CITY OF Burlington

SUBJECT: **Risk Management Implementation Plan update**

TO: **Audit Committee**

FROM: **Corporate Strategy**

Report Number: CS-07-23

Wards Affected: All

File Numbers: 155-03-01

Date to Committee: March 8, 2023

Date to Council: March 21, 2023

Recommendation:

Receive and file corporate strategy report CS-07-23 providing the updated implementation plan for risk governance and management for the City of Burlington.
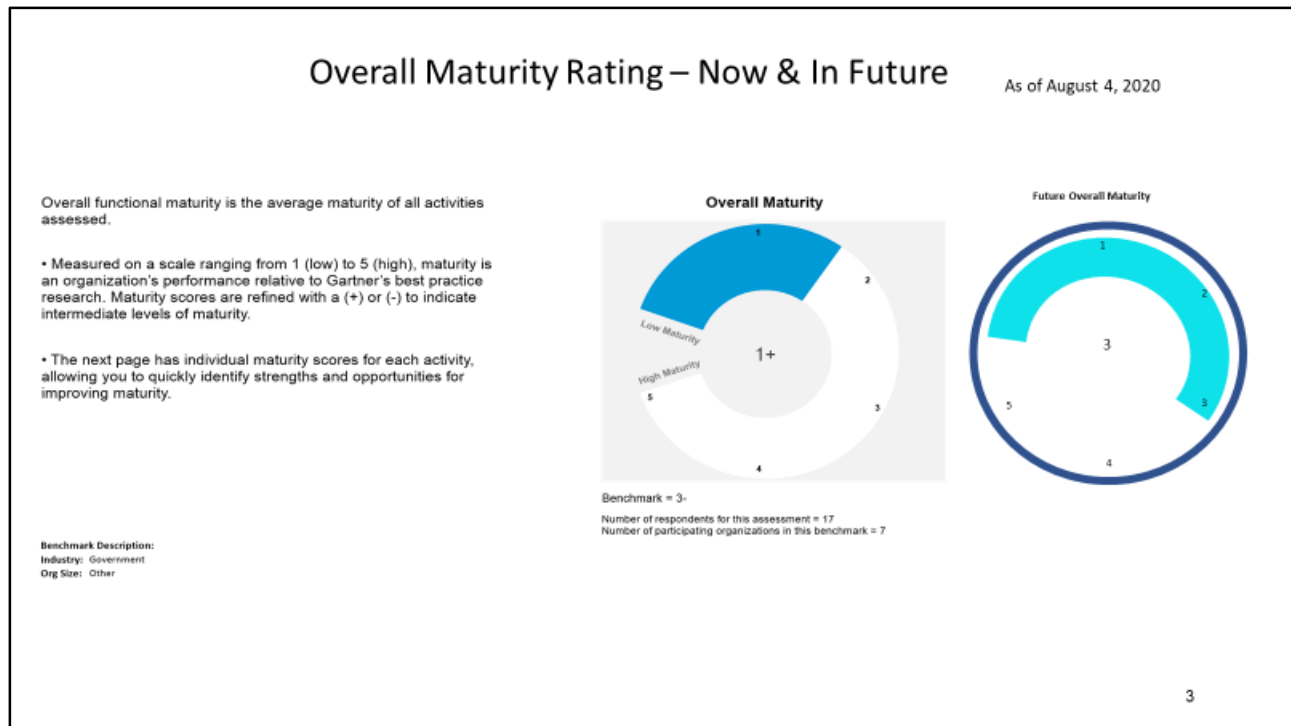
PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Improve integrated city mobility
- Support sustainable infrastructure and a resilient environment
- Building more citizen engagement, community health and culture
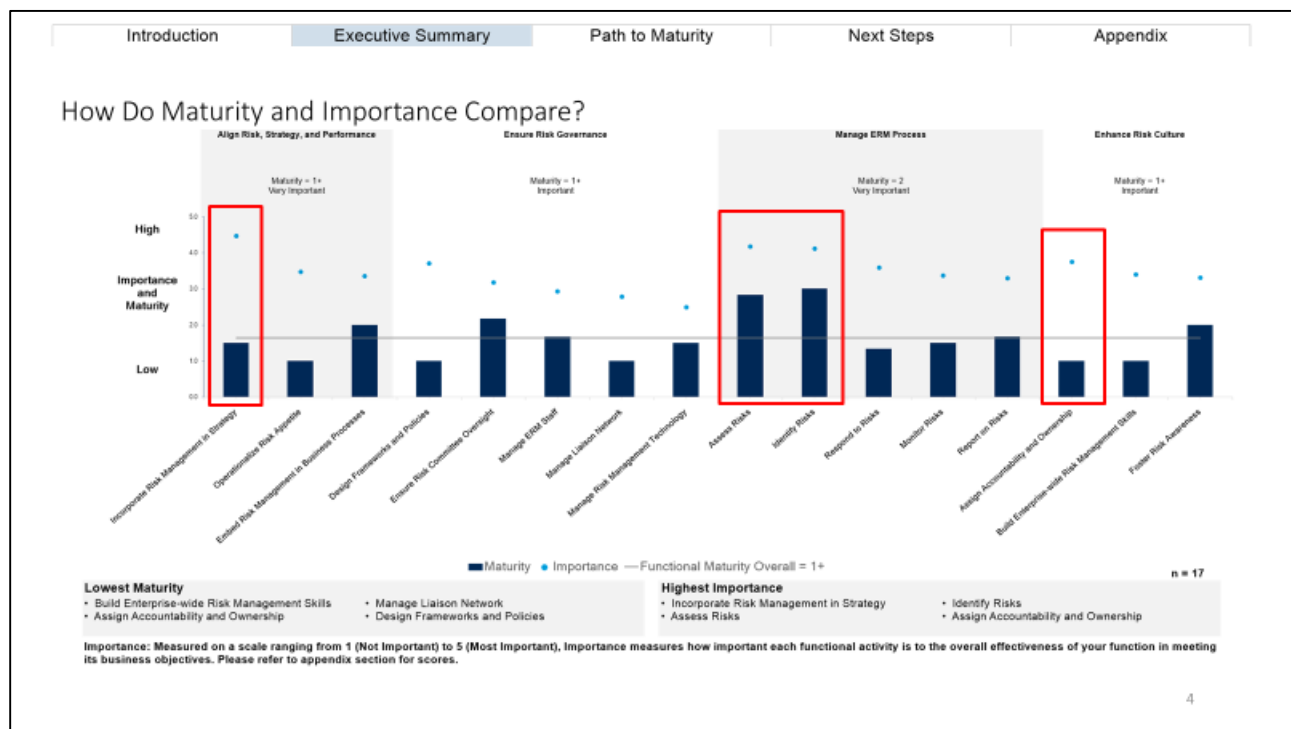- Deliver customer centric services with a focus on efficiency and technology transformation

