RISK MANAGEMENT FRAMEWORK FOR THE COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

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Contents

1. Introduction

The College of Respiratory Therapists of Ontario (the CRTO) regulates the Respiratory Therapy practice in Ontario in the public interest. Specifically, under the *Regulated Health Professions Act,* 1991 (RHPA)[1], the CRTO has a duty to work in consultation with the Minister of Health to ensure, as a **matter of public interest**, that the people of Ontario have access to adequate numbers of qualified, skilled and competent Respiratory Therapists.

In serving the public interest, the CRTO has a fiduciary duty to manage risk. This applies not only to the risks associated with the practice of Respiratory Therapy (**regulatory risks**) but also, on an organizational level, to the management of risk in all aspects of CRTO's operations and programs (**organizational risks**).

The CRTO developed this framework in alignment with its mandate and strategic objectives to ensure a systemic approach to risk management across the organization and embed risk consideration into its decision-making and resource allocation.

The framework is based on ISO 31000:2018 – Risk Management Standard and a review of scholarly and grey literature focused on regulatory approaches to risk management. Building on the ISO 31000:2018 principles of risk management, the document outlines:

1. The CRTO's **risk management strategy** (sections 2-5) establishes the foundation for managing risk across the organization and outlines the key responsibilities.

2. **Risk management process** (section 6) provides a specific set of steps for managing risks in a systematic way. This is to operationalize the risk management strategy through the identification, assessment, treatment, communication and monitoring of risk.

2. Policy Statement

It is the policy of the College of Respiratory Therapists of Ontario to establish and maintain a systemic approach to risk management, integrating risk management into its strategic planning, project and operations management and reporting.

The CRTO is committed to fostering a risk management culture that is guided by the principles of accountability and transparency and reflects its mandate, and strategic objectives.

The CRTO Council provides leadership and oversight for the CRTO's risk management strategy. CRTO staff ensure that the risk management strategy is implemented, and that organizational and regulatory risks are assessed, treated and monitored on an ongoing basis.

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[1] s.2.1 Health Professions Procedural Code, Schedule 2 of the *Regulated Health Professions Act*, 1991

3. Purpose

This risk management framework was developed to[2]:

- Integrate risk management into CRTO's organizational structures and processes in a manner that reflects its mandate and strategic direction.

- Ensure that risk management is a key component of CRTO's decision-making, strategic planning, resource allocation and operational management and that CRTO's decisions are informed by relevant, understandable and accurate information and appropriate and timely involvement of its internal and external stakeholders.

- Outline a structured and comprehensive approach to risk management that clarifies the roles and responsibilities and ensures consistency in how risk-management tools and processes are applied across the organization. These include procedures for risk identification, assessment, treatment and communication.

- Help the CRTO respond to and adapt to changing priorities (both internal and external) through risk management practices that are dynamic and flexible.

- Enable continual improvement through ongoing monitoring, review and improvement of risk management processes to ensure their relevance and effectiveness.

4. Key Concepts/Definitions

- **Risk** – ISO 31000:2018 defines risk as the effect of uncertainty (e.g., possibility of an event X) on an organization's objectives. Risk can have positive and/or negative impacts, ranging from major system failure to an improvement (opportunity). This document focuses primarily on mitigating the negative impact of risk.

- **Risk appetite** – a high-level indication of how much risk an organization is willing to accept in order to achieve its objectives. Articulating an organization's risk appetite is an important factor in facilitating risk-informed decision-making.

- **Risk management** (often referred to as Enterprise Risk Management) – a systematic, integrated, cyclical and proactive approach to managing an organization's risks and opportunities in relation to its mandate and objectives. The three key components of the risk management process are risk assessment, treatment and monitoring. It is also important to note that the purpose of risk management is not to eliminate risk but rather to help organizations manage risk and uncertainty.

- **Risk management culture** – reflects an organization's commitment to view risk management as an inherent part of its decision-making (as opposed to a reporting requirement, for example). A risk management culture encourages open and clear discussion of risks across all levels of the organization.

