

Risk Management Framework

Introduction

Louis Brier's Risk Management framework supports the achievement of the organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks in an integrated manner. The objectives of the risk registry are to:

- a. Embed and integrate risk management into all processes
- b. Communicate risk and risk management widely within the organization
- c. Link risk management directly to all decision making
- d. Monitor organizational and individual performance
- e. Create a risk-aware culture

Risk Management Process

For the risk management framework to be effective, the process needs to be structured in a manner that allows for all risks to be identified and managed in line with a consistently applied framework. The process includes the following:



1. Identify Risk: Risk Categories

The content of the risk management process needs to be clearly defined within the organization. Risks can be categorized in the following categories. A thorough review of the possible risks is noted in the area below the three main categories. This results in an organization risk profile.

BUSINESS RISK Risks that relate to the delivery of healthcare that includes internal and external factors impacting the operations	RESOURCE RISK Risks that relate to the resources used by the organization to accomplish its objectives	COMPLIANCE RISK Risks that originate from the requirement to comply with a regulatory framework, policies, directives, or legal agreements
Quality Care & Resident Safety	Human Resources & Staff Relations	Environment, Health & Safety
<ul style="list-style-type: none"> • Admission/ Intake/ Transfer/ Discharge • Assessments • Care plan development • Care Plan adherence • Falls/ UTI/ Pressure Wound 	<ul style="list-style-type: none"> • Human resource planning • Competency and staff development • Performance Management • Compensation and benefits • Labour Relations 	<ul style="list-style-type: none"> • Environmental impact • Hazardous Material Handling • Workplaces Health and Safety • Infection Prevention and Control • Emergency Preparedness
Strategic Governance	Financial	Legal & Regulatory
<ul style="list-style-type: none"> • Strategic goals and objectives • Performance reporting and measurement • Culture and ethics • Research • Community partnerships and alliances • Organizational structure 	<ul style="list-style-type: none"> • Funding allocation • Planning and budgeting • Financials Management and reporting • Fraud • Operations and Unexpected Costs 	<ul style="list-style-type: none"> • Legislation & Regulations • Contracts, Waivers, Agreements • Professional Licensing & Credentialing
Operations & Business Support	Information Systems & Technology	Policy, Guidelines & Directives
<ul style="list-style-type: none"> • QRM • Facilities Management • Health Information Management • Communications • Disaster Management • Security Management 	<ul style="list-style-type: none"> • PCC/EMAR/SSC • Worxhub • Network Security • Data Integrity • User Support • Disaster Recovery 	<ul style="list-style-type: none"> • Clinical Policies • Administrative Policies • Internal Standard Operating Procedures • External Guidelines
Reputation & Public Image	Physical Assets	Standards
<ul style="list-style-type: none"> • Public Relations • Media Relations • Resident/Family Relations & Complaints 	<ul style="list-style-type: none"> • Asset Management • Capital Costs • Equipment Acquisition and Maintenance • Equipment Replacement • Security requirements for health records 	<ul style="list-style-type: none"> • Accreditation Canada • Professional Regulatory bodies

2. Assess Likelihood of Risk

The list of identified risks is likely to be extensive and range in scope and severity. To make this process manageable, these risks need to be further categorized and prioritized for attention.

Descriptor	Description	Rating
Almost Certain	Very high probability (>90%) the risk will occur in the next 12 months. It is expected to occur.	5
Likely	High probability (51-90%) the risk will occur in the next 12 months. It will occur in most circumstances.	4
Possible	Moderate probability (11-50%) the risk will occur in the next 12 months. It might occur at some time.	3
Unlikely	Low probability (1-10%) the risk will occur in the next 12 months.	2
Rare	Very low probability (<1%) the risk will occur in the next 12 months. It may occur only in exceptional circumstances.	1

3. Assess Impact of Risk

Descriptor	Description	Rating
Severe	<ul style="list-style-type: none"> • Significant impact on quality of care and/or safety to residents • Loss of life, significant injury and/or chronic health problems to staff • Extended shutdown of facility(s), program(s) or service(s) • Significant financial cost overruns or losses compromising the organization's ability to meet its goals • Extensive environmental health risk exposure to office occupants and general public • Litigation relating to adverse events resulting in serious harm or death • Irreparable damage to reputation and credibility • Loss of critical assets for an extended period • Strong criticism by external review agencies 	5
Major	<ul style="list-style-type: none"> • Serious impact on quality of care to residents that will not result in serious harm or death • Serious injury to staff resulting in permanent disability • Significant disruption in the delivery of essential services 	4

