

Public Health Services Risk Management Framework

October 2017

Contact Info

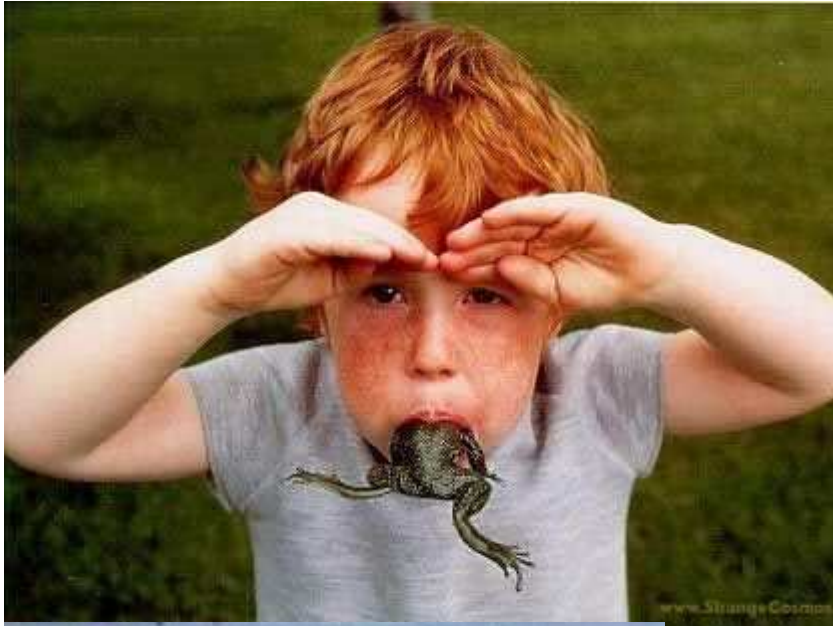
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Session Agenda

- 1 **Explain the basic concepts of Risk Management**
- 1 **Share the Ontario Public Service Risk Management Framework**
- 1 **BOH responsibilities**
- 1 **Q &A's**

Risk Intelligence

“The organizational ability to think holistically about risk and uncertainty, speak a common risk language, and effectively use forward-looking risk concepts and tools in making better decisions, alleviating threats, capitalizing on opportunities, and creating lasting value.”

Risk intelligence is essential to survival, success, and relevance of organizations and stakeholders.

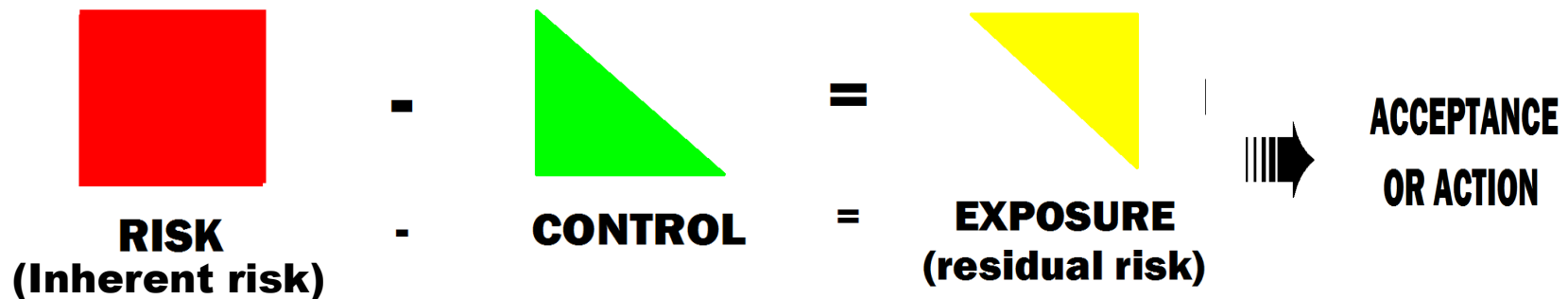
What is Risk?

Risk is 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.

More Risk Management Basics

- 1 Effective mitigation strategies/controls can reduce negative risks or increase opportunities.
- 1 Residual risk (exposure) is the level of risk after evaluating the effectiveness of controls.
- 1 Acceptance and action should be based on residual risk levels.
 - 1 Can you live with the exposure?
 - 1 If yes, accept it.
 - 1 If no, take more action.



What is Risk Management?

Risk management is a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.

