Rapport annuel 2011 Annual Report
Approuvé le 18 octobre 2011 /
Approved on 18 October 2011

uOttawa
Programme de gestion des risques /
Enterprise Risk Management Program

19 décembre 2011 – Bureau des gouverneurs
19 December 2011 – Board of Governors
Executive Summary

The identification, assessment and control of enterprise risks are an integral part of good governance and sound management. To reinforce that these activities are a part of operational and strategic decision-making at the University of Ottawa, the University’s senior management leads a formal Enterprise Risk Management Program to enhance the communication of these activities.

In 2004, key enterprise risks were identified and assessed in terms of their probability of occurrence and the severity of their impact. Risk controls were documented, reviewed and assessed. ‘Risk owners’ were assigned and action items were developed for each key enterprise risk. These individual action items in turn were rolled into the University’s Enterprise Risk Management report. Since 2006, an Annual Report has been prepared and submitted to the Audit Committee of the Board and to the Board of Governors, for review and approval. Updates have been provided as warranted.

This annual report presents the summary of the Enterprise Risk Management activities that have been undertaken in fiscal year 2010/2011. It has been subsequently updated for material issues occurring prior to August 31, 2011.

This report contains detailed information regarding each enterprise risk which was prepared in conjunction with the ‘risk owners’ or their representatives and submitted to the Office of Risk Management’s Associate Director and Risk Analyst during the summer months. As a modification in process this year, the Director, Internal Audit participated in the meetings with risk owners to facilitate the development of a risk based audit plan. The documents were critically reviewed by the Enterprise Risk Management Committee and the Administrative Committee and a summary presentation made to the CAO and Directors’ Committee. These documents are now submitted for approval to the Audit Committee. Following the integration of comments, the executive summary and graphical summaries will be submitted for approval to the full Board of Governors. The process undertaken by uOttawa is consistent with that recommended by Standard and Poors for enterprise risk management and the ISO 31000 standard on enterprise risk management.

A detailed summary of each risk is presented in Annex 1. A graphical summary of management’s assessment of internal controls and the impact of the risks is presented in Annex 2.

Information Technology

Effectiveness of Controls: Acceptable-Marginal

It is impossible for a University to fulfill its mission in today’s business climate without a sound information technology infrastructure which allows easy access to information for its professors, students and staff while also protecting the University’s data from unauthorized use. The Social Sciences Building project will include a new data centre to improve power and air conditioning facilities, access control and seismic mitigation measures. Information security continues to be an area of emphasis, with risks associated with cloud computing being a concern. The change in emphasis from developing solutions in-house to using off-the-shelf products has created challenges in areas such as research services, where off-the-shelf products are not readily available. The timeframe to re-establish key /core system from a full loss is expected to decrease from 25 days to within 24 hours once the virtual machine process is fully implemented.
Student Satisfaction
*Effectiveness of Controls: Acceptable*

The University’s future is shaped in part by the quality of the student experience. Historically, student surveys indicate ratings that are below the average of peer universities. Considerable efforts and focus have been placed on student satisfaction which is showing early signs of success. Despite this, the cultural change and consistent improvement in external surveys is anticipated to take four to five years. The themes that were established last year (student/professor interaction, experiential learning, building bridges, increasing communications and increasing space) will be continued to be implemented, monitored and assessed. The initiatives that have been undertaken have demonstrated considerable progress, particularly in the areas of food services, welcoming new students and communications. Due to the changes that have been made, the probability of this risk occurring has been decreased.

Physical Infrastructure
*Effectiveness of Controls: Acceptable*

Our mission as a research-intensive university must be supported by adequate facilities and space. Although deferred maintenance, estimated at over $150 MM, remains a source of concern, the university has invested $24.2MM to address deficiencies in 2010-2011. The university’s Facility Condition Index (FCI) has improved to the provincial average of 0.10 (‘fair’). Using provincially accepted methodologies, the university’s space inventory is 62% of its needs; this is the third lowest in Ontario. Both metrics are anticipated to improve with the completion of the Faculty of Social Sciences tower. Slower enrolment growth will also reduce the rate at which space needs increase.

The multi-year EcoProsperity Program is continuing with $3.2MM invested and annual savings of $900k being realized. Future projects are focused on reducing the university’s carbon footprint. An estimated 96.4t of waste has been composted on campus during FY 10/11 which is expected to increase of 125t in future years.

Emergency Preparedness
*Effectiveness of Controls: Acceptable*

In order to respond effectively to a potential emergency situation (violence, natural disaster, chemical spill or pandemic for example), the University must have clear decision making, communications and planning process in place. These plans are never considered final as they are living documents, being updated with changes on campus and best practices elsewhere. Members of the Emergency Coordination Team (ECT) have been trained in the Integrated Management System which is the framework for response. Testing of the Emergency Notification System is ongoing. An integrated HAZMAT response system has been successfully implemented using both internal and external resources. Despite elements of this program being delayed, emergencies that occur are dealt with.

Labour Relations
*Effectiveness of Controls: Acceptable-Good*

Three collective agreements will be open for negotiation in 2011/2012, affecting most classes of employees including faculty. The salary freeze for non-union employees imposed under Bill 16 will expire on 1 April 2012; while there is a prohibition against catch up provisions, a strategy is under development for the post salary freeze period.

The increasing presence of social media has accelerated the trend of issues that were previously private or individual in nature to become public. This increases the complexity of addressing issues. Additional challenges are resulting from the trend of new legislation being introduced with very short timeframes to implement the requirements.
The ratification of key collective bargaining agreements in 2010/2011 has resulted in a decreased probability for this risk.

