

### Section III – Items for the Information of the Board

**TO:** Chair and Members of the Executive Committee  
Friday, September 9, 2022 Meeting

**FROM:** Michael Tolensky, Chief Financial and Operating Officer

**RE:** **2022 RISK PROGRAM UPDATE**

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#### KEY ISSUE

Update on Toronto and Region Conservation Authority's (TRCA) Risk Management Program.

#### RECOMMENDATION:

**IT IS RECOMMENDED THAT the report on TRCA's Risk Management Program be received.**

#### BACKGROUND

At Board of Directors Meeting #6/19, held on June 21, 2019, Resolution #A124/19 was approved as follows:

*THAT TRCA's Risk Management Policy (the Policy) be approved and take effect upon approval by the Board of Directors;*

The Policy provides the following guidance on the issue of risk:

- The mandate to manage the issue of risk;
- A common language around the issue of risk;
- Roles and responsibilities on the management of risk;
- A process for the management of risk;
- Principles on how the organization should address risk;
- Guidance on what level of risk is acceptable to the organization and how it should be managed; and
- A requirement to report annually on the status of TRCA's Risk Program

#### RATIONALE

TRCA's Risk Program ("Program") includes traditional aspects of loss, incident and insurance management activities, health and safety assessments, contract management activities, business planning components and flood and erosion risk service programs. TRCA's adoption of the Policy introduced additional enterprise risk management concepts into TRCA's risk management practice and is being guided broadly by ISO 31000:2009 Risk Management Principles and Guidelines.

More specific risk management guidance is offered by TRCA's Risk Committee ("Committee") which consists of:

- Chief Financial and Operating Officer (Chair);
- Associate Director, Property and Risk Management;
- Legal Counsel;
- Advisor, Risk Management; and
- Other subject matter experts as necessary to support the work of the Committee.

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The Committee's work is focused primarily on providing direction to the Risk Management Program, prioritizing action to manage risk, and acts as a formal risk assessment group for the organization. However, the day-to-day management of various risk issues is an enterprise-wide effort supported by the diligent contribution of staff across the entire organization. This work is facilitated by a variety of systems including TRCA's incident reporting, procurement and claims management databases. The Centralized Planning and Reporting Database, safety checks, hazard assessments, incident plans, claims processes, incident response teams and many other operations are also important parts of the enterprise-wide risk management system.

Some highlights of corporate efforts to strengthen TRCA's risk resilience include the following:

### **COVID-19 Response**

COVID-19 has presented one of the most ongoing and challenging operational working environments in decades. Despite these challenges, under the continued guidance of the Senior Leadership Team Pandemic Response Committee, TRCA maintained healthy business continuity in 2020 and 2021 for permitted areas of business, through a suite of previously reported expenditure reductions and ongoing efforts of staff to adapt ongoing programming to meet provincial and public health directives. Starting in Spring of 2022, TRCA has implemented a phased return-to-work plan for office based staff in order to bring staff back into the office and increase collaboration.

### **Incident and Contingency Planning**

In an ongoing effort to improve TRCA's incident management practice, staff streamlined incident reporting and emergency management information by centralizing all incident reporting through a centralized incident reporting portal accessible to all staff. To further guide the use of all incident planning, reporting activities, TRCA developed the Incident and Contingency Planning Guideline in 2020. The Guideline was developed in support of all existing corporate incident response tools and to provide additional information to support a recently launched corporate wide incident and emergency response training for all staff. Working within the existing framework, corporate facility managers and select program managers also undertook the significant effort of updating contingency plans for over 16 core services across the organization as well as Emergency Action Plans for each of TRCA's 22 facilities. Future efforts are aimed at further centralizing emergency and incident planning efforts as well as life-safety planning efforts under the direction of the corporate Asset Management Program. In 2021, the Emergency Action Plan for each of TRCA's facilities was examined and updated based on available data and identified risks that were reviewed with staff once complete. This process is currently underway for 2022 and will be accompanied by an annual "Emergency Action Plan" training session for staff, whereby all TRCA staff will review updated Emergency Action Plans annually.

