
Subject: Ontario Public Health Standards: Risk Management Requirement

Report to: Public Health and Social Services Committee

Report date: Tuesday, October 8, 2019

Recommendations

That Report PHD 18-2019, respecting the Ontario Public Health Standards: Risk Management requirement, **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to provide Regional Council, as the Board of Health (BOH), with information on risk management activities in Public Health.
- This is a requirement of the [Ontario Public Health Standards: Requirements for Programs, Services, and Accountability](#) (July 2018) under the Good Governance and Management Practices Domain, requirement #14.
- A summary of risk management activities must be reported to Ministry of Health as part of the third quarter Standards Activity Report due to the Ministry each year on October 31.

Financial Considerations

The risk management activities are completed within the existing cost shared budget for Public Health. As much as possible, Public Health attempts to build on corporate risk management planning for the Public Health risk management activities. Given these risk management activities are integrated across many operating units of the corporation, a precise costing is not easily accounted.

Analysis

Risk intelligence is the organizational capability to think holistically about risk and uncertainty and is forward-looking. Assessing an organization's risk helps meet objectives and improves outcomes, allows the opportunity to consider and forecast risk and prioritize efforts more effectively, enables the ability to mitigate threats and take advantage of opportunities, and demonstrates good management practices. Risk is defined as a future event that may impact the achievement of established objectives. Risks can be either positive or negative.

While risk management practices should be promoted at all levels of the organization, in order to foster a healthy risk culture, this report was completed explicitly by Niagara Region Public Health (NRPH) senior leaders. NRPH is in the preliminary stages of the

risk management review, while a corporate methodology is being developed. The task of implementing an ongoing organization-wide risk management program generally requires a three-phased approach that could take up to three years, depending on existing levels of risk management expertise.

A variety of risk management frameworks exist, and all share common components. NRPH has used the Risk Management Strategy and Process Toolkit, adapted by Corinne Berinstein, Director, Ontario Internal Audit Division, Treasury Board Secretariat (Appendix 1). The risk management Ministry worksheet in the third quarter Standards Activity Report mirrors much of this framework.

There are five steps to the risk management process:

1. State objectives
2. Identify risks—there are 14 categories, such as legal compliance, equity, financial, human resources, political, and privacy.
3. Assess risks using a risk prioritization matrix, which measures impact and likelihood
4. Plan and take action to apply mitigation strategies of detection, prevention and recovery/correction; and
5. Monitor and report risks.

This technique, though somewhat subjective, provides an effective, uniform and powerful means of identifying and prioritizing risks. The NRPH senior leaders assessed their identified risks in terms of impact on public health objectives and the likelihood or probability of the event happening and selected a rating between one and five to determine an overall risk rating. The risk rating in the Ministry worksheet is automatically calculated in an overall ranking of risk in terms of high, medium, or low. High rated risks are the highest priority noted by the red zone in the risk prioritization matrix. Only the high risks need to be reported to the Ministry. These risks require the involvement of the NRPH senior leaders to state the risk control methods and processes to manage the risks.

The NRPH senior leaders identified six strategic risks. Of the six risks, three were identified as “high”, and three were identified as “not a high risk”. The completed risk management Ministry worksheet is in Appendix 2. Below is a summary of the three high-risk rated issues.

High-risk rating #1: People/Human Resources

Over the last few years, there has been an increase in internal transfers and departures. In 2018, there was a 38% transfer rate and 12.59% departure rate in NRPH due to retirement, maternity leaves, performance issues, and job uncertainty, which is up from 2017. The 2019 rate currently sits at 14.5% transfer and 6.9% departure due to some corrective measures put into place. In addition, there are challenges in recruiting

frontline employees to leadership positions related to compensation and leadership support and development. For the past 21 months, there has been an acting Medical Officer of Health (MOH); for 17 months, an acting Associate MOH; and for 10 months, an acting Chief Administrative Officer. Having temporary positions in key leadership roles can have an impact on an organization and has the ability to destabilize teams.

