



**Calgary**

City Auditor's Office

# **Corporate Issue Management Program Audit**

**March 5, 2020**

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The City Auditor's Office conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

## Executive Summary

The purpose of the Corporate Issue Management Program (CIMP) is to provide a consistent approach to the prevention of and management of issues. An issue is a gap between stakeholder expectations and The City's performance or actions. Depending on the profile of an issue (the level of negative attention in the public domain) and issue impact (the level of damage to The City's reputation or ability to deliver its business objectives), issues are rated from very low to very high priority. The CIMP Framework provides a step by step approach to managing issues. The City Manager is responsible for ensuring compliance with the CIMP Policy.

The objective of this audit was to assess the effectiveness of the CIMP in timely escalating significant issues to senior management for appropriate action. The audit focused on the operation of the CIMP for the first seven months of 2019.

The design of the CIMP is effective as it enables the regular discussion of high priority issues and establishes a clear process to manage issues. However, there is a concern with operating effectiveness due to inconsistent compliance across the organization.

The City has established a CIMP that is unique among municipalities with a defined CIMP Framework that provides detailed steps to employees on how to identify, prioritize and resolve issues. In general, business units identify the issues, allocate resources to act on issues and document The City's objectives. Interviews with senior management indicate the root cause for inconsistent compliance in following all the stages of the CIMP Framework may be due to the complexity of performing all the multiple steps required by the CIMP Framework and a perception of the CIMP Framework as very template-oriented, labour and time-consuming. The types of inconsistency include business units not implementing steps within the context of the CIMP such as analyzing and prioritizing issues, developing strategies based on risk, discussing lessons learned to prevent similar issues from occurring and completing their mandatory CIMP training. Our audit survey and conversations with senior management indicate that half of senior management disagree or are unsure that significant issues are resolved in a timely manner as a result of the CIMP. Senior management indicate that the CIMP is part of a broader initiative that includes The City's Integrated Risk Management and Business Continuity Planning process as tools that work together to manage issues.

The CIMP is undergoing a transition period due to turnover of CIMP Manager in August 2019, the recent appointment of a new City Manager, and a corporate focus to seek process efficiencies. We believe this is the ideal time to reassess how the CIMP should operate going forward, and to support this decision we provided Administration alternative recommendation scenarios. Each alternative scenario presents a trade-off between complexity (effort to comply with demands of the IM Policy and CIMP Framework) and potential impact (level of damage to The City's reputation and ability to deliver its business objectives). The implications for the alternative scenarios range from enforcing compliance with the proactive, complex CIMP Framework; less complex models for the framework with a relatively higher potential impact; and eliminating the requirement of the CIMP and managing issues through other mechanisms such as project management or risk management.

The City Manager and the City Solicitor have agreed to undertake a strategic review of the Corporate Issue Management program in partnership with the General Managers to consider alternative approaches and make and approve recommendations for the program by the end of July 31, 2020 and begin implementation in Q3 2020. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

## 1.0 Background

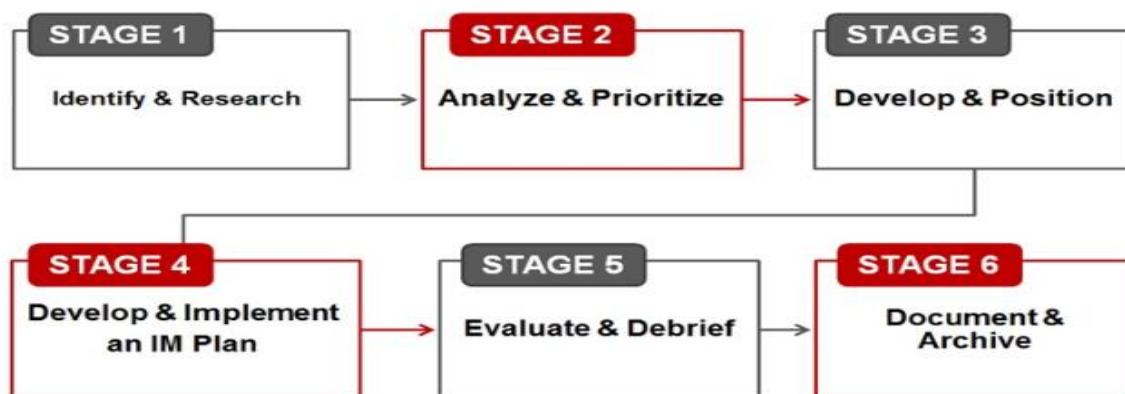
The Administrative Leadership Team (ALT) has established the Corporate Issue Management Program (CIMP) to provide a consistent approach to the prevention of and management of issues that may impact The City's ability to achieve its business objectives, deliver quality public service and maintain its reputation of a Well-Run City. The goals of the CIMP include the promotion of the integration of an issue prevention and awareness mindset into day-to-day business practices; establishment of a formal consistent approach through the use of the CIMP Framework; and the prevention or reduction in the number of City issues through the adoption of the CIMP Framework.

