13.

STAFF REPORT ACTION REQUIRED with Confidential Attachment

Enterprise Risk Management Program

Date:	December 10, 2018
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to obtain Toronto Public Library (TPL) Board approval for a Risk Management Framework and Risk Management Policy.

The proposed Risk Management Framework and Risk Management Policy along with the Risk Register and Risk Impact Assessment (RIA) tool will form TPL's Enterprise Risk Management (ERM) program. ERM enables TPL to identify long and short term risks and opportunities associated with strategic and business planning, daily operations, and library services.

With the ERM program in place, TPL strengthens its capacity to provide library services by better understanding the challenges inherent in delivering library services in a complex urban environment.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1.   approves the Enterprise Risk Management program consisting of:

   a.   Risk Management Framework; and
   b.   Risk Management Policy;

2.   receives for information:

   a.   Risk Impact Assessment tool; and
   b.   Risk Register Report *(Confidential as the information in the Risk Register Report (Attachment 4) involves the security of the property of the Board – Public Libraries Act, R.S.O 1990, Chapter P. 44, s. 16.1 (4) (a.).*

Implementation Points
To support the Library Board's role in governance and ensuring compliance with the ERM program, the Risk Register will be brought to the Board for review on an annual basis. At a minimum, Library staff will review the Risk Register semi-annually or as needed in response to a change in the external or internal environment.

FINANCIAL IMPACT

The recommendations in this report have no financial impact beyond what has already been approved in the current year's budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ALIGNMENT WITH STRATEGIC PLAN

The ERM program directly supports the Library's 2016-2019 strategic plan priorities of transforming for 21st century service excellence. Adoption of this program signals to key stakeholders that TPL is proactive in its approach to managing risk. This is particularly relevant when TPL enters new and innovative service areas in response to customer expectations. Expected outcomes of ERM are: improved customer service, early identification of vulnerabilities within new initiatives, identification and increased awareness of existing vulnerabilities within TPL systems and operations, and increased public engagement by offering nimble and responsive services that can be delivered more effectively because of a genuine understanding of risk.

EQUITY IMPACT STATEMENT

The establishment of the ERM program will have a positive impact on all equity-seeking groups. There are four risk categories within the program: Strategic Risk, Operational Risk, Compliance Risk, and Financial Risk. By considering risks within each of these categories, TPL strengthens its understanding of community needs and the challenges in implementing services that are responsive to the community. In particular, understanding operational risks that involve people, capital assets, processing, and program delivery improves TPL processes around service delivery.

DECISION HISTORY

On June 22, 2015, the Toronto Public Library Board requested that the City Auditor General conduct a Risk Assessment of the Toronto Public Library. Toronto City Council approved the development of a City-wide risk management framework. It was understood at that time that an enterprise risk management framework would enable TPL to manage vulnerabilities and risks associated with the strategic objectives of TPL.

Throughout 2017, TPL continued its analysis of establishing an ERM program. In 2018, TPL engaged an external risk specialist for a workshop on ERM involving senior leadership at TPL.

Subsequently, TPL developed an ERM program consisting of a Risk Management Framework, Policy, Risk Register and Risk Impact Assessment tool.

ISSUE BACKGROUND

Engaging in ERM enables TPL to manage risk appropriately, maximize potential opportunities, facilitate the achievement of strategic and business objectives, and minimize the adverse effects of risk.

The benefits of effective implementation of an ERM program include:
- Assessment of the short, medium and longer term risks inherent to the environment within which TPL operates;
- Effective allocation and use of resources for a risk response;
- Increased likelihood of achieving corporate strategic objectives aligning with the strategic direction of TPL;
- Improved stakeholder confidence and trust; and
- Improved operational effectiveness and efficiency.

Risk management contributes to the achievement of the Library's strategic objectives and directions through the continuous review of processes and systems that are in place. It is an integral part of the governance framework and operational and strategic planning processes.

A well-established risk management process assists both the Library Board and staff in the decision-making process by enabling informed choices, identification of priorities, and the selection of the most appropriate course of action. Sound risk management ensures that value is created and protected, addresses uncertainties, ensures transparency and inclusiveness and is responsive to environmental and organizational change. ERM facilitates the continual improvement of TPL.

COMMENTS

ERM Program Components
Each component of the ERM program is important in establishing how risks are accounted for and mitigated at TPL. The Risk Management Framework (Attachment 1) provides the background information on TPL's approach to ERM as well as its alignment with the City of Toronto's commitment to the development of an integrated risk management process.

The Risk Management Policy (Attachment 2) establishes the tools necessary for managing risk in the interest of mitigating harm while empowering the organization to make sound decisions.

The RIA tool (Attachment 3, for information) provides a means of evaluating TPL's strategic, business, and service offerings and initiatives from a risk assessment perspective. Identifying risks enable stakeholders to understand organizational impacts, strategic considerations, and risk mitigation strategies.

A summary of the risks and opportunities facing TPL are captured in the Risk Register [Attachment 4, for information – *Confidential as the information in the Risk Register Report (Attachment 4) involves the security of the property of the Board – Public Libraries Act, R.S.O 1990, Chapter P. 44, s. 16.1 (4) (a.)]*, which categorizes the strategic, operational, compliance, and financial risks which impact TPL's vision, mission, and values.

