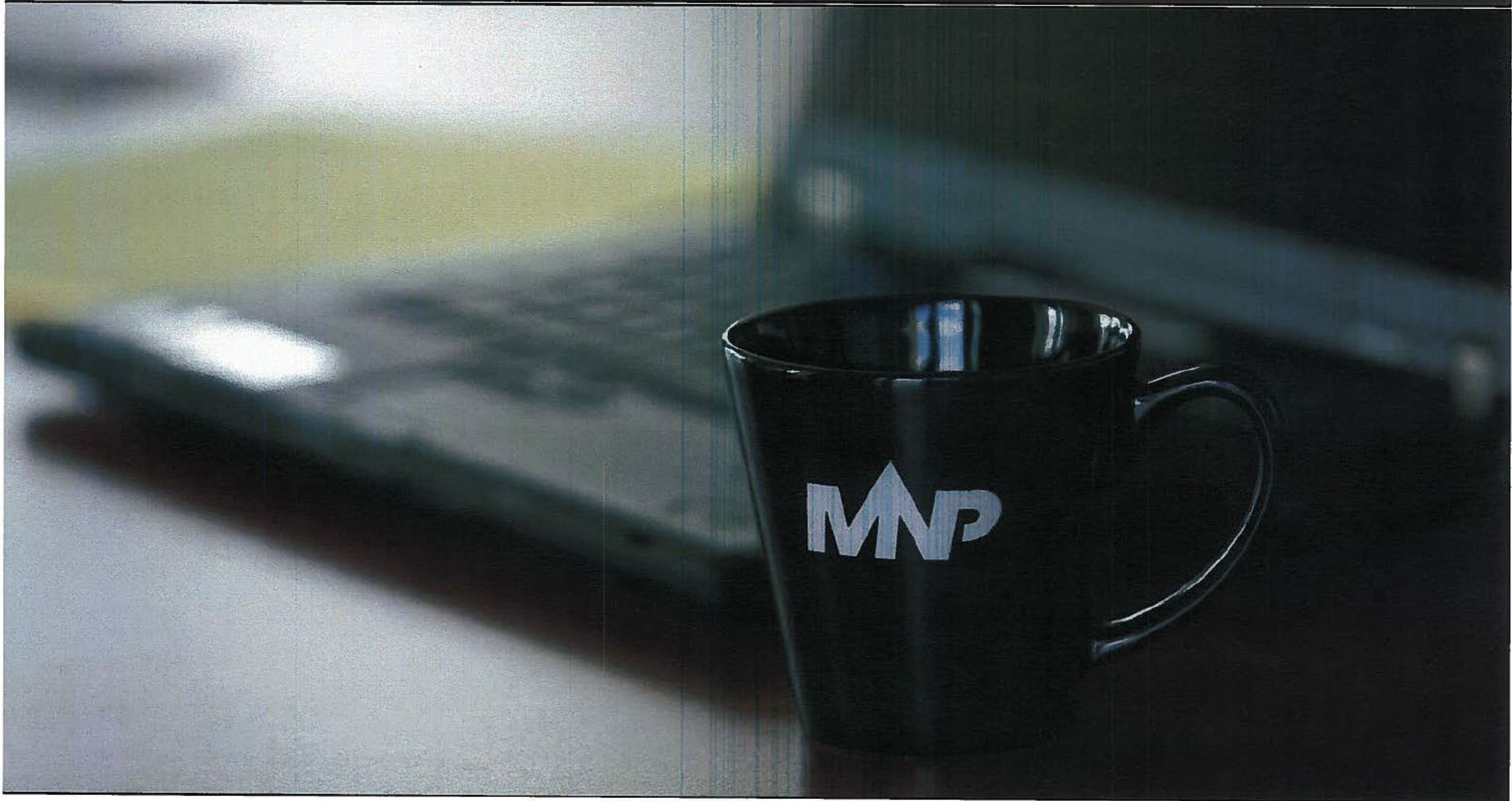


Summary of Results



MEYERS NORRIS PENNY LLP

Risk Assessment Overview



▪ Objectives:

1. To identify, analyze, and prioritize portal and monitoring group risks impacting Legal Aid Ontario's goals to develop a current state risk profile for Legal Aid Ontario;
 2. To provide information for a prioritized list of key risks for risk management action planning.
- Key risks were identified through interviews conducted by risk management and public service sector experts from MNP with key staff at Legal Aid Ontario. The list of staff interviewed or on page 59. MNP were instructed by LAO with respect to who they could interview. As a result, for this particular engagement, senior management was not interviewed.. The risks that were identified and assessed reflect Legal Aid Ontario's risk in the areas of operations under review, as of June 30, 2009.
 - Risks were assessed in terms of their likelihood of occurrence, impact on Legal Aid Ontario's goal and objectives, and management's effectiveness in risk management responses (including controls). The assessment was based on documents reviewed as well as interview participants' perceptions of these risks (i.e. without applying any new mitigation strategies).
 - Assessed risks were prioritized and mapped in terms of their inherent risk level (before controls) and residual risk level (after controls).
 - Although the portal risks have a financial component, we were unable to quantify the resulting risks due to the unavailability of data with respect to portal activity. Therefore the risks were only qualitatively assessed based upon the interviews conducted and the limited documentation provided by LAO.