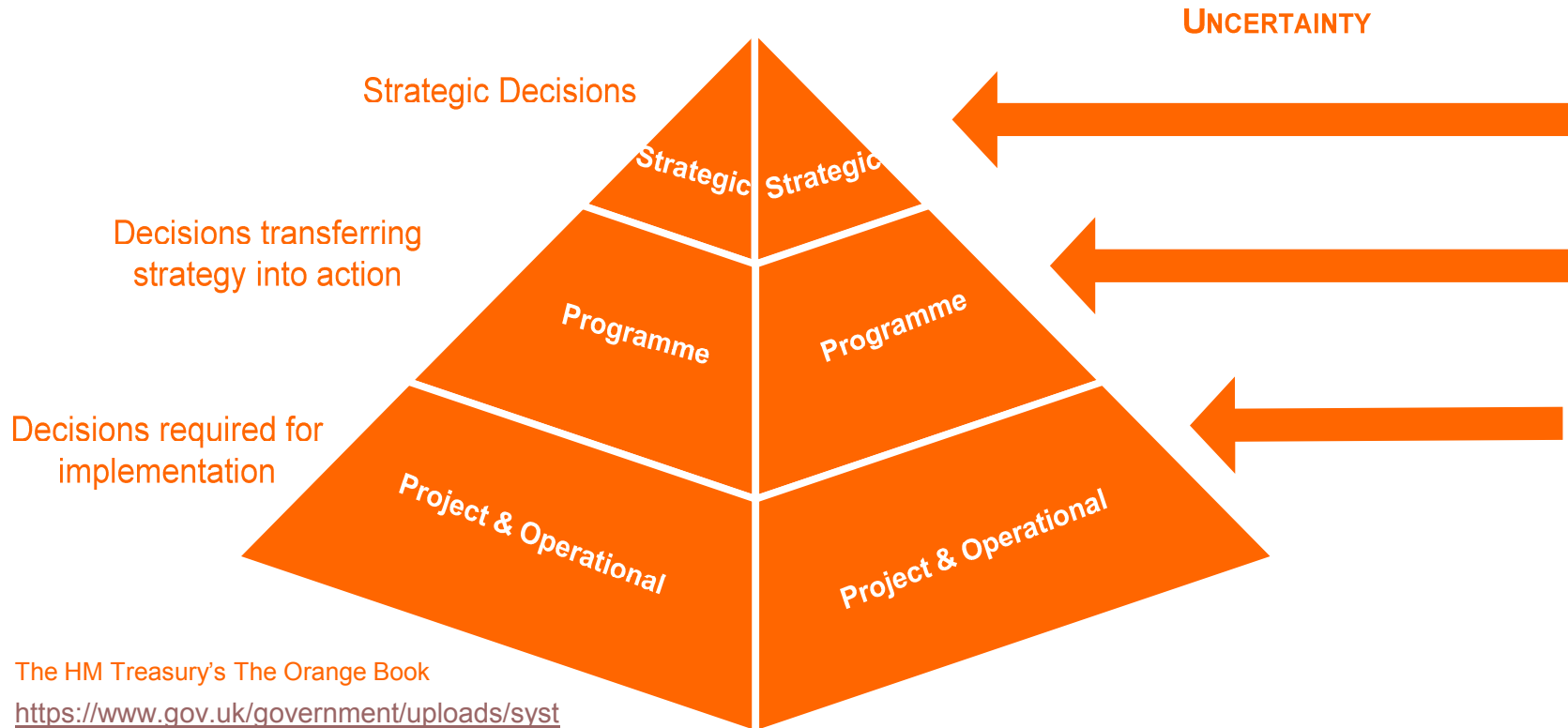
Why do Risk Management?

- 1 Helps the Board of Health (BoH) meet its strategic and operational objectives. **Improves outcomes and the achievement of objectives.**
- 1 Enables decision-makers to **consider and forecast risk and prioritize efforts more effectively.**
Allows intelligent “informed” risk management.
- 1 Considers both opportunities and threats as part of your risk assessment and allows you to **mitigate your threats and take advantage of opportunities.**

Why do Risk Management?

- 1 Is proactive.... not reactive. Helps you **prepare for risks before they happen** by developing appropriate risk mitigation and communication strategies.
- 1 Fulfills “**due diligence**” accountability, transparency and responsibility obligations.
.....**Really comes down to simple good management**

Risk Management is critical in ALL levels of decisions



The HM Treasury's The Orange Book

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220647/orange_book.pdf

Decisions can be categorized into three types. The amount of risk varies with the type of decisions. Most decisions are concerned with implementation.

