

# Risk Management for Municipalities & Enterprise Risk Management

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# Risk Management



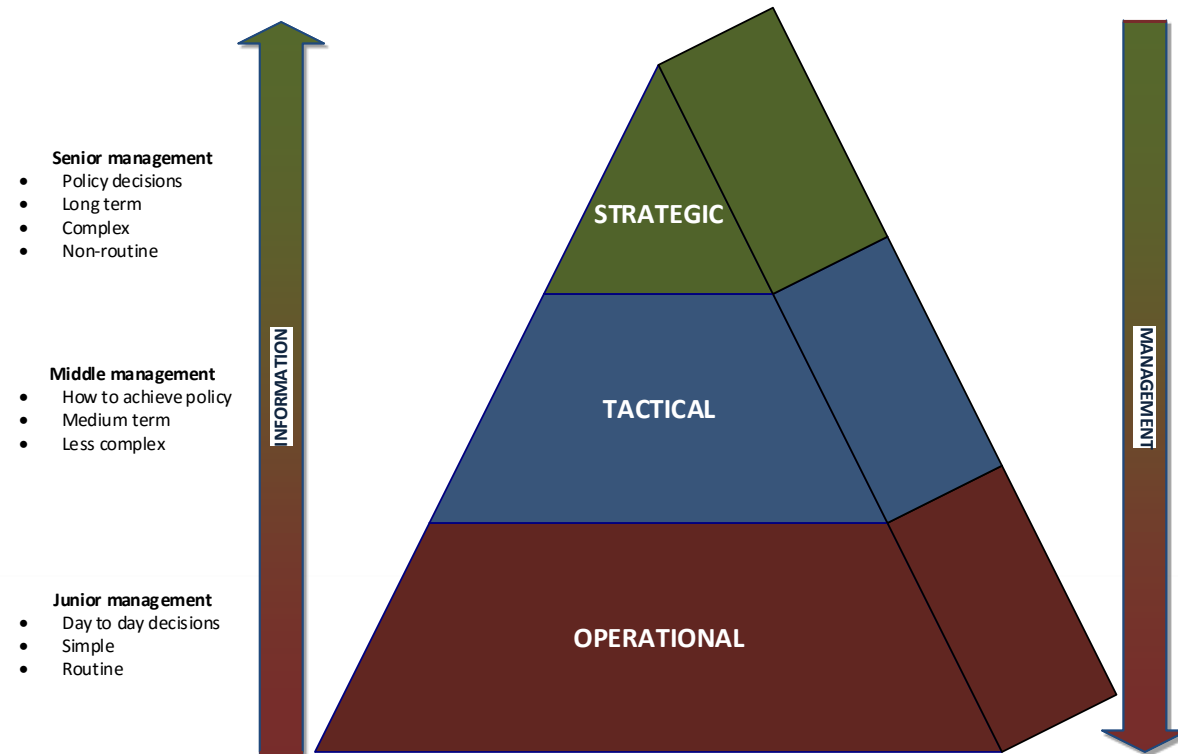
# Objectives - MGA



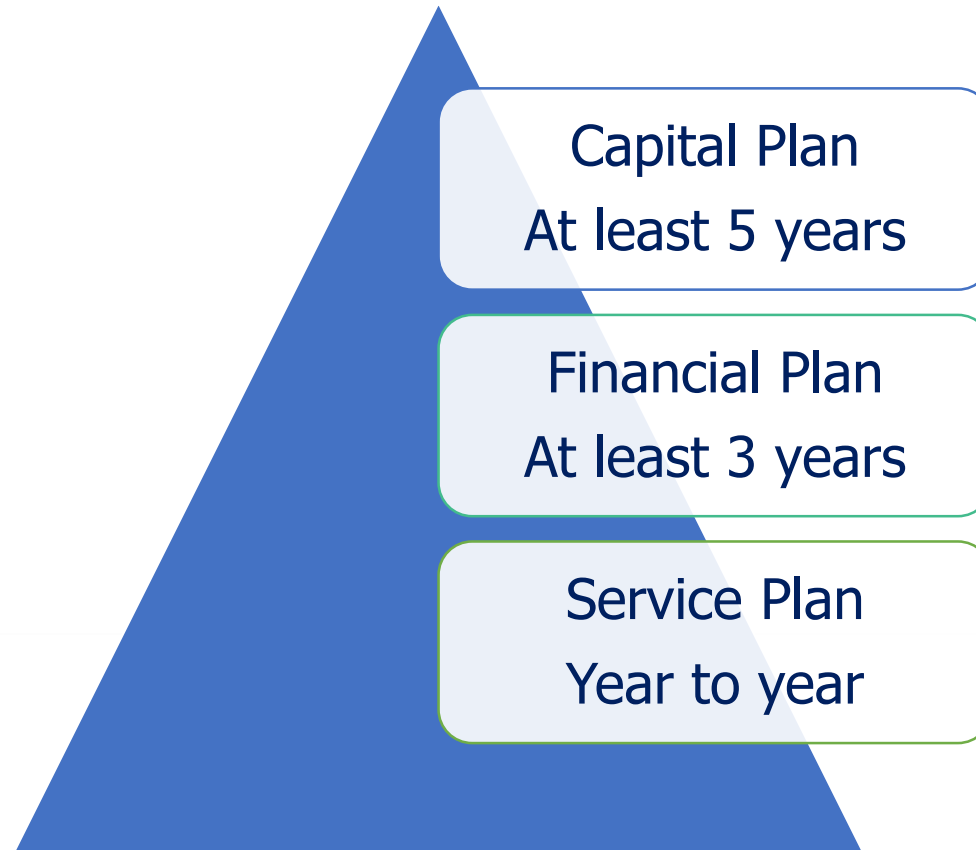
# A municipality is a corporation



# Decision making – Anthony's Triangle



# Strategic horizons - MGA



# Decision making – risk management

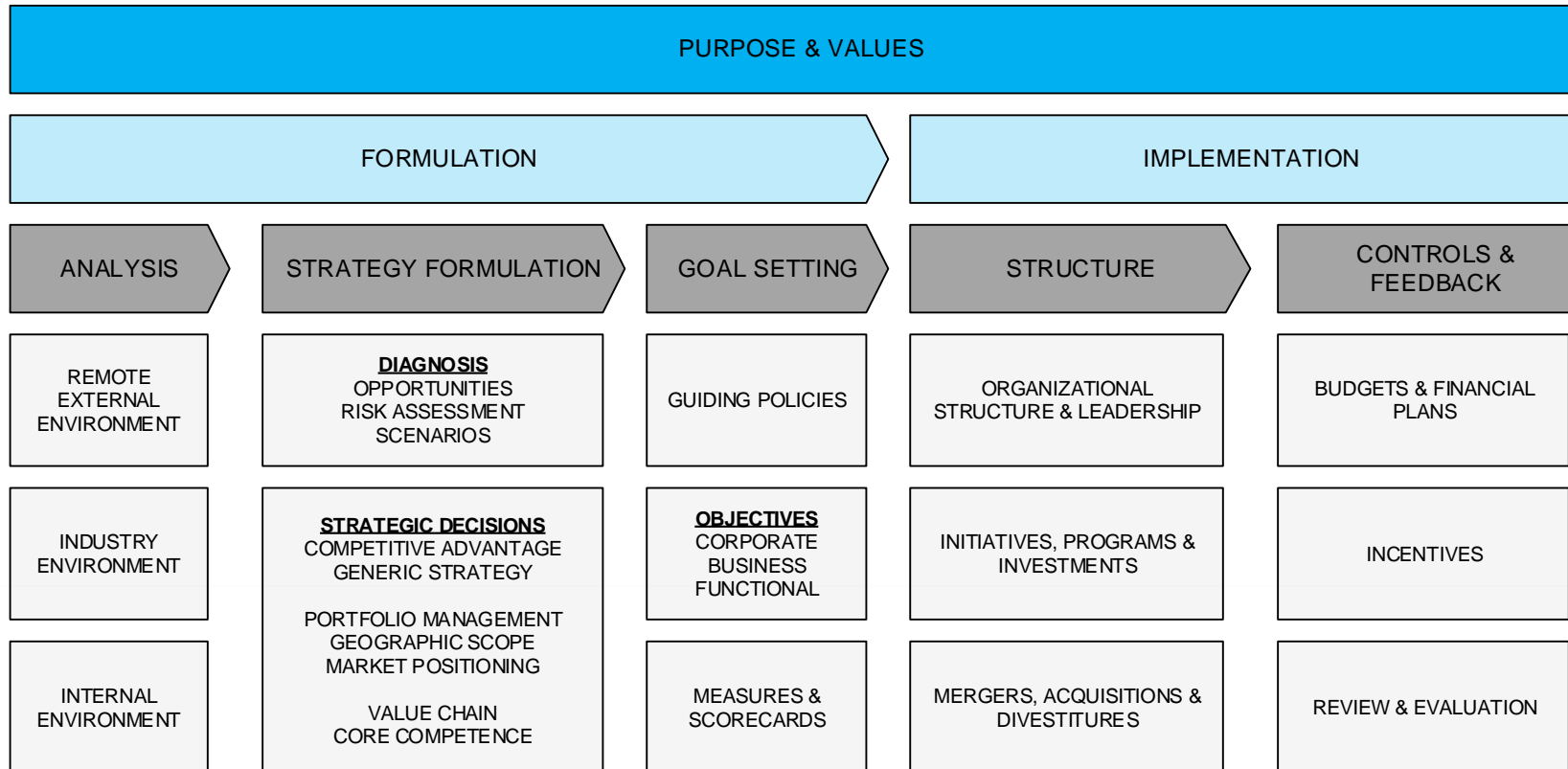


