



BOARD REPORT

REPORT No.: 2023-36

MEETING DATE: SEPTEMBER 21, 2023

SUBJECT: ENTERPRISE RISK MANAGEMENT - ANNUAL UPDATE

RECOMMENDATION

For information only.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the annual update on the organization's Enterprise Risk Management (ERM) Framework.

BACKGROUND

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

To strengthen TBDSSAB risk management functions and develop a fulsome process, Administration began the process of establishing a comprehensive risk management overview and framework.

The Board approved the ERM Policy at its November 2018 Meeting, which included direction that Administration complete an ERM Framework.

The Board approved the ERM Framework, and resultant risk tolerance at its November 2019 Meeting, and Risk Appetite Statement at its December 2019 meeting.

At its September 17, 2020, meeting, the Board approved the annual reporting template and cycle for the Residual Heat Map and Risk Trajectory Dashboard.

Updates have been made as a result of Administration's annual review process, in accordance with the approved ERM Policy (CS-01:120), and provided to the Board for information, prior to the budget process each year, to ensure resources can be aligned to address or continue to address risk areas.

COMMENTS

In its first iteration of the ERM Framework, Administration worked to identify all possible risks to the organization with the understanding that through regular monitoring and measuring of the Framework, refinements would be made to identify the Key Risks more accurately or appropriately to TBDSSAB.

The effectiveness of the ERM Framework is reviewed through an ongoing monitoring process. Through this process, the appropriateness of the various risks is confirmed with further refinements made as a result of Administration's review of the ERM over the previous year.

ERM Summary Updates

1. Change from Primary Risk (Tier 1) to Secondary Risk (Tier 2)

Originally, all risks were defined as Primary risks (Tier 1); however, starting with the first annual review in 2021, certain items were reclassified as Secondary risks (Tier 2) based on further review, as well as the results of measuring the risks during that year.

That same process has been completed during the annual review this year, and additional items were identified as Secondary risks (Tier 2) where limited exposure continued based on the history, as well as the results of measuring the risks during the year.

Based on continued monitoring of results, risks identified as Secondary risks (Tier 2) in 2022 will remain classified as such; additional items were reclassified as Secondary Risks (Tier 2) through this year's review. Secondary risks (Tier 2) will continue to be monitored to ensure the classification to Secondary (Tier 2) remains relevant, however, would not be reported within the Residual Heat Map, nor the Risk Trajectory Dashboard, due to their low risk assessment and results during the previous year.

In particular, the following risks were reclassified as Secondary risks (Tier 2):

#	Description – Nature of Risk	Rationale
S2	Risk that we do not maximize the use of technology to achieve identified outcomes.	TBDSSAB has continued to enhance its use of technology in alignment with the move to enhanced electronic practices internally and in alignment with various provincial directions.
R16	Risk that inadvertent or negligent errors in meeting corporate regulatory obligations, e.g., Non-compliance with DSSAB Act.	This risk is deemed low based on historical evidence and existing management strategies.

P17	Risk of not meeting requirements in OH&S Act and Regulations.	This risk is deemed low based on historical evidence and existing management strategies.
P35	Risk of applicant receiving assistance, not receiving accurate information (all programs).	This risk is deemed low based on historical evidence, and existing mitigation strategies.
P36	Risk of errors in granting Ontario Works benefits (Financial and Employment).	This risk is deemed low based on historical evidence, and existing mitigation strategies.
P37	Risk of errors in granting Child Care Fee Subsidy.	This risk is deemed low based on historical evidence, and existing mitigation strategies.
P38	Risk of errors in calculating RGI rent subsidy, portable housing benefit, rent supplement and supplier contracts (landlord contracts).	This risk is deemed low based on historical evidence, and existing mitigation strategies.
P40	Risk of lack of suitability of housing units to meet tenant needs (alignment of unit sizes with demand).	This risk is deemed low based on historical evidence, and existing management planning strategies.
P43	Risk of not following policies and procedures.	This risk is deemed low based on historical evidence and existing management strategies.
B59	Risk that complaints from clients, tenants, applicants, general public through MP/ MPP office or Municipal Councillor, or Board Member are not addressed appropriately.	This risk is deemed low based on historical evidence and existing management strategies.
B60	Risk of misuse of social media platforms by staff, resulting in negative brand.	This risk is deemed low based on historical evidence and existing management strategies.

2. Combined Risks

In previous annual reviews, certain risks were identified as being fundamentally similar and could be combined without losing the integrity of the nature of risk and its potential impact on TBDSSAB. No risks were identified during this year's review.

3. Risks Removed

Risks were considered for removal if, after monitoring for the past year, it was determined that they are not a risk for TBDSSAB. No risks were removed during this year's review.

4. Other Updates

Further clarification/revisions were made to the Nature of Risks throughout the ERM summary to more closely align with the intent of the risks for TBDSSAB.

The updated ERM Summary is provided in Attachment 1.

Summary

With the updated ERM Summary, and based on the experiences across the organization, the Assessed Residual Risk was also updated.

Overall, the risk exposure has remained largely consistent with the previous years' assessment of the Types of Risk identified within the ERM Summary, and that the key controls continue to be effective to treat the risks. The following exceptions are noted:

- S1 – Risk is increased from *Monitor* to *Monitor with a view to Best Practice Improvement* given the changes in recent years across program areas (Social Assistance Modernization, Employment Services Transformation, Canada-Wide Early Learning Child Care, Homelessness Prevention). In some cases, TBDSSAB was aware of upcoming changes although funding levels were unknown, in other cases, there was no advanced knowledge that significant changes were planned by the funder, nor the funding implications; hence the risk movement as the organization needs to focus on the development of best practices related to these program and funding changes.
- P42 – Risk is reduced from *Monitor with a view to Best Practice Improvement* to *Monitor*. The strategic plan outcomes are being met, and the system has been established with the assistance of the new technology (GERE), to support continuing to achieve identified outcomes.
- T53 – Risk is increased from *No Action Required*, to *Monitor with a view to Best Practice Improvement*. Although current hardware and software systems provide significant risk mitigation, the cyber environment continues to see enhanced risks. Internal practices for hardware/ software as well as staff awareness have been initiated to address this enhanced risk. Focus will continue on best practices to maximize mitigation strategies.

The updated Residual Heat Map is provided in Attachment 2, and the resulting Risk Trajectory Dashboard is provided in Attachment 3.

STRATEGIC PLAN IMPACT

Monitoring, reviewing, and updating the Enterprise Risk Management System aligns with the financial stewardship component of the strategic plan to support a strong organization.

FINANCIAL IMPLICATIONS

There are no immediate additional financial implications associated with this report. Future decisions related to the management of risk may impact resource allocation, and will be identified during the annual budget process, or as required.

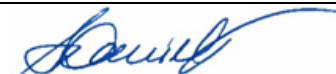

CONCLUSION

It is concluded that the monitoring and updating of the ERM has been completed, and the results have been presented through the Residual Heat Map and Risk Trajectory Dashboard.

It is also concluded that the Key Controls remain relevant to support the treatment of risk across the organization.

REFERENCE MATERIALS

- Attachment #1 [Updated Enterprise Risk Management Summary](#)
- Attachment #2 [Residual Heat Map](#)
- Attachment #3 [Risk Trajectory Dashboard](#)

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