Leading in Risky Times: Implementing and Advancing Enterprise Risk Management

Lori Jeschke, George Janzen, and Bob Bayles

Today's Presentation

Some background about the division

Three issues address implementing and advancing ERM:

 # 1 – Why invest time and energy into ERM
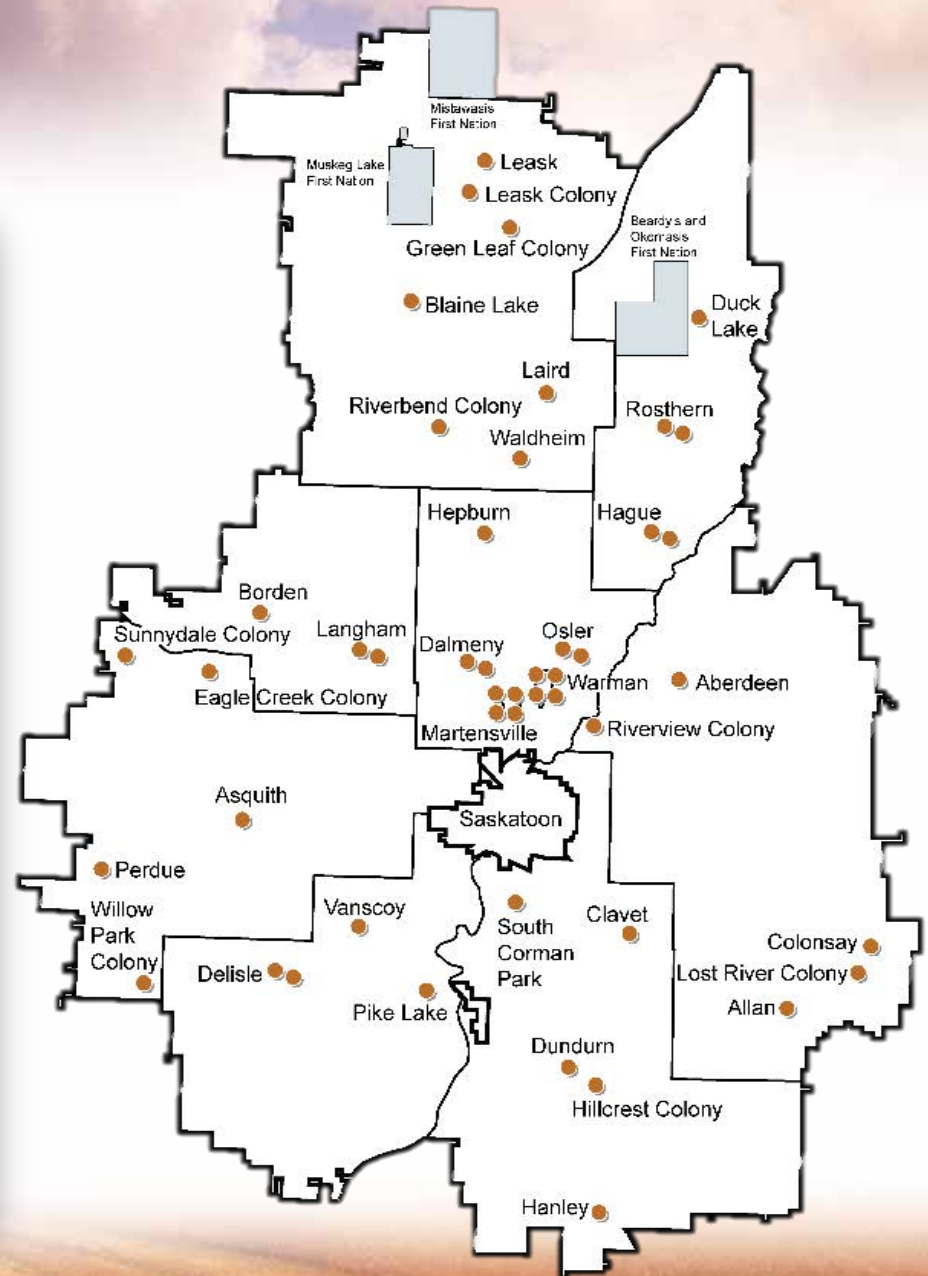
 # 2 – How do we best implement

 # 3 – What value and positive changes should we look for?

Vision:

Learners For Life

Mission:

