

Report to the Audit & Finance Committee  
Calgary Public Library Board  
March 22, 2018  
**Annual Risk Review**

**I. ISSUE**

The purpose of this report is to provide an annual review of categories identified by the Calgary Public Library as presenting the greatest risk to the Library in meeting its strategic objectives. There will also be an opportunity for Library Administration and the Committee to discuss the validity of the risks that are reported and any emerging risks that have not been previously identified as significant.

**II. BACKGROUND**

In early 2014, KPMG was engaged to assess the Integrated Risk Management process developed by the Calgary Public Library. In March 2014, they presented a report to the Audit Committee comparing the Library's processes to best practices, and providing recommendations to assist the Library in improving its Integrated Risk Management review and reporting.

One of the recommendations was to simplify the Board reporting process by concentrating at the Strategic Level on the risk categories that present the greatest risk to the Library, and identifying the highest risk factors within each of those categories.

Working under the direction of the Library's Audit and Finance Committee, Library Administration adopted that recommendation. The following categories were considered to contain the highest level of risk to the achievement of the Library's strategic objectives:

- Strategic
- Finance
- People
- Operations
- New Central Library
- Security

These categories have evolved to reflect both changed circumstances and increased experience in determining which risk measures pose the most concern. The current measures that are reported to the board on a quarterly basis are:

- Relevance
- Finance
- Operations
- New Central Library
- Safety and Security

Most of the measures in these categories were present in our original risk reporting. There have been several additions, such as service innovation and collection adequacy, and several revised measures, specifically security changes were modified to recognize the recommendation in the City Auditor's review of Operational Readiness for the New Central Library. Several items have been removed where the risk and the impact are very low. Even where items are not being reported any risk factors are still reviewed through regular work practices.

Each category contains factors that have been analyzed to determine the risk to the Library if there were no mitigation controls in place, and what the risks are after mitigation controls are in place. This information is presented annually through a heat map showing the results of this analysis (Attachment 1). A second page of that attachment lists many of the mitigations that are in place to reduce the risk to the more acceptable post mitigation level.

During the annual review the Committee will also be given the equally important opportunity to inquire about and discuss the ongoing relevance of these categories, and an analysis of the difference between the pre- and post-mitigation impact of each item. Administration will also advise if there are any emerging risks that should be considered in future reports.

Library administration is also committed to providing quarterly risk updates to the Audit Committee. The quarterly reports monitor the current state of each risk category.

### **III. INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Using qualitative and quantitative analysis, the significant risks in the risk categories of the Strategic Level Risk Register have been analyzed to ensure that the level of risk remains acceptable for the purposes of achieving strategic outcomes, and that mitigation to reduce the level of risk has been applied where appropriate and practical. The analysis is drawn from many sources, including Board reports and motions, the incident reporting system, analysis of health and safety data through the Human Resources department and the Library's Joint Health & Safety Committee, financial monitoring, and other sources. Each member of the Executive Leadership Team has contributed to ensuring the success of this process.

### **IV. ASSESSMENT**

Attachment 1 is an update to the "pre" and "post" mitigation risk evaluation of the categories currently presented as containing the highest risk factors to the achievement of the Library's strategic objectives. While we attempt to use available data, many determinations remain very subjective. Although the map is relatively stable compared to last year's, there have been some changes in both "pre" and "post" risk evaluations. Changes that occurred in the Before Mitigation column may be due to more experience in assessing the risk factors, coupled with changing points of view (subjectivity). The changes that occurred in the After Mitigation column are based on the most recent data available, as well as additional experience in assessing these risks.

The biggest change in the measures since our last annual risk review is to focus on how the Library will remain relevant, which will be the main determinant in achieving the Strategic Goals of strengthening neighbourhoods, bringing the library into more people's lives, and focusing on services that make a difference. This is a broadening of the previous Strategy category.

Most of the factors in this category have remained. Service innovation has been added and volunteer availability has been moved from the former People category.

Apart from the volunteer measure, and the staff engagement measure which is now reported under Operations, the other measures in the People category, due to the combination of consistent low risk/low impact measures, are no longer being reported and the People category has been dropped from the heat map. We will continue to monitor all staffing categories, but the items that are low risk/ low likelihood at both “pre” and “post” mitigation levels will not be reported unless conditions change.

Only one category, Central Library Security, remains in the red “post” mitigation. This category also continues to receive additional resources, such as better training for our security to allow them to manage challenging situations, to mitigate any reputational damage to the Library.

## **V. RISK ASSESSMENT**

The Library builds risk assessment into new initiatives and ongoing services. Some risks are easily identifiable and thus easily mitigated. However, the assessment of some risks is based on common sense and can be very subjective. Unlike other disciplines, there are few rules or measures to guide either Library Administration or the Board on all categories of risk. Ongoing monitoring and analysis of new developments is always required.

## **VI. RECOMMENDATION**

That the Audit & Finance Committee recommend that the Calgary Public Library Board receive the Annual Risk Review for discussion and information.

Elrose J Klause, CMA  
Controller and Director, Financial Services

### Attachments

1. Heat map of major risk factors in each of the categories identified as posing the greatest risk to the Library achieving its Strategic Objectives (Includes mitigation for each risk factor identified)