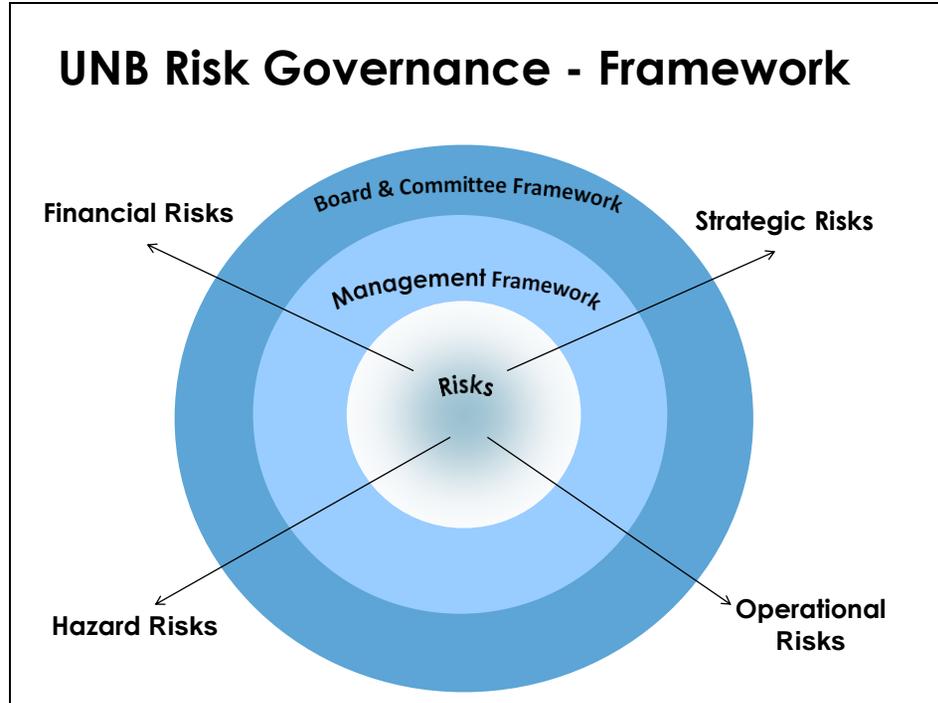
Risk is defined as uncertainty about outcomes or future events which can be either positive or negative. A negative risk is anything which prevents an organization from achieving its stated goals and objectives.

To ensure that the goals and objectives of the University are achieved, risks must be identified and managed. While universities are typically seen as being risk averse, to avoid all risks is to miss opportunities for gains. Research in particular and by its very nature, involves taking risks to gain new understandings, facts and outcomes. Therefore, risk management includes identifying opportunities, often related to innovation, and managing the related risks.

The role of the risk management function is to assist in identification, quantification and assessment of risks and recommend options for managing them to protect the University's interests and increase the likelihood of achieving its stated goals and objectives. This role includes the continuance of the long standing practice at UNB of managing the traditional "hazard risks".

Risk Management at UNB

UNB commenced a formal risk management process in 2007. The process has evolved under the governance and administration of the Audit Committee of the Board. The following chart illustrates the framework and administration of risks at UNB.



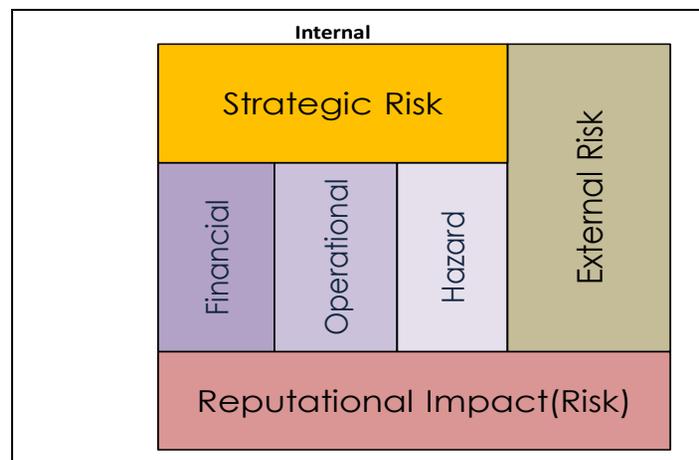
Understanding of Risk Impact

The reputation of the University is a key component in the successful achievement of our mission. While reputation is often considered a risk, we believe it is best viewed as an outcome. The diagram below provides an illustration of the interrelationship of the four main categories UNB has used to summarize risks which can generally be viewed as "internal" over which we have some level of control:

- Strategic
- Financial
- Operational
- Hazard

In addition it is recognized that there are external risks over which the University has little influence or control. The intent of representing risks in this manner is to highlight that in an academic institution, reputation is the foundation in the successful achievement of the University' mission and understanding the potential impact on reputation should be considered when assessing risk(s).

Interrelationship of Risk & Reputational Impact



The following definitions of risks and the illustration of outcomes are provided for context.

