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**STAFF REPORT
INFORMATION ONLY**

Annual Risk Register Update

Date: December 4, 2023

To: Toronto Public Library Board

From: City Librarian

Reason for Confidentiality:

The Risk Register Board Summary (Confidential Attachments 1 and 2) considers materials that relate to the security and property of the Board; in accordance with section 16.1(4)(a) of the Public Libraries Act, all attachments are considered confidential and therefore not available for public distribution.

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with the 2023 and future year outlook for the Risk Register. Toronto Public Library (TPL) has committed to an annual review and updating of the Risk Register, which supports the Board's role in governance and ensures compliance with the Board's Enterprise Risk Management (ERM) Program.

The ERM program supports the Library in building capacity in areas of known risk, helping mitigate risks to an acceptable level. It enables the Library's ongoing growth, innovation and strategic outcomes and allows TPL to take advantage of opportunities to deliver excellent service in innovative ways. Additionally, the program supports a better understanding of the challenges

inherent to service delivery, allowing an integrated approach to risk management.

TPL's 2023 Risk Register utilized an updated methodology to identify, classify and score risks. In addition to 16 risks with inherent scores of 'low' to 'medium-high', eight (8) risks scored 'high' or 'extreme' in their inherent unmitigated state. All risks are reported in detail to the Board in the enclosed updated 2023 Risk Register in confidential attachments 1 and 2.

FINANCIAL IMPACT

A proper Enterprise Risk Management program should result in lower overall financial cost for TPL. The information in this report is an input into the annual capital and operating budget process and appropriate funding is allocated to address and mitigate risk.

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

ALIGNMENT WITH STRATEGIC PLAN

TPL's *Strategic Plan 2020-2024: Resilience, Success and Well Being for our City and its Communities*, highlights five strategic priorities developed through extensive stakeholder and public consultation:

1. Public Space
2. Digital Inclusion and Literacy
3. Workforce Development
4. A Democratic Society
5. Public Service Excellence

The ERM program enables the Library to be innovative while managing risks, to maximize opportunities and advance the outcomes of the strategic priorities. Risk management is an integral part of strategic, operational and budget planning. ERM assists the Library in delivering an innovative, effective, and efficient library service in a complex and challenging service environment.

EQUITY IMPACT STATEMENT

Analyzing, understanding and mitigating external and internal risks to an acceptable level allows TPL to advance strategic outcomes by delivering innovative services and programs which have a positive impact on all equity-deserving groups.

DECISION HISTORY

At its December 10, 2018 meeting, the TPL Board approved the ERM Program consisting of a Risk Management Framework, Policy, Risk Register and Risk Impact Assessment tool. The Board was updated on the progress and status of the ERM program at its June 17, 2019 meeting, September 21, 2020 meeting, October 25, 2021 meeting, and September 19, 2022 meeting.

ISSUE BACKGROUND

The Enterprise Risk Management Program enables TPL to remain accountable while managing risks, maximizing potential opportunities, facilitating the achievement of strategic and business objectives, and minimizing the adverse effects of risks.

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. This is an integral part of the governance framework embedded in TPL's strategic and operational planning processes.

TPL has followed a three-phased approach to enhance risk management capabilities, and the Enterprise Risk Management Program has steadily matured since it was first introduced in 2018.

Phase I (2018): TPL introduced the Risk Assessment Process to understand key risks and opportunities. The first Risk Register was established to document risks and included response strategies.

Phase II (2019): The annual update in 2019 enabled the maturation of the Risk Management program with the introduction of the Risk Impact Assessment (RIA) tool for new initiatives and programs.

Phase III (2020-2024): TPL is working through Phase III of implementation, which embeds ERM into strategic and business planning, service development, and capital project initiatives to support risk-informed decision making in all areas of the Library's operations.

COMMENTS

2023 Risk Register Update

The 2023 Risk Register was written using a revised format that matches industry standards, includes content that was identified through in-depth document analysis and interviews with TPL experts, and includes scores and risk mitigation controls that were co-developed with the aim of achieving consensus. This resulted in a more accurate scoring of risks that remain active, allowed emerging risks to be considered and added, where appropriate, and allowed the removal of risks that were fully mitigated. It is for this reason, that a comparison against the list of predetermined risks that were evaluated in past years is not provided this year.

