

Report to the Audit & Finance Committee  
Calgary Public Library Board  
March 23, 2017  
**Annual Risk Review**

## **I. ISSUE**

The purpose of this report is to provide an annual review of categories previously 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 proposed amendments to 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

Each category contains a number of 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).

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.

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.

This is the second annual report to the Calgary Public Library Board after initial review by the Audit and Finance Committee.

### **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 previously 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. 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.

These categories are still valid. However, as we are at the halfway mark of our 2015-2016 Strategic Plan, our Strategic Scorecard indicates that further increases in operationally focused measures will need to be earned through careful analysis of effectiveness and efficacy of efforts, and a heightened focus on priorities. Attachment 2 is a reflection of reporting changes that may better assess the highest risks to the achievement of our Strategic Plan.

The biggest proposed change is a 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.

The second largest change is to remove many of the People measures. We will continue to monitor all of these staffing categories, but the items that are low risk/ low likelihood at both pre and post mitigation levels need not be reported until if or when conditions change.

### **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.

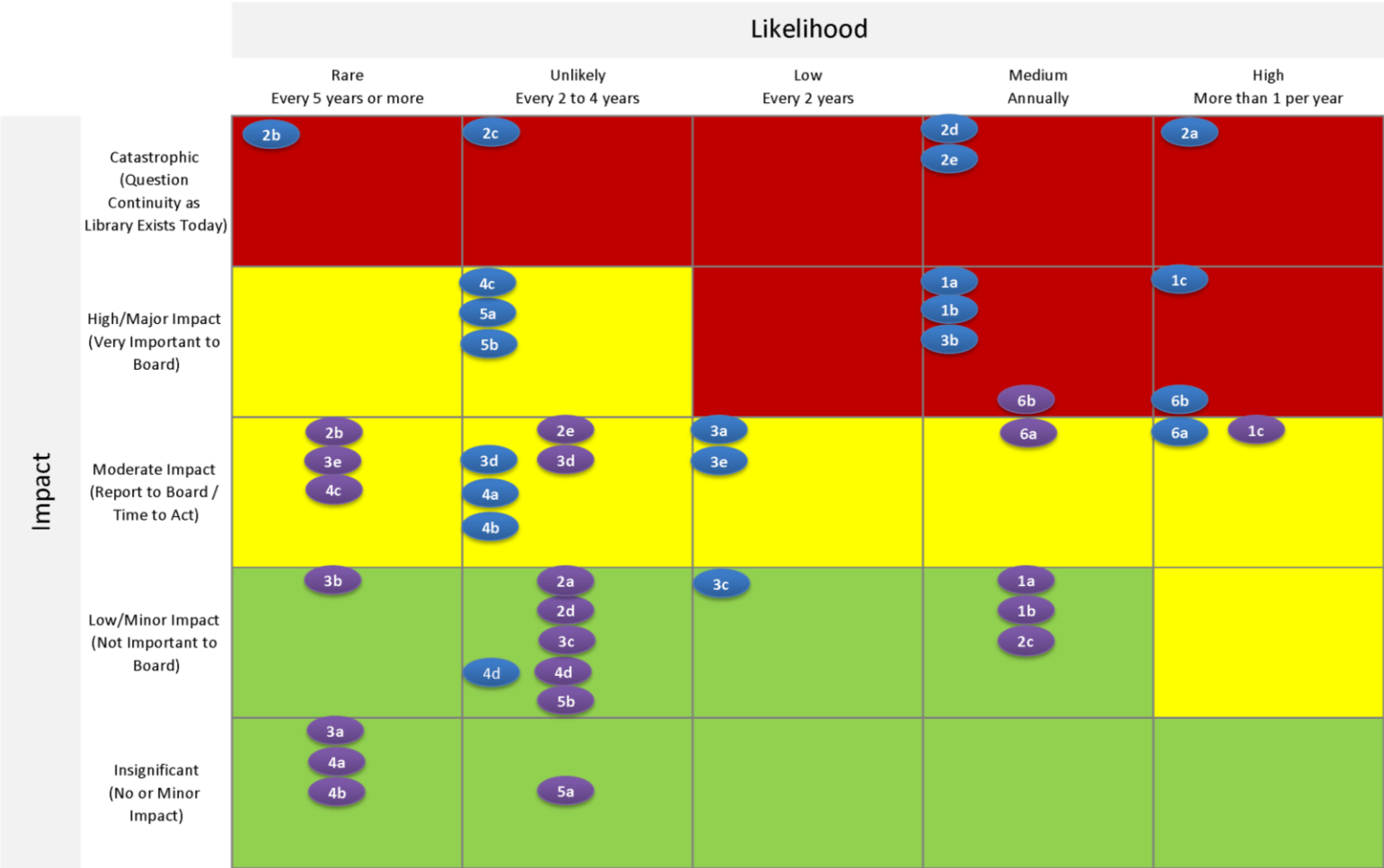
Elrose J Klause, CMA  
Controller and Director, Financial Services

### 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
2. Proposed Reporting Changes

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Annual Risk Review - Heat Map  
Attachment 1

