

DRAFT – April 9, 2024

RISK MANAGEMENT PROCEDURES**3101**

1. Policy

This Risk Management Procedure supports the Risk Management Policy.

The Board of Trustees believes that strategic risk management (SRM) is integral to both good management and good governance practice, forming an integral part of the school board's decision-making and be incorporated within strategic and operational planning.

2. Purpose

This Risk Management Procedure provides the Board of Trustees and the director of education with direction on the operational leadership of risk management at the Lakehead District School Board (LDSB) ("the Board").

The objectives of the risk management procedure are to:

- establish the approach for determining the risk attitude and risk tolerance of the school board;
- assign accountability to the director of education for the implementation of the Risk Management Policy to manage risks that are within the control of management, and to provide a structured approach for risk to be consistently, considered, prioritized, reported, and acted upon, throughout the school board;
- identify the key responsibilities of the Board of Trustees, Audit Committee, and management;
- develop and apply a current understanding of the Top Risks (both threats and opportunities) in relation to district objectives, that can be used to inform resource allocation decisions;
- provide tools, training and guidance that encourage risk-informed decision making at the Board;
- outline the frequency, form, and content of monitoring and reporting requirements of Top Risks; and
- continuously improve risk management practices, learning from district applied experience that also considers an ever-changing and dynamic organizational setting.

DRAFT – April 9, 2024

RISK MANAGEMENT PROCEDURES**3101**

3. Legal Framework

The office of trustee is created under the *Education Act*. The governance responsibilities of the Board of Trustees are outlined at Section 169.1 of the *Act*. Trustees are elected or appointed to occupy the office in accordance with the provision of the *Municipal Elections Act 1996*¹ and the *Education Act*²

4. Risk Attitude

The Board, like any organization, is surrounded by uncertainty and must take risks within its risk tolerance informed by laws, and regulations to pursue its mission and mandate. The Board, with input from the trustees and Committee of the Whole, has carefully considered its attitude toward risk taking and offers the following guidance to all decision makers:

- there is a low level of comfort with risks dealing with decisions that impact Equity & Inclusion, Mental Health & Well-Being and Indigenous Perspectives & Awareness; and
- there is a greater level of confidence and comfort with risks dealing with decisions that impact learning and achievement, foundations and stewardship and environmental leadership.

The sum of all threats and opportunities associated with a decision should fall within these parameters or be escalated within the Board's governance structure as appropriate for further review and consideration.

5. Roles & Accountabilities for Risk Management

The Board of Trustees:

- establish the overall direction for Risk Management, including setting the attitude for risk taking, ensuring there is Risk Management leadership and resources;
- participate in and foster a culture of risk-informed decision-making throughout the school board;
- understand significant risks and management's assessment of their impact on school board objectives; and
- review the Board's risk management policy and procedures to ensure that the approach remains relevant and helpful to the district. The review frequency and form determined at the Board's discretion with Audit Committee/Director and Management input.

¹ SO 1996, c32 Sch

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DRAFT – April 9, 2024**RISK MANAGEMENT PROCEDURES****3101**The Audit Committee:

The Audit Committee of the Board of Trustees (the “Board”) is responsible for reviewing financial reporting process, compliance matters, internal controls, risk management practices, and the processes and findings of the internal and external auditor, in accordance with the specific requirements identified in Ont. Reg. 361/10 and the Board’s Audit Committee Procedure. The Audit Committee shall:

- carry out oversight of the strategic risk leadership function, as delegated by the Board of Trustees;
- ensure an effective control environment;
- report to the Board of Trustees on whether the Board’s risk management approach is effective and helpful to the organization in meeting its objectives; and
- the Audit Committee will report to the Board on its review of risk management activities, including the status of any significant current and emerging exposures and trends.

The Director of Education:

The Act states that “The chief executive officer of a board shall, within policies established by the board, develop and maintain an effective organization and the programs required to implement such policies.” The Director shall:

- establish the Risk Management Framework or approach and support departments in its implementation in key business processes to ensure risk-informed decision making occurs;
- ensure compliance with school board risk management policy and alignment with the strategic plan; and
- embed a risk-aware culture throughout the school board.

For the Board’s top risks (risks and opportunities):

Assign accountability:

- ensure that Board resources are allocated to respond to the top risks as the primary risk management strategy;
- monitor the Board’s top risks quarterly to establish any change or improvement.

DRAFT – April 9, 2024**RISK MANAGEMENT PROCEDURES****3101**

Regularly Report to the Audit Committee and the Board of Trustees on significant risks and the status of the Strategic Risk Management policy implementation:

- the nature and magnitude of significant risks and opportunities including those risks that exceed the Board's risk attitude and the plan to bring risks within approved risk levels;
- any new or emerging significant risks including their risk assessment, risk response, and management activities;
- status report on SERM implementation including challenges and successes, extent of use in Board decision making, training; and
- status of continuous learning and improvement of strategic risk management.

Senior Management:

Senior management will assist the director of education by:

- supporting the development of the attitude for risk taking;
- understanding Board top risks (risks and opportunities);
- being accountable for top risks as assigned including allocation of resources within operational plans and budgets, quarterly monitoring, and reporting.
- ensures that tools and training for strategic risk management implementation support departmental and executive needs are used within their area of responsibility;
- promptly identify and escalate risks that exceed their delegated level of authority and/or the Board's risk attitude;
- apply the risk management tools so that decisions are always risk-informed; and
- assists the director or education with monitoring and reporting on the school board's significant risks as assigned.

All staff will:

- identify threats and opportunities that may impact district objectives, escalating as appropriate within the district governance structure and delegated authorities;
- be familiar with the district's top threats and opportunities;
- participate in risk management training as and when required; and
- use the district's risk management resources and tools, as needed, in decision making support.

DRAFT – April 9, 2024**RISK MANAGEMENT PROCEDURES****3101**Implementation

This procedure is applied for all key decisions. The appendices of this procedure include detailed step by step guidance for use by decision makers on how and when to apply.

All decisions will consider the top threats and opportunities that the Board currently faces (“Corporate Risk Profile” or ‘Strategic Risk Assessment’) to show how or if the proposed decision helps to address any top risk.

Evaluation & Continuous:

The Board will periodically review its approach to risk-informed decision making using all outputs, challenges, and successes.

The review will determine how helpful the Risk Management policy, procedures and training are to helping the Board achieve its objectives.

The Board is committed to continuously learn and improve and we will identify specific adjustments that are required to improve the ease of use and utility to its decision makers and their teams.

The review will be coordinated by the CFO drawing on internal and/or external resources as appropriate.

<u>Cross Reference</u>	<u>Date Received</u>	<u>Legal Reference</u>
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