In 2011, ALT created a CIMP Administration Policy (Policy) to establish standards and guidelines for employees when addressing issues that may impact The City. The Policy defines an issue as a gap between stakeholder expectations and an organization's performance or actions; an incident, allegation, strategic shift, significant information, concern, problem or circumstance that has the potential to impact an organization. An issue can also be a disagreement over facts or values. Issues are certain to occur and can be measured in terms of "impact" to the corporation (in terms of costs, opportunities and/or reputation) and "profile" (i.e. public and media interest).

According to the Policy, issue management is a process that identifies the issues, trends and stakeholder attitudes that can affect the organization for better or worse and develops issue management strategic plans and tactics that are supported by communication. As a baseline standard, all departments and business units (BU) are to conduct issue management per the Issue Management Procedural Guideline (IMPG) set in the Policy. Issue management is recognized and positioned as a core management function requiring specific competencies for senior managers, managers and supervisors. Core management positions are required to complete the CIMP education training and receive ongoing training updates. The City Manager is responsible for ensuring compliance with the Policy, and ALT has responsibility to monitor and ensure issues that may significantly impact The City are managed per the Policy and the IMPG.

The CIMP Framework provides a six-stage approach to addressing and resolving issues (Figure 1). The CIMP Framework can be applied to a wide range of issues from complex high priority issues involving a team of staff from BUs across the corporation to an internal BU issue that requires only the attention of the director, manager or supervisor.

Figure 1 – Corporate Issue Management Program Framework



Source: <https://mycity.calgary.ca/ourorg/dept/lawlegislativeservices/lawdepartment/cim/cimframework.html>

The Manager, CIMP regularly prepares confidential working documents on corporate issues for the City Solicitor to share with the ALT. We reviewed the June 18, 2019 and July 30, 2019 editions of this document, which included 31 issues from very high priority to very low priority.

This audit is part of the City Auditor's Office 2019/2020 Annual Audit Plan and supports the Citizen Priority of A Well-Run City.

## 2.0 Audit Objectives, Scope and Approach

### 2.1 Audit Objective

The objective of this audit was to assess the effectiveness of the CIMP in timely escalating significant issues to senior management for appropriate action.

### 2.2 Audit Scope

The scope of the audit was limited to the operation of the CIMP for the first seven months of 2019.

### 2.3 Audit Approach

Our audit approach included the following:

- Assessment of the operating effectiveness of a representative sample of issue management plans from the confidential working documents through reviewing compliance with the CIMP Administration Policy and the Issue Management Procedural Guideline;
- Survey of issue owners and issue leads to determine awareness, benefits and challenges in complying with the CIMP's requirements, and the potential identification of issues;
- Review of ALT meeting minutes for discussion of emerging and active issues;
- Review of mandatory CIMP education training documentation; and
- Review of CIMP continuity planning that supports the continuous delivery of the program.

## 3.0 Results

The City's CIMP is recognized by senior management as providing benefit to the organization, but current effectiveness of the program is limited by a lack of compliance.

Our discussions with general managers, directors, issue owners, and issue leads; survey of issue owners and issue leads; and review of ALT meeting minutes identified the following benefits and positive aspects of the CIMP:

- Ensure regular discussions by ALT on high priority and emerging issues to support resolution;
- Strength of the CIMP Framework with a detailed staged planned approach;
- Effective templates provided for the CIMP meet the BU's requirements to manage issues (81% agree per our survey); and
- There is good familiarity with the requirements of the CIMP across the organization (94% agree per our survey).