With the support of the Human Resources Consultant, an effort to identify key roles within NRPH leadership and intentional succession planning has commenced. All new people leaders are enrolled in three core training sessions: The Leaders Edge, Crucial Conversations for Leaders, and Coaching Leader (SAGE Coaching) to support leadership development. Other training and mentorship opportunities are available to further support people leaders. In addition, the compensation policy for non-union staff was updated and provides the hiring manager with some discretion for placement in the salary range. NRPH continues to support student placements and hiring summer students as a way to recruit future employees. An emphasis on social media platforms such as Linked In is used to promote position recruitment. In February 2018, NRPH completed a "Public Health Culture Pulse Check", a 12-question survey to explore employee satisfaction and inform increased engagement and retention. Research evidence shows that one of the most important factors according to many management experts in organizational success and high performance is an organization's culture. NRPH employees anonymously shared their perspective on NRPH's culture and overall satisfaction with working in Public Health. The intent is to repeat the survey periodically to identify areas that require improvement, and track success in addressing those areas. Finally, the organization recently completed an employee engagement survey and will be receiving results in October. These results will help inform how we can become a better organization by understanding how our people perceive our work environment, career development, culture, and company vision. Being more attuned and responsive to our employees' needs is critical to our success.

High-risk rating #2: Political

The Ontario Government tabled its 2019 Budget, which included plans to significantly restructure Ontario's public health system, including the reorganization of 35 health units into 10 new regional public health entities with new boards under a common governance model. Few details have been provided although the Minister of Health will soon be seeking input and advice on the province's next steps regarding public health modernization. It is anticipated the government will be looking for feedback on matters such as roles and responsibilities for the province and the new regional entities, governance structure, accountability, strategies to address community needs, leadership models, and other change management and implementation considerations. Concurrently, Ontario Health Teams (OHT) are being introduced to provide a new way of organizing and delivering care that is more connected to patients in their local communities. Under OHT, health care providers will work as one coordinated team.

Finally, at a more local level, almost 70% of BOH member composition changed including a new Public Health and Social Services Committee (PHSSC) co-chair and new Regional Chair. This will potentially impact budgeting priorities and strategic directions.

NRPH will continue to build relationships with government stakeholders at all levels in order to facilitate knowledge sharing and be engaged throughout the change process. NRPH will also provide the Ministry with input and advice on Public Health modernization as necessary. In addition, NRPH will engage in pilot projects with the Ministry as a way to demonstrate and lead change. NRPH is currently involved in the OHT application process and identifying opportunities to align and support the system (due October 9, 2019). Locally, regional councilors were provided with an orientation to their new role and NRPH provides regular presentations at PHSSC for knowledge development. The acting MOH and AMOHs connect regularly with councilors to provide information and enhance relationships. Regular correspondence in the form of reports, memos, and emails further supports knowledge exchange.

High-risk rating #3: Financial

Since the Provincial 2019 budget was released in April, changes to funding levels for provincial and municipal government has been one of the key changes. Funding ratios remained the same in 2019 with the NRPH base budget mostly cost shared between the Ministry (75%) and the Regional Municipality of Niagara (25%). A few of the programs continue to be 100% funded by the Ministry for 2019. Effective January 2020, the funding ratios will change to 70% Ministry and 30% for the Region for all NRPH programs and services, including most of the current 100% Ministry funded programs. There is risk that the Region, facing many other funding pressures, will be unable to fully fund the downloaded share of the budget, and a substantial budget cut might be experienced with substantial reductions in public health service delivery. The province is silent on what might happen in future years but it is anticipated that ratios may change to further increase the Region's share.

The 2019 provincial funding was frozen at last year's amount. This is the fourth time in the past five years that Public Health's funding has had no increase, even though salaries and costs of supplies go up each year. There is also a risk of inconsistent funding as the Ministry may determine funding for the following year based on actual expenditures of the prior year. This could have an impact on equitable resources for program and services. Finally, reductions in funding may affect our ability to meet the Ministry performance targets and accountability agreements.

For 2019, NRPH formulated budgets with a zero increase. For 2020, the budget is being drafted based on the anticipated cost sharing changes so that related funding announcements will align with the proposed budget. NRPH has realigned operational

planning with the corporate budget planning process to better coordinate resource requirements. The senior leadership team prioritizes departmental projects and resources annually and reassesses on a quarterly basis to reallocate resources as needed. Where required, positions are gapped to manage budgets. Finally, NRPH collaborates with stakeholders to deliver programming where feasible.