- **Risk-based regulation** – a regulatory approach intended to ensure that regulatory actions are proportionate to the risk they are trying to address. The aim of risk-based regulation is also to reduce any unnecessary regulatory burden. In this, risk-based regulation aligns with the principles of

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[2] Adapted from the ISO 31000:2018 Risk Management Principles

right-touch regulation and its focus on maximizing regulatory effectiveness and efficiency. Risk-based regulation is often described as outcomes-focused, pragmatic, and agile.

5. Responsibilities

The CRTO's key risk management responsibilities are assigned to its Council, Registrar and CEO, Finance and Audit Committee and program managers. Their specific responsibilities are set out below.

CRTO Council
The Council (Board of Directors) is ultimately responsible for the oversight of the CRTO's risk management strategy and policy direction; this includes:

- Determining the overall approach to risk management, ensuring that it aligns with the CRTO's objectives and strategic initiatives

- Articulating the CRTO's risk appetite

- Ensuring that risk management is embedded into CRTO's decision making

- *S*upporting a culture of risk awareness focused on continued learning and improvement

- Monitoring CRTO's activities and maintaining oversight of risks that can impact the CRTO's strategic objectives

The Registrar and CEO
The Registrar is ultimately accountable for the operational leadership in the implementation of the risk management framework and processes across CRTO's departments and core functions. Their key risk management responsibilities include:

- Identifying and assessing potential and emerging risks and opportunities as part of the strategic and operational planning processes

- Developing mitigation strategies, and ongoing evaluation of the CRTO's effectiveness in risk management

- Working with Council to establish the CRTO's risk appetite levels

- Allocating the appropriate resources to implement and maintain the CRTO's risk-management framework and processes

- Engaging staff and Committees in the CRTO's risk management process and assigning appropriate risk management responsibilities

- Monitoring the CRTO's risk management processes and providing Council with regular updates on key risks that may impact the CRTO's ability to fulfil its mandate and strategic objectives

- Maintaining the Risk Register and ensuring that the CRTO's communications about risk are clear and transparent

- Establishing a culture of risk awareness by setting standards for risk management and modelling risk-based decision making

- Ensuring that Council and staff receive an orientation and ongoing training related to risk management and providing support in fulfilling their risk management responsibilities

Finance and Audit Committee (FAC)

The FAC assists the Council in fulfilling its governance and oversight responsibilities in relation to the CRTO's financial reporting and internal and external audit functions. The FAC's key risk management responsibilities include:

- Monitoring the CRTO's control systems and financial practices, reviewing the CRTO's financial reports

- Providing advice to the Registrar and CEO with regard to any financial risk

- Identifying risk factors relating to financial management policies and processes

CRTO Staff

Program Managers are expected to demonstrate an understanding of and commitment to the CRTO's risk management strategy. Their key risk management responsibilities include:

- Supporting the CRTO in the development and implementation of the risk management framework

- Identifying, assessing, and managing the risks and opportunities in their area of responsibility

- Providing quarterly reports to the Registrar and CEO

6. Risk Management Process

The following sections provide a broad overview of the CRTO's approach to operationalizing the risk management framework across the organization. The five key components of the CRTO's Risk Management Process are the identification, assessment, treatment, communication and monitoring of risks. The process can be described as "a series of inter-connected and inter-related steps that are repeatable and verifiable[3]"
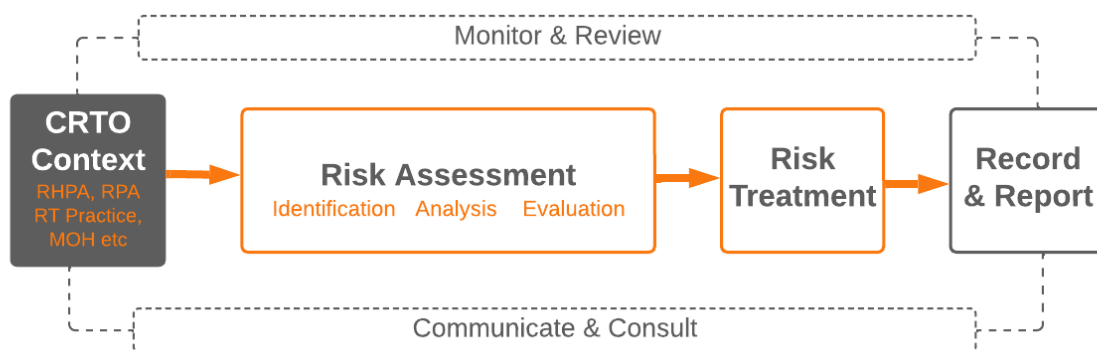