Our interviews with issue leads, directors and general managers indicated a perception that the CIMP Manager was effective in establishing a solid CIMP Framework, was accessible and available to provide educational training and support the BUs in completing their Issue Management Plans. In our testing results we noted training has been completed by the majority of mandatory positions (managers, directors, general managers and executive advisors) with only 28% of mandatory positions not having completed the course and 4% unknown. The CIMP Manager retired in August 2019 with no backup in place to manage the continuous delivery of the program. Administration explained that, as The City reconsiders the future of the program and the role, they have decided not to immediately fill the position of CIMP Manager.

Compliance across the five stages of the CIMP Framework was tested based on an audit sample of 12 issues selected from the confidential working documents of June 18, 2019, and July 30, 2019, prepared by the Manager, CIMP. We identified consistent compliance (92% of issues) with stage 1 (Identify & Research) and stage 3 (Develop a Position) of the CIMP Framework. However, compliance across the remaining stages was less consistent:

- Stage 2 (Analyze & Prioritize):
  - 58% of issues do not document stakeholders' opinions and impacts to determine gaps between stakeholder expectations and The City's actions;
- Stage 4 (Develop and Implement Issue Management Strategy & Tactics):
  - 67% of issues do not identify alternative options that best meet the issue objectives and desired outcomes;
  - 83% of the issues have no evidence of approval prior to implementation; and
- Stage 5 (Evaluate & Debrief):
  - 58% of issues have no evidence of a plan to conduct debriefing sessions to prevent similar issues from reoccurring.

We also identified perceived barriers to the success of the CIMP. Per our audit survey, half of senior management disagree or are unsure that significant issues are resolved in a timely manner; and one-third disagree or are unsure that significant issues are reported to ALT in a timely manner as a result of the CIMP. In our interviews, general managers say that BUs want to avoid the requirements of the CIMP Framework as BUs consider the CIMP Framework to be resource-intensive.

Given the existing vacancy of the CIMP Manager and the barriers to compliance identified by management, we are recommending alternative scenarios for the future effectiveness of the CIMP for the consideration of the City Manager in conjunction with Law. Alternative scenarios take into consideration a balance between the complexity (effort to comply with expectations of the IM Policy and CIMP Framework) versus potential impact (level of damage to The City's reputation and ability to deliver its business objectives) as described in Figure 2 – Issue Management Complexity Versus Impact. Specifics on the alternatives are provided in Table 1 – Current State and Alternatives:



Figure 2 – Issue Management Complexity Versus Impact

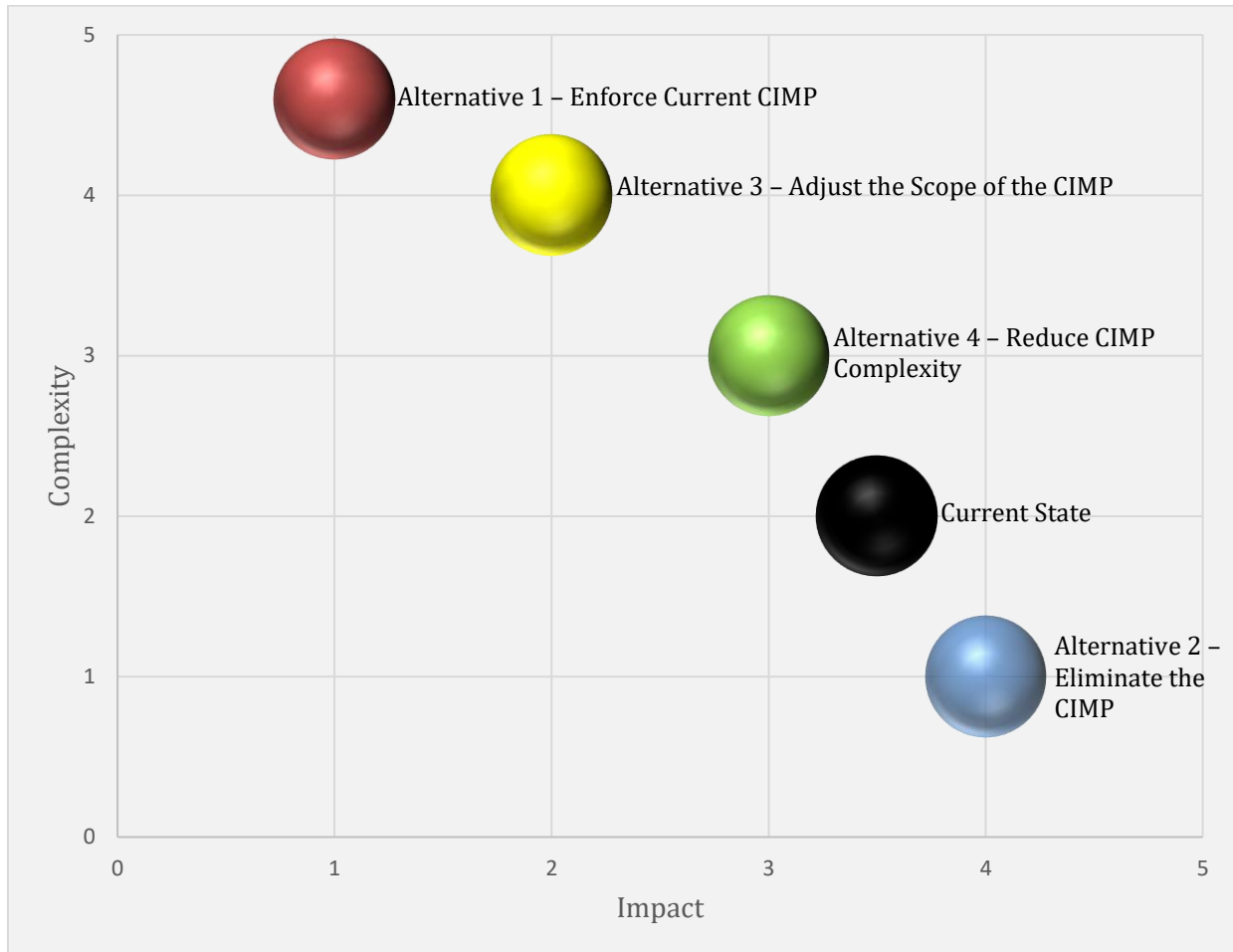


Table 1 – Current State and Alternatives

<p><b>Current State:</b> ●</p> <p>A low to medium-level of complexity is due to the BUs not complying with all requirements of the IM Policy and CIMP Framework (e.g. incomplete stakeholder gap analysis; not completing training courses). A medium to high level of impact (potential damage) results from alternative mitigation strategies by BUs with the completion of some of the requirements of the CIMP Framework.</p>
<p><b>Alternative 1: Enforce Current CIMP</b> ●</p> <p>Enforce compliance with the current IM Policy and CIMP Framework. A very high-level of complexity to comply with the requirements of the IM Policy and CIMP Framework. Compliance supports a consistent approach to the prevention and management of issues.</p>

