

INTEGRATED RISK MANAGEMENT AUDIT

EXECUTIVE SUMMARY

The City Auditor's Office has issued the Integrated Risk Management (IRM) Audit Report. The report includes Administration's response to four recommendations raised by the City Auditor's Office.

RECOMMENDATIONS

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2013 Annual Audit Plan was approved on November 7, 2012.

BACKGROUND

This audit was undertaken as part of the approved City Auditor's Office 2013 Annual Audit Plan. The objectives of the audit were to independently validate the maturity self-assessment of IRM conducted by the City Manager's Office (CMO) and assess how effectively IRM meets the needs of the organization.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Integrated Risk Management (IRM) is a City-wide system that addresses the organization's portfolio of risks to protect value, and provide assurance that objectives will be achieved. Current IRM practices generally met the principles of the IRM Policy adopted by Council in 2004. In 2012, the CMO self-assessed the level of maturity of IRM for The City as 'low-enhanced'. Our results supported this self-assessment, which is a combination of maturing and basic risk management practices.

Our four recommendations identified the following opportunities to further improve IRM by:

- Enhancing communication on The City's existing principal risks and reporting of risk treatment information;
- Improving identification, assessment, and consolidation of significant risks; and
- Increasing commitment and support for IRM.

Implementing these opportunities would benefit The City through:

- The timely identification and treatment of principal corporate risks;
- Cost effectiveness through proactive risk response;
- A better allocation of resources by improving communication and increasing integration;
- A higher level of confidence in the results of IRM; and
- An enhanced level of risk information to support recommendations to senior management and Council.

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Stakeholder Engagement, Research and Communication

This audit was conducted with the Senior Risk Strategist, CMO acting as the audit principal contact within Administration. Additional support and cooperation was provided by management and staff across The City. Administration agreed to the recommendations, and their responses are included in the report.

Strategic Alignment

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations.

Social, Environmental, Economic (External)

This report has been reviewed for alignment with The City of Calgary's Triple Bottom Line (TBL) Policy Framework. No implications are identified.

Financial Capacity

Current and Future Operating Budget:

Although some recommendations can be implemented quickly, others will be dependent on the approval of resources in the 2015-2018 Action Plan.

Current and Future Capital Budget:

N/A

Risk Assessment

The activities of the City Auditor's Office serve to promote accountability, mitigate risk and support an effective governance structure.

REASON FOR RECOMMENDATIONS:

Audit Committee's Terms of Reference states: "Audit Committee receives directly from the City Auditor any individual Audit Report and forwards these to Council for information."

ATTACHMENT

1. Integrated Risk Management Audit Report