## Background and Discussion:

Background

Our focused and detailed work on risk began in 2020 when we received the results of our Risk Maturity survey from our partner Gartner. In 2020, we scored an overall risk maturity rating of 1+ with a goal of rising to a 3 within three years.

Overall Maturity Rating – Now & In Future — As of August 4, 2020

Overall functional maturity is the average maturity of all activities assessed.

• Measured on a scale ranging from 1 (low) to 5 (high), maturity is an organization's performance relative to Gartner's best practice research. Maturity scores are refined with a (+) or (-) to indicate intermediate levels of maturity.

• The next page has individual maturity scores for each activity, allowing you to quickly identify strengths and opportunities for improving maturity.

Benchmark Description:
Industry: Government
Org Size: Other

Benchmark = 3-
Number of respondents for this assessment = 17
Number of participating organizations in this benchmark = 7

The survey provided us with data on how we rated the importance of a risk activity against our maturity for that same activity. See "How do Maturity and importance Compare" below.

How Do Maturity and Importance Compare?

Lowest Maturity
• Build Enterprise-wide Risk Management Skills
• Assign Accountability and Ownership
• Manage Liaison Network
• Design Frameworks and Policies

Highest Importance
• Incorporate Risk Management in Strategy
• Assess Risks
• Identify Risks
• Assign Accountability and Ownership

Importance: Measured on a scale ranging from 1 (Not Important) to 5 (Most Important), Importance measures how important each functional activity is to the overall effectiveness of your function in meeting its business objectives. Please refer to appendix section for scores.

