

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

RECOMMENDATIONS:

That Audit Committee recommends that Council:

1. Receive Report AC2021-1029 and the presentation for information and discussion pursuant to Audit Committee Bylaw 33M2020, Section 5 (c); and
2. Keep Attachment 4 confidential pursuant to Sections 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2026 July 22.

RECOMMENDATION OF THE AUDIT COMMITTEE, 2021 JULY 22:

That Council:

1. Receive Report AC2021-1029 and the presentation for information and discussion pursuant to Audit Committee Bylaw 33M2020, Section 5 (c); and
2. Direct that Attachment 4 remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2026 July 22.

HIGHLIGHTS

- Understanding, assessing, and managing risk is critical to achieving Council's vision for Calgary – a great place to make a living, a great place to make a life. This report provides information about the top risks facing The City mid-year 2021 as well as, Integrated Risk Management (IRM) Program updates.
- **What does this mean to Calgarians?** The City has adapted service delivery in response to the volatile risk environment, resulting in a decreased level of risk compared to the 2020 year-end risk report.
- **Why does it matter?** The City is better positioned to respond to and manage increased uncertainty. Nevertheless, there is continued volatility which requires The City to remain nimble and adaptable.
- The move to remote work due to the pandemic has required more monitoring, detecting and mitigating of technology risks.
- A future structural change to the Principal Corporate Risks (PCRs) to further support Senior Administration's risk management practices is being implemented and will be incorporated into the 2021 Year-end Risk Report.
- The Integrated Risk Management Team is responding to the IRM Audit recommendations, including engaging the Executive Leadership Team and other stakeholders to receive guidance on how to apply risk appetite and tolerance and to update guidelines for both strategic and operational risks.
- Risk management advancements at The City align with the Citizen Priority of A Well-Run City, Council's Directive to embrace appropriate levels of risk, and Administration's Rethink to Thrive Strategy (C2020-0699), which includes being innovative, tech-savvy and future focused.
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

The City's Risk Profile – 2021 Mid-year

The City's risk profile consists of:

- The 17 Principal Corporate Risks (Attachment 2); and
- An update on the five priority risks, additional risk analysis, and a review of critical uncertainties (Attachment 3).

The City is resilient and has used a variety of responses including: adjusting service delivery to protect the health and safety of citizens and staff, introducing new strategies to support local businesses and working with other orders of government to manage the impacts on citizens, businesses and the community. The City will need to closely monitor and balance the more positive outlook and remaining uncertainty to inform plans and strategies for recovery.

The analysis indicates that although the environment is improving, the possibility of a fourth wave and the K-shaped economic recovery (where certain sectors recover quicker than other sectors) means The City continues to be exposed in the currently identified priority risks: Economic; Financial; Health, Safety & Wellness; Reputation; and Social Impact.

As a result of the pandemic and more of the workforce shifting to remote work, technology risks have changed slightly. The increase in cyber activity during the pandemic means more focus on monitoring, detecting, and mitigation is required. Managing technology-related risks to protect The City's reputation and maintain the public's trust is critical. Attachment 4 contains the Information Technology Risk Register (Confidential) which includes mitigation techniques for strategic and operational risks integrated into IT methodologies, work plans, and budgets.

Advancing Risk Management

The activities for advancing risk management at The City include:

- Updating the structure of the Principal Corporate Risks (Attachment 5); and
- Implementing the recommendations in the IRM Audit (Attachment 6).

Re-evaluating and restructuring the Principal Corporate Risks allows leadership the opportunity to determine whether the current Principal Corporate Risks are still the most strategic, relevant, and top risks to the organization. It will encourage leading risk management practices, such as being proactive, having a clear formal escalation process, and providing greater focus for The City's leadership.

The IRM Team prioritizes continuous improvements and is responding to complete the IRM Audit's recommendations in the approved timeframes.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

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The City is continuing to be more transparent in its communication of risk to support trust and confidence in decision-making. This is consistent with the *Integrated Risk Management Council Policy* (CC011) and the *Transparency and Accountability Council Policy* (CC039). In keeping with openly and transparently communicating about risk, this report is primarily presented publicly with limited information recommended to be held confidential. Administration presented an update on The City's Principal Corporate Risks most recently in 2021 January 28, the *Annual Principal Corporate Risk Report* (AC2021-0037).

IMPLICATIONS

Social

The pandemic, in combination with continued economic challenges, has increased the complexity of, and need for, social supports in Calgary. The City has a shared responsibility with other governments and the community for social outcomes, and this puts pressure on The City's capacity to respond to the diverse needs of Calgarians for preventative social programs.

Environmental

This report provides an update on The City's exposure to Environment Risk and supports the advancement of Council-approved strategies and initiatives, such as the Calgary's Climate Resilience Strategy and the Resilient Calgary Strategy. Monitoring and reporting on Environmental Risk provides organizational focus to prepare and respond to the risks of climate change, which require both immediate and long-term efforts.

Economic

This report provides an overview of the current economic situation in which The City operates and our efforts to manage this risk, including: City-specific plans, programs and initiatives to address economic challenges; initial investment to implement Calgary's Greater Downtown Plan; continued implementation of the Economic Task Force recommendations; and financial support from other orders of government to support new spending or tax relief for residents and businesses.

Service and Financial Implications

No anticipated financial impact

RISK

Continual improvements to the corporate risk review process, including implementation of the recent IRM Audit recommendations, strengthens risk management practices. These changes will allow the organization to be more innovative, tech savvy and future focused, as well as leverage technology and data to make faster and better decisions. For example, IT is nimble and flexible while practicing effective risk management to reduce technology disruptions which could impact the delivery of citizen services and achievement of Council Priorities.

Implementing a new structure for managing The City's top risks could pose some challenges in light of re-alignment efforts and other initiatives happening throughout the organization. In order to mitigate these, the IRM team will work in conjunction with these other initiatives and adjust timelines and deliverables as needed.

**Chief Financial Officer's Report to
Audit Committee
2021 July 22**

**ISC: UNRESTRICTED
AC2021-1029
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ATTACHMENTS

1. Previous Council Direction, Background
2. The City of Calgary's Principal Corporate Risks
3. The City's Risk Profile at Mid-Year 2021
4. Information Technology Risk Register (Confidential)
5. Re-thinking the Structure of the Principal Corporate Risks
6. Responding to the Integrated Risk Management Program's Audit
7. **Distribution - Presentation**

Department Circulation

| General Manager/Director | Department | Approve/Consult/Inform |
|--------------------------|--------------------------------------|------------------------|
| Carla Male | Chief Financial Officer's Department | Approve |
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