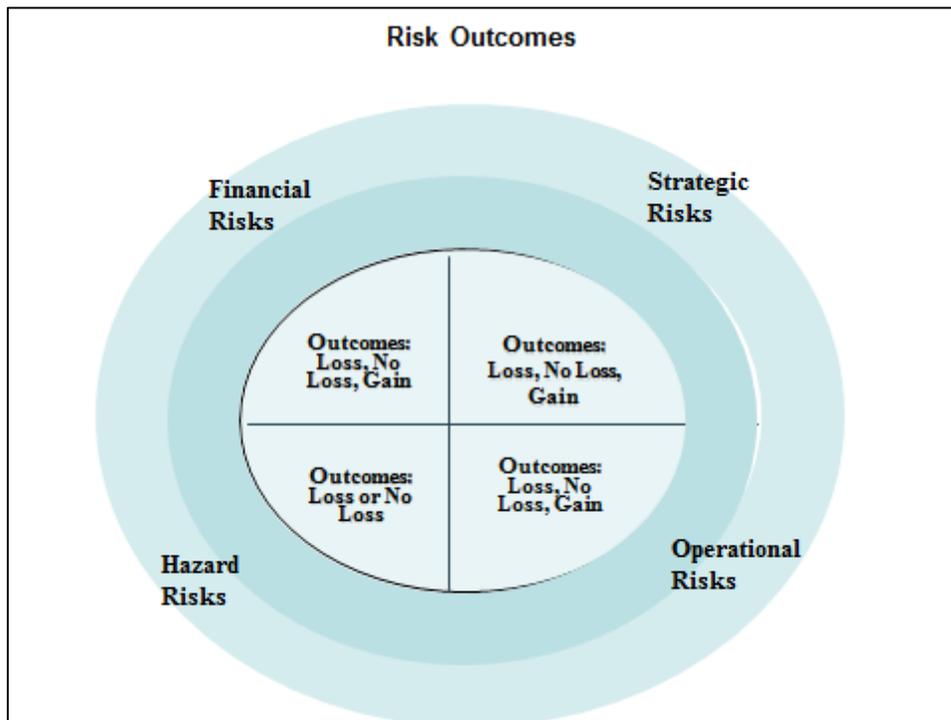
Strategic Risk – the current and prospective impact from adverse academic and business decisions, improper implementation of decisions, or lack of responsiveness to changes in the university environment. This risk is a function of the compatibility of the University's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals and the quality of implementation.

Financial Risk – is an umbrella term for multiple types of risks including credit risk, market risk, exchange risk. In a University context this includes inflation, bargaining pressures, enrollment, operating grant, collection of student fees, investment of trust and endowment funds and impact on international student enrolment which arise from currency fluctuation.

Operational Risk – the risk of loss resulting from inadequate or failed internal processes, people and systems. Most operational risks are best managed within the departments in which they arise.

Hazard Risk – there is no potential for gain from a hazard risk. The potential outcomes are either loss or no loss. The type of risks in this category are frequently “insurable” type risks for which coverage is placed. Examples include property, liability insurance and addressing loss control recommendations.

Illustration of Risk Outcomes



Section 1: Risk Management Goals and Objectives

Objectives of 2016 Risk Management Report

A key objective of the 2016 Risk Management Report is to focus on some specific risk management activities being undertaken at the University, in order to provide a basis for the Board to assess the effectiveness of the Risk Management Program.

Risk Governance

- An update on the President's Executive Team (PET's) assessment of UNB's "Top 10 Risks". This is an annual assessment process by the PET to identify the key risks facing the University, and to ensure there are appropriate governance and management processes in place for each risk.
- Continued formalization of the Risk Governance Framework.

The intent of the approach taken to date is the development of a modern risk management framework reflecting best practices in the university sector. The evaluation and monitoring practices in the university sector are significantly different from the private sector environment, where management has a mandate to generate shareholder value or wealth. In the private sector environment, well established metrics are used to define and monitor risk levels. In the university sector, the focus on education, research and service quality is much broader and difficult to quantify.

In order to assist in assessing administration's risk management, we have provided several appendices that summarize risk activities relative to the Top 10 Risks.

Risk Management

Appendix "F" provides background information on renewals of key policies in the University's Insurance portfolio and illustrates the 2016-17 premiums. **Appendix "G"** is the UNB Insurance Portfolio Summary.

The following two pages summarize the risk management activities of the past year relative to the objectives and set out the goals for the coming year.

2016 Risk Management Goals and Objectives

The following provides an overview of the risk management goals and objectives that were established for 2016 and the specific initiatives that were undertaken with respect to each goal.

<u>2016 Goals & Objectives</u>	<u>Comments</u>
Risk Governance	
Continue and enhance communication of UNB Risk Appetite statement to University Community	The adoption of a risk appetite statement provides a basis for communication of acceptable risks within the University; Continue communication with formal presentation to Campus senior administrators
Complete update of Top 10 List for 2016	Top Risks identified by Board Committees, presentations made to Committees and communicated as part of PET Top 10 Risk Process
Present Hazard Risk portion of Risk Register to Audit Committee for discussion	Development of reporting format ongoing. Progress continues, unable to review and finalize for presentation in 2016
Refine Risk Register format and reporting to Audit Committee	Format was not presented in 2016 to be presented in 2017
Review assessment of Top 10 Risk strategies effectiveness	Assessment included in Risk Continuity Schedule Appendix "A"
Risk Management	
Establish meeting frequency for Steering Committee and schedule meetings. Schedule 2 to 3 meetings of Campus Risk Committees	Outstanding. Scheduling was not practical due to administrative staff changes.
Utilization of Mass Messaging System for UNBF	Automated emergency notification system utilized as part of a threat exercise, September 2016
Continued enhancement of IT Security Architecture	Commence RFP process to begin implementation
Cyber Security Awareness Program	Successfully commenced awareness program and communication to reduce vulnerability

2017 Risk Management Goals & Objectives

We intend to evolve and enhance the risk management process at UNB in 2017 with the overall objective of creating a greater awareness and understanding of University risks in order to develop a culture of intelligent risk taking which is linked to UNB's key strategic objectives.

The 2017 goals and objectives are intended to further the evolution of risk management governance processes at UNB.