### **Claims Management**

2020 saw a drastic reduction in the number of incidents reported by staff. Year over year TRCA's incident experience saw a 60% reduction in the number of incidents reported to 76 from Jan 2020 to Jan 2021, compared to 188 incidents from Jan 2019 to Jan 2020. This trend continued through 2021, with 114 incidents reported from Jan 2021 to Jan 2022. The decrease in reported incidents is largely explained by the reduction in many of TRCA's operations, including programs in the Tourism and Recreation and Education Outreach service areas as a result of COVID-19. Together these service areas contribute to the majority of TRCA's incident reports, and the number of incidents reported in 2022 is expected to scientifically increase as a result of reopening many of these service areas. Each incident reported by staff is reviewed and assessed in order to identify any opportunities for additional risk mitigation measures. Areas for

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improvement in incident and claims response are currently being evaluated in support of TRCA's Certificate of Recognition certification efforts.

### **RISK OUTLOOK AND PRIORITIES**

TRCA continually reviews risk exposures including vulnerabilities that face the organization. Reviews are undertaken through the Committee and are based on best available information including incident reports, loss data, staff interviews, industry data and global risk reports. These activities regularly identify areas for action as well as other opportunities to improve preparedness to certain exposures. Some of the ongoing priorities include:

#### **Incident and Claims Management**

TRCA continuously evaluates incident trends and identifies opportunities for risk mitigation to reduce the frequency and severity of incidents. Using TRCA's Learning Management System, multiple training sessions have also been developed to assist staff with incident investigation and reporting. This will increase the quality of information collected following an incident, so that risks can be identified, assessed, and mitigated accordingly.

#### **Fleet and Equipment Risk**

Preliminary areas for improvement around fleet risk include annual and ongoing training of staff authorized to operate fleet, remedial training for staff involved in at-fault collisions, and on-going annual motor vehicle records (abstracts) review for staff. These are areas of continual improvement and are being led by Property, Assets and Risk Management. At-fault incidents involving vehicles continue to contribute to the number incidents involving TRCA staff, and Risk Management and Fleet Services staff continue to collaborate with supervisors to address these trends.

#### **Risk Education Program**

An ongoing goal of the Risk Program is to increase the corporate knowledge base on issues of risk and risk management, and numerous guides on traditional risk issues have been developed and posted on corporate intranet services. The recent successes of the Learning and Development Team in implementing a corporate Learning Management System offers an opportunity to leverage corporate knowledge tools to boost staff familiarity on risk management concepts, contract administration, construction, insurance, surety management and other related topics.

#### **Cyber Risk**

TRCA's insurers have advised that the increase in both frequency and severity of Ransomware claims poses a significant threat to TRCA. The average Ransomware demand has increased over the past two years from \$10K to \$1.8M. As a Public Entity, TRCA is particularly susceptible to Ransomware attacks. As a result of this risk and as required by TRCA's cyber insurers, TRCA successfully implemented Multi-Factor Authentication in August of 2021, followed by a *TRCA Phishing and Security Awareness* training session launched in 2022 to be completed annually, by all employees. TRCA will continue to explore ways to educate staff on cybersecurity and increase cyber security requirements.

#### **Cost of Risk**

TRCA's primary means of financing risk is via insurance. Global premium rates continue to escalate exponentially. An ongoing goal of the risk program is to monitor and maintain renewal rates within market rates. TRCA continues to work with the Conservation Ontario Insurance Benefits Committee as well as its brokers to monitor market conditions and to review how it structures coverage to ensure TRCA maximizes the value it receives on premium dollars spent.

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In addition to these priority areas, TRCA is actively addressing exposures to other risks by regularly reviewing its business practices and making improvements to the way TRCA does its business.

### **Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan**

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:

### **Strategy 3 – Rethink greenspace to maximize its value**

#### **DETAILS OF WORK TO BE DONE**

In addition to the items previously described in the report, the Risk Management Committee will continue to review opportunities to improve TRCA's risk management framework, as well as opportunities to integrate risk management practices into existing corporate practices. The Risk Management Committee will also continue to collaborate with staff in order to identify, assess and mitigate risks as they arise.

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