NRPH will continue to monitor and reassess risks as part of good management practices in an effort to mitigate threats and take advantage of opportunities while meeting our objectives and improving outcomes. NRPH will also work collaboratively with corporate partners to develop an organizational approach to risk management.

Alternatives Reviewed

Submitting the third quarter Standards Activity Report as part of the Annual Service Plan is a requirement to receive Ministry funding as outlined in the Ontario Public Health Standards: Requirements for Programs, Services, and Accountability. The alternative of not submitting the third quarter report would be non-compliance and result in the potential loss of provincial funding.

Relationship to Council Strategic Priorities

The recommendation supports Council's 2019-2022 Strategic Priorities:

- Healthy and Vibrant Community by fostering a high quality of life through safe, healthy, and inclusive neighbourhoods through the delivery of quality, affordable and accessible human services
- Sustainable and Engaging Government through a commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community

Other Pertinent Reports

- [PHD 05-2019](#) 2019 Public Health Annual Service Plan and Budget Submission
- [MOH 2-2018](#) Public Health Annual Service Plan and Budget Submission

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Appendices

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| Appendix 1 | Risk Management Strategy and Process Toolkit |
| Appendix 2 | Risk Management Ministry Worksheet |

Step 1: Establish objectives

- Risks must be assessed and prioritized in relation to an objective
- Objectives can be at any level; operational, program, initiative, unit, branch, health system
- Each objective can be general or can include specific goals, key milestones, deliverables and commitments

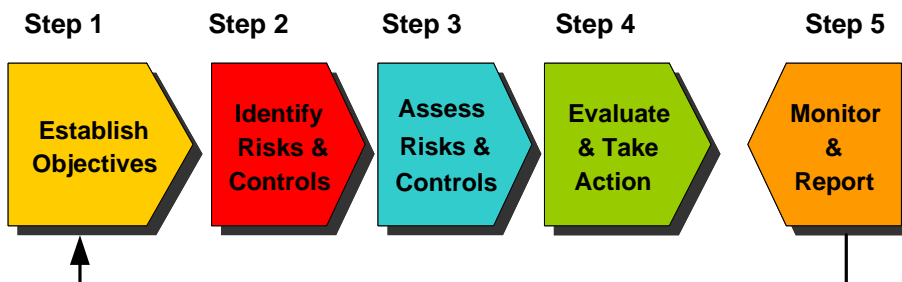
Risk

The future event that may impact the achievement of established objectives.
Risks can be positive or negative.

Control / Mitigation Strategy

Controls / mitigation strategies reduce negative risks or increase opportunities.

The risk management process



Consequences

- Identify the specific consequences of each risk
- Consider financial, non-financial, performance, etc.

Vulnerability

- Identify exposure to risk
- Vulnerability may vary with each situation and change over time

Cause/Source of Risk

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

Step 2: Identify risks & controls

Identify risks - What could go wrong?

- Consider each category of risk
- Obtain available evidence
- Brainstorm with colleagues and/or stakeholders
- Examine trends and consider past risk events
- Obtain information from similar organizations or projects
- Increase awareness of new initiatives/ agendas and regulations