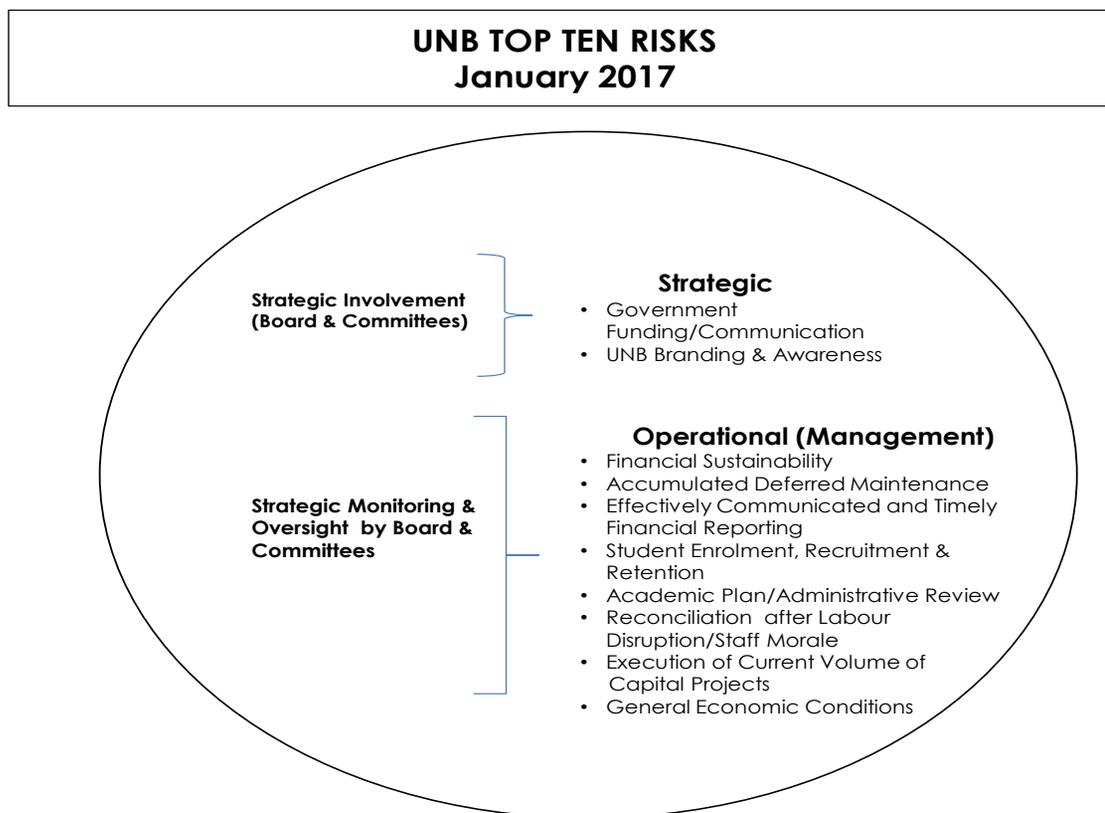
<u>2017 Goals & Objectives</u>	<u>Comments</u>
Risk Governance	
Continue and enhance communication of UNB Risk Appetite statement to University Community	The adoption of a risk appetite statement provides a basis for communication of acceptable risks within the University; Continue communication with formal presentation to Dean's Council, Senior Advisory Committee and Directors Plus
Complete update of Top 10 List for 2017	Continue to identify and report key risks for governance oversight Continue to facilitate input from Board Committees in process
Present Insurance Program Update to Audit Committee	Governance oversight- February 2017
Refine Risk Register format and reporting to Audit Committee. Presentation of Hazard Risks	To further the evolution of risk management communication and governance oversight – May 2017
Review assessment of Top 10 Risk strategies effectiveness	Governance oversight to evaluate mitigation strategies
Risk Management	
Establish meeting frequency for Steering Committee and schedule meetings. Schedule 2 to 3 meetings of Campus Risk Committees	Regular meetings to review issues and progress of risk management on both campuses
Communication of Emergency Procedures	Building on threat exercise in September 2016, communicate the appropriate actions to the University Community including active threat video
Continued enhancement of IT Security Architecture and Data Governance	Continuation of the consultative processes to articulate guidelines, standards and practices for data protection
Cyber Security Awareness Program	Continue awareness program and communication to reduce vulnerability

Section 2: Updates on Key Risk Management Activities at UNB

Top 10 Risk Update

As part of the process of risk management governance, the President's Executive Team evaluated the current risks at UNB and identified the "Top 10". To assist in this process the previous "Top 10" risks were provided.

For this report, the Top 10 Risks have been categorized in the following format to help the Board to gain a perspective of their risk governance role.



Virtually all risks have financial implications and many impact operations as well. However, it is the strategic and governance oversight of management strategies to mitigate these risks that is of primary concern to the Board and its Committees.

Updating UNB's "Top Ten" Risk list has been an annual process at UNB since 2008. The above chart summarizes the "Top Ten" Risks which are strategic in nature, resulting in more Board oversight and operational risks involving more management responsibility for implementation and first level of oversight. In addition, the 2017 Top 10 Risk Identification and Assessment grid is included in **Appendix "C"** which links the risks with the key objectives identified in the UNB Strategic Plan.

The process of developing an annual Top Ten Risk list helps bring governance and management focus to the key risks which may prevent UNB from achieving its stated goals and objectives as outlined in the 2010 Strategic Plan. Starting in 2013, Board Committees were engaged to formally include the discussion of risk and annually identify the Top 3 risks within the scope of their respective mandates. These risks are used to help inform the identification of the Top 10 list.

Appendix “A” summarizes the specific risks identified over the past seven years which have been categorized into risk types or themes. It is important to note the fact that although a particular risk may drop off the Top 10 list, it does not mean that it has been fully addressed or that it is no longer a significant risk that must be managed and monitored by the University.

The key risks can be allocated into two broad categories, those that are either externally or internally driven. Provincial Government funding and general economic conditions are clear examples of externally driven risks for which strategies must continue to be developed to mitigate their impact. Internally driven risks are substantially more within University “control” and the effectiveness of the mitigation strategies need to be evaluated as part of the ongoing risk governance process.