Learning without limits in a world of possibilities

PRAIRIE SPIRIT
SCHOOL DIVISION
Learners for Life

The division

Prairie Spirit School Division
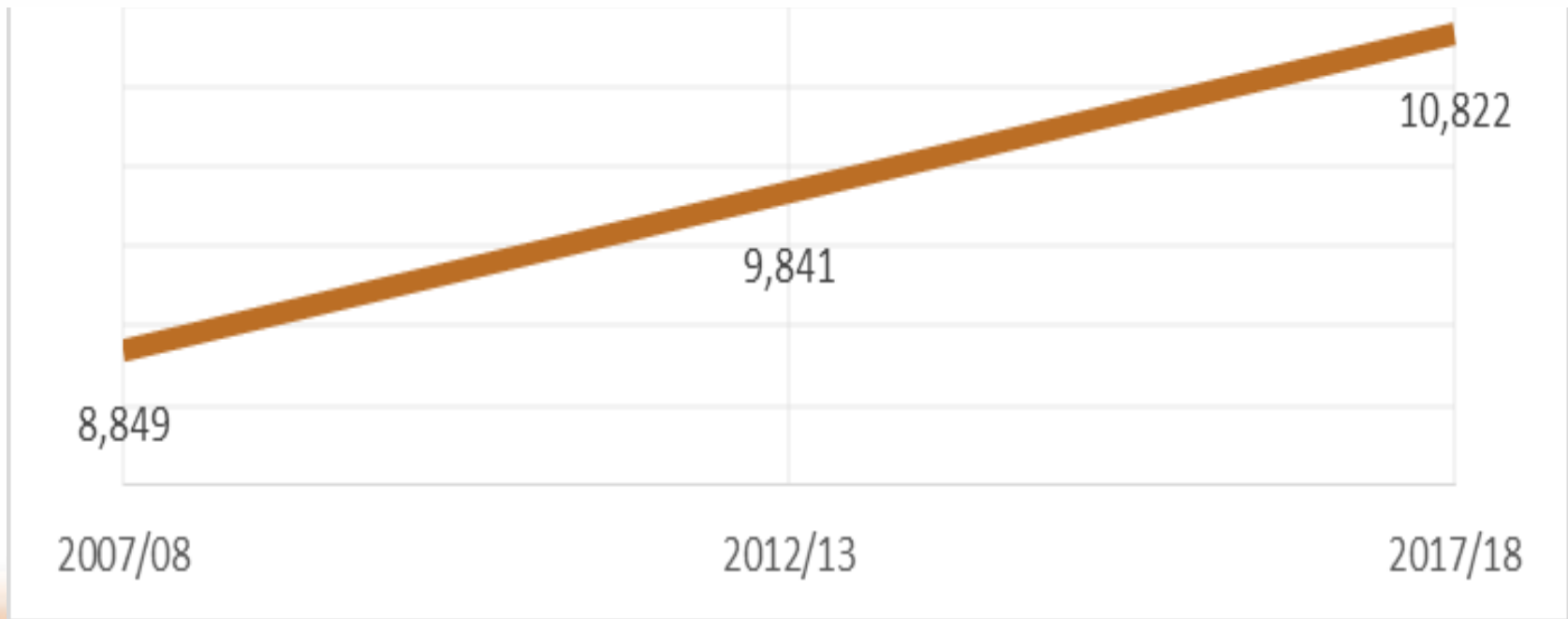
Vision: **Learners For Life**

Growth

23% over 10 years

Mission: **Learning without limits in a world of possibilities**

Chart showing enrollment growth: 8,849 (2007/08), 9,841 (2012/13), 10,822 (2017/18)

MY PRAIRIE SPIRIT CLASSROOM

is diverse in world view, culture, language, gender identity, ability and interests and this is how we learn together.

COLLABORATE
Learning together to build understanding and to solve problems. Not working in isolation. Everyone can contribute.

BIG IDEAS
Learning sticks and fits when it is related to the Big Picture, answers the Big Questions.

SIDE-BY-SIDE
Learning alongside each other, supporting one another, challenging one another, celebrating together – teachers and students.

CONSTRUCT
Knowledge that is built by the learner is owned by the learner.

NEXT STEPS
Knowing where you are so that you know where you are going as a learner.

CHOICE
There are many ways, options, approaches to learn and to show learning.

ALL LEARNERS
We teach to all learners. All learners can and have a right to learn. This is who we serve.

INNOVATION   ASSESSMENT   RELATIONSHIPS   RELEVANCE   RIGOUR

ENGAGEMENT

PARENT   STUDENT   STAFF

Strategic Planning Framework

In Prairie Spirit, our students and adults learn without limits in a world of possibilities, supporting one another, challenging one another and celebrating our learning together. We create environments where learners are able to inquire, discover, take risks and apply their learning in the real world. We are developing engaged citizens who demonstrate confidence, courage, empathy and commitment in shaping positive change for the benefit of all.

PRAIRIE SPIRIT SCHOOL DIVISION
Learners for Life

Prairie Spirit Aspirational Learning Goals
Learning for Life for All

Successful learners • Meaningful relationships • Innovative operations • Pride and joy in work

Prairie Spirit Learners
- Feel accepted, confident and safe to engage in learning where individual diversity, interests, backgrounds, cultures and life experiences are welcomed and valued.
- Are active and contributing participants in the classroom, school and community, where engagement and a sense of belonging are both nurtured and promoted.
- Possess intercultural understanding, empathy and mutual respect with and for Indigenous Peoples of Canada (Calls to Action 63.3).
- Achieve at the same rate as their peers, regardless of gender, culture and ancestry.

