

Responding to the Integrated Risk Management Program’s Audit

An effective Integrated Risk Management (IRM) Framework enhances The City of Calgary’s (The City’s) ability to achieve desired results, including delivery of services to citizens, by establishing a reliable basis for decision making and planning. Where risks are not identified, assessed, and managed, The City may incur unnecessary costs and service disruption. A recurring operational audit assessing the effectiveness of the IRM Framework, was included on the City Auditor’s Office 2019-2020 Audit Plan and was presented to the Audit Committee on 2021 May 20 (AC2021-0730) and approved by Council on 2021 May 31.

This Attachment provides the Audit Committee with an update on Administration’s response to the five audit recommendations. Overall, the Audit indicated that the IRM Framework is at an enhanced level of maturity and is focused on continually maturing and improving risk management practices as assessed against the Risk Management Maturity Continuum and Assessment Criteria¹. The table below provides an update on Administration’s response.

Audit Recommendations	Administration’s Response	Completion Date
<p>1. Direct the IRM Team to make a collective decision with the Executive Leadership Team (ELT) on the desired level of maturity of the IRM Framework, including further engagement with Audit Committee.</p>	<ul style="list-style-type: none"> • In accordance with the direction received from the ELT and the Audit Committee regarding the desired level of risk maturity, the IRM Team will continue to design and develop an engagement process to provide input into the maturity of the framework. • This includes a more formalized and standardized process for gathering feedback from stakeholders, Council and citizens, on the performance and maturity of the risk management framework. • The results will be provided to the ELT and the Audit Committee with a discussion to follow on expectations for advancing the IRM Framework and maturity. 	<p>2022 Dec. 31</p>
<p>2. Expand on current Risk Appetite and Tolerance Guidelines to include approved levels for both strategic and operational risk to support effective decision making within The City.</p>	<ul style="list-style-type: none"> • Based on the direction received from the ELT and the Audit Committee, the guidelines for risk appetite and tolerance will be expanded for both strategic and operational risk. • If there is a desire to move towards excellence, broader organizational resources will be required to support collaboration and cultural change. • A measured and pragmatic approach will be taken to ensure that guidance and tools are appropriate to support strategic and operational risk. • Given that leading practice for municipal environments is limited, implementation will require analysis, testing and refinement prior to the broader roll-out to the organization. 	<p>2022 Dec. 31</p>

¹ Canadian Standards Association Risk Management Maturity Continuum and Assessment Criteria as defined in the Implementation Guide to CAN/CSA-ISO 31000, Risk Management Principles and Guidelines (Q31001-11, 2011 March).



Audit Recommendations	Administration's Response	Completion Date
3. Re-evaluate current performance measures and ensure they are specific, measurable, attainable, relevant, and time oriented (SMART).	<ul style="list-style-type: none"> • Work has begun to re-evaluate IRM performance measures and set performance targets with timelines to better measure and track progress against goals. 	2021 Dec. 31
4. Enhance the Service Risk Register Qualitative Assessment Process to support improvements in quality and value from year to year.	<ul style="list-style-type: none"> • Work has begun to enhance the SRR Qualitative Assessment Process to support consistent rating and communicate improvements to employees responsible for completing the SRR. 	2021 Dec. 31
5. For instances when a Service Risk Register in not submitted develop an escalation process for resolution in keeping with the IRM Administrative Guidelines approved by ELT in 2020 November.	<ul style="list-style-type: none"> • Work has begun to develop a Service Risk Register escalation and resolution process. 	2021 Dec. 31