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

- Preventive controls
- Detective controls
- Recovery / Corrective controls

| RISK | Description |
|--|--|
| Financial | Uncertainty around obtaining, committing, using, losing economic resources; or not meeting overall financial budgets/commitments. |
| Operational or Service Delivery | Uncertainty regarding the activities performed in carrying out the entity's strategies or how the entity delivers services. |
| People / Human Resources | Uncertainty as to the capacity of the entity to attract, develop and retain the talent needed to meet the objectives. |
| Environmental | Uncertainty usually due to external risks facing an organization including air, water, earth, forests. . An example of an environmental, ecological risk would be the possible occurrence of a natural disaster and its impact on an organization's operations. |
| Information / Knowledge | Uncertainty regarding access to, or use of, inaccurate, incomplete, obsolete, irrelevant or untimely information; unreliable information systems; inaccurate or misleading reporting. |
| Strategic / Policy | Uncertainty around strategies and policies achieving required results; or that old and/or new policies, directives, guidelines, legislation, processes, systems, and procedures fail to recognize and adapt to changes. |
| Legal / Compliance | Uncertainty regarding compliance with laws, regulations, standards, policies, directives, contracts, MOUs and the risk of litigation. |
| Technology | Uncertainty regarding alignment of IT infrastructure with technology and business requirements; availability of technological resources. |
| Governance / Organizational | Uncertainty about maintenance or development of 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. |
| Privacy | Uncertainty with regards to exposure of personal information or data; fraud or identity theft; unauthorized data. |
| Stakeholder / Public Perception | Uncertainty around managing the expectations of the public, other governments, Ministries, or other stakeholders and the media to prevent disruption or criticism of the service and a negative public image. |
| Security | Uncertainty relating to breaches in physical or logical access to data and locations (offices, warehouses, labs, etc). |
| Equity | Uncertainty that policies, programs, or services will have a disproportionate impact on the population. |
| Political | Uncertainty that events may arise from or impact the Minister's Office/Ministry, e.g. a change in government, political priorities or policy direction. |

Step 3: Assess Risks & Controls

Assess inherent risks

- *Inherent likelihood* – Without any mitigation, how likely is this risk?
- *Inherent impact* – Without any mitigation, how big will be the impact of the risk on your objective?

Assess controls

- Evaluate possible preventive, detective, or corrective mitigation strategies.

Reassess residual risks

- Re-assess the impact, likelihood and proximity of the risk with mitigation strategies in place.
- *Residual likelihood* – With mitigation strategies in place, how likely is this risk?
- *Residual impact* – With mitigation strategies in place, how big an impact will this risk have on your objective?

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.

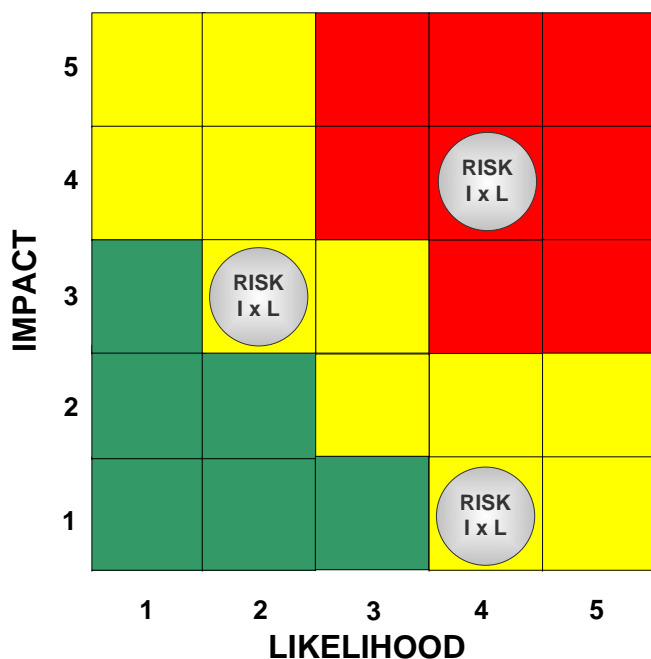
Risk Tolerance

Risk Appetite

- The amount of risk that the area being assessed can manage
- The amount of risk that the area being assessed is willing to manage

The tolerance and risk appetite values may differ e.g. Staff can afford to lose email capabilities for five hours (risk tolerance) but only be willing to lose email capabilities for one hour (risk appetite).

RISK PRIORITIZATION MATRIX



Step 4: Evaluate & Take Action

- Identify risk owners.
- Identify control owners.
- Have mitigation strategies reduced the risk rating (Impact x Likelihood) enough that the risk is below approved risk tolerance levels?
- Do you need to implement further mitigation strategies?
- 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.

