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# Finance and Audit Committee Update

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October 21, 2020

[crkn-rcdr.ca](http://crkn-rcdr.ca)

The left side of the slide features three vertical bars of varying heights and shades of red. The outermost bar is the tallest and darkest. The middle bar is shorter and a medium red. The innermost bar is the shortest and a lighter red. All three bars have rounded ends.

# Agenda

- Introduction
- Recent FAC Outcomes
- Upcoming Priorities
- Conclusion

# Introduction

# Finance and Audit Committee





# Membership

**Denis Cossette**, Treasurer (Researcher/Administrator)  
Chief Financial Officer, Concordia University

**Dale Amerud**, Member-at-Large  
Strategic Business Advisor, Finance, University of Saskatchewan

**Bernard Bizimana**, Board Member  
Directeur de la bibliothèque, HEC Montréal

**Andrew Coward**, Member-at-Large  
Treasurer, University of Victoria

**Kemi Kufuor-Boakye**, Member-at-Large  
Senior Financial Officer, University of Alberta



# Mandate

- Monitor financial health and sustainability
- Recommend and verify sufficiency of internal controls
- Identify risks and evaluate risk management strategies
- Support transparency and integrity of independent audit process



# Core Activities

- Financial policy development and maintenance
- Budgeting and financial projections
- Membership fee analysis and support
- Risk management
- FX Services
- Annual audit

# Recent FAC Outcomes



# Risk Management

## Risk categories

**COM - Compliance Risk**  
**EXT - External Risk**  
**FIN - Financial Risk**  
**GOV - Governance Risk**

**IT - Information Technology Risk**  
**OPS - Operational Risk**  
**REP - Reputational Risk**  
**STR - Strategic Risk**

- Prioritized by probability and potential impact
- Heatmap summarizes top 5-6 risks at Board level
- Living document – annual review process

# Risk Management

CRKN Risk Framework  
Heatmap  
2020 September

Responsibility: Staff member is the risk mitigation strategy lead, Board/committee responsible for oversight

CODE	RISK DESCRIPTION	DETAILS AND CONTRIBUTING FACTORS	A	B	A+B	STAFF	BOARD	CSC	EC	FAC	PAC
			IMPACT	PROB.	RISK LEVEL						
FIN2	Failure to secure sufficient cash flow to meet obligations/fund objectives.	CRKN does not have the cash flow to meet its FX commitments if several large member were unable to pay their license invoices. CRKN's credit line (never used) has a \$5M limit.	4	1	5	D OPS	X			X	
FIN3	Loss of funds on deposit or in transit (cyber-risk, unauthorized access, fraud)	CRKN does not have the facility to absorb a significant loss of funds. CRKN's policy includes \$20,000 in cyber-security insurance.	5	1	6	D OPS				X	
FIN4	Staff error with respect to banking services	A significant error - particularly in booking forward contracts or setting up wire payments - could be as significant as fraud or theft	3	1	4	D OPS				X	

# Risk Management

CRKN Risk Framework  
Heatmap  
2020 September

<u>CODE</u>	<u>RISK DESCRIPTION</u>	<u>DETAILS AND CONTRIBUTING FACTORS</u>	<u>A+B RISK LEVEL</u>	<u>Mitigation (Prevention, Detection, Response)</u>	<u>Potential Mitigation Strategies</u>
FIN2	Failure to secure sufficient cash flow to meet obligations/fund objectives.	CRKN does not have the cash flow to meet its FX commitments if several large member were unable to pay their license invoices. CRKN's credit line (never used) has a \$5M limit.	5	<b>Prevention:</b> Proactive billing and payment planning by licensing and finance staff (practice of invoicing members 60-75 days in advance of publisher payment date), future dated payments, line of credit <b>Detection:</b> Daily bank reconciliation and receivables monitoring, FX commitment processes <b>Response:</b> Delay payments to publishers/suppliers, borrow funds (credit line), asking members for funds (or to co-sign)	
FIN3	Loss of funds on deposit or in transit (cyber-risk, unauthorized access, fraud)	CRKN does not have the facility to absorb a significant loss of funds. CRKN's policy includes \$20,000 in cyber-security insurance.	6	<b>Prevention:</b> Big-5 bank, preference for electronic payment and deposit (no cash in CRKN offices), checks deposited daily, two-factor authentication and separation of signing authority on BMO platform <b>Detection:</b> Daily bank reconciliation, Bank of Montreal back office, monthly statements and AR review, staff holidays and cross-training <b>Response:</b> Coordinate with BMO to stop or reverse fraudulent payments and withdrawals, investigations, police involvement	Develop incident response plan for cybersecurity.
FIN4	Staff error with respect to banking services	A significant error - particularly in booking forward contracts or setting up wire payments - could be as significant as fraud or theft	4	<b>Prevention:</b> Training and oversight, separation of duties, multiple signing authorities (electronic signatures) required, controls and limitation on who can commit organization, role of ED in committing organization, financial controls <b>Detection:</b> monthly financial process, staff/ED review <b>Response:</b> Good faith approach to counterparty	Increase diversification and cross-training of staff



