

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Meeting #5/19, Friday, June 07, 2019

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **RISK MANAGEMENT POLICY**

KEY ISSUE

Approval of Toronto and Region Conservation Authority's (TRCA) Risk Management Policy.

RECOMMENDATION

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

AND FURTHER THAT TRCA Legal Counsel be appointed to the role of Chief Risk Officer.

BACKGROUND

TRCA's 2018 Strategic Plan Update challenged staff to "build partnerships and new business models" with the aim of fulfilling TRCA's Strategic Plan goals in a sustainable fashion. In the context of a shifting policy landscape, a rapidly urbanizing Greater Toronto and Hamilton area, increasing risk to people and property from erosion and flood risk and many other exposures, a review of the ways TRCA manages risk associated with our business practices and operations is a critical course of action. As a result, staff were directed by Senior Leadership to undertake such a review and furthermore to bring forward a policy on the issue or risk in support of TRCA's risk management activities.

TRCA's current practice of risk management involves certain 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. However, to date no formal mandate has been made by the organization to define or address the issue of risk, or to set thresholds of what levels of risk are acceptable to the organization. The Policy was developed specifically to address this gap in TRCA's business practice and furthermore to assign tasks and authority on the issue of risk for the organization.

Staff developed the Risk Management Policy based on a review of over 70 agencies, including municipal, public and private organizations operating across Canada conducted by TRCA, as well as a survey of over 350 financial executives conducted by the Chartered Professional Accountants of Canada. Both studies revealed that risk management is a major concern in both public and private sectors across the country, and furthermore that the adoption of a risk program to address the issue of risk is rapidly becoming best management practice.

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RATIONALE

The proposed Policy is developed using the ISO 31000:2009 Risk Management – Principles and Guidelines. The ISO 31000:2009 international standard is a highly adaptable and scalable framework for managing all classes of risk and provides a readily implementable system for managing risk using industry standard business planning tools or processes some of which are already in place at TRCA.

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; and
- Guidance on what level of risk is acceptable to the organization and how it should be managed.

Outcomes of the Policy will include:

- Aligning risk decisions with corporate action;
- Enhancing risk response and decision making;
- Reducing operational surprises and losses;
- Identifying and managing multiple and organization wide risks;
- Seizing opportunities; and
- Improving deployment of resources and capital.

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

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

Strategy 7 – Build partnerships and new business models

Strategy 9 – Measure performance

FINANCIAL DETAILS

No additional expenses are expected with this policy change at time of writing. Staffing in support of risk management activities are provided in acct 003-01; Insurance costs are provided for in 012-28, and external legal fees are provided for in 012-30.

DETAILS OF WORK TO BE DONE

The following represent key action items to be completed following the approval of this Policy:

- Development of a Risk Management Implementation Plan as well as performance metrics for TRCA's risk management activities;
- Integration of risk management principles into the corporate work planning and business planning activities including the Centralized Performance and Reporting Database;
- Coordination with service area leads to ensure integration of Policy elements with current operational practices;
- Development of training materials for staff on risk management principles as well as the policy itself;

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- Reporting to the Board of Directors on an annual basis on the performance of the Policy and TRCA's risk management program.
- Review of the Policy in five years or sooner if required.

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Attachments: 1

Attachment 1: TRCA Risk Policy