Prairie Spirit Readers
- Read for pleasure, learning and growth.
- Cultivate a lifelong love of reading.
- Read like a writer and write for a reader.
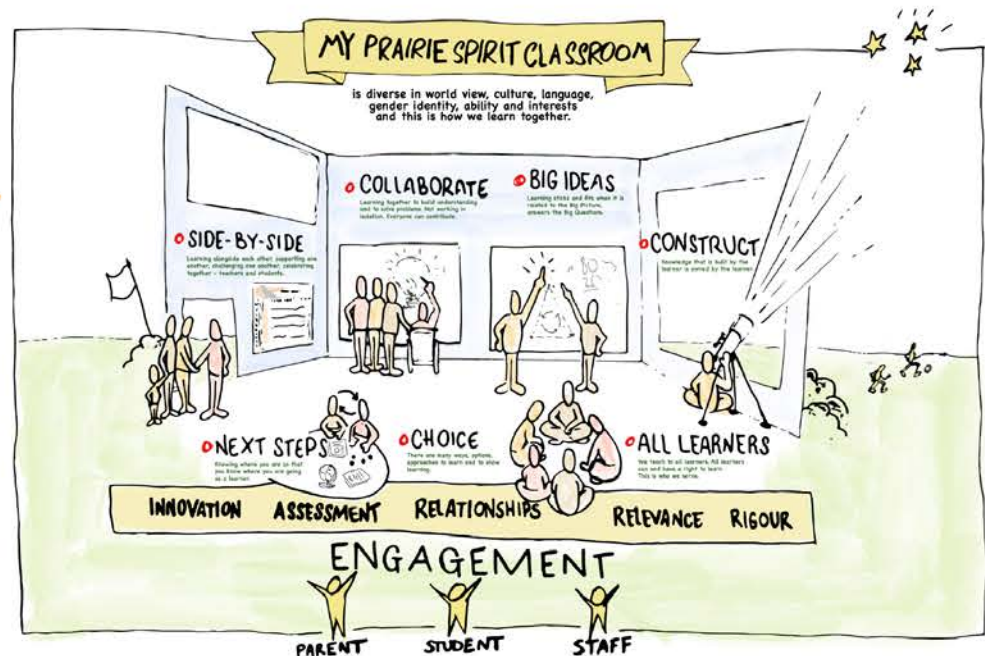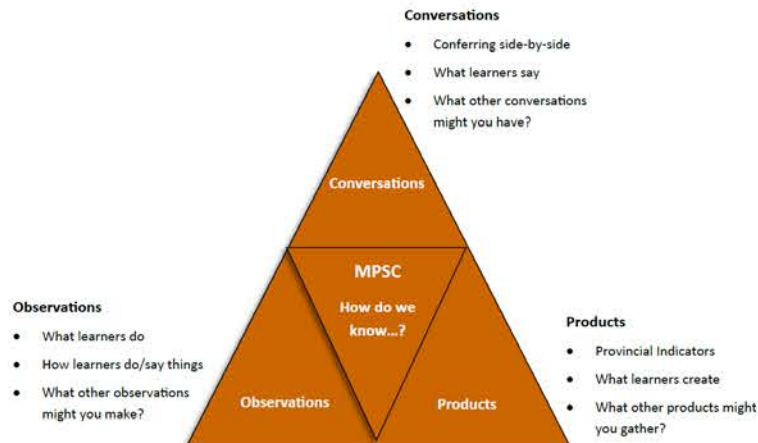
Prairie Spirit Writers
- Read like a writer and write for a reader.
- Believe in their ability to communicate and contribute.
- Write with confidence, demonstrating independence and interdependence.

Prairie Spirit Mathematicians
- Are accurate, efficient and flexible when working with numbers.
- Confidently and competently deal with everyday and new situations that demand the use of mathematical concepts.

Prairie Spirit Graduates
- Have real choice after high school because they can collaborate, communicate, be creative, solve problems and engage as contributing citizens.
- Are confident to make choices for their future based on the broad areas of knowledge and learning skills they have acquired.

Conversations
- Conferring side-by-side
- What learners say
- What other conversations might you have?

Observations
- What learners do
- How learners do/say things
- What other observations might you make?

Products
- Provincial Indicators
- What learners create
- What other products might you gather?

MPSC — How do we know...? (triangle: Conversations, Observations, Products)

MY PRAIRIE SPIRIT CLASSROOM

is diverse in world view, culture, language, gender identity, ability and interests and this is how we learn together.

COLLABORATE · BIG IDEAS · SIDE-BY-SIDE · CONSTRUCT · NEXT STEPS · CHOICE · ALL LEARNERS

INNOVATION · ASSESSMENT · RELATIONSHIPS · RELEVANCE · RIGOUR

ENGAGEMENT

PARENT · STUDENT · STAFF

*Revised March 11, 2019*

Budget Decision-Making Framework

This framework provides an overview of how budget decisions will be guided in preparation for the school year. Decisions will be tested against this framework to determine options that most closely reflect the principles, priorities and commitments adopted by the Prairie Spirit Board of Education.

