



## **Enterprise Risk Management (ERM) Initiative Status Update**

**To:** Audit Committee

**Date:** 22 June, 2020

**Report No.:** 06-20-3911

### **Strategic Directions**

- Transform Student Learning
- Create a Culture for Student and Staff Well-Being
- Create a Culture for Student and Staff Well-Being
- Allocate Human and Financial Resources Strategically to Support Student Needs
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

### **Recommendation**

It is recommended that the Enterprise Risk Management (ERM) Initiative Status Update be received.

### **Context**

#### **Background**

The Province of Ontario released a new Enterprise Risk Management directive, effective April 1, 2020 with full compliance expected by April 1, 2021 and the first risk profile due by fall of 2020. The directive sets out principles, requirements and responsibilities for effective and efficient enterprise risk management for ministries and provincial agencies. Although TDSB is not required to adopt the directive at this time, we are taking a proactive approach of planning and implementing this initiative. The aim of this project is to bring the risk management protocols within each area of the TDSB under one umbrella allowing for broader visibility when planning and making decisions.

#### **Rationale**

Recent events, such as the labour actions, school fires, and COVID-19, have highlighted the benefits of having a robust ERM process including mitigation strategies, continuity, contingency and recovery plans. TDSB has previously identified the need to integrate ERM into the Board's decision making and planning, to ensure its strategic

and operational objectives are met, in accordance to the deliverables outlined in the Director's performance appraisal.

The COVID-19 pandemic has accelerated the need for implementation of the ERM initiative to facilitate the planning process for reopening of schools. We expect ERM will allow the TDSB to be more proactive in managing uncertainty, with the aim of producing positive outcomes. The initial stage of the TDSB's ERM framework will be to identify and prioritize key risks to create a risk profile.

Although there are some challenges on the administrative side, the greatest challenge is integration across all schools, departments and the Board as a whole. To effectively operationalize the ERM framework and to promote a risk aware culture, input, buy-in and collaboration is required from schools and all other areas of the organization.

ERM is intended to be an integrated enterprise-wide process, established over time, which links the management of risk to strategic objectives in order to improve organizational performance. It creates a formal process for managing and reporting the myriad of risks an organization faces. It will also complement the audit process to provide assurance that high risk areas are being reviewed and action plans are being adhered to.

Key outcomes of the ERM framework include:

- Increased preparedness, response and resiliency to the changing internal and external environments;
- Adopting a globally recognized risk framework to effectively and efficiently manage risk which will lead to more informed and improved decision making;
- Ensuring similar risks are addressed in a consistent manner;
- Balancing cost of controls and allocation of resources with the anticipated benefits; and,
- Increasing the value of services we deliver through innovation, continuous improvement and other positive benefits that result from enhanced risk taking.

### **Project Timelines**

The project will be conducted under a phased approach.

#### **Phase 1 (Winter 2020)**

- Project planning, including selection of a risk framework and creation of a risk process.
- Promote the initiative and obtain buy-in from senior management and Board of Trustees.
- Confirm project scope, timelines, milestones and format of deliverables.

- Obtain and review relevant information, including the Multi-Year Strategic Plan and results of recent risk assessments.
- Identify key Board objectives using the Multi-Year Strategic Plan to facilitate the risk identification and assessment processes.
- Conduct high level stakeholder survey to create a list of risks, often referred to as a risk profile, with assigned risk owners who are responsible for those risks.

## **Phase 2 (Spring 2021)**

- Finalize criteria and definitions for quantification of risk impact and likelihood, as well as prioritization of risks.
- Coordinate interviews with management and risk owners to identify risks in each department or operational area, and to document existing mitigating controls in place. The Enterprise Risk Management department will collaborate with risk owners, to carry out the preliminary self-assessment and to determine the risk level based on the impact and likelihood scale.
- Develop key risk categories and materials to facilitate future discussions and workshops.
- Facilitate discussion for each risk area and identify controls and mitigating factors.
- Conduct workshops with staff, management and Committee members.

## **Phase 3 (Summer 2021)**

- Finalize outputs from ERM workshops and discussions.
- Finalize risk register, summarizing overall risk ranking and mitigating factors.
- Provide a summary presentation that applies a heat map for each risk category.
- Provide organization with findings and guidance on continued risk monitoring, reporting and updating of the ERM program.
- Utilize ERM risk register to inform annual audit planning.

The above is a tentative plan and is subject to revisions based on consultation and feedback.

A draft sample risk register is presented in Appendix C. The sample includes one COVID-19 related risk and consideration may be given to creating an exclusive broader COVID-19 risk assessment related to all TDSB operations. The risk register aims to align risks to the five goals outlined in the Multi-year Strategic Plan:

<b>Appendix C Reference</b>	<b>Key Goals</b>
<b>1</b>	Transform student learning
<b>2</b>	Create a culture for student and staff well-being

<b>3</b>	Provide equity of access to learning opportunities for all students
<b>4</b>	Allocate human and financial resources strategically to support student needs
<b>5</b>	Build strong relationships and partnerships within school communities to support student learning and well-being

## **Action Plan and Associated Timeline**

Project planning is currently underway, with targeted completion of Phase 1, Winter 2020. Phase 2 is also targeted to commence in Spring 2021, subject to timelines around staffing for the Enterprise Risk Management function.

## **Resource Implications**

TDSB is currently in the early stages of sourcing a platform for ERM documentation and reporting. Requests for budget approval for the platform will be confirmed at a later date.

## **Communications Considerations**

Included in public minutes.

## **Board Policy and Procedure Reference(s)**

Not applicable.

## **Appendices**

- Appendix A: Risk Definitions
- Appendix B: Inherent Risk, Likelihood and Impact Ranking Charts
- Appendix C: Sample TDSB Risk Register

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