

Corporate Planning & Financial Services Report to  
Audit Committee  
2024 January 18

ISC: UNRESTRICTED  
AC2024-0038

## 2023 Year-End Principal Corporate Risk Report

---

### PURPOSE

The purpose of this report is to provide an update on the current assessment of the risk environment facing The City and how it's impacting the Principal Corporate Risks (PCR). This report underscores the pivotal role of risk management as a management tool, strategically looking to the future context and fostering interconnected discussions to effectively manage strategic impacts. It provides essential information to collectively monitor, engage in strategic discussions, and respond to internal and external pressures that influence The City's ability to meet strategic objectives. The aim is to proactively prepare for potential negative impacts while strategically positioning the organization to capitalize on opportunities.

### PREVIOUS COUNCIL DIRECTION

The Audit Committee's Work Plan was approved by the Audit Committee on 2023 December 14. As a part of this Work Plan, the Audit Committee directed The City's Chief Administrative Officer and the General Manager, Corporate Planning and Financial Services to provide the twice-yearly Annual Corporate Principal Risk Reports on 2024 January 18 and on 2024 July 25.

#### RECOMMENDATION:

That the Audit Committee recommend that Council:

1. Receive this report and presentation for information and the Corporate Record.
2. Direct that Attachment 4 remain confidential pursuant to Section 24 of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2029 January 2.

#### RECOMMENDATION OF THE AUDIT COMMITTEE, 2024 JANUARY 18:

That Council:

1. Receive this report and presentation for information and the Corporate Record; and
2. Direct that Attachment 4 be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2029 January 2.

### CHIEF ADMINISTRATION OFFICER/GENERAL MANAGER COMMENTS

The Chief Financial Officer and General Manager of Corporate Planning and Financial Services concurs with this report.

### HIGHLIGHTS

- The City's risk environment remained stable for most of 2023 after experiencing a slight increase at the beginning of the year. The current risk management strategies have effectively stabilized the risk ratings of most of the PCRs, and we have noted a decrease in the Legal risk rating from "High" to "Medium". The City regularly tracks and assesses risks to be able to nimbly respond to pressures and take advantage of opportunities that may impact its achievement of results.

## 2023 Year-End Principal Corporate Risk Report

- **What does this mean to Calgarians?** The City continues to focus on delivering services to Calgarians, while monitoring and managing risks to avoid undesirable impacts and capitalize on opportunities as they present themselves.
- **Why does this matter?** 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.
- To advance the organization to the desired risk maturity level of “Advanced” (Tier 4) the Enterprise Risk Management (ERM) team, in collaboration with organizational partners, continues to move forward on several initiatives, including developing and embedding risk governance, identifying risk appetite and tolerance, integrating risk management by supporting leadership in promoting a strong risk culture, and improving risk reporting.

### **DISCUSSION**

#### The City's Risk Profile at Year-End 2023 (Attachment 2)

The City's Risk Profile remains mostly stable when compared to earlier in 2023. Although external pressures are creating local challenges which, along with internal pressures, are impacting The City, current risk management strategies are working effectively to stabilize the risk ratings of the PCRs. Looking at the risk profile for the organization allows senior leadership to explore interdependencies between the PCRs – the top, most strategic risks to the organization. These PCRs can impact the organization as a whole and can affect our ability to meet our strategic objectives.

The City continues to focus on delivering services to Calgarians, while monitoring and managing risks to avoid undesirable impacts and capitalize on opportunities as they present themselves.

#### Enterprise Risk Management Program Update (Attachment 3)

Attachment 3 provides an update on the ERM program. The ERM team continues to focus on advancing The City's risk maturity by developing and embedding risk governance, improving reporting, defining risk appetite and tolerance, integrating ERM into services' operational decision-making processes, and developing a Fraud Risk Management Framework.