The 2016 goals and objectives include the assessment of Top 10 Risk strategies effectiveness.

Appendix “A” is a continuity schedule and provides a comparison of UNB’s current “Top 10” risks with prior years. The format of this schedule illustrates the assessment of the potential severity of these risks, if not mitigated, in terms of impact severity and probability or frequency of the risk occurring.

Appendix “B” plots the “Top 10” inherent risk levels on the risk exposure matrix before the impact of risk mitigation strategies. **Appendix “C”** maps UNB current “Top 10” risks against the Strategic Plan, key objectives and provides a risk gap assessment between the current risks as plotted on Risk Exposure Matrix (**Appendix “B”**) and risk appetite threshold levels as noted in **Appendices “D” & “E”**.

The purpose of these Appendices is to assist in assessment of key risks, illustrate how they impact key university objectives, and compare the risk levels to the risk appetite thresholds (**Appendix “D”**).

This helps to identify those risks where risk mitigation strategies have been effective in reducing the risk and those where the risk remains a concern.

UNB 2017 Top Ten Risks

Identification/Management/Governance

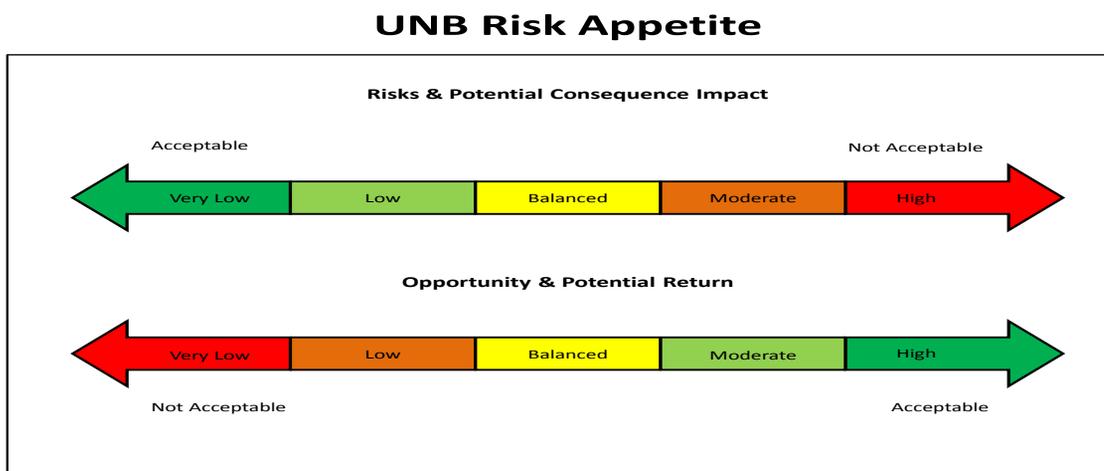
<u>Risk</u>	<u>Implications</u>	<u>Management Processes</u>	<u>Governance Oversight</u>
Accumulated Deferred Maintenance	<ul style="list-style-type: none"> - Not able to upgrade key components of infrastructure - Impact on attraction and retention of students and faculty - Outstanding contingent liability, potential building or equipment failure 	<ul style="list-style-type: none"> - Capital budget - Capital Planning framework - Building Facility Condition Indices - Leveraging of initiatives 	Board Properties Committee PET
Academic Plan/ Administrative Review Implementation	<ul style="list-style-type: none"> - Ability to renew in current economic and fiscal context - Quality, competitiveness 	<ul style="list-style-type: none"> - Part of Strategic Plan - Review key administrative processes - Academic planning 	Board Senate PET
UNB Brand/Differentiation	<ul style="list-style-type: none"> - Lack of ability to effectively promote & differentiate UNB 	<ul style="list-style-type: none"> - Advancement Leading Process/Why UNB Branding and Marketing Project Metrics 	Board Executive Committee/President PET Advancement Committee
Effectively Communicated and Timely Financial Reporting	<ul style="list-style-type: none"> - Lack of consensus on overall financial position impacting priority decision making - Missed opportunities to make strategic investments 	<ul style="list-style-type: none"> - ERP "Project Focus" Plan - Planning & Budgeting processes - Academic Planning 	Board Finance Committee PET Vice Presidents
Financial Sustainability	<ul style="list-style-type: none"> - Potential for widening funding shortfall in operating budget - Inability to support mission and priorities over the long term 	<ul style="list-style-type: none"> - Continue communications with Government on multi-year funding - Multi-year budget framework must link with academic plans - Expense and revenue adjustments - Strategic Plan 	Board Finance Committee Executive Committee/HR Committee PET
General Economic Conditions	<ul style="list-style-type: none"> - Investment returns that could impact long term ability to maintain current spending rates - Impact of foreign exchange on spending 	<ul style="list-style-type: none"> - Assessment of spending reserves - Review of investment program and strategies 	Board Finance Committee Investments Committee PET
Provincial Government Funding	<ul style="list-style-type: none"> - Exposure to significant revenue shortfalls 	<ul style="list-style-type: none"> - MOU discussions/Government relations - Discussions with Government related to potential funding model changes (performance funding) 	Board Executive Committee/President PET
Reconciliation After Labour Disruption/Employee Morale	<ul style="list-style-type: none"> - Engaging faculty and staff 	<ul style="list-style-type: none"> - Meetings with employees and stakeholder groups - Enhanced communication & consultative process 	Board Human Resources Committee PET
Student Enrolment/ Recruitment/Retention	<ul style="list-style-type: none"> - Financial challenges from reduced revenue - Strategic enrolment objectives - Possible impacts on reputation 	<ul style="list-style-type: none"> - Strategic Plan - Campus accountability for enrolment targets - Creation of Office of Integrated Student Recruitment & Strategic Enrollment Management 	Board Executive Committee Advancement Committee PET
Execution of Current Volume of Capital Projects	<ul style="list-style-type: none"> - Potential financial challenges from tight timelines for funding - Lack of flexibility 	<ul style="list-style-type: none"> - PET and Properties Committee oversight of process/progress 	Board Properties Committee PET