Figure 1 – Risk Assessment Process[4]

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[3] Guide to Integrated Risk Management (Treasury Board of Canada Secretariat)
[4] Adapted from ISO 31000:2018

A. Context

An effective risk management process requires a clear understanding of the context in which the CRTO operates; this includes:

- its mandate, strategic objectives, and regulatory framework (defined by the RHPA, the RTA, regulations, By-laws, and policies)
- internal factors such as the governance structure; and
- external factors such as the complex and changing healthcare and regulatory environments.

B. Risk Assessment

Risk Assessment includes risk identification, analysis, and evaluation. The CRTO will ensure that its risk assessment process is based on the most relevant information and is conducted in a systematic, ongoing, and collaborative approach. The risk assessment will inform the prioritization and treatment of risks and the allocation of resources.

i. **Risk Identification**

Purpose: to identify and document the risks/uncertainties that might prevent the CRTO's ability to fulfil its mandate and achieve its objectives. Having a documented list (e.g., Risk Register) of historical, current, and emerging risks will help the CRTO prioritize initiatives and allocate resources.

Key considerations:

- What are the possible sources of risk (internal and external)?
- Do we have access to relevant information (e.g., historical data, experiences of other organizations etc.)?
- Identifying emerging risks may require imaginative thinking about the future (e.g., what-if scenarios)
- Possible approaches to identifying risks may include:
  - Reviewing the risk characteristics of specific RT procedures and areas of practice (e.g., based on the 2021 CPMF report, communication, competence/patient care, and professional conduct and behaviour are the most prevalent themes identified in formal complaints received by the CRTO and Registrar's Investigations)
  - Reviewing the risk characteristics of specific member demographics
  - Strengths, weaknesses, opportunities, and threats (SWOT) analysis
  - Environmental scanning of practice in other jurisdictions, regulatory working groups, information sharing
  - Interviews with key stakeholders
  - Process analysis, e.g., to identify gaps in controls, policies
  - Reviewing past adverse events

Risks may be identified using a structured approach (e.g., working groups, checklists, strategic planning sessions). However, recognizing that risks are not static, and the likelihood of a threat can change suddenly, risk identification and monitoring should be ongoing. Likewise, the Risk Register should be considered a 'living' document and be monitored and updated regularly.

Risk Categories

As part of the risk identification, the CRTO will use a risk classification process, grouping risks into three broad categories:

- **Organizational** – risk in all aspects of CRTO's operations and programs, including, strategic, legal and compliance, operational (business continuity, people, IT, finance), and governance risks.

- **Regulatory** – risks that threaten the CRTO's ability to fulfil its mandate to regulate the profession in the public interest. These may include, for example, risks to individual patients related to the quality of Respiratory Therapy care, but also, from a wider systems perspective, risk of patients having inadequate access to RT services; and

- **Reputational** – reputational risks related to public confidence in the CRTO's ability to regulate the profession in the public interest. In general, it is assumed that any regulatory or organizational risk can affect the CRTO's reputation.

The risk classification is based on the recognition that the three categories are interrelated and not mutually exclusive and that risk may fall within more than one category. For example, an unmitigated organizational risk can adversely impact the CRTO's reputation and damage public confidence in the CRTO as a regulator.

Once identified, risks will be classified into risk categories/subcategories listed in Table 1 below.