The risk assessment found that Legal Aid Ontario is a dynamic organization with many strengths that include:

- The Senior Management Team and staff that are all committed to Legal Aid Ontario's long term success.
- A new focus on client service, transparency, accountability and fiduciary responsibility for public funds.
- Staff that is determined and passionate about delivering legal services to low income Ontarians.
- An understanding of the importance of a strong Governance, Risk and Compliance program is evident among the individuals interviewed.
- The portal billing system currently in use is a vast improvement over the previous manual system and payments to lawyers are completed very quickly.

Summary of Risk Themes

Meyers Norris Penny identified 8 key risk themes that have the potential, if not monitored and managed from an enterprise perspective, to significantly impact the achievement of Legal Aid Ontario's objectives.

Theme No.	Theme Area	Risk Area	Risk Rating of Theme
1	Portal System Controls	Operational	Red
2	Monitoring Groups	Operational	Red
3	Post Payment Examination	Operational	Orange
4.	Investigations Group	Operational	Orange
4	Culture/Organizational Structure	Strategic/Operational	Orange
5	Stakeholder Management	Strategic	Yellow
6	Communication	Strategic/Operational	Orange
8	Risk Management	Strategic	Red



Significant scope for improvement of risk mitigation

Moderate scope for improvement of risk mitigation

Limited/no scope for improvement of risk mitigation

Summary of Key Findings

1. Our analysis permitted us to view the risks from both an inherent and residual perspective, as illustrated by the risk maps in **Appendix 2**. The most significant risks that have been identified and described in the themes section in **Appendix 1**. The approximately 60 identified risks have been aggregated into 8 key themes as follows:
 - **Portal System Controls**
 - **Monitoring Groups**
 - **Post Payment Examination**
 - **Investigations**
 - **Culture/Organizational Structure**
 - **Stakeholder Management**
 - **Communications**
 - **Risk Management**
2. Once Legal Aid Ontario's current controls are taken into consideration, in many instances, the ratings of the key risks listed above have been reduced.
3. Once this review is completed, it will be important for Legal Aid Ontario to re-evaluate its risk appetite and determine if the risks are currently under controlled or over controlled, and consequently take actions to move these risks towards pre-defined tolerable limits.
4. Of particular note, a major sub-theme that permeated many of the areas identified above were attributable to risks associated with system weaknesses in the Portal, as well as related system deficiencies

High Level Themes and Associated Risks

High Level Themes

Associated Risks

1. Portal System Controls



- Criminal Activity/Fraud Risk
- Reputational Risk
- Technology Risk

2. Monitoring Groups



- Corporate Culture/Communication Risk
- Organizational Effectiveness Risk
- Goal Alignment Risk

3. Post Payment Examination



- Organizational Effectiveness Risk
- Resourcing Risk
- Performance Measurement Risk

4. Investigations



- Resourcing Risk
- Process Effectiveness Risk
- Technology Risk

High-level Themes and Associated Risks

High Level Themes

5. Culture/Organizational Structure



- Strategic Planning Risk
- Change Management Risk
- Communication Risk
- Corporate Culture Risk

6. Stakeholder Management



- Communication Risk
- Reputational Risk
- Criminal Activity/Fraud Risk

7. Communication



- Strategic Planning Risk
- Change Management Risk
- Communication Risk
- Corporate Culture Risk

8. Risk Management



- Communication Risk
- Reputational Risk
- Criminal Activity/Fraud Risk

Immediate Actions

1. Validate this Initial Current State Assessment, through discussions with LAO Senior Management, provincial stakeholders, and external legal professionals, as well as develop a process to obtain quantifiable and measureable data that may be used to monitor the performance of the billing program. This report should then be updated as appropriate.
2. Through the use of both automated warning messages on the portal and communications directly with the lawyers, it is recommended that notice be sent to lawyers that LAO is beginning a number of initiatives to more closely monitor portal billing and abuse/ fraud on the system.
3. It is seen as highly desirable that LAO demand and enforce the requirement for lawyer's billing on the portal to submit their detailed accounts in all cases and that LAO develop a process to quickly deal with those lawyers who do not comply.
4. Portal system queries and exception reporting should be developed to help identify those areas most prone to abuse, and the specific lawyers who are billing inappropriately.
5. Automated input controls and edit checks should be also added to the portal.
6. LAO should conduct the planning, and begin implementation, of an Enhanced Monitoring Function initiative with an immediate high priority on an organizational design assessment and re-alignment of the monitoring groups.
7. As part of a renewed corporate communication strategy, it is recommended that LAO begin immediately by focusing on internal messaging and change management.
8. A staffing skills analysis and resource review of PPE and Investigations should be completed.
9. Obtain concurrence for, and begin developing, a Governance, Risk and Compliance program.