The Board's role is to oversee the management of the most likely and impactful risks, thus, Attachment 1 includes all risks (8) with inherent scores of 'extreme' or 'high'. The 2023 Enterprise Risk Register also includes an additional 16 risks (attachment 2) that were identified as having an inherent score of 'low', 'medium', or 'medium-high'. Only one of these risks (staffing increased open hours on Sunday) is expected to increase in likelihood over the next year.

There were three broad strategies that enabled the achievement of these results:

1. **Maturing of ERM as a program at TPL**
    This is the sixth year that TPL has developed a risk register, as part of the ERM program. The ERM program continues to be integrated into the Library's strategic, operational, business and budget planning processes, enabling risk-informed decision-making.

2. **Post-pandemic organizational capacity**
    Throughout the pandemic and the recent cyber incident, TPL has been agile in managing risk while offering innovative service options. While TPL

integrates lessons learned during recent events, the Library continues to increase organizational capacity to mitigate risks and deliver responsive services in a complex and changing environment.

3. **ERM program capacity**
   In 2023, the Policy, Planning and Performance Management Division implemented a new operating model which enabled renewed focus on the Risk Register content and processes to ensure its future integration with the Strategic Plan and Divisional Workplans.

The 2023 Risk Register Board Summary helps capture these changes, and provides an inventory of risk considerations that are relevant to the 2020-2024 Strategic Plan.

CONTACT

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SIGNATURE

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Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1. 2023 Risk Register Board High Risk Summary (CONFIDENTIAL)

Attachment 2. 2023 Risk Register Board Medium-High, Medium and Low Risk Summary (CONFIDENTIAL)

Attachment 3. TPL Enterprise Risk Management Program: 2023 Risk Register Presentation

TPL enterprise risk management program
2023 risk register

Toronto Public Library Board

December 4, 2023

To report to the Board the status of all risks in the 2023 Risk Register with an inherent score of extreme or high
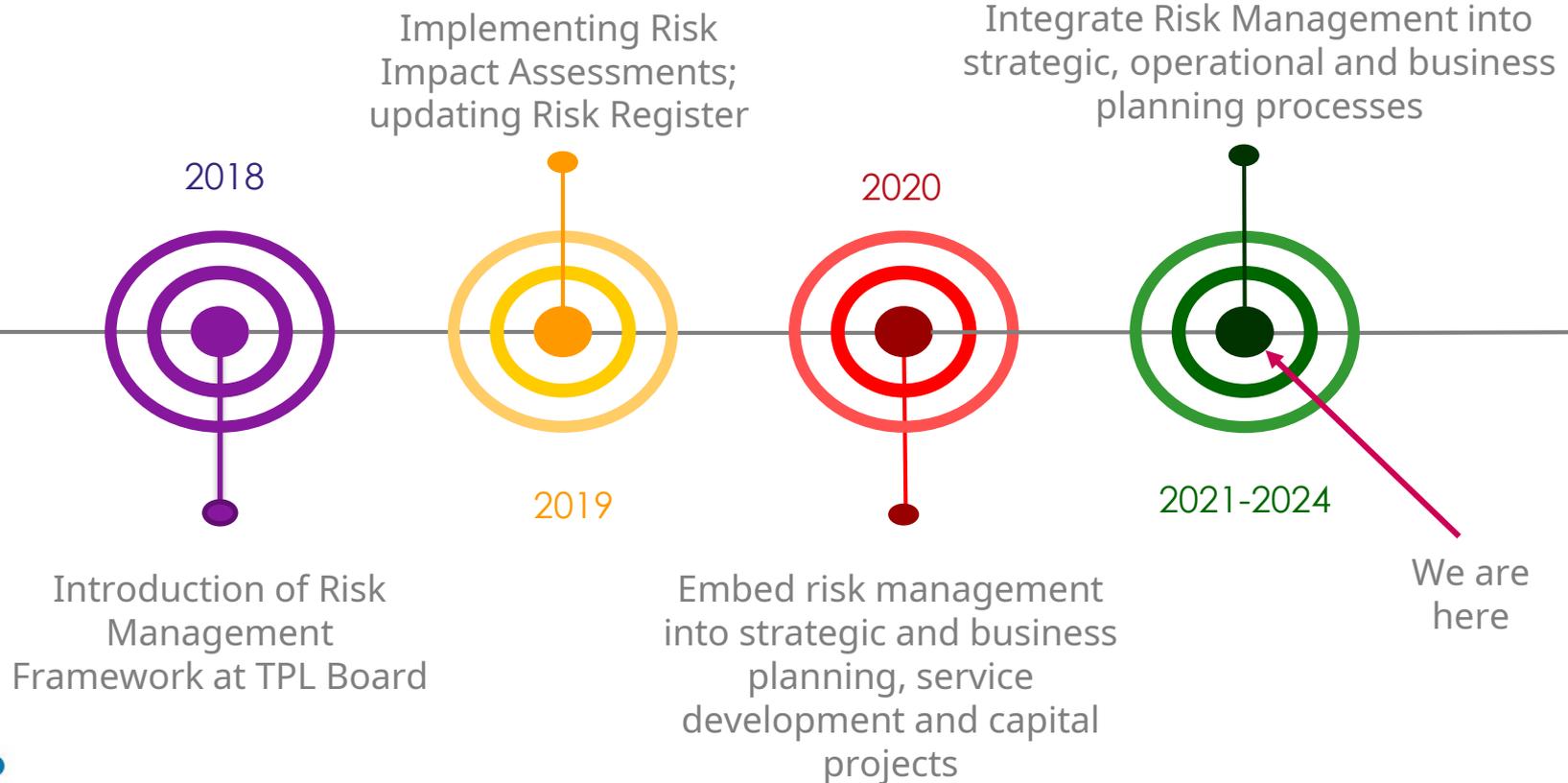
- **Eight risks** with inherent scores of extreme or high (reported to Board)