Applying the ERM Program
Staff from TPL engaged with senior leadership on an individual basis to identify and assess particular risks facing the organization. A total of twenty-six (26) risks have been identified and captured in the Risk Register and assigned to a senior leadership team member. After identification of each risk, a "risk score" was calculated for each category based on two (2) dimensions: likelihood and impact. Please see pages three and four of the Risk Impact Assessment tool in Attachment 3 for the scoring matrix used for both the Risk Register and the RIA. P lease note that the Risk Register itself is marked as a confidential document for review by members of the Toronto Public Library Board. The Risk Register contains identified risks as well as risk mitigation strategies in order for TPL to maintain a welcoming and supportive environment for library customers and staff. Should Board members wish to discuss specific information in the Risk Register, it will be necessary to move into a Closed Meeting.

CONTACT

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SIGNATURE

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Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1:   Risk Management Framework
Attachment 2:   Risk Management Policy
Attachment 3:   Risk Impact Assessment tool (for information)
Attachment 4:   Risk Register Report *(Confidential as the information in Attachment 4 involves the security of the property of the Board – Public Libraries Act, R.S.O 1990, Chapter P. 44, s. 16.1 (4) (a).).*

TORONTO PUBLIC LIBRARY

RISK MANAGEMENT FRAMEWORK

1. **Introduction**

This risk management framework has been developed taking into account the City of Toronto's commitment to the development of an integrated risk management process for all divisions and city agencies, international best practice that includes ISO standards, COSO Enterprise Risk Management, Governments of New Zealand and Australia practices, the experience of other public libraries, and the unique circumstances in the Toronto Public Library.

2. **What is Risk and Risk Management?**

A risk can be defined as the effect of uncertainty on organizational strategic objectives, programs and services. Risks can be strategic, compliance, fiscal, or operational related and affect physical premises and people, image or reputation, procedures, processes, compliance or reporting. Negative consequences can contribute to strategic, operational, systems or financial failure or deficiencies, or reputation impairment. Positive consequences through effective harnessing of opportunities can result in increased value, resilience, enhanced image and position.

Risk management involves a set of activities and actions that an organization takes to ensure that it is:

- Conscious of the potential risks that it faces;
- Makes informed decisions in managing the risks; and
- Identifies and maximizes potential opportunities.

The following types of risks are identified as crucial to the Library:

- Strategic risks – internal or external uncertainties, whether event or trend driven, that impact the Library's strategy or implementation of strategy/strategic initiatives. Examples include governance and effectiveness of the Board and City Librarian, stakeholder and relationship management, achievement of strategic objectives, maintaining relevance, and reputation (public image).
- Compliance risks – legal, legislative, by-law and policy compliance, including directives from City Council and financial accountability financial accountability requirements
- Fiscal risks – risks associated with monetary loss or fraud.
- Operational risks – people, capital assets, processes (including program development or program/service delivery in branches), controls established to achieve organizational targets, and goals, and continuity of offerings.

3. **When should Risk Management be used in the Library?**

Risk management should be incorporated into library functions and responsibilities to identify and manage opportunities and risks that should be considered to address risk issues relating to:

- Business processes and continuity;
- Capital assets and projects;
- Change capacity;
- Asset management (including collections);
- Community engagement;
- IT infrastructure, privacy and digital security;
- External economic factors and financial controls;
- Government policy considerations;
- Public interest (including safety and accessibility);
- Research and evidence based decision making;
- Dispute resolution;
- Complexity of Staffing and organizational competence;
- Delivery of services;
- Reputation management; and
- Succession planning.

4. **Risk Appetite**

Risk appetite refers to the amount and type of risk that the Library is willing to take on in the pursuance of its mandate and strategic objectives. There are a range of tolerances that exist for different types of risk that present themselves. These include:

Strong appetite for:

- Innovation and change;
- Initiatives that prompted the strategic direction and priorities of other orders of government;
- Continuous service improvement that addresses changing needs and promotes efficiencies; and
- Engagement and consultation with stakeholders and library customers in the design and implementation of new programs and services.

Moderate appetite for:

- Change in strategic plan and priorities; and
- Risks that will build and sustain the Library's reputation.

Low appetite for:

- System failure and information security breaches;
- Failure to safeguard collections;
- Decisions that negatively impact the financial stability of the Library; and
- Non-transparency in the funding arrangements of the Library.

No appetite for:

- Deliberate or reckless non-compliance with federal, provincial or local policy and legislative requirements;
- Compromising safety and welfare of staff, public or contractors;
- Fraud;
- Failure to comply with established financial controls;
- Acts that lead to damaging the Library's reputation; and
- Significant failure to meet stakeholder and funders commitments

There is no precise formula that is applied to determine the level of risk that the Library should settle on. Decision-making around risk appetite is informed by careful and prudent judgment taking into account: what controls the Library has in place that could safeguard the organization, processes in place to mitigate risks or the consequences of certain actions, and the balancing of potential positive opportunities and benefits that may accrue from the decision with the potential negative risk.

5. The Risk Management Process

The risk management process occurs both at an organization-wide and at a departmental level depending on the nature of the issue to which it is applied (as discussed in section 3 above). The model developed by the ISO and currently used by the Australian and New Zealand governments is proposed for the Library.