<b>Implication:</b>
<ul style="list-style-type: none"> <li>• Proactive. A lower level of potential impact (damage) as issues are identified early and consistently managed.</li> <li>• Harder to implement given the high degree of complexity.</li> <li>• Issue and issue management defined in the IM Policy.</li> <li>• No exceptions to the policy.</li> <li>• Issue management is recognized and positioned as a core management function requiring specific competencies for management as well as other identified positions.</li> <li>• ALT to monitor and ensure issues that may significantly impact the corporation are managed in accordance with the policy.</li> <li>• GMs, directors, managers and supervisors to ensure that appropriate dedicated resources (i.e. personnel and financial) are in place when a medium to very high priority issue is identified.</li> <li>• GMs, directors, managers and supervisors to ensure that an issue management plan and supporting communications are developed to address department and BU (medium to very high priority) issues.</li> <li>• Core management positions (supervisors and above) are required to complete the CIMP educational training.</li> </ul>
<b>Associated Recommendations:</b>
<ul style="list-style-type: none"> <li>• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program.</li> <li>• The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance.</li> <li>• The CIMP Manager to: <ul style="list-style-type: none"> <li>○ Provide educational training on the CIMP to management and other required positions;</li> <li>○ Monitor the completion of training courses for all required positions; and</li> <li>○ Support ALT with monitoring and ensuring issues that may significantly impact The City are managed in accordance with the IM policy and the CIMP</li> </ul> </li> </ul>
<b>Alternative 2: Eliminate the CIMP</b>
Eliminate the IM Policy and CIMP Framework. Manage issues through project management, Integrated Risk Management (IRM). Lower level complexity as all issues are managed through other means available to management such as project management tools and techniques or IRM.
<b>Implication:</b>
<ul style="list-style-type: none"> <li>• Reactive. A high level of potential impact (damage to The City's reputation and ability to deliver its business objectives) as issues are not managed corporately. Issues are managed as part of projects and corporate risks are monitored through IRM.</li> <li>• Easier to implement given the low degree of complexity.</li> <li>• No standard definition on issues or issue management. Follow the Corporate Project Management Framework (CPMF) or the IRM.</li> <li>• Management is free to adopt tools and techniques based on their perceived needs.</li> <li>• Issues may be escalated as part of project management (e.g., executive steering committee) or risk management discussions.</li> </ul>

<p><b>Associated Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Eliminate the IM Policy and CIMP Framework.</li> <li>• Eliminate CIMP Manager position.</li> <li>• Individual BUs to ensure compliance with CPMF (including progress reporting standards and guidance, project risk management standards and guidance) and the IRM Framework.</li> <li>• Inclusion of issues on projects' Issue Log. Progress reporting on identified issues with the development of an issue management strategy, escalation of significant issues by the project sponsor or project manager.</li> <li>• Use of the IRM Framework to manage high probability and impact risks.</li> </ul>
<p><b>Alternative 3: Adjust the Scope of the CIMP</b> ●</p>
<p>Follow the IM Policy and CIMP Framework for high and very high priority issues. Drop the IM requirements for projects. A high level of complexity with a low level of potential impact (damage).</p>
<p><b>Implication:</b></p> <ul style="list-style-type: none"> <li>• Proactive management of high and very high priority issues.</li> <li>• Harder to implement given the high degree of complexity.</li> <li>• The CIMP requirements apply to high and very high level priority issues but not to low or medium level priority issues (e.g. no requirement to develop IM Plans for medium level priority issues).</li> <li>• Projects no longer have to satisfy the CIMP Framework requirements. Projects to follow the CPMF guidelines, and to identify and escalate issues through the project issue log and progress reporting.</li> </ul>
<p><b>Associated Recommendations:</b></p> <ul style="list-style-type: none"> <li>• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program.</li> <li>• The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance.</li> <li>• Reduce complexity by eliminating the need to manage medium priority issues or projects through the CIMP Framework.</li> <li>• For projects, inclusion of issues on projects' Issue Log. Progress reporting on identified issues with the development of an issue management strategy, escalation of significant issues by the project sponsor or project manager.</li> <li>• Medium level priority issues to be managed as low priority issues – no need to develop an IM Plan. Enter the medium level priority issues on the CITS and ensure information is updated as the issue progresses.</li> <li>• Allow BUs to determine their training needs by eliminating mandatory training. The CIMP Manager to train IM subject matter experts (SME) in the departments that can guide employees on the IM Policy and CIMP Framework requirements and clarify the purpose of the CIMP and IRM.</li> <li>• The CIMP Manager to support ALT with monitoring and ensuring that issues that may significantly impact The City are managed in accordance with the IM Policy and the CIMP.</li> </ul>

