NATIVE CHILD AND FAMILY SERVICES OF TORONTO

ENTERPRISE RISK MANAGEMENT FRAMEWORK

2021

INTRODUCTION

Risk and opportunity are intrinsically linked to NCFST's purpose and operations. However, there are limits to what is considered acceptable risk in pursuit of NCFST's vision, mission and values. NCFST's enterprise risk management framework will provide guidance on managing risks to an acceptable level while ensuring the strategic goals of NCFST are met. We recognize that it is critical to establish and maintain an approach to enterprise risk management (ERM) that supports the achievement of its strategic priorities and objectives, and is a fundamental part of all activities.

Properly implemented, risk management can provide strategic and operational opportunities by focusing activities on what is important to an organization. Risk management creates value by providing opportunities for process improvement; controlling the risks that can hurt the organization most, breaking down silos, and helping the organization achieve its objectives" (Wallis, 2014).

Executive Leadership Team is responsible for coordinating risk management activities and procedures. It provides support to NCFST units in identifying, assessing, and managing risks. It shares best practices and expertise acquired from risk management activities across NCFST and at sibling agencies for the benefit of NCFST and its stakeholders. It prepares, submits and presents regular reports, through the Enterprise Risk Management Circle to the Finance Committee of the Board on risk management.

MANAGING RISKS

The risk identification and assessment process is a critical part of effectively managing risks or events as part of an organization's operational risk. Risks are identified, and then classified by risk category. Each risk is then assessed based on its impact, and prioritized in order to direct management focus toward the most important (Deloitte & Touche LLP, 2012).
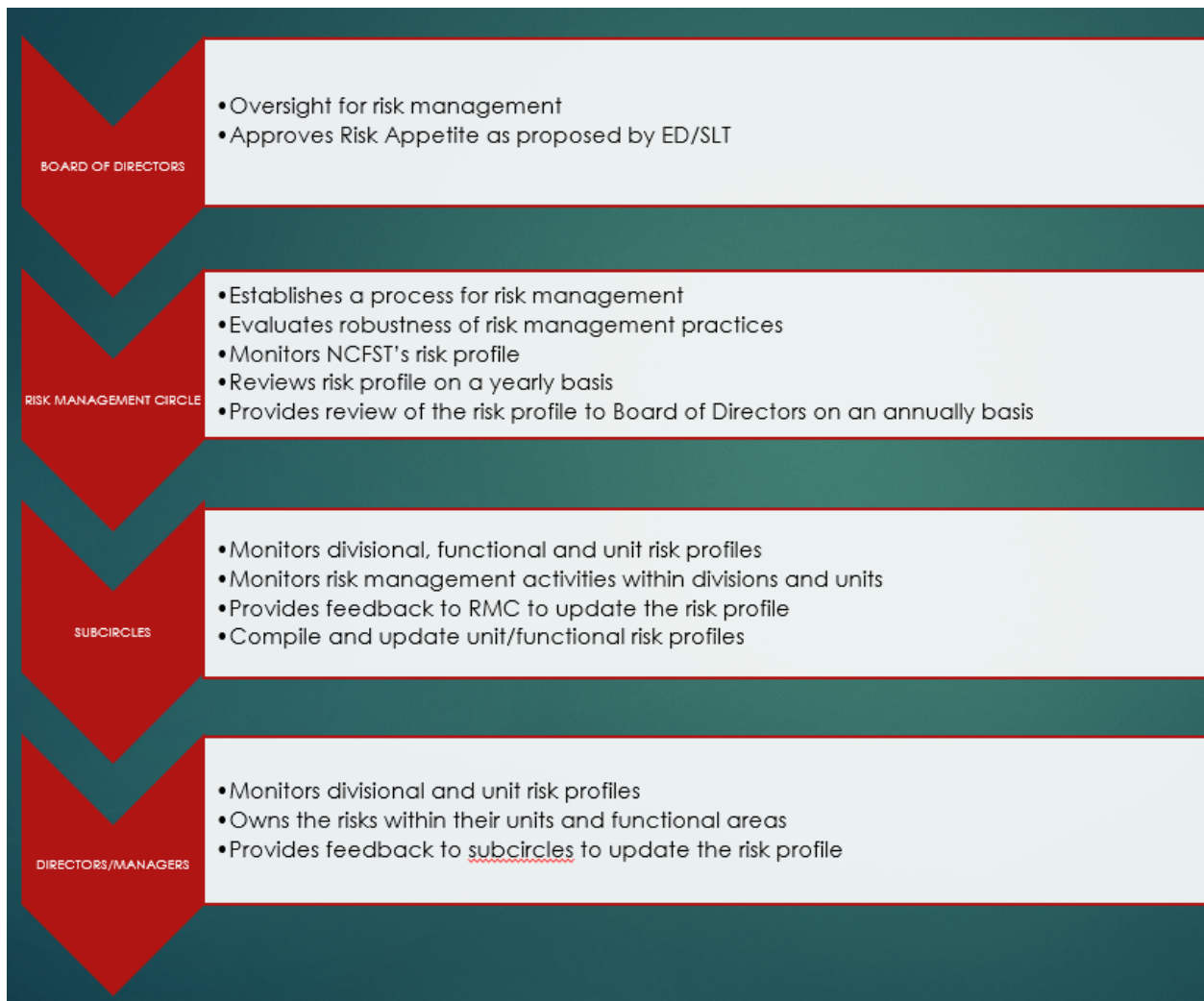
NCFST uses a four-step method as per diagram below.

