

CITY OF CALGARY
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 CITY CLERK'S DEPARTMENT

The City's Approach to Risk Management

The City's approach to risk management is continually evolving. It is based on:

- I. Understanding of key concepts
- II. Awareness of common biases, and
- III. An approach to risk management that goes beyond avoidance and mitigation.

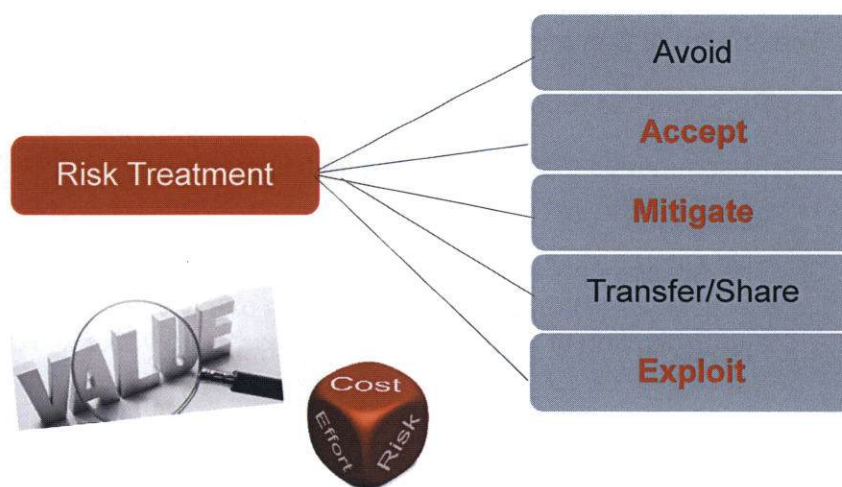
Concepts

- **Intentionally managing risk:**
 - "We pay extraordinary attention to the details surrounding general business processes. We strategically place emphasis that is both greater than and different from what would be typical in corporate best practices." (Disney)
- **Normalizing risk:**
 - Dismissing the severity, relevance or uniqueness of a risk based on history (what we are accustomed to).
- **Thinking of risk as negative:**
 - Defaulting to the notion that risk is something harmful. Risk can also be positive.
- **Over mitigating risks:**
 - Being overly risk averse, and not taking into account the costs and benefits (value) of the mitigation.

Common Biases that Affect Business Decisions

Biases Related to Perceiving and Judging Alternatives	Biases Related to the Framing of Alternatives	Action-Oriented and Stability Biases
Confirmation bias	Loss aversion	Excessive optimism
Anchoring and insufficient adjustment	Sunk-cost fallacy	Overconfidence
Groupthink	Escalation of commitment	Status quo bias
Egocentrism	Controllability bias	Present bias

Managing Risk Beyond Avoidance and Mitigation



16 Principal Corporate Risks

(Alphabetical Order)

- | | |
|-----------------------------------|---|
| 1. Business Continuity Risk | 10. Operations, Process Risk |
| 2. Capacity for Change Risk | 11. Partnership Risk |
| 3. Economic & Social Impact Risk | 12. Political Risk |
| 4. Environmental Risk | 13. Reputation Risk |
| 5. Financial Risk | 14. Security Risk |
| 6. Growth Risk | 15. Talent Management &
Workforce Planning Vulnerability |
| 7. Health & Safety Risk | 16. Technology Risk |
| 8. Infrastructure Management Risk | |
| 9. Legal & Compliance Risk | |

Administration Recommendations

That the Audit Committee:

1. Receives this report for information
2. Recommends that Council receive this report for information; and
3. The Attachments remain confidential pursuant to Sections 21 (1) (a)&(b) of the Freedom of Information and Protection of Privacy Act for a period of 15 years