Roles and Responsibilities

- The Public Health Unit – implementing all steps of RM
- The Board of Health – oversight of RM
- The Ministry – sets standards and expectations through OPHS, Organizational Standards and Accountability Agreements

A Healthy Risk Culture is Key



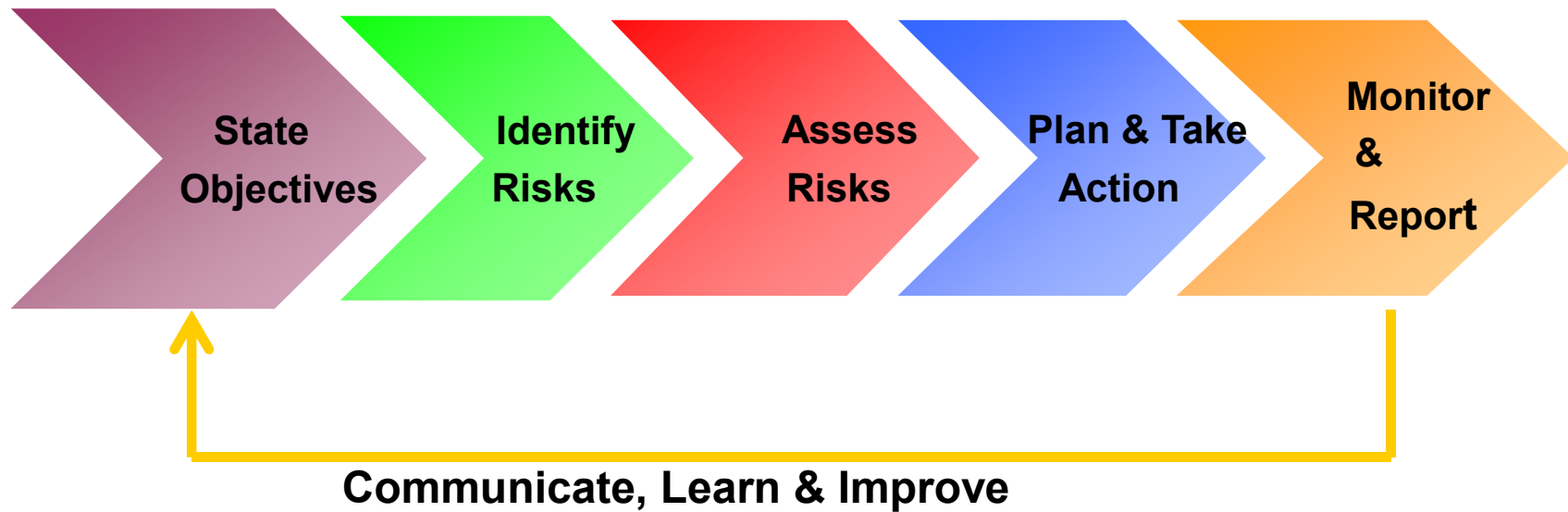
Think globally...act locally

We need to understand and create a healthy risk culture

- 1 What is a healthy risk culture?
- 1 How can we create and nurture it?
- 1 How can we destroy it?
- 1 How do we measure it?

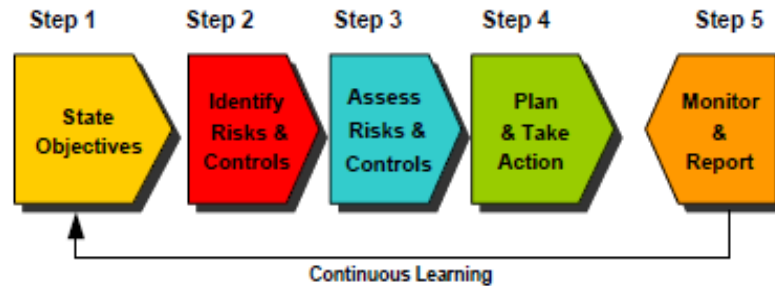
Advice: talk about risk...put it on every agenda!

