

Enterprise Risk Management Corporate Commitment

City of Burlington
Audit Committee
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Introduction

First and foremost, The Corporation is guided by our Purpose, Mission, Values, Corporate Responsibility, and Corporate Commitment, which represent a deeply held set of principles that serve our community's aspirations. Above all, these principles challenge us to put the needs and well-being of all our citizens first. They also speak to the commitments we have to our employees; the responsibilities we have as employees; and, the collective accountability we share in serving the community. Effective risk management enables the organization to successfully manage the work of the Corporation in alignment with these principles.

Management System

The Corporation is implementing a new performance management system that consists of five essential tools.

1. Results Based Accountability (measurement)
2. Business Process Management (continuous improvement)
3. Service Base Budgeting (value for money)
4. Enterprise Risk Management
5. PE System (people adding value)

Enterprise Risk Management (ERM) will provide the 'means' for better technical excellence and quality service delivery through training, business understanding and knowledge, and effective consultation processes.

Our Purpose

We will provide services and programs of superior quality and value that improve the lives of people and families in the City

Our Mission

We bring great things to life in Burlington!

Our Values

Individual Responsibility
Collective Accountability

Corporate Responsibility

The City is committed to proactively accounting for the social, environmental and economic impact of its decisions and actions on the welfare of its citizens. The Corporation is determined to have a productive influence on all three areas of responsibility. Individually, City employees are steadfast in taking a practical and positive approach to affecting the quality of life in the community, both within and beyond their own contributions as public service employees

Corporate Commitment

The City of Burlington will provide its employees with a supportive work environment. Above all, employees will be provided the same concern, trust, respect and caring attitude within the organization that they are expected to share with every Burlington resident, business and visitor.

Overview

In order to deliver quality services and value to our citizens, the Corporation must understand and manage the risks faced across our entire organization. Risks are inherent in our business activities and can relate to strategic threats, operational issues, compliance, and reporting. This document provides an overview of our desired approach to risk management.

What is Risk

Risk can be viewed as the combination of the probability of an event and the impact of its consequences. Events with a negative impact represent risks that can prevent value creation or erode existing value. In order to deliver value to our Citizens we must understand the types of risks faced by our organization and address them appropriately. Generally, risks to the Corporation's success can be grouped into four categories: (1) Strategic; (2) Operational; (3) Compliance; and, (4) Financial and Reporting.

Risk Commitment

Enterprise Risk Management (ERM) will be a common framework applied by the Corporation to identify potential events that may affect service delivery; manage the associated risks and opportunities; and provide reasonable assurance that the City's principles and priorities will be upheld and achieved. Through this approach to risk management, we are committed to:

1. Ensuring prompt resolution of internally identified risk to compliance with laws and regulations to maintain the provision of quality services and make certain appropriate relationships with citizens
2. Supporting strategies to make effective use of resources, enable an optimized approach to auditing and identification/remediation of compliance issues, and promote reporting and monitoring across the organization
3. Enabling improved decision making, planning and prioritization through a structured understanding of opportunities and threats
4. Supporting value creation by allowing management to deal effectively with future events that create uncertainty, pose a significant risk or opportunity, and to respond in a prompt, efficient and effective manner
5. Enabling our efforts of creating value through innovative service delivery

Accountability and Risk Culture

Collectively we are accountable for managing risks. We will strive to innovate and develop solutions to identify and mitigate risk more effectively.

The Corporation encourages a risk culture that has collective accountability at its heart. This means that each employee is encouraged to be open, candid and fact-based in discussing risk issues, making all relevant facts and information available so the Corporation can consider all possible options and make appropriate decisions. We are all individually responsible for speaking up and escalating concerns about issues that may cause risk or potential harm.

Desired State

1. Event Identification and Risk Assessment: As part of the business planning process and day-to-day management of our services, we will identify internal and external events that may affect the achievement of our objectives.

2. Risk Response: A response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Risk responses may include avoiding or evading, accepting, reducing, and sharing or transferring risk.

3. Control Activities: Control activities are established to ensure that risk responses are carried out effectively and consistently throughout the organization. This involves formalizing risk response in our Corporate policies, ensuring clear accountability, utilizing self-assessment and monitoring tools and designing controls into our systems and critical business processes.

4. Information and Communication: Information and communication channels are in place to make the organization aware of risks that fall into their area of responsibility and expected behavior and actions to mitigate negative outcomes.

5. Monitoring: Management reviews, as well as assurance activities, such as testing, auditing and assessments, are in place to ensure that risks are effectively identified and assessed, and that appropriate responses, controls and preventive actions are in place.

While no risk management system can ever be absolutely complete, the goal is to make certain that identified risks are managed within acceptable levels.

Governance

The Corporate Management Team (CMT) will provide oversight of the various risks facing the Corporation. CMT will meet regularly with the Senior Management Team (SMT) to review risks, to assess risk responses, to understand control activities, to communicate actions taken to mitigate risk, and to monitor progress in responding to identified risks. CMT also will receive regular reports from the Corporation's independent auditor. Ultimately oversight of risk management activities is one of the most important roles of CMT. The Corporate Management Team is dedicated and committed to its role in ensuring quality, compliance and effective risk management

Examples of Risk Management

1. Strategic Risk
 - Twenty year financial projections (scenario planning)
 - Emergency management
 - Extreme weather
2. Operational Risk
 - Contingency Plans (King Road Underpass)
 - Contractor pre-qualification
 - Fire protection and prevention
 - Proactive inspections
3. Compliance
 - Construction Traffic Safety Control
 - Municipal maintenance standards
 - Quality control compliance
 - Police check program
 - Accreditation
4. Finance and Reporting
 - Financial controls for construction contracts (variance reporting, contingency expenditure authorization)