



AUDIT COMMITTEE (PUBLIC)
Report No. 19-084

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Strategic Enterprise Risk Management

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PURPOSE:

1. To provide an update with respect to the implementation of the Strategic Enterprise Risk Management (SERM) framework, with the assistance of the Ontario School Board Insurance Exchange (OSBIE).

CONTEXT:

2. As outlined in Report No 19-016, Strategic Enterprise Risk Management, presented to Audit Committee on 27 March 2019; the Ontario School Board Insurance Exchange (OSBIE) was engaged to assist the District in a readiness assessment regarding the implementation of a strategic enterprise risk management framework. This readiness assessment work (Phase I) was completed in June 2019. Readiness Assessment Results are attached as Appendix A.

KEY CONSIDERATIONS:

3. The implementation of the SERM framework will provide the District with a better understanding of risks, impacts and priorities in alignment with the District's Strategic Plan. The framework will enable the District to address risks and challenges while improving overall strategic governance and decision making.

SERM is implemented by applying the common risk management process to key business processes involving decision making, such as:

- strategic planning;
- operations planning;
- budgeting;
- staffing; and
- specific projects.

The common risk management process includes:

- identification;
- analysis;
- evaluation;
- treatment; and
- monitoring and review.

Identified risks are assessed based on probability and impact.

The framework being implemented is aligned with the International Standards Organization (ISO) 31000 model, is customized for Ontario school districts, and is supported by an implementation guide and toolkit.

The Phase 2 SERM implementation work plan is attached as Appendix B and is expected to be completed by the end of June 2020. This work will be led by Julie Welch, Manager of Risk for OSBIE, Jan Mattingly, an expert in risk subject matter and District Risk Management staff.

The Phase 2 project objectives will consist of:

- a SERM framework integration planning and execution;
- development of a District SERM toolkit (including a risk appetite statement, risk rating approach, development of a risk register and risk reporting format);
- SERM training and orientation to various stakeholders; and
- transition of SERM work to District staff.

4. Expected Outcomes

The SERM framework will be tailored to the District's specific needs which will assist in addressing risks and challenges, while improving strategic governance and decision making to achieve our strategic objectives.

The framework will assist in identifying key risks under a District-wide approach, consistent with a District-approved risk appetite, risk management policy and risk register.

A risk-aware culture will be developed to help distinguish between risk taking and risk avoidance based on the established District risk appetite.

Risk ownership will be assigned to appropriate individuals responsible for identifying, evaluating, mitigating and reporting risk exposures.

RESOURCE IMPLICATIONS:

5. The cost for the Phase 2, SERM Implementation will be managed within the existing operational budget.

As all staff has some responsibility for risk, there will be a time commitment required of senior staff and departmental managers to assist in the implementation.

COMMUNICATION/CONSULTATION ISSUES:

6. There have been ongoing discussions with the Audit Committee with respect to a more formalized risk management approach and process.

The Regional Internal Audit Manager (RIAM) has also communicated interest in the SERM implementation and will begin a new risk assessment plan for internal audit based on the risks identified through this implementation and their associated risk ranking.

During the Phase 1 SERM readiness assessment phase, communication was primarily with senior staff, Audit committee members and the Regional Internal Audit Team (RIAT).

Phase 2, SERM implementation will require the support of the Communications department as staff roll out the SERM framework to all stakeholders. A detailed communication plan will be developed as the implementation work begins.

STRATEGIC LINKS:

7. Implementation of SERM will enable the District to address risks and challenges while improving overall strategic governance and decision making, aligning with the culture of responsibility of the District's strategic plan.

GUIDING QUESTIONS:

8. The following questions are provided to support the discussion of this item by the Committee:
 - Does this initiative assist the Audit Committee in fulfilling their role in risk management oversight?
 - What are the expected outcomes of this initiative?
 - How does this work connect with the District's strategic objectives?

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Camille Williams-Taylor
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APPENDICES

Appendix A – Phase 1 Readiness Assessment Results

Appendix B – Phase 2 SERM Implementation Work Plan