Risk Management Process



INTEGRATED RISK MANAGEMENT QUICK REFERENCE GUIDE

The OPS risk management process



13 categories of risk

RISK	DESCRIPTION
Compliance/ Legal	Uncertainty regarding compliance with laws, regulations, standards, policies, directives, contracts; may expose the ministry to the risk of fines, penalties, litigation.
Equity	Uncertainty that policies, programs, services will have an equitable impact on the population.
Financial	Uncertainty of obtaining, using, maintaining economic resources; meeting overall financial budgets/commitments; preventing, detecting or recovering fraud.
Governance / Organizational	Uncertainty of having appropriate accountability and control mechanisms such as organizational structures and systems processes; systemic issues, culture and values, organizational capacity, commitment, and learning and management systems, etc.
Information / Knowledge	Uncertainty regarding the access to or use of accurate, complete, relevant and timely information. Uncertainty regarding the reliability of information systems.
Operational or Service Delivery	Uncertainty regarding the performance of activities designed to carry out any of the functions of the ministry/unit, including design and implementation.
People / Human Resources	Uncertainty as to the ministry's/ business unit's ability to attract, develop and retain the talent needed to meet its objectives.
Political	Uncertainty of the events may arise from or impact any level of the government including the Offices of the Premier or Minister, e.g. a change in government political priorities or policy direction.
Privacy	Uncertainty with regards to the safeguarding of personal information or data, including identity theft or unauthorized access.
Security	Uncertainty relating to physical or logical access to data and locations (offices, warehouses, labs, etc).
Stakeholder / Public Perception	Uncertainty around the expectations of the public, other governments, media or other stakeholders; maintaining positive public image; ensuring satisfaction and support of partners.
Strategic / Policy	Uncertainty that strategies and policies will achieve required results or that policies, directives, guidelines, legislation will not be able to adjust as necessary.
Technology	Uncertainty regarding alignment of IT infrastructure with technology and business requirements. Uncertainty of the availability and reliability of technology.

Step 1: State (or establish) objectives

- Define context and confirm objectives
- Risks must be assessed and prioritized in relation to the objective
- The more specific the objectives (specific goals, key milestones, deliverables and commitments) the easier it is to assess potential risks
- Risks can be assessed at any level; operational, program, initiative, unit, branch, health system

Risk (uncertainty)
The chance that a future event will impact the achievement of established objectives. Risks can be positive or negative.

Control / Mitigation Strategy
Controls/ mitigation strategies put in place by management to minimize negative risks or maximize opportunities.

Consequences

- Identify the specific consequences of each risk, if the risk in fact occurred
- Consider and quantify consequences in relation to cost, quality, time, etc.

Cause/Source of Risk

- Understand the cause/source of each risk
- Use a cause/effect diagram

Step 2: Identify risks & controls

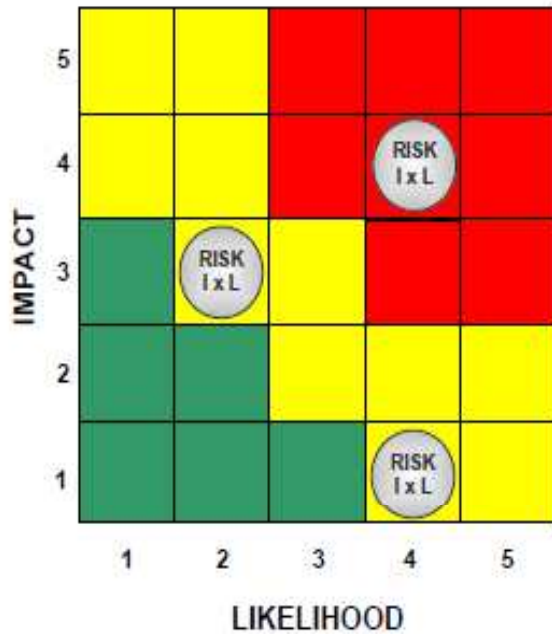
Identify risks - What could go wrong?

- Always use the 13 categories of risk
- Examine trends and consider past risk events
- Obtain information from similar organizations or projects
- Brainstorm with colleagues and/or stakeholders
- Increase awareness of new initiatives/ agendas and regulations, consider interdependencies
- Document short-term and long-term consequences for each risk (consider interdependencies)

Identify existing controls – What do you already have in place?

- Preventative controls (address causes and source of risk)
- Corrective / Recovery controls (focuses on reducing impact after risk has occurs)

RISK PRIORITIZATION MATRIX



Step 3: Assess Risks & Controls

Assess inherent risks

- *Inherent likelihood* – Without any mitigation, how likely is this risk to occur?
- *Inherent impact* – Without any mitigation, how big will be the impact of the risk on your objective?
- *Inherent Risk Prioritization* - Rate inherent likelihood, impact and proximity of the risk.
- *Risk Owner* - Identify the specific person accountable if the risk occurs. Involve Risk Owner if not already involved.