Principles

- **Student First**—Student and adult learning outcomes are affected by supports both within and outside the classroom. Effective and efficient practices in transportation, finance, technology, purchasing, human resources, facilities and maintenance contribute to a learning culture that develop the whole child: cognitively, physically, emotionally and spiritually.

- **My Prairie Spirit Classroom** (MPSC)—The beliefs and foundational principles (rigour, relevance, relationships, innovation and ongoing feedback) of MPSC will continue to be the learning focus for both adults and students.

- **Communication**—Transparency will be achieved through a variety of ongoing communication approaches to inform and receive feedback from school administrators, Prairie Spirit staff, employee groups, students, parents and community.

- **Respectful Practices**—Respectful processes will be applied throughout the budget development and implementation process.

Priorities

- **Student and Adult Learning**—High expectations for student and adult learning by engaging in a culture of learning characterized by respectful relationships, feedback, opportunities to explore, reflect, connect and apply knowledge and skills to personal lives, classrooms and their local and global communities.

- *My Prairie Spirit Classroom* (MPSC) —is diverse in world view, culture, language, gender identity, ability and interests and this is how we learn together.

- **Student and Adult Safety and Well-Being**—"Caring, Healthy and Safe Schools" provides a focus on a wellness culture. Placing caring and healthy first reflects a priority for prevention along with a response to potential threats or traumatic events.
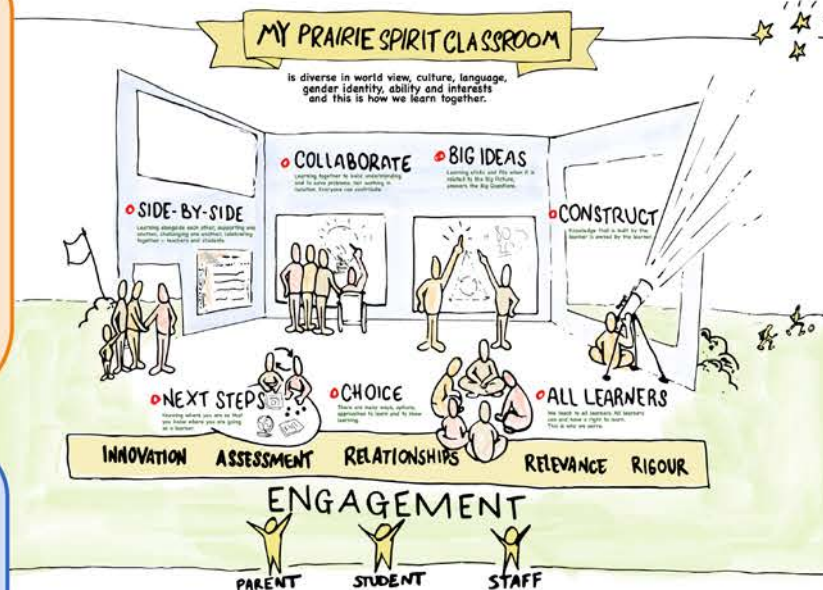
Commitments

- **Responsible Partners**—The Board will continue to be a responsible partner with the Ministry of Education, the Province and the Funding Review Committee to achieve funding equity.

- **Balanced Budget**—The Board will submit a balanced budget to the Ministry in June.

- **Enterprise Risk Management (ERM)**—The Board commits to providing governance of the Division's ERM program, as well as its risks and responses.

- **Budget Strategy**—In January, the Board will provide direction to achieve equitable distribution of funds and balance the budget. The strategy will be adjusted when new funding information is received until the final budget is submitted to the Ministry in June.

- **Expenditure Review**—Administration will continue to review expenditures for cost efficiencies.

Budget Development Plan

- **January 25-26**—Board Winter Workshop—high level scenarios
- **March 15**—Deadline to receive preliminary budget information from budget managers
- **March 20**—Provincial Budget Day
- **March 27**—Presentation of budget day impact to Admin Council
- **March 20-April 8**—Examination of budget details
- **April 8**—Presentation of Provincial Budget Day impact to the Board
- **April 16**—Presentation of budget day impact to ALT
- **April 29**—Presentation of draft budget options to Board
- **May 21**—Further draft budget discussion with Board (if necessary)
- **June 3**—Final budget approval by the Board