Step 5: Monitor & Report

- Have processes in place to review risk levels and risk mitigation strategies as appropriate.
- Monitor and update by asking:
 - Have risks changed? How?
 - Are there new risks? Assess them
 - Do you need to report or escalate risks? To whom? When? How?
- Develop and monitor risk indicators







Definitions

| 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 |

Board of Health for the Niagara Region Public Health Department

2019 Standards Activity Reports as of September 30, 2019

Risk Management

| Ref. # | Description | Category | Impact | Likelihood | Overall Risk Rating | Key Risk Mitigations | Date reported to the Board |
|--------|---|---------------------------------|--------|------------|--|---|----------------------------|
| A | B | C | D | E | F = D x E | G | H |
| | Increase in internal transfers and departures due to retirement, maternity leaves, performance, and job uncertainty. Challenge in recruiting frontline employees to management. Acting MOH currently in place. Inconsistent leadership may destabilize teams. | People / Human resources | 4 | 3 |  High | Identify key roles. Intentional succession planning. Proactive student placements & summer students. Performance management & coaching for leaders. Realistic job expectations. Social media use for recruitment. Attraction branding. Leadership training. Mentorship. Focus on building culture and staff engagement. | |
| | Uncertainty with Public Health modernization. Unknown impact of Ontario Health Teams. 70% change in BOH, new BOH co-chair and Regional Chair. | Political | 4 | 3 |  High | Build relationships with government stakeholders at all levels. Engage in pilot projects with Ministry to lead change. Be involved in OHT application. Regular correspondence with councillors (i.e. memos, infographics). MOH/AMOH outreach with councillors. Ensure orientation and continuing education of BOH. | |
| | Change in funding levels for provincial and regional government. Risk of inconsistent funding and impact on equitable resources for clients. Change in funding may impact meeting targets and accountability agreements. | Financial | 4 | 4 |  High | Net zero budgeting. Gapping positions. Reallocation and prioritization of projects and resources. Collaboration with stakeholders to deliver programming. Alignment of operational planning with budgets. | |
| | Many data systems. Many people with access to systems. Relatively weak data governance policies. Cybersecurity risks. | Privacy | 3 | 2 |  Not a high risk | Refine policies. Information governance recommendations being implemented. Review access to systems regularly. Regular privacy education and training. Work collaboratively with corporate IT and Privacy partners to communicate PH privacy requirements for compliance. | |
| | Lack of trust and transparency among residents with BOH. Past media coverage of the corporation may potentially impact public trust toward regional government. Media attention with outbreaks. | Stakeholder / Public Perception | 2 | 3 |  Not a high risk | Continue building a semi-independent brand to separate health from politics. Engage the community through social media. Promotion of PH programs and services. Positive interactions with residents and stakeholders. Open and transparent communication. | |
| | Unknown impact of regional governance review. Many senior leaders in acting roles and broader organization making restructuring changes which has the potential to impact employee moral. Overall corporate engagement level fairly low. | Governance / Organizational | 3 | 3 |  Not a high risk | PH reorienting and shifting culture. Culture engagement survey. Focus on PH strategic priorities. More intensive business planning framework. Regular communication with staff. Weekly MOH messages. Professional ethics promoted with key disciplines drive accountability. Leadership training. Performance management. | |
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| Table 1 - Risk Categories | |
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| Risk Category | Definition |
| Compliance Legal | Uncertainty regarding compliance with laws, regulations, standards, policies, directives, and/or contracts. May expose the organization to the risk of fines, penalties, and/or litigation. |
| Environment | Uncertainty usually due to external risks facing an organization including air, water, earth, and/or forests. |
| Equity | Uncertainty that policies, programs, and services have an equitable impact on the population. |
| Financial | Uncertainty of obtaining, using, maintaining economic resources, meeting overall financial budgets/commitments, and/or 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/or learning and management systems. |
| Information / Knowledge | Uncertainty regarding the access to or use of accurate, complete, relevant and timely information. Uncertainty regarding the reliability of information systems. |
| Operational / Service Delivery | Uncertainty regarding the performance of activities designed to carry out any of the functions of the organization, including design and implementation. |
| People / Human resources | Uncertainty as to the organization'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. |

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| 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 necessarily. |
| Technology | Uncertainty regarding alignment of IT infrastructure with technology and business requirements. Uncertainty of the availability and reliability of technology. |