UNB Risk Appetite – Risk Tolerance

There are risks in everything we do and risk taking must occur if UNB is to innovate and improve. To facilitate intelligent risk taking, an organization must first identify, determine and communicate both its **risk appetite – what risks it is willing to accept** and its **risk threshold levels – how much risk it can accept**. In the pursuit of opportunities it is not possible to avoid all risks, therefore the correct balance between risk and potential return needs to be determined and communicated across the University.

Universities are exposed to a diverse range of risks. The evaluation and monitoring practices in the university sector are significantly different from the private sector where well established metrics are more commonly used to define and monitor risks. In the university sector, the focus on education, research and service quality is broader and more difficult to quantify.

The following table illustrates the acceptable ranges of both risk and opportunity to better inform decisions on the correct balance between them and will be communicated for discussion within the university community as the basis for intelligent risk taking and decision making.



Context

UNB's mission is to create the premier university environment for our students, faculty and staff in which to live work and learn. We will provide an exceptional and transformative education for our students, by encouraging initiative and innovation, unlocking their creative potential. We commit to understanding and solving the problems of today and tomorrow, serving our community and engaging with our alumni, retirees and partners around the world.

Risk Appetite Statement

UNB is, and intends to remain, a successful, sustainable institution by implementing the key directions of the 2011- 2016 strategic plan. The UNB community understands that there are risks in everything we do and risk taking must occur if UNB is to innovate and improve. However, UNB is committed to intelligent risk taking, whereby the risks will be identified, assessed and managed within a risk management framework ensuring that risks are understood and managed effectively in order to achieve our goals.

While pursuing innovation and improvement, UNB will not compromise its reputation for teaching, learning and research, or its reputation in the eyes of our stakeholders, while remaining financially sound and fiscally responsible.

The student experience is an important aspect of UNB's Strategic Plan; therefore the University has a low level of risk tolerance with regards to diminishing the experience, but has a higher level of risk tolerance with regards to innovation to improve the experience.

We also understand that for some activities, which are not primary to UNB's mission, that do not compromise UNB's overall financial sustainability, excluding the areas mentioned above, a higher level of inherent risk may be acceptable. We therefore acknowledge for higher levels of risk to be accepted, mitigation strategies are required; for example, those sporting activities for students where injuries are likely to occur including varsity athletics, sports clubs and intramural sports.

By communicating this approach to the Saint John Senior Advisory Committee, Dean's Council and Director's Plus in Fredericton we can foster and build an informed approach to risk taking throughout UNB.

Appendix "D" is the risk appetite statement. **Appendix "E"** is the risk appetite threshold summary.

Importance of Key Risk Identification

The intended purpose of the Risk Appetite Statement and Risk Appetite Threshold Levels is to help bring a consistent structure, in order to bring focus to the key risks.

A typical university has hundreds of risks as opposed to a more traditional profit oriented entity that would have twenty to thirty. This abundance and diversity of risks requires significant resources to identify, prioritize and manage them.

We believe that to utilize scarce resources effectively the narrowing the focus to the key risks will help achieve the goals and objectives outlined in the Strategic Plan. The UNB focused approach is somewhat different from what a university might be inclined to do.

Insurance Program Status Report

The University of New Brunswick maintains a comprehensive insurance program which we believe is appropriate to cover insurable risks consistent with University related activities.

<u>Item</u>	<u>2016</u>	<u>Comment</u>	<u>Details</u>
<ul style="list-style-type: none"> ▪ Insurance Program <ul style="list-style-type: none"> - Overall - Property - Liability - Other 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> • Premiums and coverage stable • Slight Premium decrease and value increase • Premium and favourable claims experience 	Appendix F & G
<ul style="list-style-type: none"> ▪ Insurance Claims <ul style="list-style-type: none"> - Overall - Property - Liability - Other 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> • Claims experience comparable to prior years • No claims in 2016 • Low frequency and severity in 2016 • Low frequency and severity in 2016 	
<ul style="list-style-type: none"> ▪ Self-Insurance Reserves 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> • Reserve balances as per guidelines 	
<ul style="list-style-type: none"> ▪ 2017 Insurance Outlook 	<ul style="list-style-type: none"> ● - ▼ 	<ul style="list-style-type: none"> • Insurance market has been “soft” for an extended period, however, there appears to be concern about coverage for some sports related activities going forward (2018). 	

Legend

-  Acceptable
-  Concern
-  Significant Concern

Appendix “F” is an overview insurance renewals for 2016; **Appendix “G”** summarizes the insurance program.

Environmental Health and Safety Status Report

A quick synopsis of some key activities for the year 2016 is noted below.

