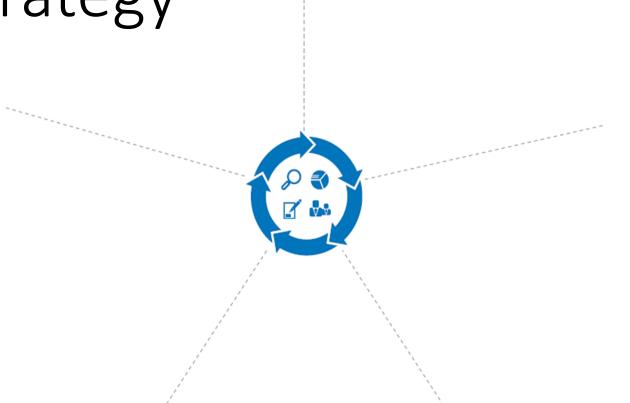
Appendix A CM-34-20

Risk Governance Strategy

Leah Bisutti Manager of Strategy & Policy December 10, 2020 CSSRA





City of Burlington Risk Governance Vision

The City of Burlington will be a Municipal leader in Risk Governance

Mission Statement:

The City of Burlington is committed to establishing Enterprise Risk Management (ERM) systems and processes to ensure its strategic goals and corporate governance responsibilities are met. Risk management is integral to good management practice and effective corporate governance and is necessary to ensure decisions are made with sufficient information about risks and opportunities.



Introduction:

Effective risk management is essential to assisting the city in achieving our strategic objectives.



All organizations face both external and internal risks. Risk is defined as the possibility that events will occur and affect the achievement of strategy and business objectives. (COSO 2017)

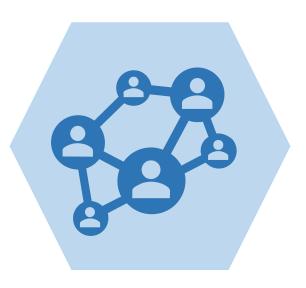
We define enterprise risk management as a coordinated set of activities and processes to identify, assess, mitigate, monitor and report on risks.

Enterprise Risk Management (ERM) is important to our success and needs to be imbedded throughout our organization—because risk influences and aligns strategy and performance across all departments and functions.

Risk Governance Principles:

- Enable better decision making
- Take care of our community, our staff and our assets
- Champion and model risk leadership
- Enable and encourage an innovative culture
- Support and foster sustainable continuous improvement
- Encourage and evolve our employee's understanding of risk management
- Support the achievement of our strategies, business plans, projects and activities
- Provide policies, tools and processes related to risk to guide staff across the organization
- Use COSO's "Enterprise Risk Management Integrating with Strategy and Performance" (2017) as our framework foundation





Governance and Decision Making:

| Ce | Council Audit Committee | Council is responsible for overseeing the complete risk governance function for the City. They establish overarching strategic goals, approve our city budgets and have oversight of, and approve, our organization wide risk governance framework and our strategic vision. Risk decision-making authority within policy parameters. Audit Committee provides oversight of our risk management program on behalf of council. They are responsible for our internal control system, including the ERM process. Risk decision-making authority within policy parameters. |
|------------|-------------------------------|---|
| nan | Strategy & Risk Team | SRT endorses our risk governance framework and policies, sets Enterprise Risk Management expectations, strategies and accountability. It reports on the effectiveness of risk management to Council. Risk decision-making authority within policy parameters. |
| Governance | Burlington Leadership Team | BLT promotes the importance of risk management within the city, assists with establishing clear expectations of staff in regards to risk. Risk decision-making authority within policy parameters. |
| G | Manager Risk Governance | Risk Governance Manager reports regularly to management and Council on risk, facilitates risk practices across organization, provides tools, templates, information and materials, coaching and guidance. |
| | Risk Owners | Risk Owners utilize the policies and the tools, templates and materials to assess, monitor and report on risk in their business plans, projects and activities. Risk decision-making authority within policy parameters. |
| | tandi | Burlington |

ERM's Involvement in City of Burlington's Corporate Governance

ERM plays a vital part in The City's corporate governance processes to ensure proper consideration of risk management.

City Budgets ERM works with Management during the development of the city's budget to ensure risks are taken into account during budget development

Project Management

Corporate projects all have robust risk plans prepared by their respective project managers and are presented regularly to the project steering committees. These areas of risk are not fully inclusive, nor do they cover the complete breadth of the role of ERM at the City.

Strategic Planning

ERM works with City Council and senior management to ensure risks to the organization's strategic plan are incorporated.

Council Oversight

ERM prepares regular reports to CSSRA and City Council on the status of enterprise risks. ERM

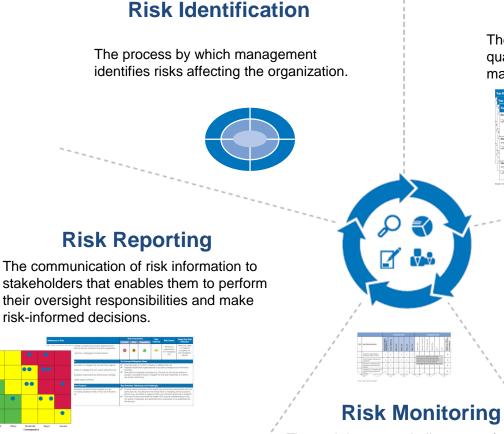
Business Plans

Managers and Service Leads incorporate risk and opportunities into their annually developed business plans for their service. Business Continuity Planning ERM oversees the integration of business continuity efforts owned by services and departments

Audit Committee & Public Reporting ERM prepares risk management-related reports for Audit Committee.



ERM Process Overview



The real-time or periodic system for monitoring changes in the probability of a risk occurring or the impact of a risk should it occur.

Risk Assessment

The application of quantitative and qualitative methods to assess the magnitude of risk exposures.

| s Rok 1 | | |
|--|---|--|
| op Rode 2 | | |
| Top Rtsk 3 | | |
| Probability: Will the risk occur and unfavorably impact the organization? | | |
| Less ↓ 10%-25% ↓ 26%-50% ₩ 5%-60% ↓ 8%-300% Than 10% Onance Chance Onance Onance Chance (Unlikely (Possible) (Likely) (Certain (Remote) | ľ | |
| Impact: What will be the negative financial risk impact for the organization? | | |
| Less Than 20-5% 0 6%-50% More Than 1% on Revenue on Revenue 10% on Revenue Revenue | ŝ | |
| Velocity: How quickly will the adverse risk impact be realized at the organization? | | |
| More Than 12 2 3-12 Months 2-3 Months Less Than One Months | | |

Communication, Training & Education

Risk Mitigation

The process and documentation of identifying and executing risk responses to minimize the probability of a risk occurring or the impact of a risk should it occur.

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