1. Identify potential risks that could impact the organization and classify each risk into categories.

2. Rate each risk based on impact and likelihood, and provide rationale and understanding of root causes related to each risk (additional criteria can be rated- some processes include 'speed of onset' and 'vulnerability').

3. Prioritize top-rated risks to ensure the right ones are managed going forward.

4. Develop specific action plans to address the risks.

ROLES AND RESPONSIBILITIES

BOARD OF DIRECTORS
- Oversight for risk management
- Approves Risk Appetite as proposed by ED/SLT

RISK MANAGEMENT CIRCLE
- Establishes a process for risk management
- Evaluates robustness of risk management practices
- Monitors NCFST's risk profile
- Reviews risk profile on a yearly basis
- Provides review of the risk profile to Board of Directors on an annually basis

SUBCIRCLES
- Monitors divisional, functional and unit risk profiles
- Monitors risk management activities within divisions and units
- Provides feedback to RMC to update the risk profile
- Compile and update unit/functional risk profiles

DIRECTORS/MANAGERS
- Monitors divisional and unit risk profiles
- Owns the risks within their units and functional areas
- Provides feedback to subcircles to update the risk profile

PROJECT PLAN WITH MILESTONES

FEBRUARY 3
- KICK-OFF MEETING WITH DIRECTORS

APRIL 14
- ASSEMBLING RISK MANAGEMENT CIRCLE
- DETERMINING SUBCIRCLES, MEMBERS OF SUBCIRCLES

APRIL 20
- PRESENTATION TO MEMBERS OF SUBCIRCLES

JUNE 21
- PRESENTATION / SUBMISSION OF FINDINGS BY SUBCIRCLES

JULY 12
- CONSOLIDATING THE RISK REGISTERS
- DETERMINING TOP 5-7 RISKS

JULY 26
- ANALYZING MAJOR RISKS (risk category, risk description, risk sources, inherent risk exposures, current controls in place, risk responses, action plan, indicators, risk owner and related accountabilities, etc.)

AUGUST 10
- COMPILING RISK PROFILE DOCUMENT TO THE FINANCE COMMITTEE
- DISTRIBUTING COPY FOR REVIEW

AUGUST 17
- FINAL EDITING

AUGUST 31
- SUBMISSION TO COMMITTEE

RESULTS

Quality- Gain critical insight into your organization and proactively manage the risks that impact achievement of strategic goals – no surprises. Increased perspectives will reduce risk.

Engagement- Conversation analytics allow individual stakeholders to know how they rated risks versus how others did, igniting rich discussion and deeper alignment. Provide a space for stakeholders to evaluate and provide candid thoughts and rationale.

Agility- Develop a shared understanding about the key risks at organizational, functional, divisional and unit level. Evaluate and focus management attention and resources on the most important risks.

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Wallis, P. (2012). Risk Management, Achieving the Value Proposition. *Government Finance Review.*

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GLOSSARY

Enterprise Risk Management
Systematic, comprehensive and coordinated process of identifying, measuring, managing and disclosing key risks to NCFST's mission and related goals and objectives.

Inherent Risk
The level of risk before the application of risk reduction controls.

Key Risk Indicator(s)
Metrics used by organizations to provide an early signal of increasing risk exposures.

Probability
The likelihood or chance of an event occurring.

Residual Risk
The level of risk after the application of risk reduction controls.

Risk
The effect of uncertainty on objectives, resulting in positive and/or negative impact on NCFST's mission.

Risk Appetite
The amount and type of risk that NCFST is willing to take in order to meet its strategic objectives.

Risk Control
The action that avoids, transfer or mitigates various risks.

Risk Owner
The employee(s) designated to manage a particular risk. This is a functional description, not a position title.

Risk Register
List of risks and associated risk ratings, key risk indicators, controls (either planned or in place) and the status of these risks.

Risk Tolerance
The acceptable variation relative to the performance of the achievement of objectives.

Severity
The impact or "how bad" something could be if it did occur. The determination is based on the four factors of Safety, Reputation, Financial and Recovery.

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