Attachment 4  
AC2017-0447



Conditions

Before Mitigation

After Mitigation

1 Strategy

a

Members/capita - quarterly count

b

Customer Satisfaction

c

Community Partner Involvement in Programs

2 Finance

a

Fraud

b

Funding

c

Allocation of Resources

d

Planned Operating Expenditures

e

Planned Capital Expenditures

3 People

a

Reputation Impacts

b

Staff Engagement

c

Vacancy Rate

d

Recruitment Time for Critical Positions

e

Availability of Volunteers

4 Operations

a

Building Visits

b

Website and catalogue sessions

c

Facility Availability

d

Relationships with Partners in Joint Facilities

New Central Library

5

a

Transition in Service

b

Reputation Maintained

Safety / Security

6

a

Incidents at Community Libraries

b

Incidents at Central Libraries

<b>1 Strategy</b>	
a Active Members/Capita	<p>Free library cards Distribution of library cards to students in both school boards</p> <p>Membership retention project to strengthen relationship with existing cardholders Distributing library cards at all events Easy online self-registration <b>Improved on line communication to members</b></p>
b Customer Satisfaction	<p>Programs designed for biggest impact Enhancing the look and feel of all community libraries Renovations Marketing collections, including themed collections, lighted shelving and "We Recommend" sections at all libraries</p>
c Community Partner Involvement in Programs	<p>Collaboration in the design of programs with other major institutions such as CBE, Calgary Police Service, United Way, University of Calgary, numerous cultural and arts organizations Actively seek partners for every strategic initiative</p>
<b>2 Finance</b>	
a Fraud	<p>Adherence to policies / procedure Well document procedures, including:  <ul style="list-style-type: none"> <li>Segregation of duties</li> <li>Purchasing controls</li> <li>Approvals by supervisor (one up)</li> </ul> External auditors</p>
b Funding	<p>Transparency and openness with government and other funders Effective, efficient delivery of current services and programs Ongoing dialogue with funders</p>
c Allocation of Resources	<p>Monthly oversight by the Library's Senior Management Team Quarterly oversight by the Library's Audit &amp; Finance Committee</p>
d Planned Operating Expenditures	<p>Daily oversight through purchasing and payment controls, including one up approvals Monthly oversight by the Library's Senior Management Team Quarterly oversight by the Library's Audit &amp; Finance Committee</p>
e Planned Capital Expenditures	<p>Daily oversight through purchasing and payment controls, including one up approvals Monthly oversight by the Library's Senior Management Team Quarterly oversight by the Library's Audit &amp; Finance Committee</p>
<b>3 People</b>	
a Reputation impacts	<p>Policy and Employee Code of Conduct make clear who can speak on behalf of the Library Social media activity regardless of when it takes place is also subject to Employee Code of Conduct</p>
b Staff engagement	<p>Online and paper-based communication tools are used to distribute information, in addition to frequent face-to-face meetings Sampling of the workforce takes place at regular intervals and issues raised are dealt with at that time An online suggestion system allows staff to suggest change whenever it occurs to them</p>
c Vacancy rate	<p>Market conditions are regularly monitored to keep library jobs competitive with the overall Calgary market</p>
d Recruitment time for positions with critical skills	<p>CPL is well represented at industry conferences to ensure that good candidates are aware of CPL achievement Effectiveness of different recruiting channels is regularly reviewed, eg. LinkedIn</p>
e Availability of Volunteers	<p>Maintain volunteer background checks Provide training to volunteers Monitor volunteer contributions</p>
<b>4 Operations</b>	
a Building visits	<p>Enhancing the look and feel of all community libraries Increased hours of service Regular safety inspections Building library collections to ensure everyone can find a great read in the Library Increasing in-house programming and special events to entice Calgarians to visit libraries Free meeting rooms for community events, computer usage and wireless access Regular safety inspections</p>
b Website and catalogue sessions	<p>Implemented new, more attractive and usable catalogue and website Keep content current, updated and relevant New services and collections reflected on website Reducing barriers to e-Resource access for students</p>
c Facility availability	<p>Minimize closures during renovations while maintaining patron safety Respond to unplanned closures in a timely and effective manner Ensure that routine maintenance is up to date and needed repairs are reported and addressed in a timely way</p>
d Relationships with partners in joint facilities	<p>Joint Operating Committees are in place at multi-use sites to prevent issues from escalating</p>
<b>5 New Central Library</b>	
a Reputation maintained	<p>Active participant in New Central Library Steering Committee</p>
b Transition in service	<p>Trialing of space design &amp; furnishings, new programs, and other services (i.e., the Fire Truck) in existing libraries to ensure the right menu is in place <b>NCL Service Plan substantially completed in 2016</b> <b>Comprehensive Transition Plan commencing in 2017</b></p>
<b>6 Security</b>	
a Incidents at Community Libraries	<p>Focused staff training on Safety and Security and Working with Vulnerable Populations Revised and updated Problem Situation Guide and Emergency Response Plan New industry standard incident reporting software being implemented Stricter application of the Library's Code of Conduct Employment of a City of Calgary Security Advisor, whose sole focus is the Library system Developing closer relationships with Calgary Police Service and other law enforcement agencies Extensive work implementing Crime Prevention through Environmental Design elements, many of which were recommended by CPS Improvements to performance of security contractor, including more effective deployment of guards in multiple locations Concentrated efforts to bring new and diverse demographics to Central Library through extensive programming and community events Community engagement in the Bellline to explore, identify and implement new programs and features at Memorial Park Library to promote pro-social activities in the Library <b>Bannings are now communicated to shared facilities, at which point facility wide bannings are then put in place</b> <b>Increased guard deployment at Nicholls Family Library</b> <b>Locked bathrooms at both Nicholls Family Library and Memorial Park Library</b> <b>Security guards from Central now cover shifts at community library locations, helping to identify banned persons before they enter the library</b></p>
b Incidents at Central Library	