<u>Item</u>	<u>2016</u>	<u>Comment</u>
UNIVERSITY WIDE		
• Radiation Safety	●	- License remains in good standing;
- Inspections/reports	●	- Quarterly and annual reports completed;
- Radioactive Waste	●	- Disposed of old portable gauge;
- Radiation Safety Manual	●	- Revised in preparation for 2017 license renewal.
• Bio-Safety	●	- License granted in 2016 under new PHAC regulations ;
- Inspections/reports	▼	- Internal inspection actions require timely action;
- Biological Waste	●	- Managed successfully;
- Bio-Safety Committee	▼	- Revisions required as a result of license approval;
- Bio-Safety Manual	●	- In process, to be completed in 2017.
FREDERICTON		
• Workplace Health and Safety	●	- UNB Operations continued with minimal impediment;
- Safety Orientation	●	- Successfully continued operations;
- Hazardous Waste	● - ▼	- Managed successfully;
- WorkSafe NB Visits	●	- Three visits (11 in 2015);
- WorkSafe NB Orders	●	- Two orders, related to legislation changes (13 in 2015);
- Health and Safety Program	▼	- Focus of WSNB inspections, new legislation, in process;
- Training	● - ▼	- Successful in 2016, with First Aid refreshers a challenge.
SAINT JOHN		
• Workplace Health and Safety	●	- Operations continued with minimal impact;
- Safety Orientation	●	- Successfully implemented new orientation system;
- Hazardous Waste	●	- Removed majority of dormant chemicals from campus;
- WorkSafe NB Visits	●	- 3 visits (3 in 2015);
- WorkSafe NB Orders	●	- Received 7 orders, (3 in 2015) all closed or in progress;
- Training	▼	- Budget remains a concern for training;
- Compliance & Reporting	▼	- Safety/contractor supervision requires improvement.

Legend ● Acceptable ▼ Concern ● Significant Concern

Training concerns going forward are due to the diversity and decentralized nature of most training on both Campuses. The current level of training may be reduced as a result of financial constraints.

UNB had an established process for review of biohazard materials usage, which will continue under the new regulations and licensing with some amendments to be reflected in the Bio-Safety Manual update. The University will become more self-regulating with reporting requirements to the Public Health Agency of Canada (PHAC). The regulations categorize biohazard materials in four risk groups of which UNB currently utilizes the lower risk group one and two materials.

UNB “Top Ten” Risks Continuity Schedule and Assessment APPENDIX “A”

Top 10 Risks	Assessed as Top 10 Risks by University Risk Steering Committee							
	January, 2010	February, 2011	January, 2012	January, 2013	March, 2014	April, 2015	January, 2016	January, 2017
Financial								
Provincial Government Funding		High	High	High	Moderate	High	High	High
Student Enrolment/Recruitment	High	High	High	High	High	High	High	High
Financial Sustainability	High	High			Moderate	High	High	High
Financial Sustainability/Academic Pension Plan			High	Moderate				
Accumulated Deferred Maintenance Infrastructure/Facility Renewal		High	High	High	High	High	High	High
Managing Revenue Shortfalls		Moderate						
General Economic Conditions								
Current Economic Conditions-Investment Returns/Exch Rate	High		High	Moderate			Moderate	Moderate
Competitive Position of Student Financial Aid	Moderate	Moderate	Moderate					
Governance/Decision Making								
Lack of Implementable Strategic Plan	Moderate							
Execution of Strategic Plan - Planning & Decision Making/Org. Structure & Consultative Process Impact Timely Decision Making		Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	
Effectively Communicated & Timely Financial Reporting								Moderate
Emergency Preparedness	Moderate							
Execution of Current Volumes of Capital Projects	Moderate							Moderate
Human Resource								
Academic Plan/Program Renewal, Administrative Review	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	High	High
Reconciliation after Labour Disruption/Faculty & Staff Morale			Moderate	Moderate	High	High	High	Moderate
Unfavorable Collective Bargaining Outcomes	High			High	Moderate	Moderate	Moderate	
Awareness/Engagement/Communications	Moderate							
Marketing/Brand/Quality								
UNB Brand/Differentiation/Marketing Strategy		Moderate			Moderate	Moderate	Moderate	Moderate
Reputational Risk(Impact)		Moderate	Moderate					
Maintenance of Brand and Quality				Moderate	Moderate	Moderate		
Emerging Risk(s) to be Monitored								
Data Security/Cyber Liability								
Privacy								
Sports Related Head Injuries								
Travel Security - tracking/authorization of international travel								
	Overall Assessment Legend							
	High							
	Moderate							
	Balanced							
	Low							
	Very Low							

APPENDIX "B"

UNB Inherent Risk Exposure Matrix Short to Medium Term (Note 1)

Appendix "B" illustrates the potential risk levels of the 2016 Top 10 Risks with minimal efforts to mitigate these risks.

IMPACT								2016 TOP 10 RISKS
Impact Description	2015-16 Impact Severity	Impact Ranking						
Major	>\$2 million	5		H, C			A,D,F	A Provincial Gov't Funding B Student Enrol/Recruit/Retention C Effective & Timely Financial Reporting D Accumulated Deferred Maintenance E Execution of Current Volumes of Capital Projects F Financial Sustainability G UNB Brand/Differentiation H Current Economic Conditions I Academic Plan/Program Renewal/Admin Review J Reconciliation after Labour Disruption/Morale
Very Significant	\$.75- \$2.0 million	4			E,G,J	B,I		
Significant	\$250-\$750K	3						
Minor	\$50-\$250 K	2						
Very Minor	\$<50K	1						
			1	2	3	4	5	FREQUENCY
			Very Low	Low	Moderate	High	Very High	Occurrence Ranking
			May Occur (rare)	Could Occur (unlikely)	Might Occur (moderate)	Probably will Occur (likely)	Expected to Occur (almost certain)	Expected Frequency
			<5%	5 to 30%	30 to 60%	60 to 95%	>95%	Description (from Mercer Oliver Wyman Risk Assessment) Note 1
			Likelihood					

Notes:

- 1 Likely hood of the risk occurring within the next 12 – 24 months if minimal efforts in place to manage the risk.

2016 UNB Top 10 Risk Identification and Assessment

Risk – Risk is defined as uncertainty about outcomes or future events, which can be either positive or negative, that can affect the achievement of the University's goals and objectives.