# Cybersecurity

- Consulting experts from other organizations
- Benchmarking
- Self-assessment
- Policy development
- Staff development
- Annual review

# Cybersecurity

## BIT SIGHT

### Security Ratings Report

September 8, 2020



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📍 Government/Politics

🏠 crkn-rcdr.ca

🌐 78 IP addresses

CRKN provides interconnected access to the world's research and to Canada's documentary heritage content. The organization was founded in 2004 and is headquartered in Ottawa, Canada.

### Security Ratings

BitSight Security Rating

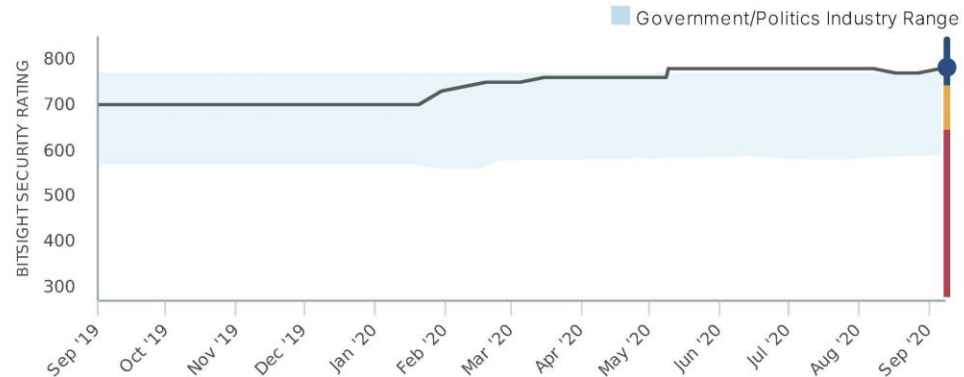
# 780

Our ratings measure a  
company's relative security  
effectiveness.

ADVANCED 900-740

INTERMEDIATE 740-640

BASIC 640-250



The Security Rating for Canadian Research Knowledge Network has varied from **700** to **780** over the past 12 months. The blue band represents the range of ratings for all companies within the Government/Politics industry. Outliers are excluded. Sudden drops in ratings can be due to publicly disclosed security incidents, an increase in observed events, file sharing activities, or poorly configured diligence records.



# Redesigning the Budget

- Track revenue & cost of core programs
  - Licensing
  - Digitization
  - Preservation & Access
- Consider ongoing sustainability
- Budget for reinvestment
- Sustainability and HCAP

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# Upcoming Priorities



# Upcoming Priorities

- Expanded mandate: Cybersecurity and information management
- Cost analysis to support the development of pricing for services
- Sustainability measures
  - Supporting external funding opportunities
- Preparing 2021-2022 budget
  - Impacts of the pandemic
  - Multi-year projections





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# Thank You!

Dale Amerud      FAC Member and Strategic Business Advisor, Finance, University of Saskatchewan

Ken Blonski      Director of Operations, CRKN

Denis Cossette      CRKN Treasurer and Chief Financial Officer, Concordia University

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