

Corporate Planning & Financial Services Report to
Audit Committee
2025 January 09

ISC: UNRESTRICTED
AC2025-0002

2024 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 is 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.

PREVIOUS COUNCIL DIRECTION

The Audit Committee's 2025 Work Plan was approved by the Audit Committee on 2024 December 12. As a part of this Work Plan, the Audit Committee directed the Acting Chief Administrative Officer and the General Manager, Corporate Planning and Financial Services to provide the Year-End Principal Corporate Risk Report on 2025 January 9.

RECOMMENDATIONS:

The Audit Committee recommends:

1. That Council receive this report and presentation for information and the Corporate Record; and
2. That Attachments 4 and 5 and Closed Meeting discussions remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2030 January 31.

RECOMMENDATIONS OF THE AUDIT COMMITTEE, 2025 JANUARY 9:

That Council:

1. Receive this report and presentation for information and the Corporate Record; and
2. Direct that Attachments 4 and 5 and Closed Meeting discussions remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2030 January 31.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

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

HIGHLIGHTS

- The City's risk profile is trending upwards, with mounting pressures and increased risks primarily driven by factors such as infrastructure challenges, political shifts, and regulatory changes since the 2024 Mid-Year Update. Of note, The City saw an increase in the Reputation Risk in the second half of 2024 from "High" to "Extensive."
- **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.

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- **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.

DISCUSSION

The City's Risk Profile at Year-End 2024 (Attachment 2)

The City's risk profile continues to trend upwards, indicating mounting pressures and increased risks compared to the last risk update. This upward trend, driven by both external and internal pressures, highlights the critical importance of proactive risk management and informed decision-making. It is crucial for senior leadership to actively explore interdependencies between the Principal Corporate Risks (PCRs) – the top, most strategic risks facing the organization. A comprehensive understanding of how these PCRs interact allows for more effective risk mitigation and response. These PCRs have the potential to significantly impact the organization as a whole and affect our ability to meet our strategic objectives.

Key Risk Metrics (Attachment 3) and Confidential Key Risk Metrics (Confidential Attachment 4)

As part of our ongoing commitment to data-driven analysis, we have introduced Key Risk Metrics (KRM) into the Principal Corporate Risk (PCR) report. These KRMs play a crucial role in informed decision-making, monitoring strategic goals, and improving risk preparedness. In 2024, the ERM team collaborated with teams from each PCR to identify relevant KRMs that reflect critical aspects of each PCR.

Attachment 3 provides a list of public KRMs, while Confidential Attachment 4 offers information on confidential metrics. Demonstrating our commitment to transparency, 84 per cent (56 out of 67) of the KRMs are public, with only those that pose a significant risk to The City (primarily those related to technology and cybersecurity) being kept confidential. Our transparent approach aims to empower strategic decision-making through enhanced risk reporting.

Wholly Owned Subsidiaries Risk Summary (Confidential Attachment 5)

In line with our commitment to proactive risk management, we have enhanced our risk identification and assessment process. We now incorporate risk information from our Wholly Owned Subsidiaries (WOS) into our year-end reporting. This new process, implemented following a 2021 recommendation by Ernst & Young, involves annual risk submissions from each WOS. Our initial analysis, summarized in Confidential Attachment 5, is our attempt to understand the risks and we will build connections to The City's risk profile in the future editions of the report.

Enterprise Risk Management Program Update (Attachment 6)

Attachment 6 provides a comprehensive overview of the program's accomplishments, performance measures, challenges, and upcoming initiatives for 2025.

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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 | <input checked="" type="checkbox"/> Public communication or engagement was not required |

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

IMPLICATIONS

Social

Calgarians' complex social needs are creating challenges for the City and our partners. Despite the City's efforts, subsidized housing applications and Calgary Community Food Map website visits have increased. While opioid-related EMS responses and mental health calls have decreased, the Social Wellbeing Risk remains high. The City is analyzing data, developing strategies, and strengthening partnerships to mitigate this risk while continuing 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. Sustainable growth is challenged by rapid population growth, straining resources, and infrastructure. These challenges offer opportunities. Developing green technologies can boost the Calgary economy while cutting emissions. Prioritizing equity ensures all Calgarians can access environmental and climate services.

Economic

The City faces pressures from economic volatility due to current macroeconomic conditions, including exposure to pressures related to inflation, cost fluctuations, and potential supply chain disruptions. Additionally, The City faces uncertainty due to its reliance on provincial and federal funding for capital projects. To mitigate these risks, The City is considering alternative funding and financing sources and advocating for increased government support for project funding.

Service and Financial Implications

No anticipated financial impact

\$0

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RISK

The Year-End Principal Corporate Risk report provides an analysis and assessment of the risk environment in which The City operates. The information provided supports the Corporation in having fulsome discussions, making informed decisions, and responding appropriately with a strategic plan to ensure The City achieves desired results. If this is not achieved, The City would be less prepared to adapt to the downside of risk and be less able to capitalize on the upside of risk.

ATTACHMENTS

1. Background and Previous Council Direction
2. The City's Risk Profile at Year-End 2024
3. Public Key Risk Metrics
4. CONFIDENTIAL- Confidential Key Risk Metrics
5. CONFIDENTIAL- Wholly Owned Subsidiaries Risk Summary
6. Enterprise Risk Management Program Update
7. Presentation

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Les Tochor, Acting Chief Financial Officer and General Manager	Corporate Planning and Financial Services	Approve
Tim Doruch, Acting 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
Debra Hamilton, General Manager	Planning and Development Services	Inform
Jill Floen, City Solicitor	Law, Legislative Services and Security	Inform
Doug Morgan, General Manager	Operational Services	Inform
Michael Thompson, General Manager	Infrastructure Services	Inform

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