The chart below demonstrates the relationship between the organization's mandate, commitment to risk management (as per the Library's Risk Management Policy), and the risk management process.
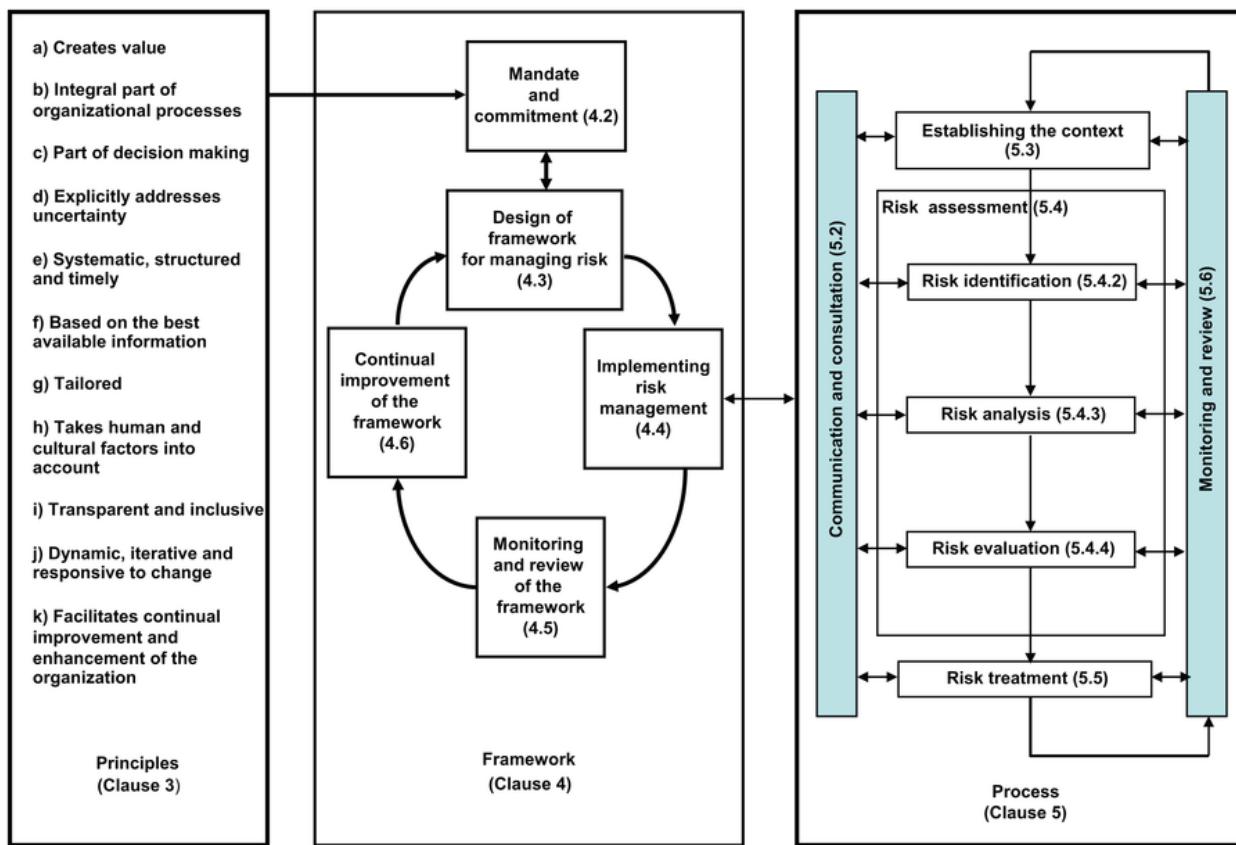
The risk management process entails five iterative steps:

    i.   Establishing the Context
    ii.   Risk Identification
   iii.   Risk Analysis
   iv.   Risk Evaluation
    v.   Risk Treatment or Response

It is essential that there is constant communication, consultation and documentation in each step of the process. This ensures that there is consistency and agreement on risk at all levels of the organization.

i. Establishing the Context

This step involves developing a common understanding of the environment in which the Library operates. This includes clearly articulating the Library's strategic and operational plans in the context of the operating environment which includes: political, economic, social, environmental, technical and policy contexts. It also includes legislative and government policy considerations.

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[1] ISO 31000 Risk Management Principles and Guidelines
https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-1:v1:en

ii. Risk Identification

The risk categories as identified in section 2 form the departure point for the identification of risks – what, where, when why and how. A range of sources of information can be used in the identification of risks e.g. audits, previous risk assessments, business and project plans and, crucially, the expertise of staff.

iii. Risk Analysis

This step includes determining the likely causes or things that could trigger a risk together with identification of any controls that are currently in place to deal with risk and assessing whether they would be effective in the circumstance.