It also provided us with data on how we rated our organizational priorities. See "What are the High Priority Areas for Your Function" below.
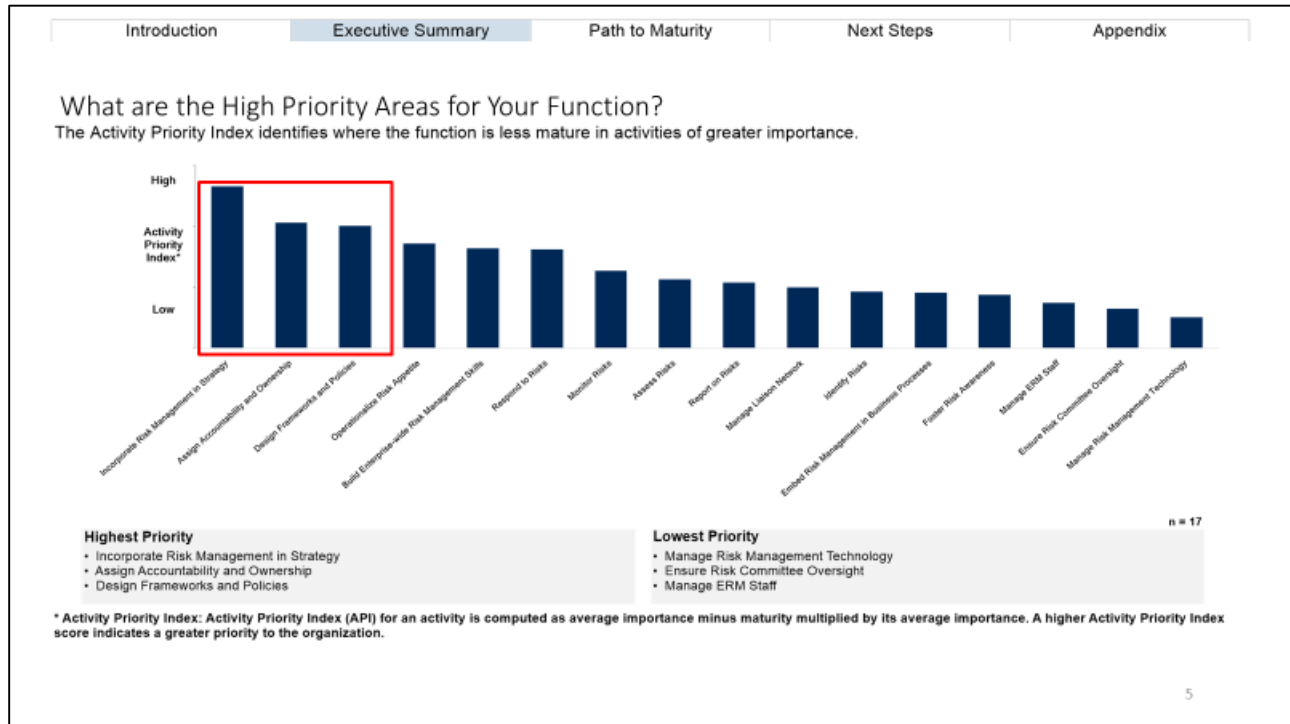
Both of these data sets were the foundation for us in developing and moving forward on our strategy and our high-level implementation plan.
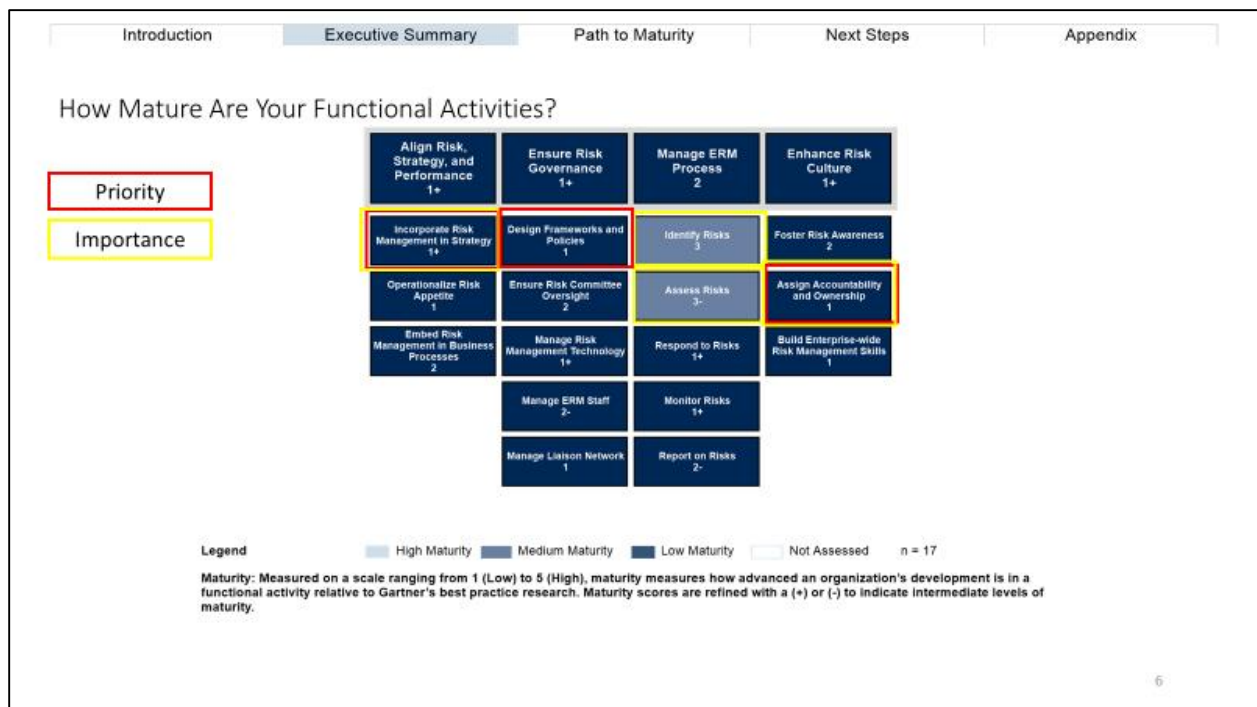
This matrix formed the basis of our 2020 implementation plan and what our focus was over the next 36+ months.