Revised March 7, 2019

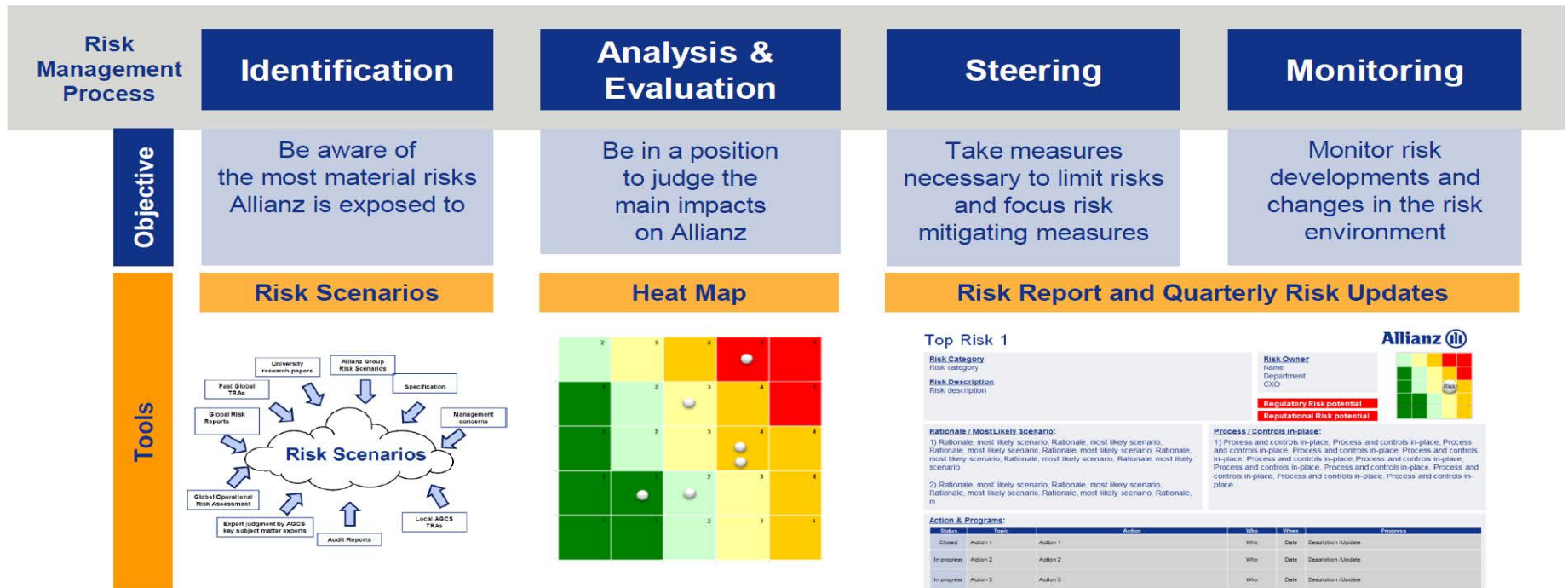# What is Enterprise Risk Management

- Four Process Steps of Managing ERM

- COSO 2017 model

- Heat Map

- Risk Assessment Categories

- To oversimplify it is what we do every day all the time subconsciously – applied to a complex organization level

- Examples
  - **Walking the stairs** (adjust gate depending on the rise and run of the stairs)
  - **Winter driving** (slow down when icy)

Top Risk Assessment

The Allianz Top Risk Assessment process is managed in four steps:

Risk Management Process	Identification	Analysis & Evaluation	Steering	Monitoring
Objective	Be aware of the most material risks Allianz is exposed to	Be in a position to judge the main impacts on Allianz	Take measures necessary to limit risks and focus risk mitigating measures	Monitor risk developments and changes in the risk environment
Tools	Risk Scenarios	Heat Map	Risk Report and Quarterly Risk Updates	

Dr. Kathrin Meier, CRO

ERM Heat Map

Risk Evaluation Matrix					
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Unlikely	2	2	6	8	10
1 Rare	1	2	3	4	5
Likelihood **Impact**	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic

Risk Assessment - Impact

Impact Factors / Impact Categories	Insignificant	Minor	Moderate	Major	Catastrophic
Financial	Financial impact of event is less than $100,000	Financial impact of event exceeds $100K, but is less than $500K	Financial impact of event exceeds $500K, but is less than $2.5M	Financial impact of event exceeds $2.5M, but is less than $15M	Financial impact of event exceeds $25M
Reputational	One negative article in one publication	Negative articles in more than one publication	Short term negative media focus and concerns raised by stakeholders	Long term negative media focus and sustained concerns raised by stakeholders	Stakeholders lose faith in management or Trustees
Managerial Effort / Capacity	Impact can be absorbed through normal activity	Some management effort is required to manage the impact	Can be managed under normal circumstances with moderate effort	With significant management effort can be endured	Potential to lead to the collapse of the organization
Government Relations	Routine ministerial inquiries	In-depth ministerial inquiries	Concerns raised by Ministry of Education	School division's ability to deliver on mandate is questioned	Ministry loses faith in the organization
Legal	Legal action threatened	Civil action commenced / small fine assessed	Criminal action threatened / moderate fine assessed	Criminal lawsuit commenced / significant fine assessed	Jail term of any length for a Trustee / Director multiple significant fines assessed
Student Outcomes	Immaterial impact on student achievement	Student achievement metrics begin to show a decline	Parent's complain about student achievement	Overall student competency levels are below standards	Inability to satisfactorily deliver curriculum or key programs