Top 10 Risks	Impact on Strategic Goals					Risk Gap Assessment		
	Exceptional and transformative student experience	Leadership in discovery, innovation and entrepreneurship	Financial resilience and sustainability	Building a better University	Building a better Province	Current Risk Assessment	Risk Appetite Threshold	Mitigation Strategies
Provincial Government Funding	✓			✓	✓	high	mod	Renewed dialogue with Government
Student Enrolment, Recruitment/Retention	✓		✓	✓	✓	mod-high	low-mod	increasing recruitment, branding, Why UNB initiative
Current Economic Conditions	✓	✓	✓	✓		mod	low	branding exercise, critical incident framework
Academic Plan/Program Renewal Administrative Review	✓	✓		✓		mod-high	low	quality assurance review process, accreditation review for professional programs
Accumulated Deferred Maintenance	✓		✓	✓		high	mod	developing a strategic capital planning framework
Financial Sustainability	✓	✓	✓	✓		high	low	budget process, negotiating academic pension plan converted to SRP
Reconciliation after Labour Disruptions/Faculty & Staff Morale	✓	✓	✓	✓		mod	low-mod	ongoing discussions between senior management & faculty councils; attempts to clarify information provided and answer faculty questions
Effectively Communicated & Timely Financial Reporting			✓	✓		mod	low	new budget model under discussion
UNB Brand differentiation	✓	✓	✓	✓	✓	mod	mod	potential impact of Why UNB Branding Project
Execution of Current Volumes of Capital Projects	✓		✓	✓	✓	mod	low	well trained, multi-disciplinary negotiating team

Risk Appetite	
High	
Moderate	
Balanced	
Low	
Very Low	

Risk Appetite Statement

Context

UNB's mission is to create the premier university environment for our students, faculty and staff in which to live work and learn. We will provide an exceptional and transformative education for our students, by encouraging initiative and innovation, unlocking their creative potential. We commit to understanding and solving the problems of today and tomorrow, serving our community and engaging with our alumni, retirees and partners around the world.

Risk Appetite Statement

UNB is, and intends to remain, a successful, sustainable institution by implementing the key directions of the 2011- 2016 strategic plan. The UNB community understands that there are risks in everything we do and risk taking must occur if UNB is to innovate and improve. However, UNB is committed to intelligent risk taking, whereby the risks will be identified, assessed and managed within a risk management framework ensuring that the risks are understood and managed effectively in order to achieve our goals.

While pursuing innovation and improvement, UNB will not compromise its reputation for teaching, learning and research, or its reputation in the eyes of our stakeholders, while remaining financially sound and fiscally responsible.

	Very Low	Low	Balanced	Moderate	High
We accept a very low risk in areas of:					
- Staff and student safety,	✓				
- Business continuity management (including IT),	✓				
- Compliance with legislative, regulatory requirements and ethical matters.	✓				
We accept a low risk in the areas of:					
- Student experience,		✓			
- Research and teaching quality,		✓			
- Financial and asset management,		✓			
- Student data and reporting.		✓			
UNB encourages entrepreneurship and innovation. UNB recognizes that risk is inherent in new activities and approaches; therefore in the following activities we also accept a balanced to moderate level of risk:					
- Teaching, learning and research opportunities,			✓	✓	
- Developing and implementing new and original strategies			✓	✓	
- Workplace and campus innovation			✓	✓	
- Relationships with local and global enterprises and communities.			✓	✓	

The student experience is an important aspect of UNB's strategic plan, therefore the University has a low level of risk tolerance with regards to diminishing the experience, but has a higher level of risk tolerance with regards to innovation to improve the experience. We also understand that for some "noncore" activities that do not compromise UNB's overall financial sustainability, excluding the areas mentioned above, a higher level of inherent risk may be acceptable. We therefore acknowledge for higher levels of risk to be accepted, mitigation strategies are required; for example, those sporting activities for students where injuries are likely to occur including varsity athletics, sports clubs and intramural sports.

UNB Risk Appetite Threshold Levels

<u>Level of Risk</u>	<u>Definition of Level</u>	<u>Examples of Inherent Risk Levels</u>
High	Inherently high level of risk in the opportunity being pursued. A negative result is virtually certain to occur - what is unknown is the severity and timing.	<ol style="list-style-type: none"> 1. IT outage (mitigation strategy Disaster Rec'y Plan) 2. Varsity sport injury (mitigation strategy qualified coaches and trainers, policies)
Moderate	There is some risk associated with the opportunity being pursued. There may be some actions to mitigate the risk.	<ol style="list-style-type: none"> 1. Investment losses in a market downturn - investment policies 2. Research activity (Risk Reserve)
Balanced	There is some risk associated with the opportunity being pursued. However mitigating actions have reduced these risks to a low level or exposure.	<ol style="list-style-type: none"> 1. Fire or damage to a building - insurance with \$250K deductible, safety policies and procedures 2. Research activity - with policies and procedures to limit risks..eg animal care policy, internal controls over spending
Low	University will not accept opportunities with risks attached that could result in significant exposure or loss.	<ol style="list-style-type: none"> 1. We do not allow dangerous activities on campus without appropriate policies and procedures 2. We do not invest in speculative investments
Very Low	There are no circumstances under which the University would accept an opportunity that had risk.	<ol style="list-style-type: none"> 1. Compromise of ethical standards is never a consideration.

Insurance Portfolio

APPENDIX "F"

UNB has been a participant in the Canadian Universities Reciprocal Insurance Exchange (CURIE) since 1988 for property, general liability and errors and omissions liability insurance coverage. In 2012, after completing a review, we concluded that CURIE continues to provide good value and committed to participate in CURIE VI for the years 2013 through 2017.

In 2017, we will need to determine if UNB will participate in CURIE VII for the years 2018 through 2022.