**Reduction in Government Funding**

*Effectiveness of Controls: Good*

Government funding of academic and research activity is the University’s most significant source of capital and operating funds. With growing levels of debt, the public sector and post-secondary education will be challenged to find other sources of revenue and deliver services more economically. There are concerns that the levers that uOttawa used to maintain government funding are becoming less effective due to the financial constraints on government, which has resulted in an increased probability of this risk occurring. An example of this is the federal strategic review which will necessarily result in decreases in the national research funding levels. There is uncertainty over the impacts to uOttawa’s funding framework due to the October provincial election (extension of wage freezes, tuition framework and Mandate Agreements, as examples). The preliminary 2011 Tri-Council audit of research funds has shown that the financial controls have improved significantly since their last audit. Improved co-ordination and information sharing between faculties and services has had positive results. This has resulted in an increased ability to live within our means.

**Reputation**

*Effectiveness of Controls: Good*

The university’s reputation can be impacted by matters under, and not under, our control. The Communications Directorate has received the mandate for student non-academic communications. This represents the first time dedicated resources have been allocated to this function. The university’s presence in social media (predominately Facebook and Twitter) is increasing as is the amount of ‘earned media’ coverage (now the #3 university in the country).

**Financial**

*Effectiveness of Controls: Good*

The university’s credit rating has been confirmed by both rating agencies as one of the highest rated university debt in Canada. The budget continues to present an increasing challenge as no funding increases are available from the provincial government to offset inflationary cost increases and the tuition framework

Although in better shape than other Canadian universities, a material ‘going concern’ deficit is affecting the pension plan and over $6MM is required in 2011-12 to fund growing liabilities. The pension valuation statement is formally required in 2013. To ensure long-term financial sustainability of the pension plan, realignment of cost-sharing and plan design are required. This is the primary reason for an increase in the probability of this risk.

**Student Enrolment – Undergraduate**

*Effectiveness of Controls: Good*

Undergraduate student enrolment is critical to enhancing the University’s reputation and providing a strong foundation for graduate studies and research. Recruitment is a university-wide responsibility and care has been taken to avoid duplication and maximize the use of resources. A trend towards increased customization of the approach, and provision of hard copy documents, is noted. Admission averages have increased for all programs. Increased emphasis in the scholarship program is being placed on access. With increased emphasis on the recruitment of Francophone students, the Anglophone/Francophone mix is stable.
Human Resources
Effectiveness of Controls: Good
Attraction of high quality candidates is currently not a material risk for most positions, particularly for union positions. The salary freeze could impact the university's ability to attract and retain the best candidates for non-union positions. To recognize the challenges of the local labour market, and to improve the working conditions of contractual employees, a strategy has been developed which will reach full implementation after the legislated non-union wage freeze has ended. Succession planning continues to be a work-in-progress for non-academic positions. While uOttawa has been recognized as one of the 35 Best Employers for New Canadians and one of the National Capital Region’s top 25 employers in 2010, the goals for targeted groups in the University Scorecard continue to be a challenge. The University is aiming to be recognized as one of the top 100 employers nationally. The next work climate survey is to be launched in fall 2011.

Leadership
Effectiveness of Controls: Good
With the successful conclusion of Vision 2010, and following significant consultation, Vision 2020 has been developed and communicated to the uOttawa community. The objective of these four strategic goals is to make uOttawa one of the great universities of our time, with a reputation to match its achievements.

The upper governance framework of the university is being examined by a Task Force on Internal Governance. The leadership culture of consultation and respect will continue. Measures are being taken to increase the visibility and transparency of key decisions.

Competition
Effectiveness of Controls: Good
The competitive environment in which uOttawa operates is becoming more intense. In academics, uOttawa continues to offer a very competitive scholarship programs. New programs are introduced at both an undergraduate and graduate level to meet student interests and employer needs, including through the Centre for Global and Community Engagement. Recruitment programs continue to be updated and optimized as student’s needs and wants change. Colleges are seen as a higher risk from an academic then a research perspective. Despite changes in the focus of the research funding agencies (towards targeted initiatives and away from basic sciences), uOttawa’s position as one of the most research intensive universities in Canada is anticipated to be maintained for the foreseeable future.

Student Enrolment – Graduate
Effectiveness of Controls: Good – Very Good
Graduate enrolment is critical to our mission as a research-intensive university. Graduate student enrolment has increased in line with expectations. Some functions, such as thesis processes, are being delegated to the faculties to reduce administration and increase the services offered by the faculties. The scholarship program was re-designed as a part of the optimisation program to reduce the amount of administration involved and continue to be competitive compared with other institutions. Increased emphasis has been placed on international graduate student recruitment.

Partnering
Effectiveness of Controls: Good-Very Good
The University has key partnerships with local hospitals, technology and business organizations as well as strategic international institutions that allow it to access key resources to pursue research opportunities. Partnerships are increasingly approached in a joint manner between
academic/research and fund raising objectives to focus on value added partnerships. Through a restructuring of the Development Office, more engagement has been realized.
ANNEXE 1: REPRESENTATION GRAPHIQUE DES RISQUES

ANNEX 1: GRAPHICAL SUMMARY OF RISKS
2011 Summary of Enterprise Risks

- Reduction in Gov't Funding
- Reputation
- Financial
- Student Enrollment - UG
- Human Resources
- Leadership
- Partnering
- Competition
- Labour Relations
- Student Satisfaction
- Information Technology
- Physical Infrastructure
- Emergency Preparedness

Effectiveness of Controls - Management's Assessment

very high

high

medium

low

very low

very good

good

acceptable

marginal

needs significant improvement
Comparison of 2011 and 2010 Enterprise Risks

Numbers in ( ) indicate changes between 2010 and 2011 in the format (controls, impact)