#### Key Risk Metrics (Attachment 4 - Confidential)

The ERM team continuously improves how we communicate risk to the Executive Leadership Team (ELT), the Audit Committee, and Council by enhancing or developing new ways to present risk information. The City uses an evidence-based approach to decision making, and this applies to risk management as well. Assessing the PCRs through data-driven analysis with Key Risk Metrics will offer objective insights into the pressures that affect the PCRs and the effectiveness of The City's risk management strategies in response to them.

### **EXTERNAL ENGAGEMENT AND COMMUNICATION**

- |  |  |
|--|--|
| <input type="checkbox"/> Public engagement was undertaken        | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed |  |

## **2023 Year-End Principal Corporate Risk Report**

---

- Public communication or engagement was not required

We continue to seek opportunities to receive Calgarians' input by participating in various engagements.

### **IMPLICATIONS**

#### **Social**

The complexity and magnitude of Calgarians' social needs are impacted by changes in various social and economic factors which can negatively impact social wellbeing, along with the capacity and effectiveness of both The City and our partners in responding. The City continues to monitor and analyze wellbeing and safety issues; to develop, implement and invest in strategies that focus on prevention and improving social conditions impacting quality of life, access to opportunities, and inclusion in society; and to provide services and front-line response that support social wellbeing, particularly for Calgarians experiencing vulnerabilities.

#### **Environmental**

Climate and environmental concerns continue to be a top pressure facing The City. Progress has been made on implementing the Climate Strategy – Pathways to 2050; however, greenhouse gas emissions are not being reduced at the necessary rate, which poses increased risk to our economy, environment, people, and reputation. There are opportunities associated with developing and implementing green technologies in Calgary and applying an equity lens to ensure access to environmental and climate services is available for all.

#### **Economic**

The City faces pressure from economic volatility due to current macroeconomic conditions, including exposure to pressures related to inflation, cost fluctuations, and the ability to procure materials in a timely fashion due to supply chain disruptions. At the same time, The City has specific financial uncertainties due to our reliance on the provincial and federal government for funding particularly for capital projects. The City is considering alternative sources of funding and financing to help mitigate this risk.

#### **Service and Financial Implications**

##### **No anticipated financial impact**

\$0

### **RISK**

The Year-End Principal Corporate Risk report provides the Audit Committee with an overview of the top-down/bottom-up analysis and assessment of The City's current risk environment and of the strategies and work being done to manage it. The Principal Corporate Risks represent the most strategic risks facing the organization. The information provided in this report provides a window into the efforts being made to ensure that The City manages risks well so that we can embrace opportunities when presented and minimize negative uncertainties that may impede the achievement of desired results.

Corporate Planning & Financial Services Report to  
Audit Committee  
2024 January 18

ISC: UNRESTRICTED  
AC2024-0038

**2023 Year-End Principal Corporate Risk Report**

---

**ATTACHMENTS**

1. Background and Previous Council Direction
2. The City's Risk Profile at Year-End 2023
3. Enterprise Risk Management Program Update
4. CONFIDENTIAL – Key Risk Metrics
5. Presentation – 2023 Year-End Principal Corporate Risk Report

Department Circulation

General Manager/Director	Department / Business Unit	Approve/Consult/Inform
Carla Male, General Manager	Corporate Planning and Financial Services	Approve
Tim Doruch, A/Director	Corporate Planning and Performance	Approve
David Duckworth, Chief Administrative Officer	Chief Administrator's Office	Inform
Stuart Dalglish, Chief Operating Officer	Chief Operating Office	Inform
Chris Arthurs, General Manager	People, Innovation and Collaboration Services	Inform
Katie Black, General Manager	Community Services	Inform
Deb Hamilton, A/General Manager	Planning and Development	Inform
Jill Floen, City Solicitor	Law and Legislative Services	Inform
Doug Morgan, General Manager	Operational Services	Inform
Michael Thompson, General Manager	Infrastructure and Engineering Services	Inform

Author: Enterprise Risk Management Team, Corporate Planning and Performance

**City Clerks: C. Doi / J. Booth**