Our overarching goal of increasing our risk maturity in essence is to move us from Risk Management being a process facilitator and a check box exercise, to Risk Management being a strategic asset, where it is integrated within our strategy setting processes and where we will utilize risk management to help our service owners and staff alike.

Strategy/process

Over the last several years, considerable work has been done to modernize the city's risk management practices. The following is what has been shared with the Audit Committee over the last few years:

2020:
December: Risk Governance Strategy and Enterprise Risk Governance and Management Policy (Refer Report CM-34-20, Strategy Appendix A, and Policy Appendix B)

2021:
June: Risk Process and Implementation Plan (Purpose and Implementation Plan) CS-9-21

All of this work has been focused on the goal of increasing the City's Risk Maturity. We have focused on the following defined purposes in our approach (presented June 2021):

Modernize Risk Management	Protect the City	Increase our Success
• Build on what staff are already doing • Implement new processes, tools and templates • Evolve Risk Management	• Protect our community, our staff and our assets • Make better decisions	• Build a risk aware culture • Support innovation • Embed at all levels of the organization

This report will detail the accomplishments in 2022 and is an update to the Risk Governance and Management Workplan to keep Audit Committee apprised of the city's risk work.

2022 High level Objectives:

To increase the risk maturity of the organization by raising risk awareness and introducing the process and tools necessary to align risk, strategy, and performance, enhance risk governance and culture, and modernize risk management process and practices.

2022:

April: Risk to Strategy – Vision 2040 Report CS-5-22 (Five Lines of Accountability, Risk in Strategy Tools: Scenario Analysis and Confidence Scales and the Pilot for a City that Moves)

June: Risk in Strategy – Vision 2040 Final Report CS-6-22 and Appendices

- · CS-06-22 Appendix A - A City That Grows.pdf
- · CS-06-22 Appendix B - A City that Moves.pdf
- · CS-06-22 Appendix C - A Healthy and Greener City.pdf
- · CS-06-22 Appendix D - An Engaging City.pdf

What we accomplished in the area of Risk in 2022:

- • Completed Risk in Strategy Work – including new tools of Scenario Analysis, Confidence Scale (initial and residual)
- • Increased focus on risk in Service Business Plans
- • Addition of "Risk to our Objectives" in Service Information Sessions with Council
- • Some staff layered in risk to strategy and work from Vision 2040
- • Launched Risk Community of Practice
- • Worked with Data Visualization staff on Vision 2040 Risk Catalogue
- • Worked with Clerk's staff on report template change

Recently, we have begun to focus on the last steps in our risk process; Respond, Monitor and Report. (For the full risk process please see Appendix A)

Respond, Monitor and Report:

Respond:

- • Risk in Strategy V2040 work – identification, how we are going to deal with those risks (responses), assigned accountability

Monitor:
  • Developed the Repository Catalogue – simplify the ability of assigned staff to query and keep track of risks/responses
Report:
  • Making changes to the City's Report templates – Feb/March of 2023 in connection with Clerk's – staff will be able to utilize the information from catalogue, service information sessions and business plans or other risk identification in staff reports
  • Report on Risk in Strategy V2040 – Audit Committee expectation of receiving an annual corporate update on the risks and how staff are managing those risks – Manager of Corporate Strategy and Risk responsibility – Q4

We will be launching the following tools to assist with this focus on the final stages of the process:

• <u>Report template changes:</u>

We are embedding risk identification and responses/outcomes into the process of recommendation development and strategy thinking.