	<ul style="list-style-type: none"> • Cost overruns that are unexpected and have a significant impact on the delivery of healthcare services • Environmental damage requiring extensive clean-up and resulting in some permanent damage • Significant damage to reputation and credibility • Loss of significant physical assets with some service disruption • Missed opportunity to significantly improve quality of care to residents • Exposure to sensitive confidential information (PHIA, FIPPA, PIPEDA etc.) • Loss of expertise that will be difficult to replace in the short run and will impact on the delivery of the program or service delivery 	
Moderate	<ul style="list-style-type: none"> • Temporary impact on quality of care to residents that is not harmful • Injuries or health problems to staff requiring short term leave of absences • Moderate disruption in the delivery of essential services • Moderate financial losses in the delivery of healthcare services • Moderate environmental damage with some clean-up required but no permanent damage • Threat of lawsuit due to non-compliance with legislation, regulations, contractual agreements • Some loss of public trust/unfavourable media attention • Loss of significant but replaceable physical assets • Loss of confidentiality over personal information • Some criticism by external review agencies 	3
Minor	<ul style="list-style-type: none"> • Minor impact on quality of care to clients • Temporary illness or minor injuries to staff • Inefficiencies in the delivery of programs/services having negligible or no direct impact on client care • Financial losses are minimal and easily absorbed • Minor environmental damage with limited clean-up required • Resident and family relations have been adversely impacted but can be restored through discussions • Limited loss of physical assets 	2

	<ul style="list-style-type: none"> Staff shortages that cannot be resolved on a timely basis impacting on the delivery of services over a short period of time 	
Insignificant	<ul style="list-style-type: none"> Temporary discomfort to residents Temporary or minimal loss of staff productivity Adjustments and reprioritization of efforts can be readily made to maintain delivery of services Financial losses that are insignificant Minor impact on public trust/little or no media attention Limited and replaceable losses of physical assets (i.e. personal property, supplies) Insignificant and/or temporary environmental damage 	1

Combine your ratings of risk likelihood and risk impact to determine the prioritization of the risks. This can assist in defining the focus for a risk management plans.

		Impact					
Likelihood	Very high probability (> 90%) the risk will occur in the next 12 months. It is expected to occur.	5 Almost Certain	Moderate	Moderate	High	Extreme	Extreme
	High probability (51-90%) the risk will occur in the next 12 months. It will occur in most circumstances.	4 Likely	Low	Moderate	High	High	Extreme
	Moderate probability (11-50%) the risk will occur in the next 12 months. It might occur at some time.	3 Possible	Low	Moderate	Moderate	High	High
	Low probability (1-10%) the risk will occur in the next 12 months	2 Unlikely	Low	Low	Moderate	Moderate	High
	Very low probability (<1%) the risk will occur in the next 12 months. It may occur only in exceptional circumstances.	1 Rare	Low	Low	Low	Moderate	Moderate
			1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
RISK HEAT MAP  Integrated Risk Management		Minimal impact on achievement of objective. Outcomes remain within stated risk tolerances. Consequences dealt with by routine operations. Negligible monetary loss. No community response. No media interest.	Minor impact on objective. Outcomes remain with stated risk tolerances. Consequences threaten efficiency or effectiveness of some services. Will be dealt with internally. Monetary loss managed within operating or project budget. Isolated community complaints. Local short term media interest.	Moderate impact on objective. Outcomes may or may not remain within risk tolerances. Consequences would require significant review or changed ways of operating. Monetary loss may require suspension of some services. Moderate environmental implications. Some community complaints. Local long-term media interest.	Major impact on objective. FH no longer meets external standards. Consequences threaten continued effective provision of services. Top-level management intervention required. Monetary loss would require cancellation of some services. High environmental implications. Negative community complaints. Major loss of credibility. National short term media interest.	Significant impact on objective. FH no longer meets external standards. Consequences threaten provision of key services causing major problems for patients/clients and FH. Monetary loss would have extreme consequences for FH. Far reaching environmental implications. Catastrophic loss of reputation. Parliamentary questions. National long term media interest.	
		Response					
Extreme	Inform Executive & Board. Immediate action required						
High	Inform Executive & report to Board as appropriate. Senior Management involvement/attention is essential to manage risk. Priority areas for audit						
Moderate	Ongoing mitigation & monitoring. Inform relevant Senior Management. Potential cumulative impact of risk should be assessed.						
Low	Accept, but monitor risks. Manage by routine procedures. Assess costs of RM activities. Where costs outweigh the benefits, consider redeploying RM resources to other priorities						

4. Mitigate Risk

Based on the risks identified and their assessed impact and likelihood risks are prioritized. Once all priority risks are identified, a specific Risk Mitigation plan should be compiled for each risk including

1. Risk Name
2. Responsibilities
3. Mitigation strategies
4. Expected outcomes
5. Timelines

Monitoring of risks using the Risk Register is shared with the senior leadership on a monthly basis to monitor progress.

5. Monitor Risk Management

Reporting on risk management and ongoing status of organizational risk is a critical success factor. There are several ways of reporting, but it is important that any Risk Register contains the following information for each identified risk:

- a. Risk name – the name of the identified risk
- b. Brief description of the risk – description summary of risk
- c. Inherent risk status – the risk to the organization in the absence of any actions taken (High/ Moderate/ Low/None)
- d. Mitigation plan – plan to mitigate the identified risk
- e. Residual risk – risk remaining after the actions taken to mitigate the risk
- f. Risk tolerance - Is the amount of uncertainty an organization is prepared to accept in total (High/ Moderate/Low)

