Policy

Medicine Hat

Title: ENTERPRISE RISK MANAGEMENT POLICY			Number: 0184
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	City Clerk	City Manager	
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STATEMENT

THE ENTERPRISE RISK MANAGEMENT (ERM) POLICY FOR THE CITY OF MEDICINE HAT (CITY) ESTABLISHES A STRUCTURED AND COMPREHENSIVE APPROACH TO MANAGING RISKS ACROSS THE ORGANIZATION. THIS POLICY ENSURES THAT RISK MANAGEMENT IS INTEGRATED INTO ALL OPERATIONS, FOSTERING A CULTURE OF RISK AWARENESS AND RESILIENCE THROUGHOUT THE ORGANIZATION.

ALIGNED WITH THE COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION (COSO) ENTERPRISE RISK MANAGEMENT (ERM) 2017 FRAMEWORK AND THE ISO 31000:2018 RISK MANAGEMENT STANDARDS, THE POLICY PROVIDES A ROBUST FRAMEWORK FOR IDENTIFYING, ASSESSING, MITIGATING, AND MONITORING BOTH DOWNSIDE AND UPSIDE RISKS. BY ADOPTING BEST PRACTICES, THE CITY STRIVES TO ENHANCE ITS ABILITY TO RESPOND TO UNCERTAINTIES WHILE LEVERAGING OPPORTUNITIES (UPSIDE RISK) TO MEET ITS STRATEGIC OBJECTIVES.

THE CITY'S RISK MANAGEMENT GOVERNANCE INCLUDES OVERSIGHT BY SENIOR LEADERSHIP, ENSURING ACCOUNTABILITY ACROSS ALL DEPARTMENTS. CONTINUOUS REVIEW AND IMPROVEMENT OF THE RISK MANAGEMENT PROCESS ENSURE THAT RISKS ARE ACTIVELY MANAGED AND COMMUNICATED TO SUPPORT INFORMED DECISION-MAKING.

THIS POLICY IS ESSENTIAL FOR EFFECTIVE RESOURCE ALLOCATION, COMPLIANCE WITH LEGAL AND REGULATORY STANDARDS, SAFEGUARDING THE CITY'S ASSETS AND REPUTATION, AND MEETING STAKEHOLDER EXPECTATIONS. IT ALSO PROMOTES TRANSPARENCY IN RISK REPORTING AND DECISION-MAKING, SUPPORTING INNOVATION AND THE LONG-TERM SUSTAINABILITY OF THE CITY'S OPERATIONS.

> BY EMBEDDING ERM PRINCIPLES INTO ITS DAY-TO-DAY ACTIVITIES, THE CITY NOT ONLY AIMS TO PROTECT PUBLIC TRUST, DELIVER EFFECTIVE SERVICES, AND CONTRIBUTE TO THE WELL-BEING OF ITS COMMUNITY, BUT ALSO RECOGNIZES THAT THIS POLICY IS PIVOTAL FOR THE LONG-TERM SUSTAINABILITY AND SUCCESS OF THE ORGANIZATION.

1. AUTHORITY

1.1 Pursuant to Section 201 of the Municipal Government Act (Alberta), Council is responsible for developing and evaluating the policies of the City. Pursuant to Section 207 of the Municipal Government Act (Alberta), the City Manager is responsible for ensuring that the policies of the City are implemented.

1.2 Administrative Committee
The procedural authority responsible for overseeing and guiding administrative processes.

1.3 Managing Director, Corporate Services & Chief Financial Officer (or delegate)
    (a) Has implementation authority to:
        (i) Develop and administer practices, systems and controls for the City's ERM program.
        (ii) Monitor compliance with the City's ERM program.
        (iii) Report to the Audit Committee on an annual basis on the City's ERM activities, including the annual ranking of enterprise level risks by the Executive Leadership Team (ELT).

2. DEFINITIONS

2.1 Emerging Risk – a new or unforeseen risk that hasn't yet been contemplated.

2.2 Enterprise Risk (ER) – major risk (also known as strategic risk) that can potentially hinder the ability of the City of Medicine Hat (City) to achieve its corporate/ strategic objectives.

2.3 Enterprise Risk Management (ERM) – a systematic and integrated process designed to identify, assess, manage, mitigate, and monitor critical risks that could significantly impact the City's ability to achieve its objectives.

2.4 Enterprise Risk Register (ERR) – a detailed repository that catalogs identified risks, including their descriptions, potential impacts, risk ratings, and assigned risk owners. It functions as a central tool for effective risk monitoring and management.

