

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

That the Audit Committee recommends that Council receive this report for information.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2015 JULY 16:

That the Administration Recommendation contained in Report AC2015-0451 be approved.

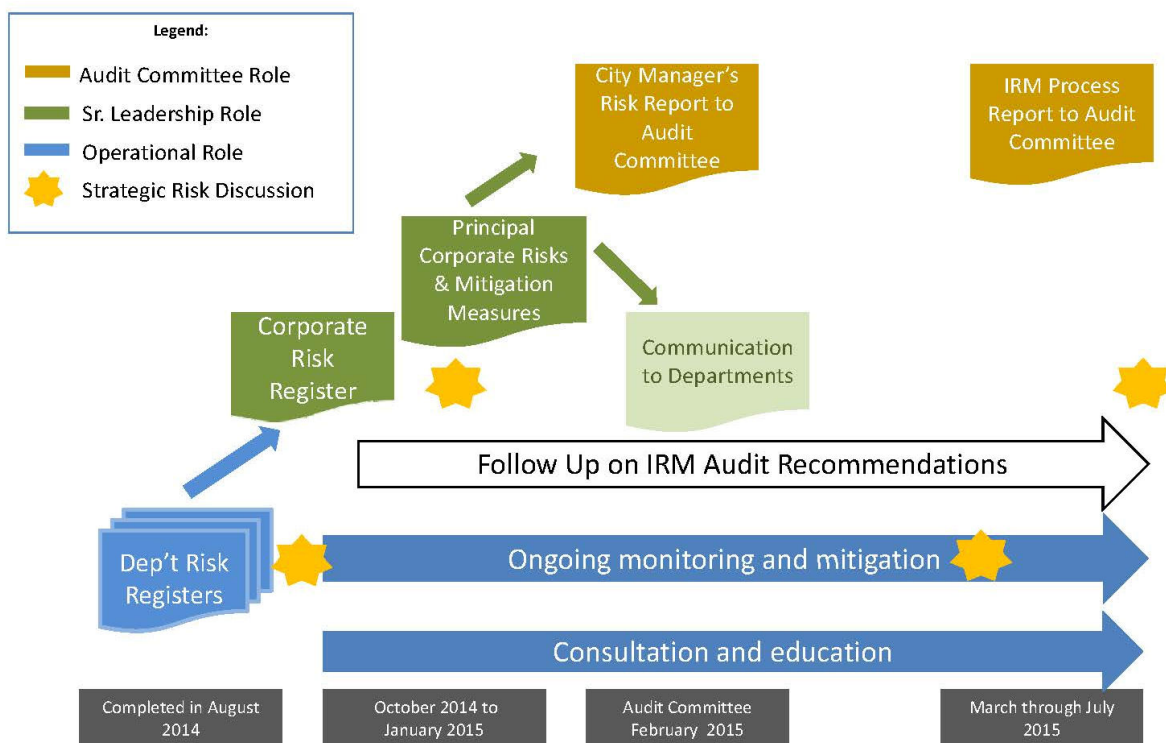
PREVIOUS COUNCIL DIRECTION / POLICY

In accordance with the Audit Committee Terms of Reference, 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 2014 November 6, the Audit Committee approved its 2015 work plan (AC2014-0896), which included that an update on the Integrated Risk Management Model be brought forward to the 2015 July 16 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 2015 February 19 (AC2015-0191) with a further update to be provided on 2015 December 10.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

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 City's IRM System consists of a Model, Framework and Council Policy which are underpinned by acceptable risk management practices throughout the organization. At The City we are provided with assurance of sound risk governance through our active and engaged Council, experienced Senior Management Team, and through involved Integrated Risk Management and related functions.

The update utilizes the same format as the 2014 May 15 update report to the Audit Committee (AC2014-0143), so is organized by the Canadian Institute of Chartered Accountants (CICA) guide on questions that directors should ask about risk. The 20 CICA questions are not intended to be a precise checklist, but rather provide a practical approach to review the management practices and processes that are being used by Administration to comply with Council's Integrated Risk Management (IRM) Policy (CC011).

This focused approach outlines The City's processes and 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. The first 15 questions predominately explore the actions of Administration to support the Audit Committee's oversight of risk management. The format of this year's report has been enhanced, so that for each of these 15 questions, the following information is provided:

1. An overview of The City's established practices and processes.

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2. Activities and progress since the last Integrated Risk Management Model Update report was received by the Audit Committee on 2014 May 15.
3. Next steps to utilize and improve IRM by building upon the established practices and processes including plans to address the recommendations of the 2014 IRM Audit (AC2014-0295).

A further change in this year's report is the addition of CICA Questions 16-20, which are intended as an assessment of 'Board' effectiveness. For these questions, related information has been provided rather than an assessment. Further, it has been assumed that Council is the equivalent of the 'Board', with the Audit Committee having a specific role in assisting Council with this oversight function as per the Audit Committee Terms of Reference.

As mentioned, the 20 CICA questions provide a practical approach to review management practices and processes. In several cases, questions are closely related and therefore responses are similar across these questions. Analysis across the 20 questions shows that there are four themes that are highlighted extensively (see more about these themes in the Executive Summary of Attachment 1):

1. Governance and Oversight
2. Integration of IRM with The City's Strategic Direction
3. Established Practices and Processes
4. Review and Continuous Improvement

These themes demonstrate The City has a strong foundation for Integrated Risk Management which is systematically applied throughout the organization. The IRM Program is continuously evolving and improving through ongoing alignment with best practices and the implementation of an action plan which supports the recommendations of the recent Audit.

Stakeholder Engagement, Research and Communication

Administration is continuously seeking opportunities to advance the proactive use of risk related information to address risks that may impact 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.

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 performance system which also includes: performance measurement & accountability, service review & improvement, service plans & budgets, and individual performance development. This alignment will support opportunities to improve integration between elements of the system. Building on the linkages between elements of the system will help ensure that IRM does not stand on its own but is integrated, and will help strengthen alignment with organizational goals and strategies.

Social, Environmental, Economic (External)

No implications related to this report have been identified.

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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.

ATTACHMENT(S)

Attachment 1: Integrated Risk Management Model Update

Attachment 2: Corporate Integrated Risk Management Model