



BOARD OF HEALTH PROCEDURE

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SECTION: N/A **PROCEDURE NO.:** BH-02-17

SUBJECT: Risk Management

APPROVED BY: Board of Health **PROCEDURE DATE:** May 15, 2019

1. PURPOSE

- 1.1. This procedure supports Policy No. BH-02-17 Risk Management. (See Attachment 7.1)
- 1.2. The purpose of this procedure is to set out a consistent organization-wide approach to risk assessment, management, mitigation and reporting activities.

2. PROCEDURE

2.1 Stating Objectives

- 2.1.1 The risk management process shall occur at all levels of the organization annually (e.g., in conjunction with operational planning) or when major decisions are being considered or new projects are started.
- 2.1.2 The most responsible person for the project, program or initiative shall define the context and confirm the objective(s) prior to initiating a risk identification process. The more specific that the objectives are, the easier that it will be to identify and assess potential risks associated with them.

2.2 Identifying Risks & Controls

- 2.2.1 Relevant stakeholders, both external and internal, with a common understanding of the objective(s) in question shall identify key risks associated with the objective(s).
- 2.2.2 Following the identification of the risks, the stakeholders will use the Ontario Public Service (OPS) framework to ensure that the identification process is comprehensive.
- 2.2.3 Risks shall be documented by category in a risk register.
- 2.2.4 For each documented risk, the existing risk controls (preventive, detective, corrective) shall be identified and documented in the risk register. Any potential future controls can be documented in the register for consideration in the risk planning and action step of the process.

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2.3 Assessing Risk

Risk assessment involves evaluating the likelihood and potential impact (e.g., financial, safety, morale, fines and retention) of identified risks using the following scale:

Value	Likelihood	Impact	Proximity	Scale
1	Unlikely to occur	Negligible Impact	More than 36 months	Very Low
2	May occur occasionally	Minor impact on time, cost or quality	12 to 24 months	Low
3	Is as likely as not to occur	Notable impact on time, cost or quality	6 to 12 months	Medium
4	Is likely to occur	Substantial impact on time, cost or quality	Less than 6 months	High
5	Is almost certain to occur	Threatens the success of the project	Now	Very High

The risk score is calculated by multiplying likelihood and impact.

- 2.3.1 The inherent risk shall be assessed and each score documented in the risk register.
- 2.3.2 The residual risk based on current controls identified shall be assessed and each score documented in the risk register.
- 2.3.3 The residual risk based on future controls identified shall be assessed and each score documented in the risk register.
- 2.3.4 The current residual risks on the risk prioritization matrix to determine the level of residual risk (low, medium, high) shall be assessed. This process will assist in setting priorities for the risks that need to be considered in the planning and taking action step of the process.

2.4 Planning & Taking Action

- 2.4.1 The risk register and risk prioritization matrix shall be reviewed with the appropriate stakeholders and decision-makers to determine appropriate responses. The four basic risk responses are: Avoidance, Control, Acceptance, and Transfer.
 - Avoidance refers to a decision not to engage in an activity because of the associated risks.
 - Control refers to specific mitigation strategies aimed at reducing the likelihood, the severity or both of a negative impact (e.g., physical security and safety measures).

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- Acceptance refers to the recognition that a given risk is best absorbed given the relative cost-benefits of active management (e.g., the deductible portion of an insurance contract).
- Transfer refers to arrangements to shift the risk to another party (e.g., insurance and other hedging practices).

2.4.2 The risk owner and others involved in the action response shall be identified. The risk owner shall take the lead in determining the action response and the timelines associated with each step of the response.

2.4.3 The risk owner shall document the action response details in the risk register. The level of detail required in the action response will vary depending on the severity of the risk. Low risks will require less detail, whereas, high risks will require more detail and relatively short timelines.

2.5 Monitoring & Reporting

2.5.1 Ongoing risk monitoring is a key component of the risk management process.

2.5.2 The risk register and risk prioritization matrix shall be updated on an annual basis by the risk owner(s).

2.5.3 Reporting frequency and audience is typically based on the level associated with a risk.

- Low risks are typically accepted and monitored, but normally don't have action plans. They are managed by routine procedures and reporting is to the project manager, manager or director.
- Moderate risks pose a moderate threat to the achievement of objectives, so typically require mitigation plans, specific procedures and ongoing monitoring. The risk owner shall manage the risk and regularly apprise his or her immediate supervisor of the risk status.
- High risks pose a significant threat to the achievement of key objectives. Detailed and immediate management planning and attention is required by the risk owner with regular monitoring. The risk owner shall apprise his or her immediate supervisor on a monthly basis, or as required. High organizational risks shall be reported to the Board of Health on an annual basis.