<b>Alternative 4: Reduce CIMP Complexity</b>
Follow a simplified version of the CIMP Framework. Proactive management of issues with a simplified approach leading to a medium level of complexity and a medium level of impact (damage).
<b>Implication:</b>
<ul style="list-style-type: none"> <li>• No exceptions to the policy, but a lower degree of requirements on BUs to manage issues.</li> <li>• Easier to implement given the medium degree of complexity.</li> </ul>
<b>Associated Recommendations:</b>
<ul style="list-style-type: none"> <li>• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program.</li> <li>• The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance.</li> <li>• Revise and simplify the CIMP Framework. Consider:             <ul style="list-style-type: none"> <li>○ Reducing the number of questions to be answered by BUs from the current 35. The suggested changes may help reduce the number of questions to 23, a decrease of 34%;</li> <li>○ Limiting the Analyze &amp; Prioritize stage (stage 2) to focus on the engagement of key stakeholders to determine expectation gaps. Eliminate the SWOT Analysis;</li> <li>○ Eliminating the requirement to analyze four possible options to resolve or minimize an issue, and the need to assess risks for each option (stage 4). Focus on the selected tactics and key considerations to deliver the strategy;</li> <li>○ Eliminating the requirement to conduct an evaluation and debrief for the issue (stage 5); and</li> <li>○ Allowing BUs to determine their training needs by eliminating mandatory training. The CIMP Manager to train IM SMEs in the departments that can guide employees on the IM Policy and CIMP Framework requirements and clarify the purpose of the CIMP and IRM.</li> </ul> </li> <li>• The CIMP Manager to support ALT with monitoring and ensuring that issues that may significantly impact The City are managed in accordance with the IM Policy and the CIMP.</li> </ul>

Law have advised us that they are prepared to discuss the purpose and consequences of CIMP non-compliance with the City Manager to receive direction on the future of the program.

We would like to thank the staff from Law, issue owners and issue leads for their assistance and support throughout this audit.

## 4.0 Observations and Recommendations

### 4.1 Current State of the Corporate Issue Management Program

#### CIMP Framework – Compliance

There is inconsistent compliance with key parts of the CIMP Framework. According to departmental general managers, directors and issue owners, the CIMP Framework is resource-intensive. As a result, BUs have limited time to develop Issue Management Plans and documenting steps is a lower priority to acting.

Expectation (CIMP Framework)	Compliance Observation
<p>Stage 2 – Analyze &amp; Prioritize:</p> <ul style="list-style-type: none"> <li>• Stakeholder analysis to better understand stakeholder opinions and impacts, and to determine where there are gaps between stakeholder expectations and the organization’s performance or actions.</li> <li>• Focus on issues that have the greatest potential to negatively impact The City’s ability to deliver on services and projects, and its reputation with stakeholders.</li> </ul>	<p>For our audit sample of 12 issues, 58% have incomplete information on stakeholders’ expectations with incomplete stakeholder impact gap analyses. By not capturing the stakeholders’ opinions and impacts, BUs can’t effectively prioritize issues.</p>
<p>Stage 4 - Develop and Implement Issue Management Strategy &amp; Tactics:</p> <ul style="list-style-type: none"> <li>• An Issue Management (IM) Plan provides a road map on how the issue will be addressed through business and operational strategies and actions or tactics. Preparing an IM Plan is one of the most critical activities in issue management.</li> <li>• The strategy is "how" the organization will respond to and resolve the issue. Different options are identified, analyzed and evaluated based on the risks and challenges. The intent is to choose the option that best meets the issue objectives and desired outcomes.</li> <li>• Preparation and implementation of the IM Plan is the responsibility of the assigned issue lead. The director, general manager and/or city manager is responsible for ensuring that an issue management plan is developed and approved prior to implementation.</li> </ul>	<p>For our audit sample of 12 issues, 67% do not list alternative strategies that could resolve or minimize the issue or the risks, challenges and barriers for the IM strategies. In addition, BUs do not document a review and approval process for the IM plans. 83% of the issues in our sample have no evidence of a review of the appropriateness of the strategy through formal approval by senior management.</p>

Expectation (CIMP Framework)	Compliance Observation
<p>Stage 5 – Evaluate &amp; Debrief:</p> <ul style="list-style-type: none"> <li>• Upon resolution of an issue, it is important to determine if the objectives were achieved and to evaluate the impacts, if any, on The City's reputation.</li> <li>• A formal debriefing session with the issue team and other involved employees is extremely important to discuss and share lessons learned and challenges and make recommendations for improvements.</li> </ul>	<p>For our audit sample of 12 issues, 58% do not contain evidence of plans to conduct a debriefing process with a view to preventing a reoccurrence of the same or a similar issue and determining what improvements The City needs to implement.</p>

The Corporate Issue Tracking Site (CITS) is a component of the CIMP. The CITS is an information systems tool to be used and updated by BUs as issues are tracked and monitored. Information on an issue is to be entered on CITS and updated as the issue progresses. We observed that, for our audit sample, one-third of issues are not included on CITS. In addition, 17% of the issues have not been updated on CITS by management in the last twelve months.