A likelihood rating may be determined for each risk identified:

Score	Likelihood	Impact Description	How Likely
5	Almost certain	Is **expected** to occur within the next year unless circumstances change Frequent occurrence.	91 – 100%
4	Likely or very possible	Will **probably** occur in most circumstances. More than a 50/50 chance. Has occurred within the past 3 years or is more than 50% likely to occur within the next 3 years.	51 – 90%
3	Possible-occasionally (somewhat likely)	**Might** occur under current circumstances. Less than a 50/50 chance.	26 – 50%
2	Unlikely	**Could** occur if circumstances change. Small likelihood, but could happen.	5 – 25 %
1	Rare – almost impossible	**May** occur only in exceptional circumstances. **Possible**, but would be very surprising. Has not occurred in the past 3 years and is not likely to occur in the next 3 years.	< 5%

In addition the consequences of accepting the risk should be clearly articulated – the financial, reputational, compliance, business process/system impacts should be identified. The following table indicates how the analysis would be interpreted:

Impact of the Risk

Score	Impact	Impact Description
5	Extreme	One or more stated critical project/program objectives will not be achieved (Financial, Operational, Public). Objective will not be met.
4	Major	One or more stated objectives will fall below acceptable levels. Fundamental rework needed before program/project goals can be met.
3	Moderate	One or more stated objectives will fall well below goals. Delay in accomplishing program or project goals.
2	Minor	One or more stated objectives will fall below goals but deviation will not significantly affect program or project goals.
1	Minimal	Little or no impact on achieving project or program goals.

Risk Matrix Rating Chart [2]

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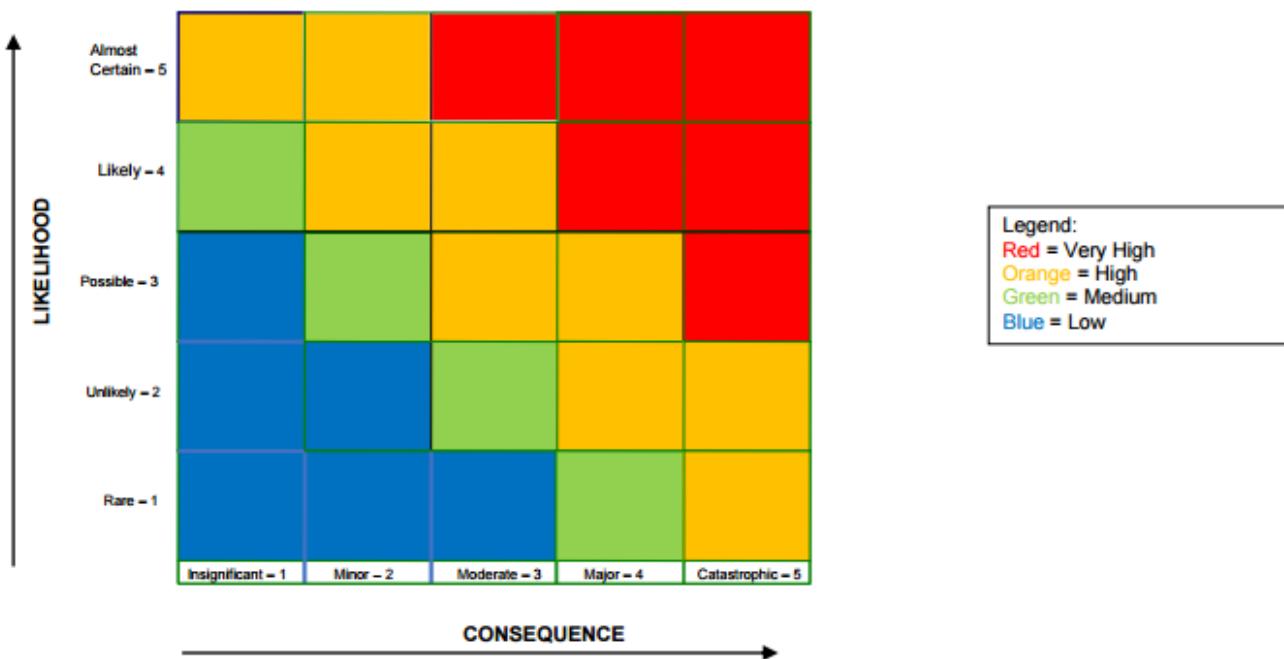
[2] www.sl.nsw.gov.au/sites/default/files/risk_management_policy_and_framework.pdf

<u>iv. Risk Evaluation</u>

Once the analysis is completed the next step is to evaluate which identified risks require further mitigation, taking into account the context, ratings and agreed upon organizational appetite for risk. For example, if a risk falls into the low category, it may be accepted with minimal further intervention. Or, if the benefit of the mitigation outweighs the cost or future opportunities exceed the threat the risk may be acceptable. Risks should be constantly monitored and reviewed to ensure that they remain within the acceptable risk range.

<u>v. Risk Treatment or Response</u>

This step involves deciding which response or mitigation strategy to apply an identifiable risk. The risk response takes into account cost, funding sources, and any means of identifying and addressing unacceptable risks. When considering opportunities, the response will include activities to increase the likelihood of success. Identified risks and opportunities, and the response plan may be documented in a Risk Register or assessment result if using a strategic risk tool.

Residual risk rating refers to any risk that might remain after mitigation strategies are put into place.

6. Existing Risk Related Policies and Procedures at the Library

Strategic

> 4 year Strategic Plan linked to outcomes;
> A Business Intelligence Framework; and
> Annual Work plan.

Compliance

> Privacy Impact Assessment protocol;
> Privacy Breach protocol;
> Acceptable Use of IT resources Policy;
> Disaster Recovery Plan;
> Digital Strategy that will allow for the identification of digital risk;
> Access to Information and Protection of Privacy Policy;
> Records Management Policy; and
> Records Retention Schedule.