2.5.4 Organizational risks will be reviewed by Senior Management and presented to the Board of Health for their review and approval on an annual basis.

2.5.5 The Medical Officer of Health and Chief Executive Officer will further ensure systematic processes, inclusive of all staff, are in place for the development and

maintenance of division and program specific risk management plans. Divisional risk reports will be submitted to the MOH/CEO on an annual basis or as otherwise specified by the MOH/CEO.

2.6 Training

- 2.6.1 Employees, volunteers, and students shall be made aware of the agency's integrated risk management framework, policy and procedure during orientation.
- 2.6.2 Employees shall review the risk management competencies associated with their job with their manager.
- 2.6.3 Employees shall participate in risk assessment, prioritization and follow-up sessions as they occur at either the organizational, program or project level. This hands-on experience will enable application of risk management processes, tools and techniques to everyday work.

2.7 Administration

- 2.7.1 The risk register, risk prioritization matrix and risk reporting planner for the organizational level risks shall be maintained centrally in Corporate Services by the Administrative Senior Secretary. Others shall be maintained de-centrally at the divisional or project level.

3. SCOPE

- 3.1 This procedure applies to all plans, activities, processes, policies, procedures individuals and property that comprise the Thunder Bay District Health Unit.

4. RESPONSIBILITY

- 4.1 The **Board of Health** is responsible for:
 - Providing risk oversight and ensuring that the agency takes a risk-based approach to managing the organization's risk.
 - Obtaining an understanding of the risks inherent in the Health Unit's strategies and the risk appetite of management in executing these strategies.
 - Apprising itself of useful information from internal and external sources about the critical assumptions underlying strategies.
 - Being alert for organizational dysfunctional behaviour that can lead to excessive risk taking or insufficient risk taking.

- Providing direction on the extent and categories of risk that it regards as acceptable and define the scope and frequency of risk management reporting.
- Encouraging all staff to report risks and ensure that no person who in good faith reports a risk is subjected to any form of retribution, retaliation or reprisal.

4.2 The **Medical Officer of Health and Chief Executive Officer** (MOH/CEO) is responsible for:

- The overall responsibility for risk management, ensuring the effective execution of the Health Unit risk management process and that no significant risk is overlooked
- Development, implementation, and review of a systematic risk management process.

4.3 **Management** is responsible for:

- Ensuring that policies are carried out and processes are executed in accordance with objectives and identified risk tolerance.
- Actively embrace and integrate an approach to risk management; sharing risk information transparently throughout the Health Unit and promoting a culture in which risk management permeates all levels of the organization.

4.4 **Employees** and **students** are responsible for:

- Commitment and co-operation to support effective risk management.
- Recognition of their significant role in the management of risk, particularly within their own area of control.
- Adherence to the principles outlined in this policy and accountability to identify and report risk.

5. DEFINITIONS

- 5.1 **Risk:** the chance of something happening that will have an impact on the achievement of objectives. Risk can represent an opportunity or a threat to the achievement of objectives.
- 5.2 **Risk management:** a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.
- 5.3 **Integrated risk management:** a continuous, proactive and systematic process to understand, manage and communicate risk from an agency-wide perspective. It is about making strategic decisions that contribute to the achievement of an organization's overall objectives.
- 5.4 **Risk management process:** a simple, systematic process for incorporating risk management into the decision-making process for all agency activities. The five-steps

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include: stating objectives, identifying risks and controls, assessing risks, planning and taking action; and monitoring and reporting.

- 5.5 **Risk owner:** individual who is responsible for managing the risk or who has the most influence over its outcome.
- 5.6 **Risk register:** is a document that outlines the results of the risk identification, evaluation and prioritization process and includes additional information related to actions being taken and persons or groups responsible for the actions.
- 5.7 **Inherent risk:** the level of risk if no controls or other mitigating factors were in place.
- 5.8 **Residual risk:** the level of risk remaining after evaluating the effectiveness of existing risk mitigation or controls.
- 5.9 **Risk Prioritization Matrix:** a tool used to present the results of a risk assessment process visually and in a meaningful and concise way. It illustrates the likelihood and potential impact of identified risks.
- 5.10 **Risk category:** The Ontario Public Service risk management framework has been adopted and classifies risks into the following risk categories: financial, governance/organizational, people/human resources, information/knowledge, technology, legal/compliance, operational or service delivery, environmental, political, stakeholder/public perception, strategic/policy, security, privacy and equity.

6. REFERENCES

There are no references with this procedure

7. APPENDICES/LINKS AND ATTACHMENTS

- 7.1 Policy Number BH-02-17 Risk Management