2017 COSO ERM update framework* is organized into five components

| MISSION, VISION, & CORE VALUES | STRATEGY DEVELOPMENT | BUSINESS OBJECTIVE FORMULATION | IMPLEMENTATION & PERFORMANCE | ENHANCED VALUE |

| **Governance and Culture** | **Strategy and objective-setting** | **Performance** | **Review and Revision** | **Information, communication and reporting** |

Board risk oversight responsibilities*

▸ Assess strategy	▸ Set expectations for ERM integration	▸ Review strategy against risk profile	▸ Ask about manifesting risks	▸ Access information for Board oversight
▸ Define governance roles and structure	▸ Understand risk appetite	▸ Set risk-reporting expectations	▸ Challenge suitability of ERM function	▸ Obtain independent assessments
▸ Understand risk monitoring		▸ Understand key risks and responses		

Why do cars have brakes ?

Issue # 1

Why invest time and energy into ERM ?

Why invest time and energy into ERM ?

WHY:

1. Board (George)

2. Division Leadership (Lori)

3. Strategic Decision-making Board and Staff

4. Other benefits

Director, Superintendent answers

Issue # 2

How do we best implement

How do we best implement?

- Awareness of challenges and value add
  - **Context & Culture**
- ERM workflow
- Heat Map
- Risk Report
- Integrated risks vs. Enterprise
- Approach as a change initiative

Context & Culture

ERM is a change management process

Mikes and Kaplan, (2014) contingent theory– application is significantly influenced by **context and culture**

8 internal strategies and number 7 is to make ERM enjoyable and meaningful

Fraser, J., & Simkins. (2016). The challenges of and solutions for implementing enterprise risk management.
Identified

8 Internal Challenges (Fraser & Simkins, 2016)

- Corporate culture
- Board of directors' knowledge
- Not applying a KISS mindset
- Training without having workshops
- Identifying too many risks
- No timeframes
- Not making ERM enjoyable or meaningful
- Not recognizing ERM as change management

Culture of Risk Management

1. Risk Identification
2. Risk Assessment
3. Risk Responses and Action
4. Risk Monitoring
5. Risk Reporting

ERM Workflow
American University

Identify critical risks

Rank top risks (annually)

Provide management responses

Review ERM risks with Cabinet

Share results with BoT

Heat Map

Risk Evaluation Matrix					
5 Almost Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Unlikely	2	2	6	8	10
1 Rare	1	2	3	4	5
Likelihood / Impact	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic

2018-2019 STRATEGIC DIRECTION

TITLE: Employee Development, Recruitment, Bargaining & Labour Management

Human Resources Initiatives facilitated by: Bob Bayles

Also facilitated by: Jon Yellowlees, Noel Roche

Last Updated: December 2018

Other team members: Jarid Brown, Janet Zwaan, Jeannie Coutts

HR Strategic Plan

1. Why is this focus important?

Employee Development:
Continued development of coaching skills for all leadership positions to ensure continued professional growth and engagement for all staff. This contributes to maintaining a pool of strong leaders in our leadership pipeline.

2. Anticipated Challenges

- **Resources:**
  - Time (personnel)
  - Budget

3. What will we do to achieve our desired change?

Actions	Deliverables	Lead	Start Date	Completion	Resources Required	Risks	Impact/ Likelihood Trend	Velocity
Development and facilitation of coaching program for leadership positions	• Leadership development through *Leading from the Coach Approach* training for new Sr. Administration, In-School Administrators, and Exempt employees including managers and supervisors • Leaders and supervisors develop skills to focus on supporting people to achieve their professional goals • Increased staff engagement through intentional positive feedback and acknowledgement of personal accomplishments, successes, and contributions designed to encourage continued growth and development • Increased focus on supporting staff through change to embrace and accept change and transition • Update of Professional Growth, Supervision, and Evaluation documents for teachers and support staff	Bob Bayles	September 2017	Ongoing with LSS and new In-School Admin and Managers	Time & release time	• Not having fully prepared leaders • Increased use of progressive discipline • Lack of leadership capacity of Admin and managers		Slow
Succession planning & development for Senior Leadership and In-School Administration positions and supervisors	• Continued development of Aspiring Leadership Program: ○ Offer in-house Aspiring Leadership Program including encouraging participant attendance at *Saskatchewan Principals' Short Course* offered through SELU, with funding supplied as available • Mentorship, coaching, and performance feedback for ALT, Supervisors, and Learning Facilitators • Continued monitoring and projecting of potential vacancies at Administrator and Senior Leadership level • Sufficient talent pools within the Division to ensure smooth transitions, including years with large number of Administrative positions to fill • Superintendents and Principals to encourage potential In-School Administrator candidates	Bob Bayles Noel Roche Jon Yellowlees	Already in progress	Ongoing	Continued budgetary support of program	• **Insufficient talent pool** • Ineffective leadership • Decreased staff engagement • Decreased student outcomes		Brisk