Fiscal

> City of Toronto annual Budget Directions and Schedule;
> Financial Control Policy (including delegation of authority);
> Bank Signing Authority Policy;
> Procurement Processes Policy;
> Delegation of Authority;
> Fair Wage Policy;

Operating and capital budget submissions developed in consultation with Board and city staff, using City budget guidelines;
Completed a SOGR report and identified backlogs. Facilities Master Plan being developed;
Annual audited statements presented to the Board and remedial actions taken where necessary;
Stringent controls on potential for theft and misuse of assets – petty cash auditing, spending limits established;
Use of a collection agency;
Benchmarks for waiving fines; and
Monitoring and approval of process for annual fines purge process.

Operational

TPL Board Members Code of Conduct;
Advertising Policy;
Branch Closures Policy;
Building Projects Policy;
Circulation and Collection use Policy;
Communications Policy;
Community and Event Space Rental Policy;
Donations of Gifts-in-kind Policy;
Emergency Closing Policy;
Internet Use Policy;
Joint Facilities and Joint-use Policy;
Major Inclement Weather Policy;
Materials Selection Policy;
Naming Policy;
Online and Social Media Policy;
Police Reference Check Policy;
Programming Policy;
Public Consultation Policy;
Rules of Conduct Policy;
Rules of Conduct – exclusions, reinstatement and Appeals Policy;
Security Video Surveillance Policy;
Sponsorship Policy;
Translation Policy;
Employee Code of Ethics;
Conflict of Interest Policy;
Disclosure of Wrongdoing and Reprisal Policy;
Employment of Relatives of TPL Employees;
Staff Expense Claim Policy;
Human Rights and Anti-Harassment Discrimination Policy;
Lobbying Disclosure Policy;

Workplace Violence Prevention and Response Policy;
Approved new organizational structure;
A formal process for complement management;
Extensive staff development program;
Succession planning in place;
Joint Health and Safety Committees in place across the organization;
Emergency Planning structure in place; and
Implementation of a Human Capital Management system.

7. References

Heriot Watt University: *Risk Management*, 2008

Arts Council of New Zealand Toi Aotearoa, *Risk Management Toolkit, 2014*

Rodney Petersen, *Risk Assessment Frameworks*

Beverley Romeo-Beehler, Presentation to the TPL Board June 22, 2015, *Key Aspects of Board Governance: An Auditor General's Perspective*

British Library, *Risk Management Policy and Strategy, 2013*

New South Wales State Library, *Risk Management Policy and Framework, 2016*

ISO, 31000:2009, *Risk Management Principles and Guidelines*

Oakville Public Library, *Integrated Risk Management*

COSO, *Enterprise Risk Management – Integrated Framework, September 2004*

COSO, *Enterprise Risk Management: Integrating with Strategy and Performance, June 2017*

Mark L. Frigo and Richard J. Anderson, *What is Strategic Risk Management April 2011*

A. Mohammed and R. Sykes, *Sharpening Strategic Risk Management 2017*

Toronto Public Library, report to the Library Board, *Auditor General's Risk Assessment, June 22, 2015*

City of Toronto, Auditor General's report to Audit Committee, *Implementing an Integrated City-wide Risk Management Framework, June 11, 2015*

Ottawa Public Library Board, *OPL Risk Management Framework, February10, 2014*

POLICY: **RISK MANAGEMENT POLICY**

SECTION: **Section # – Policy Section Name**

MOTION#/DATE: **18 - xxx – December 10, 2018**

Effective Date

XXXXX

Purpose

The Risk Management Policy is a key element of the Library's Enterprise Risk Management Program. Through this policy, Toronto Public Library establishes the tools necessary for managing risk in the interest of mitigating harm while empowering the organization to make sound decisions. This enables the Library to fulfill its mission and strategic objectives.

Policy Objective

As one of the world's leading public libraries, Toronto Public Library seeks to protect its assets while encouraging responsible risk taking to ensure proper stewardship of public resources. At a minimum, this policy addresses the following risk issues:

- Business processes and continuity;
- Capital assets and projects;
- Change capacity;
- Asset management (including collections);
- Community engagement;
- IT infrastructure, privacy and digital security;
- External economic factors and financial controls;
- Government policy considerations;
- Public interest (including safety and accessibility);
- Research and evidence based decision making;
- Dispute resolution;
- Complexity of staffing and organizational competence;
- Delivery of services;
- Reputation management; and
- Succession planning.

This policy is a formal acknowledgement of Toronto Public Library's commitment to Risk

Management. The aim of the policy is to ensure that every effort is made by the Library to manage Risk appropriately, maximize potential Opportunities, facilitate the achievement of strategic objectives, and to minimize the adverse effects of Risk.

The policy enables:

- Effective implementation of an Enterprise Risk Management program;
- Assessment of the risks inherent to the environment within which Toronto Public Library operates;
- Effective allocation and use of resources for a Risk Response;
- Increased likelihood of achieving corporate strategic objectives aligning with the strategic direction of the Toronto Public Library;
- Improved stakeholder confidence and trust; and
- Improved operational effectiveness and efficiency.

Underlying Principles

Risk Management contributes to the achievement of the Library and City's strategic objectives and directions through the continuous review of processes and systems that are in place. It is an integral part of the governance framework and operational and strategic planning processes.

A well-established Risk Management process assists both the Library Board and TPL staff in the decision-making process by enabling informed choices, identification of priorities, and selection of the most appropriate course of action.

