



Infrastructure Ontario Enterprise Risk Management Program

National Executive Forum
Yellowknife, NWT May 2013



Background

Government Risk Management – Agency Oversight

- The **Memorandum of Understanding with the Ministry of Infrastructure** outlines Infrastructure Ontario's (IO's) responsibility to ensure a Risk Management Framework is in place to manage risks in order to meet objectives. It also includes a requirement for ongoing risk reporting.
- Directives such as the **Agency Establishment & Accountability Directive and Internal Audit Directive**, stress the importance of risk management and require Ministries to use a risk based approach to manage and oversee Agencies.
- As of 2011, Ministries are to ensure the effective management of risk and are required to complete an annual risk assessment of their Agencies, as part of the **Results-based Planning (RbP)** process.
- The **Ontario Internal Audit Division** is provided regular updates of IO's ERM Program and audit activity.

Development of ERM Policy and Framework

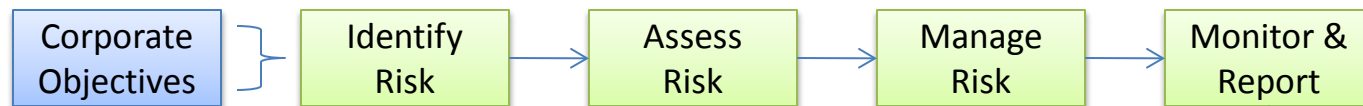
Background

Enterprise Risk Management at Infrastructure Ontario (IO)

- In 2011, subsequent to the merger between Infrastructure Ontario and Ontario Realty Corporation, IO completed the first phase of the ERM Program, the development of an ERM Policy and Risk Register, including a risk assessment for the organization.

ERM Policy

- ❑ Provides a framework for risk management, including an overall approach to identifying, assessing and managing organizational risk.



- ❑ Describes the key elements of the ERM Program, including the governance structure, reporting and monitoring requirements and the roles and responsibilities of key stakeholders, including the Audit Committee, CEO, and Operations Committee.
- ❑ Risks are ultimately owned at the business unit and process level. The various executive team members are responsible for managing/overseeing and reporting on all risks within or assigned to their unit.

Development of Corporate Risk Register

Background

Corporate Risk Register Development

- ❑ Activities included:
 - reviewing existing documentation from legacy organizations
 - Surveys, meetings and workshops with VP's and the Senior Executive team to identify organizational risks and mitigating controls
 - Risk Assessment Workshop with the Enterprise Risk Management Working Group based on impact and likelihood criteria
 - Risk Validation Workshop with Senior Executive team to confirm high priority risks and the assessment of these risks

- ❑ The risk register is separated into Strategic, Financial and Operational risk categories. It is used to develop IO's 3-year Audit Plan.

- ❑ All risks with a residual risk assessment of medium or high are required to be monitored and reported to the Operations Committee, CEO and the Audit Committee.

ERM Working Group

- IO's ERM Program involves developing ongoing risk management and reporting processes. To help support and promote this initiative, IO has established an ERM Working Group, comprised of senior staff from all business lines.

Member responsibilities include:

- Review the ERM Policy and Corporate Risk Register
- Collaborate with the ERM department to:
 - identify and assess risks and mitigating controls
 - develop and implement risk management action plans as required
 - identify KPI's for significant risks
 - review dashboard reports for ongoing risk monitoring
 - escalate significant risk, opportunities and recommendations
- Facilitate the review, maintenance and monitoring of other organization risk management initiatives

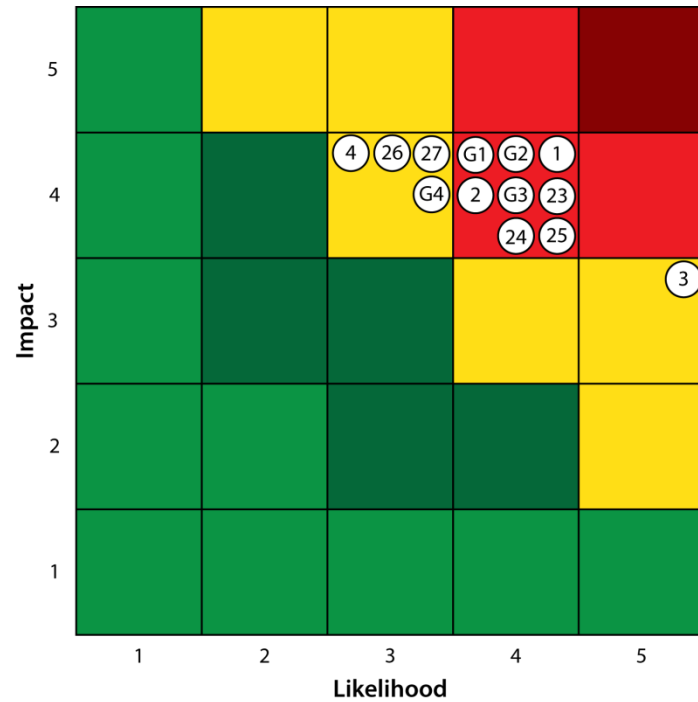
Risk Assessment Process

Risk Assessment

- **Inherent Risk Definition:** The risk that is present in our organization stemming from our activities in the absence of any formalized or deliberate controls.
- **Residual Risk Definition:** The risk that is present in our organization stemming from our activities after the risk has been controlled.
- To prioritize the risks in the ERM WG workshop, we focused on **residual risk** using Impact and Likelihood Criteria outlined in our ERM policy and provided in the next slides.

Development of Heat Map

Heat Map



	Range	Rating
	0 - 5	Insignificant Risk
	6 - 10	Low Risk
	11 - 15	Medium Risk
	16 - 20	High Risk
	21 - 25	Critical Risk

Day to Day Risk Management Activities

- Committees
- Corporate dashboards
- Divisional dashboards
- Ongoing meetings & communication with stakeholders
- KPI monitoring
- Assessments done at the operational level

IO Board Committees

- Audit – responsible for ERM & internal controls
- Risk –oversee IO's loan portfolio risk, treasury risk and loan credit risk
- Governance & Compensation
- Investment Committee - reviews and assesses public works, infrastructure and real estate projects

Management Committees

- Executive
- Investment & Risk
- Major Projects
- Credit Review
- Operations
- Real Estate
- Commercial Projects

Where we are now

- Completed annual refresh of risk register
- Separated Corporate and GREP risks
- Interviews taking place with risk owners
- Reviewing mitigation strategies/results
- Quarterly dashboard will be submitted to Audit Committee in June 2013

