

2019 City Manager's Risk Report

EXECUTIVE SUMMARY

Integrated Risk Management (IRM) enhances The City of Calgary's ability to achieve desired results including delivering services to citizens. This report provides the Audit Committee with an update on The City's Principal Corporate Risks (PCRs) with an updated risk profile. The five priority risks for 2020 are risks that have been identified as expecting to increase in pressure throughout this year, hence requiring focus, attention, as well as cross-corporate efforts to effectively manage. The 2020 five priority risks are Financial, Health & Safety, Infrastructure Management, Political, and Reputation, as identified by the bottom-up analysis of the cross-corporate risk reviews and validated by the top-down review by the Administrative Leadership Team (ALT).

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Receives Report AC2020-0011 and the presentation for the Corporate Record and discussion pursuant to Bylaw 48M2012, Schedule A, Section 5; and
2. Forwards this Report to Council for the Corporate Record.

RECOMMENDATION OF THE AUDIT COMMITTEE, 2020 JANUARY 24:

That Council receive Report AC2020-0011 for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw (48M2012) states that the Audit Committee is responsible for "overseeing the process of The City's Integrated Risk Management System".

In 2018, Council directed The City to create a culture "that embraces appropriate levels of risk" under the Citizen Priority A Well-Run City (C2018-0115, C2018-0201).

On 2019 December 6, the Audit Committee approved its 2020 Interim Work Plan (AC2019-1541) which included consideration of the City Manager's Risk Report on 2020 January 24.

BACKGROUND

This report is the result of work undertaken to identify, assess, and respond to risk. The most strategic and timely information is provided to the Audit Committee biannually.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This report includes three Attachments:

- 1) The City of Calgary's Principal Corporate Risks - Principal Corporate Risks are the most strategic risks that could impact The City's ability to achieve its results and deliver services to citizens. Attachment 1 presents The City's 17 Principal Corporate Risks (PCRs) with the most recent definitions.
- 2) Analysis of The City's Risk Profile (Year-end 2019) - This Attachment provides an overview of the findings from the 2019 year-end cross-corporate risk review. It includes a summary of the 2019 priority risks, as well as the 2020 priority risks.

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- 3) Update on Risk Appetite and Tolerance - This Attachment provides a summary of the key themes resulting from meetings held with members of Council and citizen members of the Audit Committee in 2019 Q3.

Stakeholder Engagement, Research and Communication

The City is continuing to be more transparent in its communication of risk to support trust and confidence in decision-making. Where previous reports provided some information in a confidential attachment, this report makes The City's risk profile public.

Stakeholder engagement, including the meetings with Council members and citizen members of the Audit Committee will inform the advancement of IRM at The City and the three goals of the IRM Program: develop a robust risk culture, mature The City's IRM Program and improve risk communication and coordination.

Strategic Alignment

Integrated Risk Management (IRM) is one component of The City's Performance Management System. Advancements to the IRM Program align with Council's Directive to embrace appropriate levels of risk. Risk analyses were conducted as part of the 2019 July budget reductions and the 2020 Adjustments and have influenced the findings in this report.

Social, Environmental, Economic (External)

Effective risk management of The City's top risks helps ensure The City's ongoing resilience and ability to serve citizens in accordance with its strategic goals.

Financial Capacity

Current and Future Operating Budget:

Activities related to this report continue to be within approved budgets.

Current and Future Capital Budget:

None related to this report.

Risk Assessment

Overall, The City is exposed to more risk related to the Principal Corporate Risks. The IRM team is working with risk owners to continue to manage and monitor these risks appropriately.

If risks are not identified, assessed, and managed, The City is at risk of incurring unnecessary costs and service disruption.

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REASON(S) FOR RECOMMENDATION(S):

This report is provided to Audit Committee to support in its role to oversee risk management for the organization by providing information on the most significant risks to the organization as well as the efficiency and effectiveness of Administration's risk management work.

ATTACHMENT(S)

1. Attachment 1 – The City of Calgary's Principal Corporate Risks
2. Attachment 2 – Analysis of The City's Risk Profile (Year-end 2019)
3. Attachment 3 – Update on Risk Appetite and Tolerance

Approval(s): Carla Male concurs with this report. Author: IRM Team

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