#### CIMP Educational Training

One-third of employees that are required by the IM Policy to complete CIMP training courses have not completed training which may result in confusion and non-compliance with the policy.

Per the IM Policy, issue management shall be recognized and positioned as a core management function requiring specific competencies for supervisors and above as well as executive advisors to general managers and directors, issue strategists and senior communicators. These positions are required to complete the CIMP education training.

A list of mandatory positions that have completed the issue management training, compiled by Administration on August 22, 2019, shows that 68% have completed the training with 28% not having completed the course and 4% unknown. Our audit survey shows that 62% of directors agree that they have completed training and receive ongoing training updates; 38% disagree or are not sure.

Administration does not routinely monitor required completion of CIMP educational training.

#### Continuity of the CIMP

The CIMP Manager has recently retired and a backup is not in place to manage the CIMP. No succession plan is in place and no decision has been made on replacing the CIMP Manager. The CIMP Manager plays a key role in the maintenance and enforcement of the CIMP Framework, reporting of issues to ALT, and providing training to employees. Administration explained that a decision was made not to fill the position of CIMP Manager right away as The City reconsiders the future of the program and the role.

Law is prepared to discuss the purpose, responsibilities and consequences of non-compliance with the CIMP with the City Manager to receive direction from him on the future of the program.

#### Barriers to the Success of the CIMP

Our audit survey with directors and discussions with GMs, issue owners and issue leads identified perceived barriers to the success of the CIMP.

According to our audit survey with directors:

- 53% disagree or are unsure that significant issues are resolved in a timely manner as a result of the CIMP; and
- 31% disagree or are unsure that significant issues are reported to ALT in a timely manner as a result of the CIMP.

We met with departmental GMs to discuss their perception of the CIMP, including benefits and challenges to implementing the program. GMs say that:

- Many issues don't appear on the confidential working documents as management is reluctant to identify issues and include them in a corporate issue log;
- BUs want to avoid the requirements that are associated with the CIMP Framework;
- There is a perception within The City that the identification of issues is akin to an admission of failure by management; and
- There is confusion by BUs on what constitutes an issue versus a risk.

According to our conversations with issue owners, issue leads, and directors; BUs:

- Consider the CIMP Framework demanding, labour-intensive and time-consuming;
- Find that they have limited time to develop an IM Plan as documenting steps was determined a lower priority to acting;
- Find that there is no push from the top to follow the CIMP Framework;
- Find that the IM templates don't work well for projects; and
- Feel that to conduct a debriefing session demands resources and that they don't have time to complete this demand.

For our audit sample, one-third of issues were identified as issues and managed through the CIMP. Two-thirds of the issues in our sample were managed as risk, projects or did not contain supporting documentation.

#### Recommendation

The City Manager, in conjunction with the City Solicitor, to consider alternative approaches, as described in Table 1 in this report, for the effective and efficient prevention and management of significant issues.

Management Response  
Agreed.

Action Plan	Responsibility
<p>The City Manager and the City Solicitor will undertake a strategic review of the Corporate Issue Management program in partnership with the General Managers to consider alternative approaches and make and approve recommendations for the program moving forward. Recommendations will be made and approved by July 31, 2020, and implementation will begin in Q3 2020.</p> <p>The City Manager and City Solicitor have put an interim process in place to ensure issues continue to be identified, monitored and addressed while this review is undertaken.</p>	<p><u>Lead:</u> City Solicitor</p> <p><u>Support:</u> Chief of Staff, City Manager's Office</p> <p><u>Commitment Date:</u> July 31, 2020</p>