

# Background and Previous Council Direction

## Background

The City of Calgary is advancing toward an Advanced (Tier 4) level of risk maturity, with a focus on implementing Risk Appetite and Tolerance frameworks. These frameworks guide decision-makers by defining the level of risk The City is willing to take and tolerate to achieve its goals. The Enterprise Risk Management (ERM) team is leading this initiative, focusing on three key pillars: alignment to strategy, risk analytics, and risk governance.

Progress has been made integrating these frameworks into service planning, budgeting, and project management, with further engagement planned to ensure consistency across the organization.

## Previous Council Direction

The table below lists details of recent reports, conversations and decisions conducted on risk appetite and tolerance in reverse chronological order.

<b>Date</b>	<b>Report Number</b>	<b>Title</b>	<b>Description</b>
2024 July 25	AC2024-0518	2024 Mid-Year Principal Corporate Risk Update	The 2024 Mid-Year Principal Corporate Risk Update was provided to the Audit Committee on 2024 July 25. In it the Enterprise Risk Management team noted Administration is continuing to build awareness and understanding of risk appetite and tolerance across the organization and how continued engagement with the ELT and Audit Committee is needed.
2024 January 18	AC2024-0038	2023 Year-End Principal Corporate Risk Update	The 2023 Year-End Principal Corporate Risk Update was provided to the Audit Committee on 2024 January 18. This report presented certain foundational components of risk appetite and tolerance such as Target Residual Risk Ratings and Key Risk Metrics for The City's Principal Corporate Risks.
<b>2023 December 14</b>	AC2023-1229	Audit Committee 2024 Workplan	Directed that the Chief Administrative Officer and General Manager, Corporate Planning and Financial services provide the Annual Principal Corporate Risk Report on 2024 January 18. Also directed that an Enterprise Risk Management (ERM) Update (including Information Technology) and an update on the Principal Corporate risks be brought forward on 2024 July 25.

<p><b>2023 January 19</b></p>	<p>AC2023-0011</p>	<p>Annual Principal Corporate Risk Report</p>	<p>Presented status update on the Enterprise Risk Management program’s audit recommendations. This included advancing The City’s current understanding, and need for certain underlying pieces, to further risk appetite and tolerance related work.</p>
<p><b>2022 July 21</b></p>	<p>AC2022-0800</p>	<p>Integrated Risk Management Mid-Year Update (Including Information Technology)</p>	<p>Describes the work being undertaken to update risk appetite material with some of the key future developments being highlighted. This report demonstrated the Principal Corporate Risks aligned to areas to take and avoid risk. IT also presented general principles to inform risk appetite and tolerance decisions at The City.</p>

## Bylaws, Regulations, Council Policies

---

### **Audit Committee Bylaw (33M2020)**

The mandate of the Audit Committee includes assisting Council in fulfilling its oversight and stewardship responsibilities by gaining and maintaining reasonable assurance in relation to risk management (Section 4(1)(ii)).

The Audit Committee is authorized to request reports from the City Manager on The City’s Integrated Risk Management and corporate risks, at least twice a year (Section 5(c)(ii)).

The Audit Committee oversees The City’s process of risk identification, analysis, and management procedures to mitigate risk (Schedule A, 4(b)).

### **Integrated Risk Management Council Policy (CC011)**

On 2020 February 3, the updated Integrated Risk Management Policy was approved by Council (AC2020-0022). It states that: “Council and senior management are responsible for setting risk appetite and risk tolerance for the organization.” Council adopted the Policy to provide a more systematic and consistent approach to risk management at The City of Calgary.