Enterprise Risk Management

Update to CGS Finance and Administration Committee

April 20, 2021

2019-2027 Strategic Plan Priorities

Context and Overview

- "Risk" = the effect of uncertainty on objectives
- Policy for managing enterprise risks approved by Council in September 2018
  - Effective enterprise risk management involves the whole organization
  - ERM creates common language and common approach to allow analysis across departments and at enterprise level
- Council sets the tone
  - Staff build policies, design workflows and provide service that reflects Council's views about risk

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Council's Role

- Identify key enterprise risks
- Provide direction regarding risk tolerance
- Monitor the corporation's risk management efforts

Defining "Key Enterprise Risks"

- Broad, high-level descriptions that reflect elements which could impair the organization's potential to achieve its objectives

Example	Is this an Enterprise Risk?	Why?
Data Misappropriation Could Occur	Yes	We need to adequately protect data, from inappropriate access or uses
Service gaps and/or poor service performance could exist	Yes	A range of issues could influence the corporation's service plans, from staff training, management, performance monitoring, investment in proper tools/maintenance…
Shortfall in projected non-tax revenue during pandemic recovery phase	Yes	Deficits in areas such as Transit need to be actively managed, possibly on corporate-wide basis

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Defining Key Risks Improves Performance

- ERM helps everyone recognize and focus on the most important factors influencing the corporation's performance

- By defining key enterprise risks, Council helps direct resources and focus on results

  - Includes considering <u>likelihood</u> of a risk becoming real, and the <u>consequence</u> to the corporation if it occurs

CGS Risk Assessment Matrix

CONSEQUENCES	Insignificant – 1	Minor – 2	Moderate - 3	Major – 4	Severe – 5
LIKELIHOOD					
Almost Certain – 5					
Likely – 4					
Possible – 3					
Unlikely – 2					
Rare – 1					
RISK LEVEL	LOW	MODERATE	SIGNIFICANT	CRITICAL	

2021 Goals for ERM Implementation

- Work with Council to define risk appetite and risk tolerance

- Continue to work with staff at all levels to adopt ERM framework
  - Create Service-based Risk Registers
  - Establish mitigation strategies and risk management plans
  - Communicate significant and critical risks

- Establish Corporate Risk Register
  - Assign owners to all significant and critical corporate risks
  - Establish mitigation strategies and risk management plans

- Initial Corporate Risk Register presented to Council

Next Steps

- Formal establishment of Risk Appetite and Risk Tolerance
  - Report and discussion at upcoming F&A Committee Meeting
- Include risk assessments in Council/Committee reports where appropriate
- Continue training and adoption of ERM throughout the corporation
- Include the Corporate Risk Register as part of Budget Directions Report

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