Integrated Risk Management Mid-Year Update (Including Information Technology)

EXECUTIVE SUMMARY

As a result of the COVID-19 pandemic and global economic disruptions, The City is operating in a heightened risk environment. This 2020 mid-year risk report provides the Audit Committee with The City's Risk Profile, information on risk appetite and an update on progressing risk management. In addition, the report includes an update on the technology-related risks within The City and the measures being taken to manage their likelihood and/or impact.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Receive Report AC2020-0711 and the Presentation for the Corporate Record pursuant to Bylaw 48M2012, Schedule A, Section 5;
2. Forward this Report to Council for the Corporate Record, and
3. Direct that Attachment 5 be held confidential pursuant to Sections 24 (Advice from officials) of the Freedom of Information and Protection of Privacy Act; to be reviewed in 2025 July 30.

PREVIOUS COUNCIL DIRECTION / POLICY

As directed at the 2011 January 20 meeting of Audit Committee (AC2011-03), and in accordance with the Audit Committee Terms of Reference, Information Technology (IT) is to provide an annual update on information technology risk management and controls.

BACKGROUND

Understanding, assessing and managing risk is critical to achieving Calgary's vision – a great place to make a living, a great place to make a life. The most strategic risk information is provided to the Audit Committee and to Council at least twice per year. IT's reporting outlines how their risk management strategies have been embedded into daily operations.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

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 outlines The City's 17 Principal Corporate Risks (PCRs) with the most recent definitions.

Attachment 2 provides an overview of the findings from the 2020 mid-year cross-corporate risk review, including a summary of the eight risks that have increased risk ratings and the updated five priority Principal Corporate Risks: Economic, Financial, Health, Safety and Wellness, Infrastructure Management, and Reputation.

As outlined in the updated Integrated Risk Management (IRM) Council Policy (CC011), Council and senior management are responsible for setting risk appetite and risk tolerance for the organization. Attachment 3 provides an update on corporate risk appetite.

Attachment 4 is an update on progressing risk management at The City, including advancing risk maturity and culture, including fostering risk awareness rather than risk avoidance. This shift

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in thinking is important for advancing nimble and innovative service delivery and to support Administration's Rethink to Thrive Strategy (C2020-0699).

Managing technology-related risks to protect The City's reputation and maintain the public's trust is critical. IT reviews and manages risks to ensure that systems supporting City services remain functional, secure, and resilient. Attachment 5 is the IT Risk Register (Confidential) which includes the mitigation techniques for strategic and operational risks integrated into IT methodologies, work plans, and budgets.

Stakeholder Engagement, Research and Communication

Stakeholder engagement, including the annual IRM risk maturity survey, informs the advancement of risk management 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.

IT also utilizes the results of the Client Satisfaction Survey, Municipal Benchmarking Network Canada, and an external benchmarking service to identify where The City is performing favourably and where there are opportunities to improve service delivery and cost efficiency.

Strategic Alignment

IRM is one component of The City's Performance Management System. IRM advancements align with Council's Directive to embrace appropriate levels of risk under the Citizen Priority A Well-Run City (C2018-0115, C2018-0201) and Administration's Rethink to Thrive Strategy (C2020-0699). To manage the risks associated with City technology, IT uses the Integrated Risk Management Framework as mandated by the Integrated Risk Management Policy (CC011).

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. Management of information technology risks, ensures systems supporting City services remain functional, secure, and resilient.

Financial Capacity

Current and Future Operating Budget:

Integrated Risk Management activities are undertaken 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 as a result of the heightened and changing risk environment. The IRM team is working with service owners and risk owners to continue to manage and monitor these risks appropriately with a focus on the five priority risks in 2020. This includes being innovative, tech savvy and future focused, as well as leveraging technology and data to make faster and better decisions. For example, IT is

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nimble and flexible while practicing effective risk management to reduce technology disruption which could impact the achievement of Council Priorities.

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. The City of Calgary's Principal Corporate Risks
2. The City's Risk Profile at Mid-year 2020
3. Corporate Risk Appetite
4. Progressing Risk at The City
5. CONFIDENTIAL Information Technology Risk Register