

AHCC 2016 RISK REGISTER

AC2017-0448
ATTACHMENT 6
UNRESTRICTED

IMPACT	HIGH	Legal liability (8) Builder partnerships (9) Operating cash management – (< 12 months) (19)	Customer base (17) Regulatory (23)	Shared equity model (2) Market (22)
	MEDIUM	Asset protection (14) Development cash management – (1-9 years) (20)	Business model (1) Shareholder alignment (5) Client expectations (6) Accountability alignment (10) Recruitment & retention (11) Compensation & benefits (12) Cost management (13) Brand (21)	Inventory Scarcity (18a) Inventory Surplus (18b)
	LOW	Performance monitoring (7) Financial reporting & planning (15) Records management – privacy / legal docs (16)	Governance (3) Leadership (4)	
		LOW	MEDIUM	HIGH
		LIKELIHOOD		

ATTAINABLE HOMES CALGARY CORPORATION

	Risk Title	Risk Description	Existing Controls or Treatment Techniques in place	Likelihood	Impact	Risk Rating	Trend	Summary of Risk Rating	Significant Improvement required? (Y / N)	Summary of Improvement Activities	Improvement Status	Owner	Notes
	Risk title	Risk Description:	List the 5 most important controls which are currently in place, add a succinct description where necessary			<div><div>High</div><div>Medium</div><div>Low</div></div>	Indicate whether risk is: Increasing ↑ Decreasing ↓ Stable ↔	(If Risk Rating is increasing or decreasing, indicate top 3 reasons)	Yes: improvement is required. No: Improvement NOT required NA: Risk has not been assessed	List key control activities to be implemented; or If risk level is to be increased, what key controls can be removed? Indicate the projected completion date for each activity (ie. 2016 Q3 or 2018)	<div><div>Completed</div><div>In Progress</div><div>Overdue</div><div>NA</div></div>	List risk owner	Additional notes as required
1	Business Model	AHCC has the appropriate business model (being the roles, responsibilities and accountabilities of individuals to optimize the achievements of its Mission, Mandate and Corporate Goals and Objectives).	1. Business plan reviewed and approved by board each year 2. Budget approved by the board each year 3. Governing documents and agreements with the shareholder are reviewed to ensure ongoing alignment with AHCC business model. 4. Strategic plan is created every 5 years 5. Options to expand model have been selected and being presented to banking and insurance partners	Medium	Medium	<div><div></div></div>	↓	1. New strategic plan developed in 2016 that includes expansion of the model 2. Additional models are being discussed with CMHC with pilot possible in 2017 3. Model has now been tested in a down market and we have adjusted our strategy accordingly	No		NA	President & CEO	
2	Shared equity	AHCC's long term sustainability is partially dependent on the success of the shared equity model. In concert with access to debt, sufficient future long-term cash streams must be generated to fund the acquisition of land and the construction and/or acquisition of program inventory.	1. Resale transactions are monitored 2. Loans receivable are evaluated each quarter using home pricing index 3. Write downs are taken when impairment detected on specific developments and for the time value of money 4. Foreclosure allowance was booked for the first time in 2016 5. Increased debt capacity was secured in first quarter of 2017.	High	High	<div><div></div></div>	↔		No		NA	President & CEO	
3	Governance	The Board has the appropriate governance process in place supporting the corporation's ability to effectively achieve its mission, mandate and strategic plan.	1. All committees require that policies be reviewed every three years 2. Board composed of two City council members and four qualified and experienced business leaders. 3. Skill based board that periodically evaluates knowledge gaps. Currently recruiting for legal expertise 4. Board welcomed new chair in 2017 5. Limited tenure	Medium	Low	<div><div></div></div>	↑	1. New Board Chair as of January 2017 2. The 2017 election year will see a change to at least one of our City appointed board members, with the possibility of two 3. Expansion of board by two members	No		NA	Board Chair	
4	Leadership	AHCC staff are effectively led or empowered to fulfill the Corporation's mission and mandate and strategic plan.	1. Corporate Performance and Governance committee of the board considers succession planning issues as part of mandate	Medium	Low	<div><div></div></div>	↔		No		NA	President & CEO	
5	Shareholder alignment	AHCC acts and is perceived to act in accordance with the letter and spirit of the shareholder agreement and satisfies the needs and expectations of its sole shareholder.	1. Report annual to shareholder 2. Annual reports to the City of Calgary Audit and Accountability Committee 3. CEO and board members meet periodically with councilors	Medium	Medium	<div><div></div></div>	↔		No		NA	Board Chair	
6	Client expectations	AHCC understands, assesses, and manages clients' housing needs and expectations supporting the corporation's ability to effectively meet its mission, mandate and corporate goals and objectives.	1. Satisfaction surveys are sent to all clients at varying points during the process 2. Inquiries and inventory turnover is watched closely to understand shifts in demands 3. Focus groups are being held before new developments to ensure what is built meets pent-up demand.	Medium	Medium	<div><div></div></div>	↑	1. Financially motivated clients may be unsatisfied until the market recovers	No		NA	Communications and Marketing Manager	
7	Performance monitoring	Appropriate performance measures exist to monitor and enhance the corporation's performance	1. Key performance indicators are calculated and distributed monthly to assist with decision making 2. Forecasts are updated during the year 3. Commitment schedules are completed monthly and distributed to board 4. 12 month rolling cash flow forecast maintained with weekly cash flow updates going to President & CEO.	Low	Low	<div><div></div></div>	↔		No		NA	Director of Finance	
8	Legal liability	Exposure to risk of litigation or other events which may result in financial loss to the corporation or damage to its reputation is mitigated.	1. Appropriate insurance coverage in place 2. Appropriate internal controls exist to ensure process risk is mitigated with all transactions and commitments are adequately reviewed for potential liabilities and loss to the corporation 3. Oversight of systems of internal control is included in annual work plan 4. Procurement policy was documented in 2016, making process easier to communicate to new partners	Low	High	<div><div></div></div>	↔		No		NA	President & CEO	

