

## Risk Register

**Date:** May 7, 2020  
**To:** Toronto Atmospheric Board of Directors  
**From:** Director, Strategy and Grants

### SUMMARY

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Staff have prepared a Risk Register to support monitoring of TAF's priority risks and ensure that they are mitigated and balanced against opportunities to inform deliberate decision-making in service of TAF's mandate. The draft Risk Register is attached to this report for the Board's review and comment.

### RECOMMENDATIONS

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The Director of Strategy and Grants recommends that the Toronto Atmospheric Fund Board of Directors receive this report for information.

### FINANCIAL IMPACT

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None.

### DECISION HISTORY

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At its meeting on April 30, 2019, the TAF Board directed staff to negotiate an agreement with the Federation of Canadian Municipalities Green Municipal Fund (GMF) specifying the terms and conditions for receiving, use of, and accountability for the \$40 million federal endowment. Having a Risk Register is one of the closing conditions for receipt of the federal endowment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.TA2.4>

### COMMENTS

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#### Background

Since receiving its second endowment from the Province of Ontario, the scope and complexity of TAF's operations has grown, and will again once the Government of Canada endowment is received. TAF has continued to implement improvements to program, operations, investing, and governance, and one opportunity for improvement identified both by TAF's Board members and staff, is having a tool and process for managing priority risks facing the organization.

Integrating risk management into TAF's organizational practices helps to enhance performance by linking business strategy to risk in ways that clarify how to improve outcomes. Ongoing monitoring, assessment and updating of priority risks, and the planned responses to them, is part of a healthy management and strategic planning approach. Results of risk assessments will be communicated to relevant staff and the TAF Board on a regular basis.

The Risk Register identifies who is responsible for monitoring and responding to each risk. The Director of Strategy and Grants is responsible for maintaining this framework and the risk register. TAF's Senior Management Team (SMT) is responsible for day-to-day management of the organization and accountable to TAF's Board and major funders.

### **Key steps**

The Framework focuses on the major steps in the process of identifying, responding to and updating the priority risks facing TAF to ensure they are effectively managed at all times. These are:

1. **Risks are identified and described.** This process includes discussions among TAF's SMT with the goal of identifying, assessing and prioritizing risks that could affect the achievement of TAF's mandate. Likelihood and impact of the risks identified are clearly defined and assessed. See "Risk Terminology" section below for terminology intended to ensure a common understanding of relevant risk-related concepts among TAF's staff, Board and other users.
2. **Risk responses are developed.** Both the severity and the priority of a risk should inform the response to it. Consideration should also be given to the potential costs and benefits of risk responses. Costs associated with risk responses comprise direct costs, indirect costs and potentially opportunity costs.

The risk response could fall into one of the following categories:

- Accept – no action taken to change the severity of the risk (when risk is already within risk appetite),
- Avoid – action is taken to remove the risk (when unable to identify a response to reduce the risk to an acceptable level of severity),
- Pursue – action is taken that accepts increased risk to achieve improved performance (when management understands the nature and extent of any changes required to achieve performance while not exceeding the boundaries of acceptable tolerance),
- Reduce – action is taken to reduce the severity of the risk, or
- Share – action is taken to reduce the severity of the risk by transferring or otherwise sharing a portion of the risk.

The most commonly used risk response is "reduce" which results in some sort of a mitigation activity.

3. **Risk register is compiled.** The risk register lists the risks faced by the organization, assesses their likelihood and impact, and outlines the appropriate risk response.
4. **Risk register is reviewed and revised.** The SMT will regularly monitor the relevance of existing risks, the introduction of new and emerging risks, and the effectiveness of risk responses. The SMT will review the risk register quarterly and any updates to identified risks or planned responses will be reflected in the risk register. Staff will also undertake a thorough review of risks and related mitigation strategies as part of TAF's annual business planning and reporting processes.

## Risk Terminology

**Impact:** The result or effect of a risk. There may be a range of possible impacts associated with a risk. The impact of a risk may be positive or negative relative to TAF's strategy or business objectives. This will be assessed qualitatively based on the following thresholds:

	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>Reputation Risk</b>	Minimal or no effect on reputation with external stakeholders.	Reputation with external stakeholders damaged and some effort and expense required to recover.  Potential negative impact on program delivery and future funding for programs.	Reputation with external stakeholders severely damaged or destroyed.  Severe negative impact on program deliver and the ability to obtain future funding for programs.
<b>Operational Risk</b>	Minimal issues with ability to deliver program.	Ability to deliver the program is somewhat compromised.	Ability to deliver the program in serious jeopardy.
<b>Program Risk</b>	Little or no noticeable impact on TAF's ability to demonstrate results and achievements.	Considerable impact on TAF's ability to demonstrate results and achievements.	Severely compromised ability to demonstrate results and achievements.

	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>Financial Risk</b>	No implications for program integrity. Spending timelines have minor fluctuations and variances are reasonably justified (<\$25,000).	Moderate negative implications for program integrity and potential for some reputational damage to TAF.  Minor lapses (<\$100,000 - \$25,000) in program funding.	Severe negative implications for program integrity and the reputation of TAF.  Serious lapses (≥\$100,000) in program funding.
<b>Political Risk</b>	Minor implications for perceptions of fairness and accessibility. Minimal likelihood of any reputational damage to TAF.	Significant negative implications for perceptions of fairness and accessibility with potential for reputational damage to TAF.  Minor lapses (<\$100,000 - \$25,000) in program funding.	Severe negative implications for perceptions of fairness and accessibility with potential for significant reputational damage to TAF.  Serious lapses (>\$100,000) in program

**Likelihood:** The possibility that an event will occur. This will be assessed qualitatively based on the following thresholds:

- Low – Remote but could happen.
- Medium – Occasionally. Possible that it may occur at some time
- High – Common. Almost certain that it will occur, perhaps even regularly

**Risk:** The possibility that events will occur and affect the achievement of strategy and business objectives. Note: “Risks” (plural) refers to one or more potential events that may affect the achievement of objectives. “Risk” (singular) refers to all potential events collectively that may affect the achievement of objectives.

**Risk Appetite:** The types and amount of risk, on a broad level, an organization is willing to accept in pursuit of value.

**Risk Register:** A list identifying the risks that could impact an entity.

**CONTACT**

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## **SIGNATURE**

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Ian Klesmer  
Director, Strategy and Grants

## **ATTACHMENTS**

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1. Draft TAF Risk Register