

## Overview: Health Canada's Progress Towards an Integrated Risk Management Framework

### What is integrated risk management?

“Risk management (RM) is a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.”

- Treasury Board of Canada Secretariat

“Integrated risk management (IRM) is a continuous, proactive, and systematic process to understand, manage and communicate risk from an organization-wide perspective. It is about making strategic decisions that contribute to the achievement of an organization's overall corporate objectives.”

- Treasury Board of Canada Secretariat

### Why implement integrated risk management?

The importance of strengthening risk management in the federal government was reinforced in March 2000 by the tabling in Parliament of the document *Results for Canadians: A Management Framework for the Government of Canada* which contained a commitment to develop an integrated risk management framework.

In April 2001, Treasury Board Secretariat (TBS) issued the *Integrated Risk Management Framework* (IRMF) to address its commitment set out in *Results for Canadians*. The IRMF identifies four elements to guide departments to manage risks and advance the development and implementation of modern practices: corporate risk profile, establish an IRM function, practice integrated risk management, and continuous learning. IRM is meant to support strategic decision-making that contributes to the achievement of an organization's corporate objectives.

More recently, in June 2003, TBS introduced a comprehensive *Management Accountability Framework* (MAF) that defines and clarifies expectations of sound management. Risk management is one of the key management elements in this framework.

## **How are we implementing integrated risk management?**

In June 2003, Health Canada adopted its *Strategy to Implement an Integrated Risk Management Framework*, which demonstrates its commitment to risk management. The *Strategy* brings a more integrated organization-wide approach to managing corporate risks, further supporting the development of a risk-smart organization. This builds on what has already been learned and what is already in place for the management of risks to health at the Department. Corporate Risks, however, refer to management or organizational risks which potentially impact the realization of an organization's overall plans and priorities.

Currently, the Department is in the process of developing its Corporate Risk Profile, a key element of its *Strategy to Implement an Integrated Risk Management Framework*. External and internal environmental scans are also being conducted to ensure that all factors that could significantly influence management priorities, performance and achievement of corporate objectives are being considered.

The corporate-wide perspective, the corporate risk profile and the external and internal environmental scans are all components that will broaden the outlook of Health Canada employees and foster ongoing improvements to managing corporate risks.

## **Why develop a Corporate Risk Profile?**

The Department is developing its Corporate Risk Profile to identify management challenges with respect to the potential corporate risks (e.g. financial, technology, property etc.) that may impact the realization of its corporate objectives.

The departmental corporate risk profile will identify strategic risk areas where management challenges exist and where improvement can be achieved through various management actions. To date, Health Canada is progressing steadily in the development of its corporate risk profile and, although the work is in progress, has identified key corporate management challenges as well as some of the corresponding mitigating strategies.

One of the corporate management challenges identified has been to ensure that the Departmental planning process, including the expected results, is more clearly understood by all employees. Management strategies to address and mitigate this situation include improving the planning process and clarifying the operating principles.

Health Canada also faces challenges in recruiting and retaining qualified people and in ensuring a healthy work/life balance for all its employees. Key management strategies to address these challenges have been the development of innovative human resource management strategies and the implementation of a Workplace Health and Human Resources Modernization Action Plan (WHAHRM).

Another corporate management challenge relates to the Department's commitment to improved accountability to Canadians. Management strategies to address this situation can include initiatives and activities in the areas of values and ethics; internal audit; financial management controls; performance management and evaluation; and conducting training and awareness programs.

There is also a challenge to maintain the currency of Health Canada's legislative mandate in the face of rapid scientific and technological advancements, which is addressed by the Department's program of legislative and regulatory reform.

Science is a basic underpinning for most decisions and policies. The challenge is to ensure that the department has access to quality scientific information as issues arise. Management strategies to address this situation include the decision-making framework, programs for peer review and lab accreditation, and an assessment of all scientific activities against principles for effective government science: alignment, linkages and excellence.

On the technology front, establishing and maintaining a quality, corporate-wide IT infrastructure is another identified management challenge. Management strategies to address and mitigate this situation include improving the IM/IT planning process and long-term capital planning.

Finally, a corporate management challenge also identified is the need to properly assess all the relevant factors that could affect the environment in which the Department operates. To address this situation, Health Canada has been conducting regular external environmental scans. To complement the perspective gained through external environmental scans, the Department is also conducting internal environmental scans.

The development of Health Canada's corporate risk profile for identifying corporate risks and for implementing effective mitigation strategies is progressing well and its implementation will continue over the next few years. This corporate-wide approach for managing corporate risks will offer significant advantages. It will make it easier to assess risk management capacity. It will ensure that management of corporate risks is an integral part for making decisions and setting priorities at all levels of management. It will also assist the Department to identify its best practices and allow their implementation across the organization.

The corporate risk profile is part of Health Canada's *Strategy to Implement an Integrated Risk Management Framework* and builds on the Department's expertise in the management of risks to health. This *Strategy* demonstrates Health Canada's commitment for enhanced and strengthened risk management, to the *Management Accountability Framework* and to the principles outlined in the Government of Canada's *Results for Canadians*.