Staffing based on reduced budget	• Continued analysis of needs and potential reduction of staffs due to budget shortfall
	  ○ Focus on specialty positions
	  ○ Focus on recruiting top interns during hiring process resulting in cost savings
	• Delivery of school staffs based on Board-approved budget and representative workforce
		Bob Bayles Jon Yellowlees Jarid Brown	Ongoing	Ongoing	Capacity	• **Unfilled specialty positions**
						• Labour risks & ramifications
						• Staff burnout
								Fast

Bargaining and Salary Review	• Potential extension of LINC agreement and ratifying CUPE agreement, review of Exempt and Out-of-Scope handbooks
	• Addressing Prairie Spirit's bargaining interests including:
	  ○ Ensuring the best use of division resources
	  ○ Allowing for continuing organizational effectiveness through flexibility and procedural processes
	  ○ Employee Health and Wellness
	  ○ Attendance monitoring and support
		Bob Bayles Jarid Brown	Already in progress	LINC - August 2019
				
				Support – Spring 2019
					Time	• Expired agreements
						• Reduced staff engagement
							LINC
							CUPE
								Medium

Implementation of new Provincial Agreement	• Working with the PSTA and STF for clarity around assigned time, professional responsibilities, and voluntary time	Bob Bayles Jon Yellowlees	October 2018	August 2019	Interpretive bulletins – working with STF	• Confusion & disruption regarding time • Dissatisfaction		Brisk
Reviewing and Updating Admin Procedures and Practices	• Investigations training and resources • Updated Admin procedures and review with ALT • Creation of new Admin procedures as appropriate • Learning Superintendent checklist for AP's	Jon Yellowlees Jarid Brown	Already in progress	June 2019	AC & ALT time	• **SPTRB investigations** • Not having clear or comprehensive APs & adherence to them		Fast
Supporting staff engagement	• Teacher Collective Efficacy Committee • Creation of self-subscribing targeted teaching area email groups • Reduction in workplace related accidents resulting in significant savings through reduced WCB premiums • Exit survey	Bob Bayles Jon Yellowlees	Already in progress	Ongoing	Personnel	• Increased staff absenteeism • Increased staff burnout		Medium

QUARTERLY Risk Report Rockwell School Board

Risk & Owner	Risk Indicator	Quarter 1 2014-15	Quarter 2 2014-15	Quarter 3 2014-15	Quarter 4 2014-15	Projected 2015-16	Risk Trend
Audit, Regulatory & legal (Owner: Director of Education)	Audit (Internal, External and other regulatory audits: # of outstanding issues	8	8	7	13	n/a	↗
	# of Lawsuits outstanding	1	2	4	6	n/a	↗
	ERM reporting	2	3	3	0	n/a	↘
Risk Comment	The # of outstanding audit issues has increased to 13 according to Internal Audit. The prior list is now down to 4 outstanding items however 9 new items surfacing from the recently conducted outsourcing audit have been added to the list. Law suits have increased substantially.						
Operational (Owner: Director of Education)	Major Supplier (Bus Company) (Agreement failure by Supplier)	0	0	0	0	n/a	→
	Continuous Improvement Planning (goals met)	1	0	0	1	n/a	→
	Process change Risk – # of Board policies delayed in project implementations	2	2	3	2	n/a	→
Risk Comment	Classroom technology upgrade project delayed by prolonged negotiations. IT project was to be completed by second quarter – project now underway.						
Health and Safety (Owner: Director of Education)	Incident reports – Bodily Injury	18	18	30	18	n/a	→
Risk Comment	We experienced several incidents of bodily injury and loss of property on the last day of school. This was isolated to one school.						

Individual risks vs. Enterprise

Key distinction:

- *Traditional planning had departments working in isolation*

- *Not considering how a risk has organizational, divisional, or enterprise impacts*

- *Fosters better understanding across the school division*

- *Measures division impact – what matters to the board and senior management*

Approach as a change initiative

Where is your Division's Radical Middle

Source of Order

Interpretivist — (Agency, Subjective, Humanist)

Functionalist — (Rules, Objective)

