

INTEGRATED RISK MANAGEMENT PROGRAM UPDATE

EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit Committee with an update on the management practices and processes related to The City's Integrated Risk Management Program.

ADMINISTRATION RECOMMENDATION:

That Audit Committee receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw (48M2012) states that the Audit Committee, among other things, "oversees The City's process of risk identification, analysis and management procedures to manage risk". Specifically, with regard to risk management, the Bylaw states that Audit Committee receives and reviews at least twice yearly reports from Administration on The City's Integrated Risk Management (IRM) Program. On 2016 November 10, the Audit committee approved its 2017 Annual Work Plan (AC2016-0870), which included that an update on the IRM Program be brought forward to the 2017 July 27 Audit Committee meeting.

BACKGROUND

This report provides the Audit Committee with an update on The City's IRM Program in keeping with the Audit Committee Terms of Reference. This report focuses on the IRM Program and processes rather than The City of Calgary's risk profile. An update on The City's Principal Corporate Risks was provided to the Audit Committee on 2017 January 19 (AC2017-0020). The 2016 IRM Program Update report was received by the Audit Committee on 2016 July 21 (AC2016-0503).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The City's IRM Program consists of a structured risk governance framework and supporting processes and procedures, all of which are underpinned by acceptable risk management practices throughout the organization. The City is provided with assurance of sound risk governance through an active and engaged Council, experienced Senior Management Team and an effective Integrated Risk Management function.

The Attachment provides an update on the management practices and processes of The City of Calgary's IRM Program. Consistent with the 2016 IRM Program Update report, the four key prevailing themes within The City's program (as shown below in Diagram 1), which have become the foundational pillars for the IRM Framework, will be the basis of this 2017 Program Update report:

INTEGRATED RISK MANAGEMENT PROGRAM UPDATE

Diagram 1 - Foundational Pillars of the IRM Program



The information provided in the Attachment demonstrates that:

- The City is becoming increasingly more proactive at the consistent identification, assessment and management of risks inherent to its strategies, activities and operations. The Program consists of a robust risk governance framework and supporting processes and procedures, all of which are modelled on the essential qualities of this organization: competence, character, commitment and collaboration.
- The IRM framework is used to provide the Audit Committee with assurance that The City continues to demonstrate a proactive risk management culture, through its IRM Program, by maintaining a consistent and streamlined approach to the identification, assessment and management of risks inherent to the organization's strategies, activities and operations.

Throughout the past year, progress has been made in a number of areas to advance the IRM Program. Page 5 of the Attachment provides an overview of some of these achievements.

Stakeholder Engagement, Research and Communication

Administration continues to seek opportunities to advance a proactive risk management culture, through the IRM Program, by maintaining a consistent and streamlined approach to the

INTEGRATED RISK MANAGEMENT PROGRAM UPDATE

identification, assessment and management of risks inherent to The City's strategies, activities and operations. In addition to regularly reviewing leading practices, internal stakeholder input is used to continuously improve established practices.

Strategic Alignment

Administration's commitment to IRM is clearly demonstrated through the program's alignment with the Leadership Strategic Plan (LSP) which includes implementation of the Performance Management System (PM System). Table 1, as shown in the Attachment, provides an overview of examples of the key role that IRM plays in supporting the goals of the PM System.

Social, Environmental, Economic (External)

The design of the IRM Program demonstrates a proactive risk culture that ensures that The City maintains its ongoing resilience and ability to serve citizens in accordance with The City's strategic goals. These include, in particular, the social, environmental and economic goals expressed in the Council Priorities.

Financial Capacity

Current and Future Operating Budget:

Activities related to the IRM Program can be accomplished within approved budgets. Risk response strategies planned or implemented by Administration will also help to preserve the stability of The City's future operating revenues and expenses.

Current and Future Capital Budget:

Similar to the comment on the current and future operating budget, above, planned or implemented risk response measures will help to preserve the stability of future capital budgets.

Risk Assessment

The IRM framework and supporting processes and procedures used by Administration provide a structured and consistent approach for Council and Administration to identify, analyze, communicate and monitor risks related to the achievement of objectives.

The IRM Program has been designed to provide reasonable assurance that adequate steps are taken on an ongoing basis to ensure that significant risks that may impact The City's operations are identified and responded to in a timely manner. Through a self-assessment of the performance of the IRM Program and regular feedback received from key stakeholders, the Program continues to promote the development of a proactive risk management culture across The City.

REASON(S) FOR RECOMMENDATION(S):

This report provides the Audit Committee with information to support their mandate in overseeing the processes for risk identification, analysis/evaluation, response and monitoring. It is recommended that the Audit Committee receives this report for information in alignment with their oversight role of monitoring the management of The City's IRM Program.

ATTACHMENT(S)

Integrated Risk Management Program Update