



## BOARD REPORT

REPORT No.: 2024-35

MEETING DATE: SEPTEMBER 19, 2024

SUBJECT: ENTERPRISE RISK MANAGEMENT - ANNUAL UPDATE

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### RECOMMENDATION

For information only.

### REPORT SUMMARY

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

### 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.

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 financial and human 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 Tier 1 Risk to Tier 2 Risk

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

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

Based on continued monitoring of results, risks identified as Tier 2 risks in 2023 will remain classified as such; additional items were reclassified as Tier 2 risks through this year's review. Tier 2 risks will continue to be monitored to ensure the classification to 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 Tier 2 risks:

#	Description – Nature of Risk	Rationale
<b>P28</b>	Risk of tenant physical health issues impacting staff, other tenants, stakeholders, or themselves	This risk is deemed low based on historical evidence and existing management strategies.
<b>P41</b>	Risk of liability in third-party landlord properties (H&S, contracts)	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. The following risk was removed due to the Employment Services Transformation announced by the province.

<b>P42</b>	Risk of inadequate and/or inappropriate employment planning for clients/tenants so that clients/tenants do not receive the services they need	This risk will be removed due to the Employment Services Transformation (EST) announced by the province.
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## 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:

- H48 - Risk of unexpectedly losing a key member of the leadership team, or a high turnover rate. Risk is increased from *No Action Required*, to *Monitor*. Human Resources will continue to research the best practices as well as benchmarks related to Senior Team retention and recruitment, as well as other positions with high turnover rates.

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 ERM 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.

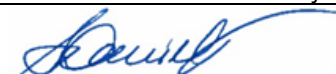

## CONCLUSION

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 and need to be maintained 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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