Policy Statement

Toronto Public Library is committed to embedding risk management into strategic and operational decision making so that risk is mitigated to an acceptable level and opportunities to deliver excellent and responsive service are leveraged.

Effective management of Risks and Opportunities contributes towards the Library's ability to deliver services efficiently, and to achieve strategic and operational objectives.

Risk Management is an integral part of the Library's decision-making and routine management. It will be a component of the Library's forthcoming strategic and operational planning processes.

The Library is committed to ensuring that appropriate staff are provided with adequate guidance and training on the principles of Risk Management and their responsibility to implement Risk Management effectively.

The Library will regularly review and monitor the implementation and effectiveness of the Risk Management process to foster a risk aware culture across the organization.

Scope

Risk is an inherent aspect of all work undertaken by the Toronto Public Library. Sound Risk Management principles must become part of routine management of activities across the Library.

This policy will ensure that the Library has a consistent basis for understanding and actively managing, monitoring and reporting risks across the Library at all appropriate levels. It is essential in managing public resources, contributing to sound decision-making, and enhancing accountability and transparency.

This policy covers Risks and Opportunities associated with the following areas:

Strategic risks – internal or external uncertainties, whether event or trend-driven, that impact the Library's strategy or implementation of strategy/strategic initiatives. Examples include governance and effectiveness of the Board and City Librarian, stakeholder and relationship management, achievement of strategic objectives, maintaining relevance, and reputation (public image).

Compliance risks – legal, legislative, by-law and policy compliance including directives from City Council and financial accountability requirements.

Fiscal risks – risk of monetary loss including fraud.

Operational risk – people, capital assets, processes including program development, program/service delivery in branches, controls established to achieve organizational efficiency, and continuity of offerings.

Application

The policy applies to all programs and services planned, implemented and monitored by the Library that may have associated strategic, compliance, fiscal, and operational risks.

Risk Impact Assessments (RIAs) will be conducted on new ventures and activities, including projects, programs, processes, systems and activities to ensure that these are aligned with the Library's goals and objectives. Additionally, where there is a significant shift in the strategic direction (as outlined within a project charter or other similar planning document) for any initiative, a Risk Impact Assessment is recommended to

determine if any additional risks arise from the shift. The Library will maintain a risk register which will include information of the identified Risks, and Risk Responses including mitigation measures.

Specific Directives

1. A Risk Management Framework to be developed, approved and implemented
2. Understanding and actively managing of Risks and Opportunities shall apply to all significant programs/services, policies and budgetary considerations.
3. The risk management process to be reflected in a Risk Register.
4. Development of a Risk Impact Assessment tool in order to assess new or significantly modified Library initiatives.
5. Communication, training, and tools will be developed to support the implementation of the Enterprise Risk Management Program throughout the Library.

Accountability

The **City Librarian** is to champion a Risk Management culture within the organization.

Directors are accountable for overseeing the implementation of the Risk Management Policy and Framework within their departments. This includes ensuring that Risks pertinent to business processes within their control are identified and managed. The City Librarian and Directors serve as the Risk Owners, accountable for specific categories of Risk as determined by their mandate. While it is possible and even likely that some categories of Risk may span the jurisdiction of one or more Directors, each Risk is to be ascribed to a single Risk Owner.

All staff are responsible for complying with the provisions of this policy and the Risk Management Framework by proactively identifying Risks and Opportunities, reporting incidents and other concerns to management, and complying with the policy and procedures to harness Opportunities while minimizing the Library's exposure to Risk.

Appendices

Definitions

Risk: The effect of uncertainty (positive or negative) on the achievement of objectives. The chance of something happening that will have a positive or negative impact on objectives.

Opportunity: A favourable combination of advantageous capabilities and occasion or time that if acted upon, may accelerate achievement of objectives and enhance an organization's position.

Risk Management: The culture, process and procedures that are in place to realize potential opportunities whilst managing adverse effects.

Risk Management Process: The application of policies, procedures and practices in establishing context, identifying, analyzing, evaluating, treating monitoring and reviewing risks.

Risk Owner: The senior executive responsible for developing, implementing and monitoring response effectiveness to address major risks and opportunities.

Risk Response: The selection and implementation of strategies and measures to modify or control the risks, or leverage an Opportunity and increase the likelihood of success.

Risk Impact Assessment (RIA) Tool

Introduction

A combination of new ideas, resources, and creative people leads us to new business ideas and growth as an institution. When assessing the likelihood of success for a potential strategic initiative, evaluating that initiative within a risk assessment framework empowers an organization to manage, mitigate, and monitor risks as they potentially arise from a new and exciting offering from the Library. With a strong risk management framework in place, TPL can have greater assurance that the assumed risks have been assessed and understood by senior management, thus better positioning the organization to anticipate challenges as they arise with a new product or service. In short, a better understanding of risk enables greater innovation and allows TPL to explore new ventures with more confidence.

What this tool accomplishes

This Risk Impact Assessment tool is useful for analyzing new TPL program offerings and initiatives. Systematic risk identification enables TPL to understand the likelihood of a particular project succeeding. This is particularly relevant given our dynamic and ever-changing context whether along social, economic, or political dimensions. This tool enables the early identification of organizational impacts, strategic considerations, and risk mitigation strategies. Elucidating the risks helps develop a more robust understanding of the project, not just for its champions and internal stakeholders, but also for members of the public whose experiences ultimately measure the success of any particular product or service provided. It is helpful to refer to the Risk Register for the risk categories and scoring as the same categories of risk are used with this tool (unless a novel risk category arises as a result of a new initiative).

