



**SUBJECT: Risk management update**

**TO: Audit Committee**

**FROM: Strategy, Performance and Risk Approval**

Report Number: CS-08-24

Wards Affected: All

Date to Committee: December 4, 2024

Date to Council: December 10, 2024

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**Recommendation:**

Endorse corporate strategy report CS-08-24 providing a risk management update.

**PURPOSE:**

**Vision to Focus Alignment:**

(Select all areas that apply)

- Designing and delivering complete communities
- Providing the best services and experiences
- Protecting and improving the natural environment and taking action on climate change
- Driving organizational performance

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**Executive Summary:**

Report CS-08-24 provides committee with the next steps for our Enterprise Risk Governance and Management program and a high-level overview of the work that will be completed by the organization in 2025.

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**Background and Discussion:**

Our efforts to enhance Enterprise Risk Governance and Management began in 2020, with the development of the Risk Governance Strategy, Enterprise Risk Governance and Management Policy, Risk Governance Principles, and the Risk Process and Implementation Plan. In 2022, we advanced our Risk to Strategy framework by introducing new tools to support these initiatives.

A follow-up survey has recently shown a significant improvement in our risk maturity score, rising from 1+ to -3 (see report CS-18-23). The 2024 Risk Management Implementation Plan (CS-6-24) focuses on strengthening our Risk Culture, refining our Risk Profile/Risk Universe, and improving Integrated Risk Reporting. Key initiatives will include staff training, the provision of essential tools, and clearly defining role expectations.

With recent changes in senior leadership, the City is now aligned with new perspectives and expectations that build on existing strategic priorities. This report will highlight how these emerging visions will impact the City's Risk Management practices.

### **Strategy/process/risk**

Senior leadership worked together to develop priorities and objectives for each Division and Department of the city. Part of the work recently completed by the Corporate Strategy Office was to develop our Priorities, Objectives and KPIs. The following is what was developed specifically for the area of risk.

#### **Priority:**

Enhance risk management by embedding operational and department-based risk management into the Enterprise Risk Management (ERM) framework.

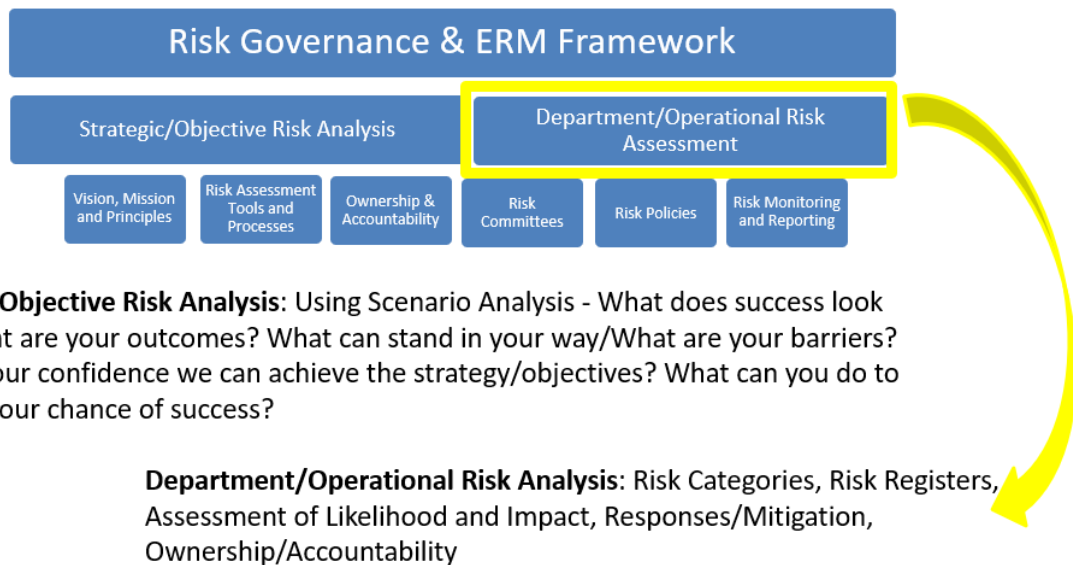
#### **Objectives:**

1. Increase the risk maturity level of the city across the organization.
2. Establish comprehensive and inclusive integrated risk reporting to the city's Executive Leadership Team.
3. Increase the knowledge and application of risk by city staff across the organization.
4. Provide colleagues with advice and expertise by participating in projects, initiatives and assisting with risk management activities.

Having clearly articulated priorities and objectives makes it easier for the organization to work towards common goals and outcomes. It also makes it easier for employees to know how they contribute to the overall goals and objectives of the organization and their department.

In the area of risk, the priority is to focus on our department and operational risk and integrate it into our existing risk processes to ensure we are looking at both our strategic risks and our operational risks.

The integration of operational and departmental risk assessments will align with our current strategic and objective risk assessments, and this will be a key focus of our work in 2025.



The assessment and analysis of risks to strategies and objectives will continue, utilizing the tools and processes previously developed. This work will be incorporated into the priority and objective-setting process led by Commissioners and the Senior Leadership Team, in alignment with Council's strategic plan. The result will be a "top ten" or "most common" risks list across the organization, helping to identify potential obstacles that could impact the achievement of key objectives and outcomes.

In 2025, the focus will shift to integrating operational and departmental risk analysis. New tools and templates will be developed to create an organizational "top ten" risk list, or enterprise risk register, which will track risks related to services, staff, assets, and operations.