It will be incorporated into our reports to Committee and Council and will be part of our templates and included within the Background and Discussion section under the sub-section "Strategy/Process/ **Risk**"**.**

• <u>Vision 2040 Risk Catalogue</u>
    • Housed on Internal Staff Website for access by all staff
    • Highly searchable (by Strategic Direction, Grouping, Staff Assigned, Initial Confidence, Residual Confidence)
    • Can be utilized by all staff for reports, analysis and reporting

<u>What's next in 2023?</u>
This report is also to provide Audit Committee with an update on the implementation plan and to make committee aware of the plans for 2023. The following one-page implementation plan has been previously endorsed by the Strategy, Risk and Accountability Committee and presented to Audit Committee.

Risk Governance and Enterprise Risk Management Implementation Plan Summary

		Modernize Risk Management	Protect the City		Increase our Success
	Purpose	• Build on what staff are already doing • Implement new processes, tools and templates • Evolve Risk Management	• Protect our community, our staff and our assets • Make better decisions		• Build a risk aware culture • Support innovation • Embed at all levels of the organization
	Functional Activity Category	Align Risk, Strategy and Performance	Ensure Risk Governance	Manage Enterprise Risk Management Process	Enhance Risk Culture
Dec 2020 - June 2021	12 - 18m	Incorporate Risk Management in Strategy	Design Frameworks and Policies		Assign Accountability and Ownership
July 2021 – Jan 2024	18 – 36m	Operationalize Risk Appetite	Ensure Risk Committee Oversight	Respond to Risks	Foster Risk Awareness
		Embed Risk Management in Business Processes		Monitor Risks	Build Enterprise-Wide Risk Management Skills
				Report on Risks	
Jan 2024 +	36 m +		Manage ERM Staff	Identify Risks	
			Manage Liaison Network	Assess Risks	

In summary, the following is the detailed disposition of the workplan organized by functional activity category and is provided to show Audit Committee the work as it is aligned with the Gartner categories and functional activities:

Align Risk Strategy and Performance

Functional Activities:
- Incorporate Risk Management in Strategy – Ensure the risk-resilience of our corporate strategy planning and execution processes.
- Operational Risk Appetite – Ensure risk exposures are within our appetite as agreed upon and articulated by senior leadership
- Embed Risk Management in Business Processes – Embed risk management principles and methodologies in other core business processes.

Completed:
- Risk Governance Framework
- Risk Process tools for Strategy/goals/objectives
- Tools applied to Pilot: City that Moves
- Risk Analysis of Vision 2040 (Identify risks, responses, assign accountability)
- Work with Service Leads on Risk in Business Plans and Council Service Information Sessions
- Embed Risk Analysis into City reports
- Embed Risk Management in Service Business Planning

2023:
- Continue working with Service Leads on Risk in Business Plans
- Present at BMT Meeting (Risk in report templates, Roles & Responsibilities)
- Work with Risk Community of Practice on risk reporting
- Integrated Risk Approach and Reporting

Ensure Risk Governance

Functional Activities:
- Design Frameworks and Policies – Establish risk management standards and procedures to be applied consistently throughout the organization.
- Ensure Risk Committee Oversight – Ensure various risk committees receive the support they need to execute their oversight responsibilities.
- Manage ERM Staff – Manage our team to fulfill its functional objectives
- Manage Liaison Network – Support a network of liaisons who spend a small fraction of time on risk management

Completed:
- ED and Manager positions
- ERM Governance and Management Policy
- Risk Governance Framework
- Reporting Committee Scope and Assignment
- Risk Process
- Purpose & Plan for Risk Community of Practice

2023:
- Launch updated process and guide, present to BMT & hold Information Sessions
- Update Risk Tolerance/Appetite
- Develop Reporting Cycle for risk to SRT and Audit Committee

Manage Enterprise Risk Management Process

Functional Activities:
- Identify Risks – Identify and validate risks that could potentially impact operations or strategy.
- Assess Risks – Size enterprise risk exposures and priorities for response.
- Respond to Risks – Manage risks through avoidance, acceptance, mitigation or transfer.
- Monitor Risks – Track levels of risk exposure and the progress on response plans to manage risks.