Using the Risk Impact Assessment tool

TPL's Risk Impact Assessment tool consists of a series of "yes" or "no" questions requiring brief explanations to help proponents of a particular initiative apply a risk analysis lens to their project. The purpose of the document is to generate discussion and uncover opportunities for consultation and feedback from the broader management team at TPL. Enabling cross-communication on new and exciting initiatives at TPL enables more team members to understand the challenges and opportunities posed by inventive and original programs pursued by TPL. Risk assessment questions are listed below and can be completed in consultation with Policy, Planning, and Performance Management as well as your manager.

Scoring the Associated Risks

Similar to the Risk Register, the Risk Impact Assessment tool scores each individual project along two dimensions: the likelihood that a risk is to arise, and the impact of that risk materializing. The scoring matrix is included below for reference.

How to Assess and Evaluate Risk

Once a list of potential risk events has been established, consider the **impact and likelihood** of each risk. The likelihood is the chance, possibility or probability that an event will occur. The impact is the result or the effect of an event. The impact of an event can be positive or negative relative to the Library's objectives and there can be a range of possible impacts associated with any single event. Also consider these major categories of risk assessment in your analysis:

- Business processes and continuity;
- Capital assets and projects;
- Change capacity;
- Asset management (including collections);
- Community engagement;
- IT infrastructure, privacy and digital security;
- External economic factors and financial controls;
- Government policy considerations;
- Public interest (including safety and accessibility);
- Research and evidence based decision making;
- Dispute resolution;
- Complexity of staffing and organizational competence;
- Delivery of services;
- Reputation management; and
- Succession planning.

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What is the likelihood of the risk occurring?

Table 1: Risk Likelihood Rating

Score	Likelihood	Impact Description	Likelihood of Occurring
5	Almost Certain	Is **expected** to occur within the next year unless circumstances change; or this is a frequent occurrence.	91 – 100 %
4	Likely or very possible	Will **probably** occur in most circumstances. More than a 50/50 chance. Has occurred within the past 3 years or is more than 50% likely to occur within the next 3 years.	51 – 90%
3	Possible-occasionally (somewhat likely)	**Might** occur under current circumstances. Less than a 50/50 chance.	26 – 50%
2	Unlikely	**Could** occur if circumstances change. Small likelihood but could happen.	5 – 25%
1	Rare – almost impossible	**May** occur only in exceptional circumstances. **Possible**, but would be very surprising. Has not occurred in the past 3 years and is not likely to occur in the next 3 years.	< 5%

What is the impact of the risk?

Table 2: Risk Impact Rating (high-level analysis)

Score	Impact	Impact Description
5	Extreme	One or more stated critical project/program objectives will not be achieved (Financial, Operational, Public). Objectives will not be met.
4	Major	One or more stated objectives will fall below acceptable levels. Fundamental rework needed before program/project goals can be met.
3	Moderate	One or more stated objectives will fall well below goals. Delay in accomplishing program or project goals.
2	Minor	One or more stated objectives will fall below goals but deviation will not significantly affect program or project goals.
1	Minimal	Little or no impact on achieving project or program goals.

How to calculate the risk score

Once the likelihood and impact values have been determined, the risk score is calculated as follows:

$$(\text{Likelihood}) \times (\text{Impact}) = \text{Risk Score}$$

$$(1 - 5 \text{ scale}) \times (1 - 5 \text{ scale}) = \text{max of } 25$$

How to interpret risk scores

Risk Score (1 to 25)	Level of Risk	
15 – 25	High	**Unacceptable**
10 – 14	Medium - High	**Marginally Unacceptable**
5 – 9	Medium	**Marginally Acceptable**
0 – 4	Low	**Acceptable**

Legend

Unacceptable:	Risks that must be mitigated. These require a strategy.
Marginally Unacceptable:	Risks that need to be mitigated. A strategy is required.
Marginally Acceptable:	Risks that need attention. Consider carefully to determine if and what mitigations should be undertaken.
Acceptable:	No specific action required.

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Initiative/Project:

Department:

Proponent(s):

TPL Risk Impact Assessment tool		
Question	**Yes/No Response**	**Explanation (how is this aspect of the initiative achieved?)**
1. Strategic Alignment – Why should we do this?		
Is this initiative something that our customers are interested in?		
Does this initiative align with our strategic plan?		
Does this have positive or negative impacts on other TPL initiatives?		
Is there a risk in not pursuing this?		
2. Compliance– Are we allowed to do this?		
Are there restrictions (e.g. regulatory) on our ability to pursue this?		
Do we need third party advice to initiate this project?		
3. Capacity – Are there sufficient resources and skills within TPL to do this?		
Does our current staff complement and organizational configuration enable us to deliver this product or service?		
Is there a need for other resources to be acquired before implementing this?		
Are there ongoing resource requirements for maintenance and growth of this initiative?		