Assess existing controls

- *Controls* - Evaluate the effectiveness of existing mitigation strategies.
- *Control Owner* - Identify the person accountable for implementing specific control. Involve Control Owner if not already involved.

Reassess residual risks

- *Residual likelihood* – With existing mitigation strategies in place, how likely is this risk to occur?
- *Residual impact* – With existing mitigation strategies in place, how big an impact will this risk have on your objective?
- *Residual Risk Prioritization* - Re-assess the impact, likelihood and proximity of the risk with mitigation strategies in place.
- Use the 'Risk Assessment Worksheet' available through the Integrated Risk Management Team.

Rating 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

Step 4: Plan & Take Action

- For each of the 13 risk categories establish risk appetite and tolerances with senior management.
- Assess existing mitigation strategies have reduced the risk rating (Impact x Likelihood) so that the risk is below approved risk tolerance levels.
- Evaluate whether further mitigation strategies are needed.
- Develop SMART (Specific, Measurable, Achievable, Realistic, Time-specific) actions that will either reduce the likelihood of the risks or minimise the impact.
- Develop detailed action plans with timelines, responsibilities and outline deliveries.
- Use the 'Action Plan Worksheet' available through the Integrated Risk Management Team.

Step 5: Monitor & Report

- Ensure processes are in place to review risk levels and the effectiveness of mitigation strategies
- Use risk indicators
- Monitor and report by asking:
 - Have risks changed? How?
 - Are there new risks? Assess them.
 - Do you need to report or escalate risks? To whom? When? How?
- The Integrated Risk Management Team can help you establish monitoring processes.

Key Risk Indicators (KRI)

- *Leading Indicators* - Early or leading indicators that measure sources or causes to help prevent risk occurrences
- *Lagging Indicators* - Detection and performance indicators that help monitor risks as they occur

Risk Tolerance

- The amount of risk that the entity can manage for the area being assessed.

Risk Appetite

- The amount of risk that the entity is willing to manage for the area being assessed.

Risk Reporting & Communication

Risk Level – Determine Urgency	Action and Level of Involvement Required		
	Leadership within PHU	Board	MOHLTC and other external parties
High Risk (Mitigate, Escalate and Report)	<ul style="list-style-type: none"> 1 Risk mitigation and monitoring required – determine ownership and approve action plan 1 Assess exposure and likely effectiveness of mitigation (consider timing and impact) 1 Inform the board and others as per protocol 1 Develop a communication strategy if appropriate 	<ul style="list-style-type: none"> 1 Risk mitigation required – determine ownership and approval 1 Discuss with Chief Executive Officer and Board of Directors 1 Inform ministry immediately 	<ul style="list-style-type: none"> 1 To be reported as per agreements between parties.
Medium Risk (Mitigate, Escalate and Report)	<ul style="list-style-type: none"> 1 Risk mitigation and monitoring MAY be required – determine ownership and approve action plan 1 Assess exposure and likely effectiveness of mitigation (consider timing) 1 Inform the board and others as per protocol 1 Develop a communication strategy if appropriate 	<ul style="list-style-type: none"> 1 Management mitigation and ongoing monitoring required 1 Inform ministry in regular reporting 	<ul style="list-style-type: none"> 1 To be reported as per agreements between parties.
Low Risk	<ul style="list-style-type: none"> 1 Accept and monitor 1 Manage by routine procedures 1 Inform the board as per protocol 	<ul style="list-style-type: none"> 1 Accept and monitor 1 Inform ministry in regular reporting 	<ul style="list-style-type: none"> 1 To be reported as per agreements between parties.

Board responsibilities :

- 1 Approval of RM policy and framework
- 1 Ensure the BOH and staff have the capacity to implement RM
- 1 Ensure that all significant risks facing the PHU are identified and appropriate mitigation strategies are being proposed.
- 1 Ensure that the BOH has adequate input into risk discussions.
- 1 Ensure that BOH has adequate information to monitor progress of implementation and effectiveness of mitigation strategies.

In summary . . .

- 1 **Risk is uncertainty**
- 1 **Risk includes both threats and opportunities to our objectives**
- 1 **Risk is everywhere - and we are already managing risk**
- 1 **Risk can be shaped and transformed, but not totally eliminated**
- 1 **Risk Management is a systematic approach for dealing with uncertainty**
- 1 **Risk Management is useful at home and on the job**
- 1 **Risk Management is a key component in good management**
- 1 **Everyone has a responsibility to manage risk.**

QUESTIONS?

