



	REPORT No.: 2018-64
MEETING DATE: OCTOBER 18, 2018	DATE PREPARED: AUGUST 17, 2018
SUBJECT: ENTERPRISE RISK MANAGEMENT POLICY	

RECOMMENDATION

THAT with respect to Report No. 2018-64 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the Enterprise Risk Management Policy, dated August 17, 2018, as presented;

AND THAT we direct Administration to complete an Enterprise Risk Management Framework and resulting strategies;

AND THAT the Chief Administrative Officer be authorized to amend this policy with respect to housekeeping items, as may be required from time to time.

REPORT SUMMARY

To request approval of an Enterprise Risk Management Policy (ERM), which will govern the administration of The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) ERM Framework and related strategies.

BACKGROUND

Developing an ERM System was identified as a component of the 2017-2020 Practical Vision of TBDSSAB; specifically, as a component within Transparent and Sustainable Finances.

At the February 26, 2015, meeting, the Board approved the Policy Development, Approval and Review Process (CAO-01:7), which provides a framework for the effective approval of policies and procedures (Resolution No. 15/27).

COMMENTS

As identified through Best Practice research, the “tone at the top” is crucial in ERM. Therefore, an ERM Policy should be approved by the organization’s governing body as the first component of an effective risk management system/strategy.

Policy Development Process

The following resources were used in the development of the attached draft ERM Policy recommendation:

1. Review of Best Practices through the International Standards Organization (ISO) for Risk Management:
 - The ISO Risk Management – Guidelines (ISO 31000:2018) provide best practices and recommendations relative to establishing a risk management system, including the components of an ERM Policy.
2. ERM Fundamentals Certification Course:
 - The Chartered Professional Accountants of Ontario (CPAO) offers a multi-day professional development course focusing on the fundamentals of ERM. The Manager, Finance, attended this three (3)-day training session, which provided guidance on ERM.
3. Review of External Organizations' ERM Policies:
 - Other organizations' ERM Policies were reviewed, and any relevant/related components were considered for inclusion in the proposed Policy.

This research indicates that managing risk should be an organization-wide process that includes appropriate Governance/Oversight, Infrastructure, and related processes. In that regard, the development of the ERM Policy included the Directors from all Divisions (Corporate Services, Client Services, Housing Services) within TBDSSAB.

FINANCIAL IMPLICATIONS



There are no direct financial implications associated with the adoption of the ERM Policy.

CONCLUSION

It is concluded that establishing, and maintaining, an ERM Policy is a key component of an effective risk management system/strategy, and should be approved.

REFERENCE MATERIALS ATTACHED

Attachment 1 – [\(Draft\) Enterprise Risk Management Policy](#)

PREPARED BY:	Georgina Daniels, FCPA, FCA, Acting Director-Client Services Division Ken Ranta, Director-Housing Services Division Keri Greaves, CPA, CMA, Acting Director-Corporate Services Division The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	 Georgina Daniels, FCPA, FCA, Director, Corporate Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	 William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board

POLICY

CATEGORY/SECTION

CORPORATE SERVICES - GENERAL

SUBJECT

ENTERPRISE RISK MANAGEMENT**AUTHORITY**

TBDSSAB Governance and Procedural By-Law 01-2017

INTENT OF POLICY

To outline The District of Thunder Bay Social Services Administration Board's (TBDSSAB) approach to Enterprise Risk Management.

DEFINITIONS

Enterprise Risk Management: the structured and integrated process to managing risk across the organization.

Enterprise Risk Management Framework: the components that provide the foundation for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

Impact: the outcome of a risk event.

Key Risks: the most significant risks which could affect an organization, based on potential risk impact and likelihood.

Key Risk Indicators: a measure used to indicate the level of risk in an activity, to provide an early signal of escalating risk exposures in various areas of the organization.

Likelihood: the chance of something happening (ISO 31000:2018).

Risk: the chance of something happening which will have an impact on objectives.

Risk Appetite: the level of uncertainty (amount and type of risk) which the organization is willing to accept in pursuit of its outcomes.

Risk Assessment: the overall process of risk identification, analysis and evaluation.

Risk Treatment: the measures used to modify the risk, including accepting, mitigating, transferring, or avoiding.