2.5 ERM Activities (Activities) – actions taken to mitigate specific risks and reduce their impact on the City.

2.6 ERM Committee (Committee) – members of the Executive Leadership Team (ELT) and Senior Leadership Team (SLT), risk owners and other stakeholders, whose purpose is to provide guidance on matters relating to the City's ERM framework.

2.7 ERM Framework (Framework) – a structured and comprehensive system implemented by the City to identify, assess, manage, and monitor risks, ensuring alignment with strategic goals and enhancing its ability to achieve its objectives.

2.8 Executive Leadership Team (ELT) – the City Manager, their direct reports, and the Police Chief, or delegates.

2.9 Impact – the potential positive or negative consequence of a risk on the organization's strategy or business objectives, affecting its ability to achieve its goals.

2.10 Inherent Risk – the level of risk arising from internal and external factors before any controls or mitigation measures are applied. It represents the raw, uncontrolled risk associated with a particular situation or activity.

2.11 Key Results Indicators (KRI) – a metric that measures the quantitative results of the City's actions to track progress in reaching its strategy.

2.12 Key Risk – a critical risk identified in the risk register that poses the greatest threat to the City's ability to achieve its strategic goals and requires prioritized attention and management due to its potential severity, likelihood, or both.

2.13 Likelihood – the possibility that a given event will occur.

2.14 Mitigation – the act or process of reducing the severity, impact, or likelihood of risks.

2.15 Objectives – measurable steps the City takes to achieve its strategy.

2.16 Operational Risk – a risk that impacts specific departments or functions within the organization and may affect broader organizational objectives if not managed and escalated appropriately.

2.17 Operational Risk Register – risks that primarily affect specific departments but may not impact the entire organization unless escalated. These risks should be documented in each department's Operational Risk Register.

2.18 Opportunity Risk – the potential for beneficial outcomes or gains arising from managing risks (sometimes referred to as Upside Risk or Positive Risk).

2.19 Residual Risk – the portion of inherent risk that remains after execution of risk responses/ mitigation (sometimes referred to as net risk).

2.20 Risk – the possibility that events will occur and impact the City's achievement of strategy and objectives.

2.21 Risk Appetite (Appetite) – the type and level of risk that the City is willing to accept in pursuit of its corporate/ strategic objectives.

2.22 Risk Capacity – the maximum amount of risk that the City can absorb in the pursuit of strategy and objectives.

2.23 Risk Category – the accumulation of risks of a shared characteristic into a single category with a common risk appetite.

2.24 Risk Owner – an employee identified as the appropriate person to monitor, manage, or mitigate an identified risk for the City.

2.25 Risk Profile – a comprehensive overview of the risks associated with a particular level or aspect of the City's operations. It considers the types, severity, and interrelationships of these risks, and their potential impact on organizational performance relative to strategic goals and objectives.

2.26 Senior Leadership Team (SLT) – the City Manager, their direct reports, Directors, and the Fire Chief, or delegates.

2.27 Strategy – the City's plan to achieve its mission and vision and apply its core values.

2.28 Target – the specific outcome or goal that the City aims to achieve through its strategic efforts and initiatives.

2.29 Tolerance – the permissible range of deviation from expected performance levels in relation to achieving set objectives for the City.

2.30 Trending Risk – a significant and emerging risk that is currently affecting similar organizations and is gaining attention due to its increasing relevance and impact.

3. PRINCIPLES

3.1 Integration
Embedding risk management into the organization's processes and decision-making.

3.2 Comprehensiveness
Identifying and managing all types of risks, both internal and external, that could impact the City's objectives.

3.3 Accountability
Defining clear roles and responsibilities for risk management throughout the City.

3.4 Communication
Ensuring transparent and timely reporting of risk identification and management to relevant stakeholders.

3.5 Continuous Improvement
Regularly reviewing and improving the risk management framework and practices.

4. ROLE OF COUNCIL

4.1 To receive, review and adopt this policy and any recommended amendments thereto.

4.2 Ensure Audit Committee's mandate to provide oversight and adequacy of the overall ERM framework.

5. ROLE OF CITY MANAGER

5.1 The City Manager is responsible for executing this policy, including the establishment of appropriate procedures to ensure its effective implementation.

5.2 Serves as the ERM champion, overseeing the implementation of the ERM program, delegating responsibilities to ensure effective execution, and ensuring that the program is regularly reviewed and updated.

5.3 Provides strategic direction and approves the governance structure to ensure an effective and efficient ERM process.