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TPL Risk Impact Assessment tool		
Question	**Yes/No Response**	**Explanation (how is this aspect of the initiative achieved?)**
Have we consulted with and sought input from all departments who may be impacted during any phase of this initiative?		
4. Partnerships –can we rely on our partners?		
Is there a reliance on external partners?		
Will external partners support our initiative?		
Can we rely on our partners to address capacity issues that TPL may have in delivering a product or service?		
5. Reputational risk – could this initiative embarrass us?		
Are we satisfied that undertaking this initiative will not impair the organization's reputation?		
Can damage to our reputation arise from failure of this program?		
Will this initiative require significant effort and resources to defend our reputation?		
6. Financial Considerations – affordability		
Do projected financial costs exceed benefits?		
Can we distinguish between one-time costs and on-going costs at this point?		
7. Authority – approval considerations		
Do we need approval from the TPL Board to pursue this initiative?		
Are there any aspects of this proposed initiative that the Board of Directors or broader membership would expect us to consult with or at least inform them about in advance?		

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TPL Risk Impact Assessment tool		
Question	Yes/No Response	Explanation (how is this aspect of the initiative achieved?)
8. Are there any other questions that are particular to this project? List questions below that need to be answered, if applicable.		
<Question >		
<Question >		

🛑 **STOP.** *Thank you for completing the Risk Impact Assessment tool. Please return this document to PPPM via e-mail to either Sujoy Chatterjee at* schatterjee@torontopubliclibrary.ca *or Suzanne Millar at* smillar@torontopubliclibrary.ca *for analysis and instructions on next steps.*

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RISK IMPACT ASSESSMENT TOOL REPORT

EXECUTIVE SUMMARY

Provide reviewers and decision-makers with an overview of the project, summarize your key findings, recommendations and action items and note any outstanding risks.

[ANSWER HERE]

Summary of Risks and Recommendations

Indicate the level of risk you have determined for each of the following issues identified in the table below.

IDENTIFIED RISKS	DESCRIPTION OF RISK	CURRENT RISK RATING	RECOMMENDATION
Risk #1			
Risk #2			
Risk #3			

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APPROVAL AND AUTHORIZATION

Verification that RIA has been completed by the proponent of this initiative undergoing this analysis	_____ *Signature , Date* [*Title*]
Authorization that the RIA has been completed to the satisfaction of the Manager for Policy, Privacy & Records Management	_____ *Signature , Date* Manager, Policy, Privacy & Records Management
Director's authorization and approval of the findings within the RIA	_____ *Signature , Date* Director, [*Title]*

Toronto Public Library Enterprise Risk Management Program

December 10, 2018

Toronto Public Library Board

TORONTO PUBLIC LIBRARY

Overview: Enterprise Risk Management (ERM) Program

- Why TPL is engaging in an ERM Program – our approach

- Background research conducted

- TPL's ERM Program – components, implementation and progress to date

- The role of TPL Board in relation to ERM

- To understand and manage risks and opportunities in relation to annual and Strategic Plan objectives

Background Research Conducted

- Literature review of risk management best practices

- External consultant, senior leadership team exercise on risk identification

- Implementing best practice recommendations from Committee of Sponsoring Organizations (COSO)

- ISO 31000 Risk Management Principles and Guidelines

- The ERM program is a dynamic, iterative process which is applicable to:

  1. New initiatives;

  2. Changes in strategic direction; or

  3. to address emergent issues with existing projects/programs

Implementation of ERM Program: Four Components

1. Enterprise Risk Management Framework

2. Risk Management Policy

3. Risk Register

4. Risk Impact Assessment (RIA) tool

- Provides an in-depth analysis of the 26 risks identified by TPL senior management and our external consultant

Risk Mitigation (Action) Plan		
Risk Name: *[as it appears on the Risk Register]*	**Differentiation**	
Risk Category and Subcategory:	Strategic Risk	
Risk Owner:	City Librarian	
Risk Description: Differentiation or competition risks and opportunities relates to ability to sustain our value proposition and customer focus, program model		
Risk Score	**(Likelihood X Impact)**	**Current Period**
	(4 X 3) = 12	**Medium-High**
Summary of Action Taken to Date:		
Issue		**Mitigation**
Competition	Rely on environmental scans to identify competitors who offer similar services	
maintaining relevance to customer base	Maintain relevance as a local institution that offers services responsive to community needs through ongoing collection of feedback from local communities. Remind stakeholders of the unique value proposition that TPL offers as social infrastructure for the city. Use of the Service Development Framework addresses this by showing the vaious channels through which TPL offers services to members of the public.	
Explanation of the Risk Assessment:		
This risk category requires explaining to stakeholders the unique value proposition which the Library offers. The relevance of the Library as a place for free and equitable access to basic educational services, as well as experiential programs is a way to maintain the Library's reputation as a reliable public service which is responsive to the needs of the community.		

An accountability mechanism

- What is the RIA?

- When do we use it?

- How are the results of an RIA reflected in the Risk Register?

RIA Sample Questions

TPL Risk Impact Assessment tool		
Question	Yes/No Response	Explanation (how is this aspect of the initiative achieved?)
1. Strategic Alignment – Why should we do this?		
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Does this initiative align with our strategic plan?		
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3. Capacity – Are there sufficient resources and skills within TPL to do this?		
Does our current staff complement and organizational configuration enable us to deliver this product or service?		
Is there a need for other resources to be acquired before implementing this?		
Are there ongoing resource requirements for maintenance and growth of this initiative?		

- Approval of the ERM Program

- Annual reporting to TPL Board