Risk Owner: the position with the accountability and authority to manage a risk.

Risk Profile: the summary of key risks and treatments.

IMPLEMENTATION / BOARD APPROVAL DATE:

Month date, YYYY

REVISION DATE(S):

PAGE

1 of 4

CATEGORY/SECTION CORPORATE SERVICES – GENERAL	SUBJECT ENTERPRISE RISK MANAGEMENT
---	--

Risk Register: a list of identified enterprise risks at a certain point in time.

POLICY

It is the policy of TBDSSAB to:

- build increased awareness of risk, and shared responsibility for risk management at all levels of the organization;
- embed risk management into the culture and operations of TBDSSAB;
- manage risk in accordance with best practices;
- maintain an Enterprise Risk Management Framework that fits the needs of TBDSSAB;
- regularly assess TBDSSAB’s risk profile, and the effectiveness of its risk treatments, in relation to its Strategic Plan.

The intention is not to eliminate risk from TBDSSAB’s activities, but to enable the organization to treat and manage risk appropriately, within its established risk appetite, in pursuit of its objectives.

Enterprise Risk Management will be guided by the following principles:

- **Governance and Oversight** so that there is appropriate oversight, transparency, accountability and responsibility for risk, and so that risk decisions are made within the organization’s risk appetite;
- **Infrastructure** including skills, tools and templates to support risk identification, assessment, treatment, and management; and,
- **Practices** to apply risk management processes for identifying, assessing, managing, monitoring, and reporting enterprise risks.

CATEGORY/SECTION CORPORATE SERVICES – GENERAL	SUBJECT ENTERPRISE RISK MANAGEMENT
---	--

STANDARDS OF APPLICATION

1. Approach to Risk Management

The purpose of risk management is the creation and protection of value to the organization. It improves performance, encourages innovation, and supports the achievement of objectives, through the following elements (ISO 31000:2018):

- **Integration** so that risk management is a dynamic and iterative process across all organizational activities;
- **Structured and comprehensive** to maximize consistency and comparable results;
- **Customized** to TBDSSAB's context and objectives;
- **Inclusive** to ensure appropriate and timely involvement of stakeholders to improve awareness of risk management;
- **Dynamic** so that risks and changes in TBDSSAB's context and environment can be responded to in an appropriate and timely manner;
- **Best available information** which is timely, clear and available to relevant stakeholders;
- **Human and cultural factors** which influence all aspects of risk management;
- **Continual improvement** through learning and experience.

2. Roles and Responsibilities:

Board is responsible for:

- reviewing and approving the Enterprise Risk Management Policy;
- oversight of the management of risk;
- determining the risk appetite of the organization.

Chief Administrative Officer is responsible for:

- championing a culture that instills the management of risk;
- reviewing and approving the Enterprise Risk Management Framework.

CATEGORY/SECTION CORPORATE SERVICES – GENERAL	SUBJECT ENTERPRISE RISK MANAGEMENT
---	--

Directors are responsible for:

- implementing policies, internal controls, and risk treatments within their respective areas of the organization to ensure risks are managed effectively;
- identifying and evaluating the enterprise risks faced by TBDSSAB as part of the ongoing management activity;
- ensuring enterprise risks are cascaded to the appropriate Risk Owner for management;
- undertaking an annual review of the effectiveness of the system of internal controls within their respective areas, and providing updates to the ERM Framework, as required.

Risk Owners are responsible for:

- applying decisions and activities that manage risk to acceptable levels;
- providing timely and accurate risk management information, i.e., identify, assess, treat, monitor and report.

All Employees are responsible for:

- effectively identifying, and understanding, risks in their area of responsibility, and advising their supervisor of potential risks.

3. Reporting and Timelines

- Reports and updates on key risks and related treatments will be provided on a regular basis to the Chief Administrative Officer;
- Reports and updates on key risks and related treatments will be provided on an annual basis to the Board.

4. Review and Approval

- This policy will be reviewed every five (5) years, or sooner, as required.

RELATED POLICIES

CS-01:79 – Approval and Signing Authorization

CS-03:1 – Procurement of Goods, Services and Construction

RELATED PROCEDURES

Enterprise Risk Management Framework

FORMS

N/A