

INTEGRATED RISK MANAGEMENT MODEL UPDATE

EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit Committee with an update on the management practices and processes related to The City's Integrated Risk Management Model.

ADMINISTRATION RECOMMENDATION:

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

In accordance with Bylaw 48M2012, the Audit Committee assists Council in its oversight responsibilities of The City's Integrated Risk Management (IRM) system by receiving annual updates on management practices and processes related to The City's IRM Model. On 2015 December 10, the Audit Committee approved its 2016 work plan (AC2015-0878), which included that an update on the Integrated Risk Management Model be brought forward to the 2016 July 21 Audit Committee meeting.

BACKGROUND

This report provides the Audit Committee with an update on Integrated Risk Management in keeping with the Audit Committee Terms of Reference. As shown in the diagram below, this report focuses on the IRM program and processes rather than The City of Calgary's risk profile. An update on The City's Principal Corporate Risks was provided to the Audit Committee on 2016, January 21 (AC2016-0074). Last year's IRM Model Update was received by the Audit Committee on 2015 July 16 (AC2015-0451).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The City's Integrated Risk Management System consists of an operating model and a risk governance structure, both of which are underpinned by acceptable risk management practices throughout the organization. The City is provided with assurance of sound risk governance through an active and engaged Council, experienced Senior Management Team and an involved Integrated Risk Management function.

Attachment 1 provides an update on the management practices and processes of The City of Calgary's Integrated Risk Management (IRM) Model (Attachment 2). The previous (2015 July) IRM Model Update utilized the Canadian Institute of Chartered Accountants guide on "20 Questions Directors Should Ask About Risk" to focus the report. The 2015 report noted four key, prevailing, themes within our program which have become the foundational pillars for the IRM Framework shown in Attachment 2 and will be the basis of this 2016 Model Update report:

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For each of the four pillars, the following information is provided:

1. Activities and process since the last integrated Risk Management Model Update report was received by Audit Committee on 2015 July 16 (AC2015-0451)
2. Next steps to enhance The City's IRM program.

This focused approach outlines The City established and upcoming practices in order to provide Council assurance that The City has the appropriate Model and Framework in place to manage its risks and opportunities effectively. Each of the CICA's 20 questions are supported by the pillars of our Framework, and can be mapped back to the pillars accordingly as shown in Attachment 3.

The information provided in Attachment 1 demonstrates that:

- The City of Calgary is becoming increasingly more proactive, through our Integrated Risk Management (IRM) Program, at the consistent identification, assessment and management of risks inherent to our strategies, activities and operations. The IRM Framework consists of an operating model and a risk governance structure, both of which are underpinned by the essential qualities of our organization; competence, character, commitment and collaboration.
- Throughout the past year, using a series of coordinated activities, progress has been made in a number of these areas.

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- Each of these activities has contributed to the successful completion of the 2014 Audit recommendations on IRM. More information about this progress is in Attachment 1.
- The four pillars of our framework will be used to provide the Audit Committee with assurance that The City has the appropriate framework in place to manage our risks and opportunities effectively.

Stakeholder Engagement, Research and Communication

Administration is continuously seeking opportunities to advance the proactive use of risk related information to address risks that may affect or contribute to The City's ability to achieve its objectives. In addition to regularly reviewing leading practices, internal stakeholder input is used to continuously improve established practices. Completion of the risk register process requires a coordinated series of meetings between the departmental business planner, business units, directors and managers.

Strategic Alignment

On 2014 September 15, Council approved the Leadership Strategic Plan (LSP) which includes the implementation of a performance management system. IRM is one element of this Integrated Performance System which also includes: performance measurement & accountability, service review & improvement, service plans & budgets, and individual performance development.

Social, Environmental, Economic (External)

No implications related to this report have been identified.

Financial Capacity

Current and Future Operating Budget:

Activities related to the IRM Model are within approved budgets and programs.

Current and Future Capital Budget:

None related to this report.

Risk Assessment

The IRM Model used by Administration is not meant to eliminate all risks to the achievement of Corporate objectives. Rather, the IRM Model provides an approach for Council and Administration to identify, consider and communicate about risks related to the achievement of objectives.

REASON(S) FOR RECOMMENDATION(S):

Recommending that Council receives this report for information aligns with the Audit Committee's oversight role of monitoring the management of The City's IRM Model.

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ATTACHMENT(S)

Attachment 1: Integrated Risk Management Model Update

Attachment 2: Integrated Risk Management Model

Attachment 3: Mapping the Canadian Institute of Chartered Accountants Guide on “20 Questions Directors Should Ask About Risk” to The City’s IRM Framework