Humanistic Approach

Innovator Approach

Monitoring Model

Rational Goal Model

Closed, Secretive, and Individualistic

Open, Transparent, and Teamwork

Culture

Bayles, 2018 ©
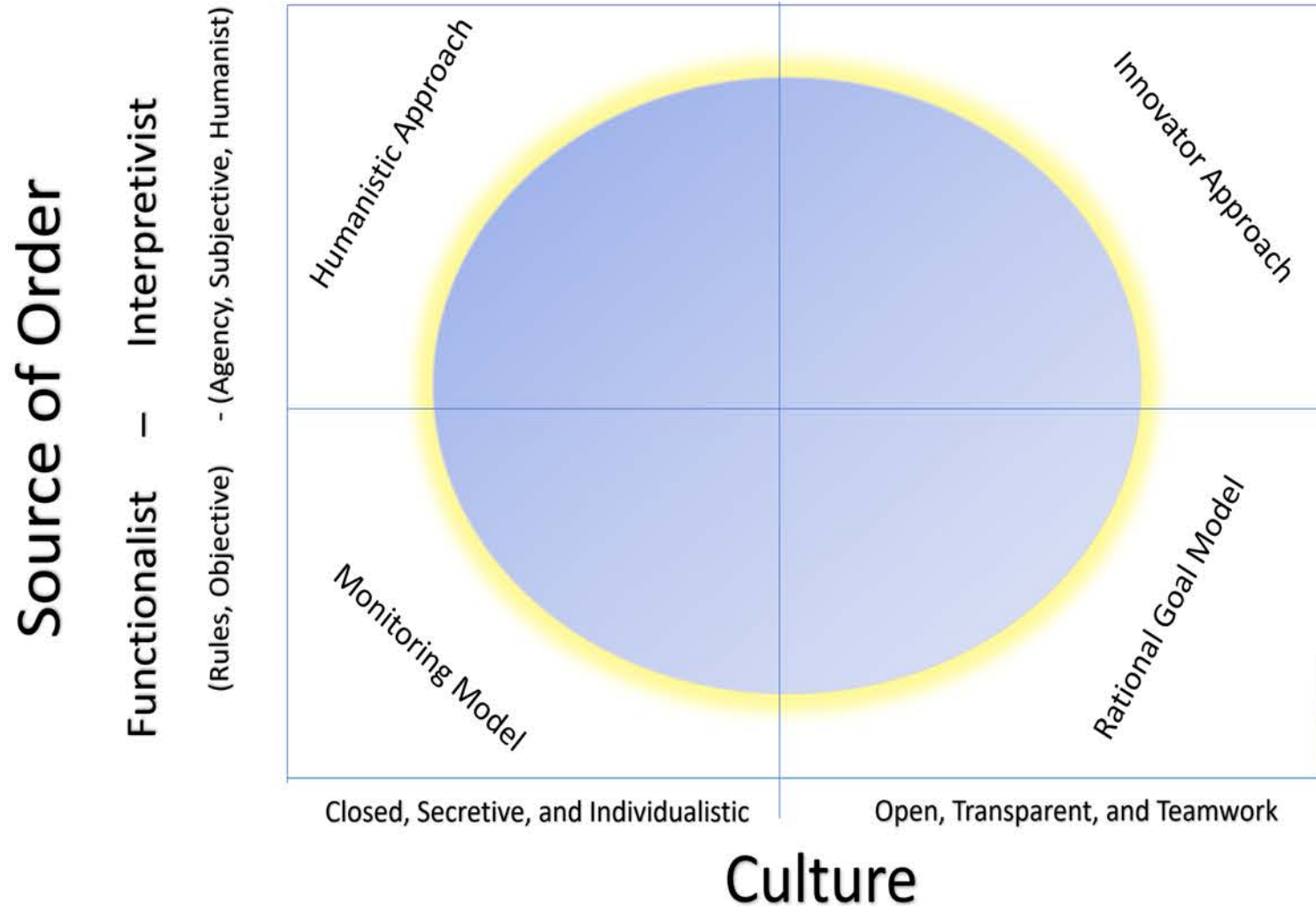
Write down 1 – 3 reasons on how to best implement ERM in your division and post on wall

- Awareness of challenges and value add
- Context & Culture
- ERM workflow
- Heat Map
- Risk Report
- Integrated risks vs. Enterprise
- Approach as a change initiative

Issue # 3

What value and positive changes should we look for? How do we know?

Positive changes

Value

- Heat Map, Impact vs. Likelihood easy to connect
- Quantifies risk, balance efforts
- Protocols on process
- Defining Learning Risks
- Common Language for risk
- Integrate strategic risk thinking in daily work

Look for

- Heat Map being used in board conversation
- Balancing of leadership efforts considering risks
- Use of process in Strategic Planning
- Risks to Learning being defined
- Use of risk language
- Addressing risk and reporting at the board table

What we covered

Context about PSSD

Three issues addressed implementing and advancing ERM:

> **# 1 – Why invest time and energy into ERM**

> **# 2 – How do we best implement**

> **# 3 – What value and positive changes should we look for?**

Contact and website info

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PSSD resources website - https://learning.spiritsd.ca/

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Twitter

@ljeschke22 / @bobbayles

Resources to take away with you

- Strategic Planning Framework

- Budget Decision-Making Framework

- Heat Map

- COSO Framework (2017)

- Fraser, J., & Simkins. (2016)

- SSBA resources
  - ERM users guide
  - Risk examples
  - Risk impact

- Bayles, B. (2018)
  - A Promising Approach to Leadership: Supporting Strategic Goals by Assessing Enterprise and Individual Risk
  - ERM change management heuristic