- **Additional 16 risks** with inherent score of low, medium, and medium-high (managed by TPL staff)

- Enterprise risk management (ERM) a key aspect of governance

- Enterprise risk register a key component of the ERM program

Risk register objective:

To provide a reliable and practical tool for the Board's oversight of risks with the most potential for adverse impact and for staff to use to prioritize work (among other factors)

ERM process maturity and integration

Implementing Risk Impact Assessments; updating Risk Register

Integrate Risk Management into strategic, operational and business planning processes

2018

2020

Introduction of Risk Management Framework at TPL Board

2019

2021-2024

Embed risk management into strategic and business planning, service development and capital projects

We are here

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risk register: process to date

Process used between 2018 and 2022

- 27 predetermined risks, some more like priority scenarios (e.g. health & safety, innovation)
- Each risk with contributing component sub-risks and controls
- Divisions were assigned responsibility for each risk

Benefits:

- Consistency of predetermined risk allowed for trend analysis

Challenges:

- Missing a holistic view of some risks that affect multiple divisions concurrently
- Broad categories of risk are more difficult to score

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risk register: modified approach

Methodological modifications:

- Implemented common format for risk registers
- In-depth document analysis, interviews with expert TPL staff, and consensus to identify risks, scores and risk mitigation controls
- Scored inherent risk (without mitigation) and anticipated residual risk after mitigation controls applied
- Assigned divisional responsibility to each mitigation control

Retained:

- Four risk categories – Strategic, Compliance, Fiscal, Operational
- Risk rating criteria and scoring methodology - Likelihood (scale 1-5) x Impact (scale 1-5) = final score

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definition & granularity of risk

Risk = a specific threat, hazard or adverse event that TPL is currently exposed to, or that will emerge in 2024,

- that still requires mitigation or acceptance in 2023, 2024 or after;

- that TPL has not mitigated completely; and

- around which there is evidence (quantitative or qualitative) that an existing critical operational policy, process, or system is likely to fail, or

- around which there is evidence (quantitative or qualitative) that TPL will not be able to meet a strategic objective or compliance requirement.

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next steps

In 2024, the Enterprise Risk Management program will:

- identify metrics or indicators (quantitative or qualitative) to measure the likelihood or impact of the risk and the effectiveness of mitigation controls

- consider the annual timing of this report to the Board

- incorporate methodology from City of Toronto, as it is developed and implemented

- analyze and report on the 24 priority risks

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thank you
questions?

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appendices

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likelihood scoring scale

Score	Likelihood	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 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 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%

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impact scoring scale

score	likelihood	description
5	Extreme	One or more strategic objectives will not be met. One or more critical project/program objectives will not be achieved.
4	Major	One or more strategic objectives will fall below acceptable levels. Fundamental rework needed before project/program goals can be met.
3	Moderate	One or more strategic objectives will fall well below goals. Delay in accomplishing project/program goals.
2	Minor	One or more strategic objectives will fall below goals, but deviation will not significantly affect project/program goals.
1	Minimal	Little or no impact on achieving strategic objectives, or project/program goals.

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