This integrated risk work is valuable to the organization in a few ways. It will help us in regard to our risk culture, as more staff from across the organization will now be involved in risk work, as it reaches the department and operational level. In addition, it will expand our risk universe and risk profile as an organization. The broadened focus on both department/operational risk and strategic risk will assist us in being more successful in both our operations and strategy.

In 2025, the introduction of an Enterprise Risk Management (ERM) committee will be a key initiative. The first tasks will include establishing the committee's Terms of Reference, determining meeting frequency, and defining decision-making authority. Meanwhile, the Risk Community of Practice, which includes subject matter experts and business function heads, will continue to meet. They are expected to be responsible for preparing and presenting the operational and departmental risk registers to the ERM committee.

This ongoing work is integral to advancing the City's risk management capabilities and enhancing its overall risk maturity.

### **Options Considered**

As a result of the changes in Risk Management at the City, updates are needed to the 5 Lines of Accountability, as outlined in Appendix A. These changes primarily involve adjustments to terminology and job or team titles, while the accountabilities themselves remain unchanged.

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### **Financial Matters:**

Not applicable

### **Total Financial Impact**

Not applicable

### **Source of Funding**

Not applicable

### **Other Resource Impacts**

Work related to risk management is considered part of the regular duties of staff and does not require any additional resources.

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### **Climate Implications:**

Not applicable

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### **Engagement Matters:**

This report was presented and endorsed by the Burlington Leadership Team (XLT) and the Risk Community of Practice prior to coming to Audit Committee.

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**Conclusion:**

This report outlines the new work to be undertaken by the organization in regard to our Risk Management program in 2025 with the integration of department/operational risk and our strategic risk analysis. Staff request Audit Committee endorse the material contained in Corporate Strategy report CS-08-24, Risk Management Update.

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Respectfully submitted,

Leah Bisutti, CRM

Corporate Strategic Lead, Risk Management

Corporate Strategy

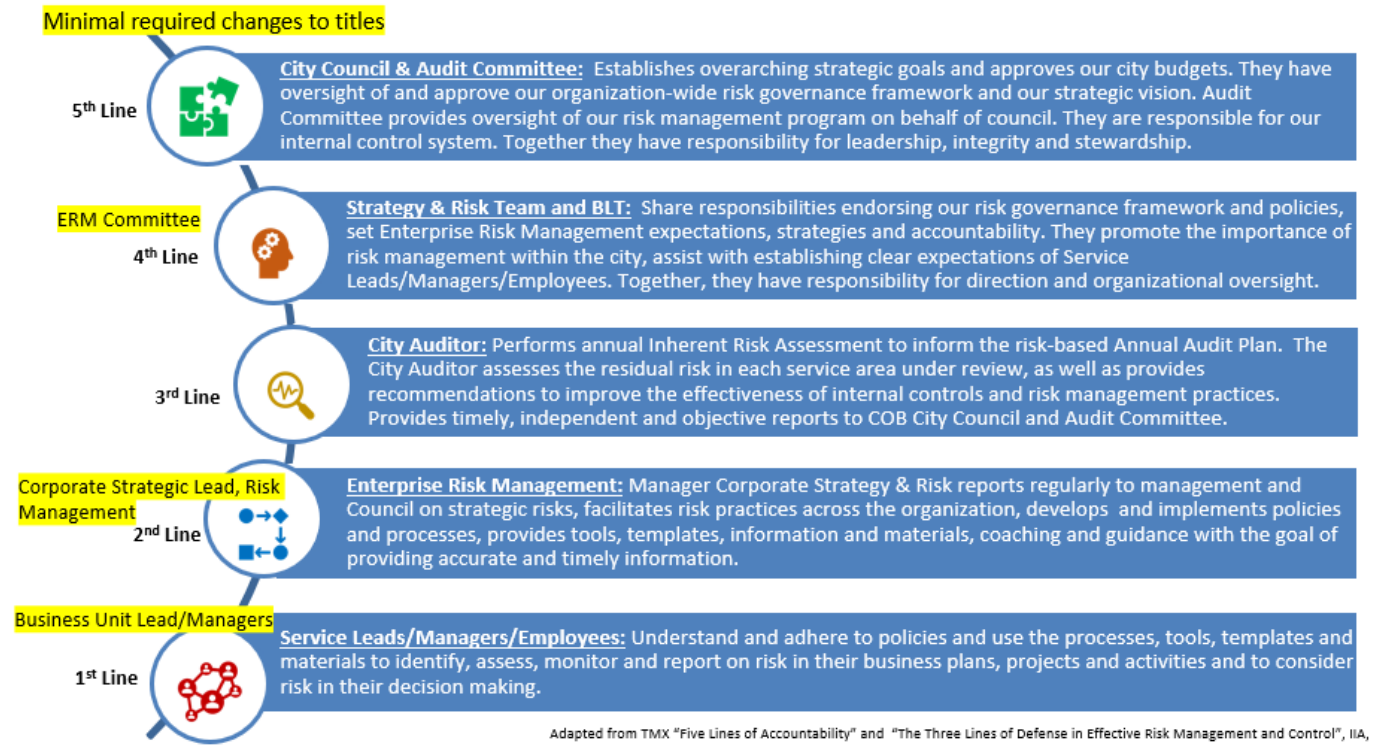
**Appendices:** (if none delete section)

- A. City of Burlington's 5 Lines of Accountability.

**Report Approval:**

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Commissioner Legal and Legislative Services/City Solicitor.

Appendix A: City of Burlington’s 5 Lines of Accountability



Adapted from TMX "Five Lines of Accountability" and "The Three Lines of Defense in Effective Risk Management and Control", IIA, 2013