Figure 2 – Risk Categories

Table 1: Risk Categories

Risk Category/ Subcategory	Example
Organizational	
Strategic (risks associated with the strategic objectives of the CRTO)	• Insufficient reporting/ tracking of Key Performance Indicators (KPIs) • Financial misalignment with the strategic plan • Changing expectations and government directions • Lack of member engagement, breakdown in stakeholder relations, ineffective communication
Legal and Compliance	• Legal disputes • Non-compliance with Ministry directives • Conflict of interest
Governance	• Council composition (e.g., insufficient number of public members) • Ambiguity of jurisdictions (e.g., lack of clearly defined roles and responsibilities)
Operational	• Staff turnover and retention • Business disruptions (fire, flood, power outage, public emergencies) • Vendor dependencies • Office security
Financial	• Unexpected increases in expenditures (e.g., due to new regulatory obligations, increase in complaints, legal challenges) • Misappropriation of assets • Poor management of investments
IT & Records Management	• IT infrastructure disruption • Compromise of data integrity, unauthorized access to CRTO's records, cyber attack
Regulatory	
Core regulatory functions focused on public interest: Entry to Practice Quality Assurance Professional Conduct	• Patient Safety - clinical practice, boundary violations • Public emergencies – insufficient number of RTs to meet the demands of the healthcare system • Lack of resources, inadequate guidance related to standards of practice • Public unaware of the CRTO and unable to access the complaints process • Members not aware of their reporting requirements • Unauthorized practice • Compliance monitoring (CRTO's orders, terms, conditions and limitations)
Reputational	
Any organizational and regulatory risk can affect the CRTO's reputation	• Negative perception of the CRTO • Lack of trust in CRTO's decision-making, its ability to fulfil its mandate • Negative media coverage

ii.   Risk analysis and evaluation

Purpose:
- To assess and prioritize the risks in terms of their:
    - impact (e.g., consequences of the event occurring); and
    - likelihood (e.g., probability and frequency of occurrence)
- To identify existing controls (if any). Existing controls are the mechanisms that are already in place, such as policies, procedures, training programs etc., that may modify or mitigate the risk.

Key considerations:
- When analyzing risk, it is important to consider its likelihood and impact on the CRTO's objectives should it occur. Evaluating likelihood can be based on prior experiences or on experiences encountered by similar organizations.
- What is the risk rating, and what are the options for addressing the risk? Should the risk be treated? And if so, what are the priorities for treatment actions?
- What are the benefits/trade-offs? Do the expected outcomes outweigh the potential negative consequences?
- Risks analysis and evaluation may result in the following recommendations:
    - no further action required
    - additional analysis required to better understand the risk
    - consideration of risk treatment options
    - monitor and maintain existing controls
    - reconsider objectives

Risk Heat Map
Once the impacts and likelihoods of risks have been determined, they can be mapped on the risk heat map (see below), which illustrates a risk rating determined during the analysis process.

Table 2: Risk Heat Map

		IMPACT		
		1- Minor	2 - Moderate	3- Serious
LIKELIHOOD	1 - Unlikely	1	2	3
	2- Likely	2	4	6
	3 - Expected	3	6	9

Risk analysis involves the assignment of risk rating for each risk documented in the Risk Register. The rating is assigned using the following Risk Assessment Matrix:

RISK RATING = LIKELIHOOD X CONSEQUENCE

Table 3: Risk Rating

RISK RATING (Impact x Likelihood)		
Risk Rating	**Description**	**Possible Action Plan**
1-2	**Very low to low risk**	• May require consideration of future changes in the identified area • Ongoing monitoring in case risk profile changes
3-4	**Medium Risk**	• Careful risk evaluation required • Immediate attention of Program Manager and the Registrar • Manage and monitor; contingency planning
6-9	**Hight to Critical Risk**	• Requires immediate action/response • Immediate attention of the Registrar • Council to be informed

C. Risk Treatment/Response

Purpose: To select and implement the appropriate response to the risks that have been identified and assessed based on the CRTO's risk appetite.

Typically, risk treatment options include one or a combination of the following:

• **Accept risk** – for example, when there are no available courses of action or if it is not practical to respond.

• **Avoid risk** – for example, by stopping or deciding not to proceed with an activity or choosing an alternative, it might be possible to avoid the risk

• **Control the risk** – to reduce likelihood and/or consequence of the risk. Processes such as audits and training etc. are some of the methods that may reduce the negative consequences.

• **Exploit the risk** - maximize the positive consequences of a risk.

• **Transfer risk** – sharing the risk with a third party who is willing to take the responsibility (e.g., outsourcing activities, obtaining insurance coverage).

Key considerations:

• Need to reference the CRTO's risk appetite when considering treatment options and the balance of the potential benefits of the treatment option against costs and the resources required for implementation

• Cost-benefit analysis of treatment options may include costs of risk treatments and costs associated with new risks arising from them. Are there any unintended consequences of a risk treatment?

- Are there any threats to the successful implementation of the risk treatment plan (e.g., organizational resistance?