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9	Builder Partnerships	Relationships with key builders which may result in unacceptable business interruptions or unacceptable costs if the existing builders cease to exist or are unable to provide a satisfactory level of service, are appropriately managed.	1. Risk is minimized by working with many builders and by cultivating long term relationships with reliable and proven partners 2. Transparent procurement process with mid-term and post-mortem reporting promotes open communication with vendors	Low	High	<div></div>	↔		No		NA	Development Manager	
10	Accountability alignment	Individual employee responsibilities and accountabilities are adequately defined and aligned with the corporation's business model to support the effective achievement of its strategic and operational goals.	1. Job descriptions exist for all positions 2. Job descriptions align with performance management process 3. Annual goal setting is completed for all employees 4. Corporate Performance and Governance committee has oversight in this area 5. HR consultant on retainer to assist with annual benchmarking	Medium	Medium	<div></div>	↑	1. With the introduction of a new strategy, maintaining alignment will be more challenging than in prior years.	No		NA	Director of Finance	
11	Recruitment and retention	The right people are effectively attracted, developed and retained, influencing the corporation's ability to achieve its mission and mandate.	1. Recruitment is conducted in targeted and appropriate industry specific settings 2. Annual performance compensation reviews are completed for each member of staff.	Medium	Medium	<div></div>	↑	1. As market improves, there may be increased risk of losing key people.	No		NA	President & CEO	
12	Competition & benefits	AHCC establishes and administers proper compensation, benefits and rewards for its employees, impacting the corporation's ability to attract and retain a suitably skilled workforce	1. Corporate performance and Governance Committee oversees performance management and approves compensation levels for each fiscal year 2. Compensation offered is benchmarked against nonprofit salaries for Calgary	Medium	Medium	<div></div>	↔		No		NA	President & CEO	
13	Cost management (Operating overheads)	Effective budgetary and cost management processes are in place resulting in the Corporation's ability to meet its existing financial liabilities and commitments.	1. The annual budget is approved by the Board and City Council 2. Each development project is approved on its own merits by the Board 3. Costs are monitored monthly as part of the KPI dashboard 4. The budget will be recast mid year and spending decisions will be made accordingly.	Medium	Medium	<div></div>	↔		No		NA	Director of Finance	
14	Asset protection	Physical and financial assets are protected and the risk of fraudulent activities or unauthorized use of these assets by employees or others is minimized.	1. Internal controls are in place and periodically audited and reviewed. 2. Whistle blower policy is in place 3. Few assets of value are kept on site	Low	Medium	<div></div>	↔		No		NA	Director of Finance	
15	Financial planning & reporting	Appropriate financial planning and related reporting supports the Corporation in making informed decisions and reporting credible financial and management information our Board and Shareholder.	1. The Board reviews and approves financial statements quarterly 2. External audits are conducted annually of the financial statements are the related financial reporting controls	Low	Low	<div></div>	↔		No		NA	Director of Finance	
16	Records Management (Privacy and Legal Docs)	Personal information pertaining to customers is collected, used only for appropriate business reasons and protected from disclosure.	1. Personal financial information is collected and used only by AHCC banking partners and lawyers 2. Records management internal controls have been developed. 3. Electronic copies of key legal documents are made. All hard copy customer files will be archived in long term storage once the settlement is received and recorded. 4. FOIP presentation was given this year to update staff on regulatory obligation 5. Keep updated on privacy rules and legislation.	Low	Low	<div></div>	↑	1. New piloted programs may require obtaining and retaining more detailed client information	No		NA	Director of Finance	
17	Customer base	Customer base and demand may be affected by changes in the market and in legislation.	1. Market, social and environments are monitored so the proactive steps can be taken to address both positive and negative changes in demand. 2. Additional models will increase client base	Medium	High	<div></div>	↔		No		NA	Communications and Marketing Manager	
18a	Inventory Scarcity	Insufficient inventory available for sale that meets our eligibility criteria.	1. Increase to available debt has allowed more flexibility to obtain inventory. 2. Internal resources continue to be applied to sourcing well appointed homes.	High	Medium	<div></div>	↔		No		NA	Development Manager	
18b	Inventory Surplus	Over supply of inventory which we are committed to purchase and therefore incur carrying costs.	1. Monthly KPIs monitor number of months of inventory being held. 2. Purchase strategy has been adjusted with a more phased approach	High	Medium	<div></div>	↓	1. Committing to fewer fixed contracts 2. Inventory units continue to sell at a steady pace 3. Indicators that prices are starting to show modest improvements	No		NA	Development Manager	
19	Operating cash management - short term (< 12 months)	Operating cash is significantly affected by the timing of project and unit completions and customer possessions which can be quite irregular.	1. Revolving credit facility of \$10M is available without notice; an additional \$10M of debt is available for asset purchases when appropriate. 2. A daily cash-flow schedule is maintained as well as a rolling 18 month cash-flow forecast in order to monitor future cash flow obligations. 3. Monthly KPIs serve as a indicator of cash-flow health.	Low	High	<div></div>	↓	1. Addition of the 10M evergreen loan reduces all cash flow risk	No		NA	Director of Finance	

