

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, October 6, 2023 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2023 RISK PROGRAM UPDATE**

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 TRCA's Risk Management Program

Staff report annually to the Board of Directors on the implementation of the Policy and TRCA's risk management initiatives.

RATIONALE

TRCA's Risk Management 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 initiatives and is being guided broadly by ISO 31000:2009 Risk Management Principles and Guidelines.

TRCA's Risk Committee ("Committee") consists of:

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

The Committee's work is focused primarily on providing direction to the Risk Management Program, prioritizing action to manage risk, and acting 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:

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 and 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. Each year, the Emergency Action Plan for each of TRCA's facilities is examined and updated based on available data and identified risks that were reviewed with staff once complete. This process is currently underway for 2023 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 January 2020 to January 2021, compared to 188 incidents from January 2019 to January 2020. This trend continued through 2021, with 114 incidents reported from January to December 2021 to January 2022. The decrease in reported incidents is largely explained by the reduction in many of TRCA's operations, including

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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 significantly increased as a result of reopening many of these service areas and increased awareness of TRCA's incident reporting procedures, with a total of 204 incidents reported between January and December of 2022. Each incident reported by staff is reviewed and assessed in order to identify any opportunities for additional risk mitigation measures. Areas for improvement in incident and claims response are currently being evaluated in support of TRCA's Certificate of Recognition (COR) 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.

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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 Ransom demand has increased 13,000% in the past 3 years from \$10k to \$1.3M. As a not for profit organization that works with the public sector, 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 actively participate on the Conservation Ontario Insurance and Benefits Committee, as well as work closely with its brokers to monitor market conditions and to review how it structures coverage to ensure TRCA maximizes the value it receives on insurance premium dollars spent.

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

Relationship to TRCA's 2023-2034 Strategic Plan

This report supports the following Pillar and Outcome set forth in TRCA's 2023-2034 Strategic Plan:

Pillar 4 Service Excellence:

4.2 Provide and manage an efficient and adaptable organization

DETAILS OF WORK TO BE DONE

In addition to the items previously described in the report, the Risk 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 Committee will also continue to collaborate with staff to identify, assess and mitigate risks as they arise.

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