

Chief Financial Officer's Report to  
Audit Committee  
2020 January 24

ISC: UNRESTRICTED  
AC2020-0022

## **Integrated Risk Management Policy Review**

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### **EXECUTIVE SUMMARY**

The purpose of the Integrated Risk Management (IRM) Council policy (CC011) is to embed a proactive, corporate-wide and systematic approach to managing risks that impact The City of Calgary's ability to achieve desired results, including delivering services to citizens. In keeping with this purpose, the current policy, as shown in Attachment 1, has been reviewed and a revised policy, as shown in Attachment 2, is being recommended.

#### **ADMINISTRATION RECOMMENDATION:**

That the Audit Committee recommends that Council approve the revised Integrated Risk Management Council policy (CC011) in Attachment 2.

#### **RECOMMENDATION OF THE AUDIT COMMITTEE, 2020 JANUARY 24:**

That Council adopt the Administration Recommendation contained in Report AC2020-0022.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

The Integrated Risk Management (IRM) Council policy (CC011) was adopted by City Council on 2004 July 6.

### **BACKGROUND**

Council policies must undergo a formal review every four years under the Council Policy Review Program. The purpose of the review is to determine whether:

- The Council policy is aligned with Council's objectives, priorities and resolutions;
- The objectives of a Council policy are being achieved;
- A Council policy is still required;
- Changes are needed to improve a Council policy's effectiveness or clarity; and,
- The Council policy is up-to-date and remains consistent with existing legislation, regulations, bylaws and policies.

As such, the current IRM Council policy, as shown in Attachment 1, was reviewed by Corporate Initiatives as the policy owner, in collaboration with the City Clerk's Office, and internal City stakeholders. As a result of the review, changes are being recommended, as shown in Attachment 2. A summary of the changes is shown in Attachment 3. The changes were endorsed by the Administrative Leadership Team at the 2019 December 10 ALT meeting and are being brought forth to the Audit Committee for review and referral to Council for approval.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The recommended update to the policy fulfills the Council Policy Review Program requirements. Specifically, the revised policy:

- Reflects the opportunity to capitalize on risk (i.e. there is an upside as well as a downside to risk), which is consistent with Council's direction under the Citizen Priority of A Well-Run City "to create a culture that embraces the appropriate levels of risk".
- Includes additional ways to manage risk beyond mitigation (i.e. it can be transferred, accepted, mitigated, avoided or embraced to capitalize on opportunities).

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- Aligns with the ISO 31000:2018 update to the international standard, which is the foundation of The City's Integrated Risk Management Model.
- Reflects related Council and Administrative policies and current practices.

### **Stakeholder Engagement, Research and Communication**

The review of the policy included researching risk management policies in other jurisdictions, incorporating ISO 31000 risk management standard updates and engaging with internal stakeholders. Should Council adopt the update, the final adopted policy will be submitted to the City Clerk's Office and will be communicated as part of the Integrated Risk Management team's 2020 work plan, administration guidelines, reporting guidance and tools.

### **Strategic Alignment**

The revised policy aligns with Council's direction to create a culture "that embraces appropriate levels of risk" under the Citizen Priority A Well-Run City; supports transparency in the communication of risk to build public trust and confidence in decision-making; incorporates changes to the International Organization for Standardization's Risk Management Standard (ISO 31000); and reflects related Council and Administrative policies and current practices.

### **Social, Environmental, Economic (External)**

Conducting a review of the policy promotes awareness, accountability, transparency and good governance at the City of Calgary.

### **Financial Capacity**

#### ***Current and Future Operating Budget:***

None related to this report

#### ***Current and Future Capital Budget:***

None related to this report

### **Risk Assessment**

The update to the IRM Council policy ensures that it is aligned, effective and consistent. Outdated or inaccurate policies pose a financial or reputational risk to The City.

<p><b>REASON(S) FOR RECOMMENDATION(S):</b> The revised IRM Council policy fulfills the review requirements and strengthens the approach to managing risks that impact The City's ability to achieve desired results including delivering services to citizens.</p>
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### **ATTACHMENT(S)**

1. Attachment 1 – Integrated Risk Management Policy CC011 (current)
2. Attachment 2 – Integrated Risk Management Policy CC011 (revised)
3. Attachment 3 – Summary of Changes to the Integrated Risk Management Policy CC011

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