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20	Development cash management (1-9 years)	Until consistent cash streams are generated from the release of shared equity on sale or settlement of properties, there may be insufficient cash to fund the acquisition of land and the construction or acquisition of program inventory necessary to maintain the program indefinitely.	1. Revolving credit facility of \$10M is available without notice; an additional 10M of debt is available for asset purchases when appropriate. 2. AHCC is purchasing their first land parcel Spring/Summer 2017	Low	Medium	<div></div>	↓	1. Addition of the 10M evergreen loan reduces all cash flow risk	No		NA	Director of Finance	
21	Brand	As a direct subsidiary of the City, AHCC has a strong brand and higher public exposure than most nonprofits of a similar size. AHCC's profile and relationships with the general public, communities, City Council, homebuyers, and the building and development industry are particularly important to our ability to continue delivering homes at attainable prices in Calgary.	1. AHCC engages key stakeholders and proactively positions the organization through traditional and new media 2. AHCC monitors and manages any potential issues that could impact AHCC's profile 3. Standing with the building and development community is protected by working with partners who demonstrate integrity, financial stability and community support. 4. AHCC's relationships with clients are paramount; great efforts are put in to educating customers to ensure they enter the program with all available information and realistic expectations 5. Risk of brand erosion due to social media events is mitigated through an internal control that establishes the process for dealing with issues as well as an internal social media policy that applies to employee's business and personal social media usage.	Medium	Medium	<div></div>	↔		No		NA	Communications and Marketing Manager	
22	Market	AHCC is exposed to market risk due to fluctuations in the Calgary area housing market affects future land and housing inventory sale prices	1. Reduced real estate values erode margins and increase the risk the write down of inventory and land. Write downs were taken on inventory in 2016.	High	High	<div></div>	↔		No	Monthly dashboard - Q4 2017	NA	President & CEO	
23	Regulatory	AHCC is exposed to regulatory risk that impacts our strategy. This includes federal interest rate policy, CMHC fees and regulations, municipal development policies, bank risk appetite	1. Communicate quarterly with CMHC on upcoming changes 2. Monitor news articles daily 3. Skills based board across various sectors	Medium	High	<div></div>	↔		No	Monthly dashboard - Q4 2017	NA	President & CEO	