- Report on Risks – Communicate status and trends in risk exposure and response progress to relevant stakeholders.

Completed:
- Risk Process
- Risk Process tools for Strategy/goals/objectives
- Risk Reporting Tools and Templates
- Risk analysis into city reports
- Embed Risk Management in Service Business Planning
- Embed Risk Analysis into City reports
- Risk catalogue V2040

2023:
- Update Risk tolerance/appetite
- Work with Risk Community of Practice on risk reporting
- Develop Reporting Cycle for risk to SRT and Audit Committee
- Integrated Risk Approach and Reporting

Enhance Risk Culture
Functional Activities:
- Foster Risk Awareness – Build and maintain awareness of risk management among employee population.
- Assign Accountability and Ownership – Allocate and enforce risk management accountability across different roles.
- Build Enterprise-wise Risk Management Skills – Provide employee based with skills to manage risks as part of their day-to-day workflow.

Completed:
- ED and Manager positions
- Risk Process
- Implementation Plan
- Communications plans (Risk Process, Framework, Policy)
- Risk Owners for Pilot: A City that Moves
- Risk Analysis of Vision 2040 (Identify risks, responses, assign accountability)
- Purpose & Plan for Risk Community of Practice

2023:
- Train staff on risk analysis into city reports and V2040 reporting
- Launch updated process and guide, present to BMT & hold Information Sessions
- Update Risk tolerance/appetite

- Work with Risk Community of Practice on risk reporting
- Develop Reporting Cycle for risk to SRT and Audit Committee
- Integrated Risk Approach and Reporting

Provided for Audit Committee is a high-level review of the work for 2023:

- Updated workplan to SRT February 16, 2023
- Report to Audit Committee March 8, 2023 (CS-7-23)
- Soft launch of new report templates in March
- Formalize BLT Risk Roles and Responsibilities
- Present new tools and responsibilities to BMT in April
- Further our thinking in Integrated Risk Approach and Reporting (engaging with Risk Community of Practice)
- Connecting and integrating risk and corporate strategy planning in work on new V2F throughout 2023
- Maturity Rating refresh in Q4 2023 with our partner Gartner
- Work with staff on update to Vision 2040 Risk in Strategy - report to Audit Committee Q4 2023

The soft launch of the changes to the city's report template will follow the ADKAR change model and focus on Awareness and Desire and move towards Knowledge over the course of 2023. The goal is to provide report authors with guidance through drop in sessions, management committee presentations as well as one on one coaching.

With all of this work planned for 2023, we will continue to make progress in increasing our risk maturity level at the City of Burlington.

Financial Matters:

Not Applicable

Climate Implications

Not Applicable

Engagement Matters:

All of the work contained in Corporate Strategy report CS-07-23 on risk has been presented, discussed and endorsed by the Strategy and Risk Team and the Burlington Leadership Team.

Conclusion:

Staff recommend Audit Committee Receive and file corporate strategy report CS-07-23 providing the updated implementation plan for risk governance and management for the City of Burlington.

Respectfully submitted,

Leah Bisutti, CRM

Manager Corporate Strategy & Risk

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Appendices:

A. Risk Process

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Appendix A: Risk Process

COB Risk Process

Plan	Identify	Assess and Analyze	Respond	Monitor	Report

Communication, Training and Change Management

• Define scope and scale of risk assessment • Select appropriate tools and techniques for risk process • Determine stakeholders and consults • Develop Risk Assessment Plan	• Identify and document risks using chosen tools and templates • Create Risk Inventory including sources of risk and risk characteristics	• Apply quantitative and qualitative tools and techniques to assess risks • Consult with others on existence of risks • Document probability and impact • Decision risk acceptance • Escalate risk acceptance decision as needed	• Identify and document how you are going to deal with identified risks • Assign accountability for actions • Escalate mitigation plans as required	• Determine how you are going to monitor the risks e.g. frequency, responsibility, method etc.	• Define scope and scale of reporting on risk information to stakeholders and decision makers e.g. frequency, format etc.

Iterative process

As of March 24, 2021