- Who is most accountable for each treatment strategy? Have we assigned specific actions, responsibilities, and timelines?

- How should the risk treatment be communicated? Is stakeholder consultation needed?

- Risk treatment action plans should be integrated with the risk management reporting process and discussed with appropriate stakeholders.

D. Recording and Reporting Requirements

Purpose: to ensure that the CRTO's risk management process and its outcomes are documented. Recording or risk helps to disseminate information across the organization and promotes risk management accountability.

The CRTO will use a **Risk Register** to consolidate the risks identified during the assessment process, their controls (if any) and the treatment/action plans. For a template of the CRTO Risk Register, see Appendix A. The Register may be used for historical data analysis and future trend evaluation.

Key considerations:
- The risk information needs to be recorded in a concise, accurate and timely fashion. All CRTO departments will review and update the Risk Register on a quarterly basis.
- It is recommended that all risks rated as medium to critical be reported at each Council meeting. This will include information related to timelines and implementation of treatments.

E. Monitor and Review

Purpose: To review and monitor risks on an ongoing basis, ensuring that risk information remains relevant (e.g., by considering evolving factors and changes in the environment) and that responses are effectively implemented. Ongoing monitoring and review enable continual improvement.

Key considerations:

- Risk management is a dynamic process. Threats and the environment can change, and as such, ongoing monitoring and review should take place in all stages of the process.
- The results of monitoring and review should be a part of the ongoing risk management and reporting activities.
- It is recommended that risks rated as medium to critical be reviewed on an ongoing basis to ensure that the controls are working as intended.

F. Risk Communication

Purpose:

- To ensure that individuals in charge of risk management have access to relevant and timely information; and
- To maintain a continuous means of communicating risk information to the appropriate stakeholders ensuring that they are aware of and understand risk and its impact on the CRTO's decision-making.

Key considerations:

- Risk management requires an effective and inclusive communication strategy to ensure the engagement of appropriate stakeholders; this may include those within the organization (i.e., Council and Committee members, and staff), but it may also include consultation with external experts and stakeholders.
- Risk communication needs to occur throughout the risk management process.
- The CRTO will strive to standardize risk communication and use the Risk Register as the primary tool to communicate important risk information across the organization.
- In alignment with its commitment to transparency, the CRTO will provide a snapshot of its key risks and responses on its website.

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Appendix A - CRTO Risk Register Template

Id	Risk Description	Category/ Subcategory	Inherent Risk			Controls	Residual Risk	Treatment	Responsibility	Action Required
			Impact	Likeli-hood	Rating					
1	Cyberattacks (e.g., phishing)	IT Operations	3	3	Critical (9)	Online security training for staff New internal IT controls implemented External audit of CRTO's IT infrastructure completed New security features installed	Medium	Monitoring	IT & Database Specialist	Continue monitoring Conduct regular IT audits
2	Leak, accidental disclosure of confidential information	Compliance Operations Reputation	3	1	Medium (3)	Privacy Policy Confidentiality Policy and agreement Records Management and Retention Policy Privacy Training Use of passwords/encryption	Low	Monitoring		

Appendix B - CRTO Risk Report Template[5]

Strategic Domains	Risks		Risk Assessment		Risk mitigation	Risk Outlook	Certainty of achieving objectives
	Type	Statement of Risk	Current Quarter	Prior Quarter			
1. Member Engagement	Regulatory	Amount of information available on CRTO website	🟠 (orange)	🟠 (orange)	Ongoing review of the CRTO website New communications coordinator	↔ (orange)	50%
2. Governance & Accountability	Strategic	Ongoing monitoring of KPIs	🟡 (yellow)	🔴 (red)	Strategic Plan Progress report now available on the CRTO website	⬇ (orange)	75%
3. Enhancing Professionalism	Regulatory	Formal risk assessments in all RC, QAC & ICRC decisions.	🟡 (yellow)	🟡 (yellow)		↔ (yellow)	90%
4. Healthcare Community	Regulatory	Creation of common standards (where possible) both provincially and nationally.	🟠 (orange)	🟠 (orange)			
5. Core Business Practices	Operational	Succession plan for senior leadership	🟡 (yellow)	🟠 (orange)			

[5] Adapted from the CPA Enterprise Risk Management