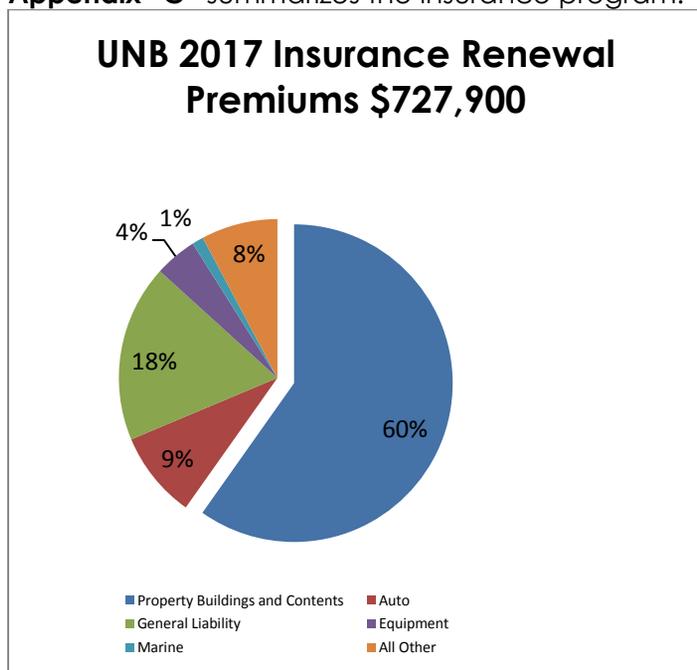
Value of property insured is almost \$1.5 billion. The slight increase comprises replacement valuation adjustments, building and contents additions, deletion of one small building and a slight decrease in the library obsolescence valuation.

The 2017 liability premium decreased by 4.6%. The property premium decreased by 10.1% from 2016. The CURIE premium allocation has for many years included adjustments based on actual loss history in the primary level. Starting in 2015 this same methodology was phased in to the excess insurance layers which CURIE purchases, this methodology is now fully implemented. Further the excess rates reflect the favourable response by the reinsurer to the loss control program implemented by CURIE.

Current deductibles have been maintained, at \$250,000 for property and \$5,000 for liability (highest deductible available) to achieve the lowest cumulative cost of insurance premiums and claim deductibles. In 2016 there were no claims against the property policy and three liability claims. UNB maintains an Insurance Reserve to mitigate the risk of uninsured claims and strives to maintain a balance of more than the largest deductible.

In addition to the coverage provided by CURIE, UNB maintains a comprehensive insurance program which includes a \$15 million umbrella liability policy, owned & non-owned auto, crime, and equipment breakdown policies.

Appendix "G" summarizes the insurance program.



Summary of Insurance Premiums by Year

2016	\$779,000
2015	\$797,000
2014	\$817,000
2013	\$805,100
2012	\$793,500
2011	\$832,000
2010	\$849,000
2009	\$818,500

UNB Insurance Portfolio Summary 2016 Policies & Coverages

APPENDIX "G"

Insurance type	Insurer	Broker	Total Insured on Renewal 2016	Deductibles	Total Insured on Renewal 2015	Deductibles
Property						
Buildings & Contents (1)	C.U.R.I.E.	C.U.R.I.E.	\$1,476,346,000	\$250,000	\$1,451,803,000	\$250,000
		Total appraised value	\$1,669,591,000		\$1,705,353,000	
Boiler & Machinery	B.I. & I.	Marsh Canada	\$100,000,000	various	\$100,000,000	various
Liability						
E & O Liability (2) (3)	C.U.R.I.E.	C.U.R.I.E.	\$50,000,000	\$0	\$50,000,000	\$0
General liability (CGL) (2) (3)	C.U.R.I.E.	C.U.R.I.E.	\$50,000,000	\$5,000	\$50,000,000	\$5,000
Umbrella Liability (3)	Elliott Special Risks	Marsh Canada	\$15,000,000	\$0	\$15,000,000	\$0
Auto						
Fleet automobile (3)	Northbridge	Marsh Canada	\$10,000,000	\$500	\$10,000,000	\$500
Non-owned auto liability (3)	Northbridge	Marsh Canada	\$10,000,000	\$0	\$10,000,000	\$0
Non-owned auto collision	Northbridge	Marsh Canada	\$75,000	\$1,000	\$75,000	\$1,000
Underlying Equipment						
Micro Computers	Self insured	N/A	\$6,817,000	\$250	\$6,095,000	\$250
Long term equipment	Self insured	N/A	\$6,116,000	\$250	\$6,941,444	\$250
E.D.P. (Network)	AVIVA Canada	Wilson Insurance	\$4,325,000	\$5,000	\$4,304,000	\$500
Short Term Equipment	AVIVA Canada	Wilson Insurance	N/A	\$500	N/A	\$500
Goods in Transit	AVIVA Canada	Wilson Insurance	\$50,000	\$500	\$50,000	\$500
Other						
Crime & Dishonesty	AIG Ins. Canada	Marsh Canada	\$1,000,000	various	\$1,000,000	various
Emergency Out of Province						
Medical	AIG Ins. Canada	Mercer	\$1,000,000	\$0	\$1,000,000	\$0
Catastrophic Injury	AIG Ins. Canada	Marsh Canada	\$1,000,000	\$0	\$750,000	\$0
Heron (Marine) (3)	Intact Canada	Wilson Insurance	\$371,663	\$10,000	\$471,663	\$0
Note:						
(1) CURIE Property policy covers completed buildings. Coverage during construction is provided by separate policies placed by the contractors. The lower insured value reflects that Library holdings are insured on an obsolescence basis.						
(2) CURIE liability policies effectively provide the equivalent of Directors & Officers liability insurance.						
(3) Umbrella liability coverage increases the liability limits for the noted policies.						