# Various risk objectives





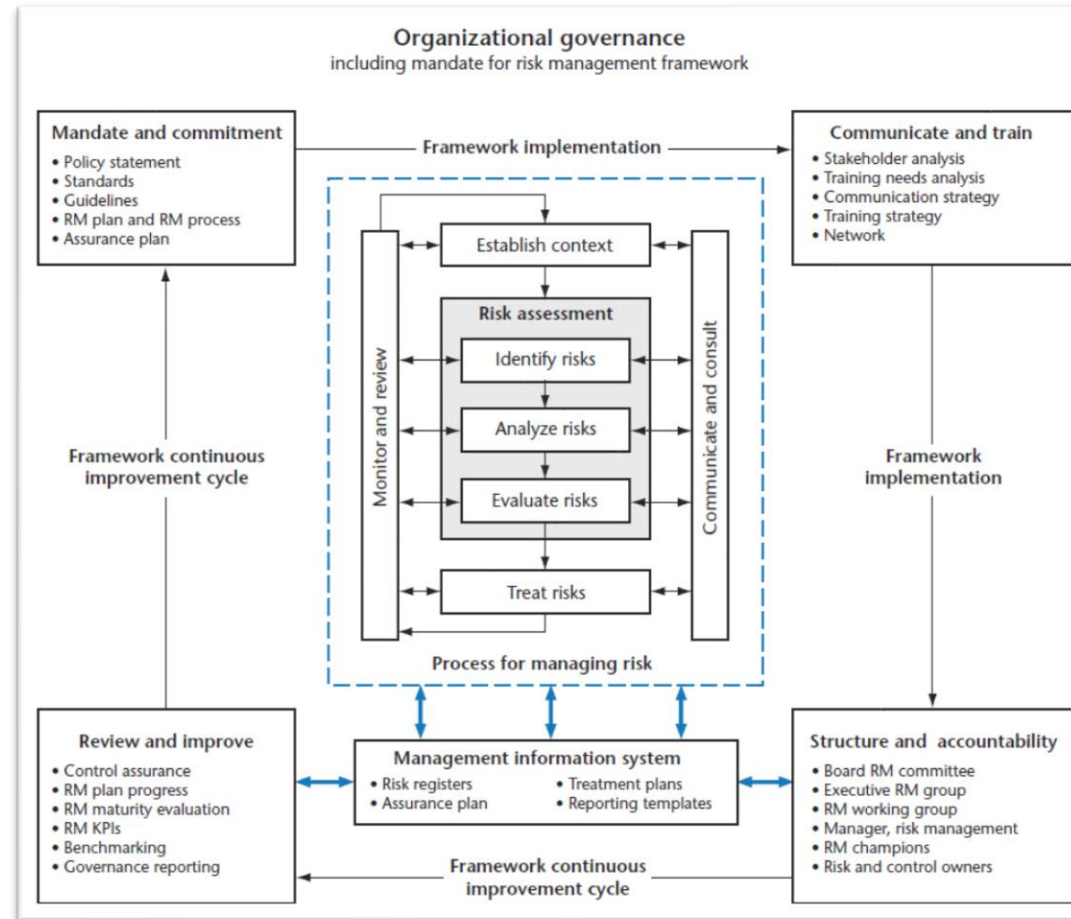
# Strategic management framework



# Operational risk



# Operational risk



# Project risk



# Hazard risk





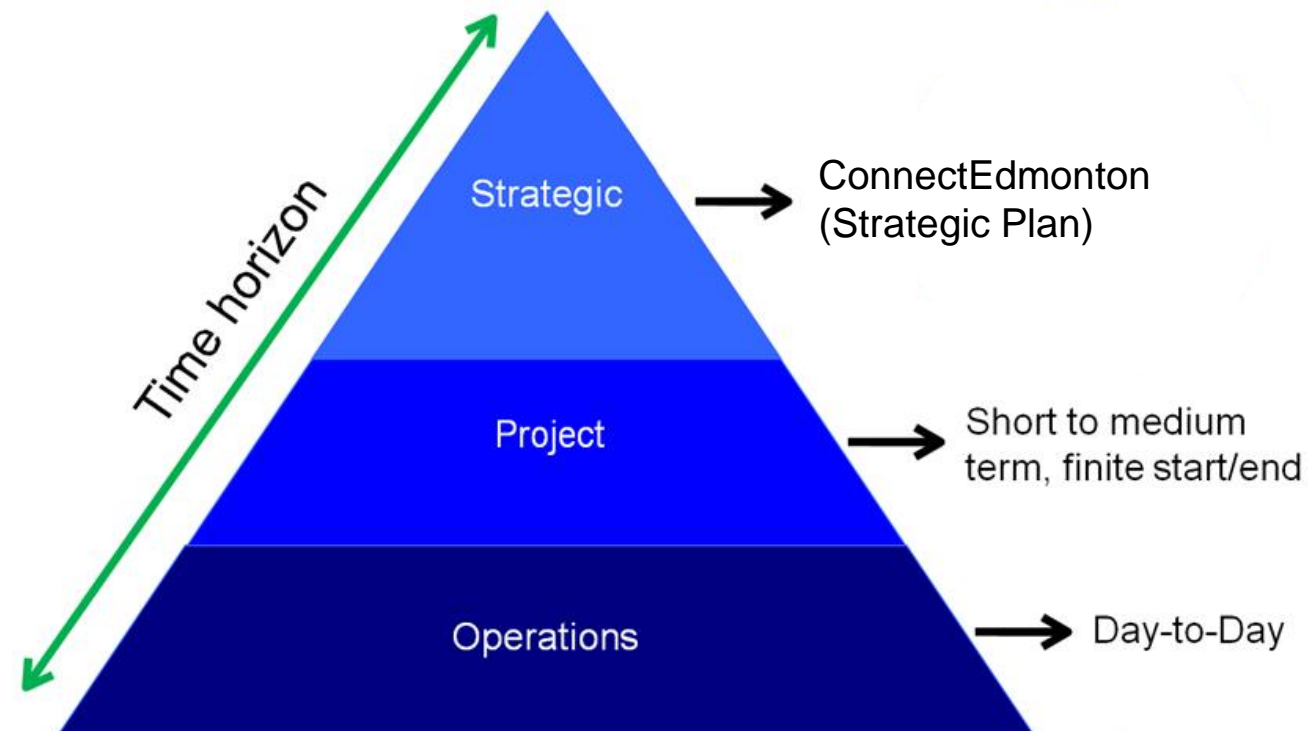
A blue-tinted photograph of the Edmonton skyline, featuring several high-rise buildings against a clear sky. The image is partially obscured by a white rectangular area on the left and a dark blue vertical bar on the right.

# Enterprise Risk Management

AUMA Public Risk Conference  
May 8, 2019

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# How is the program structured in terms of its work with all areas of Edmonton's government?



# What authority does the team/program have as issues come up in front of Council during the year which may affect the mitigation plan?

- Authority: City Enterprise Risk Management Policy (and accompanying Administrative Directive and Administrative Procedure)
- Council Involvement: Risk assessment in Council / Committee Reports (risks of proceeding, or not proceeding, with recommendations)
- Business Unit Role: Business units are responsible for managing, and reporting on, their risks (ERM team provides the process, business units provide the content)



# How are Administration and Council held accountable to the plan?

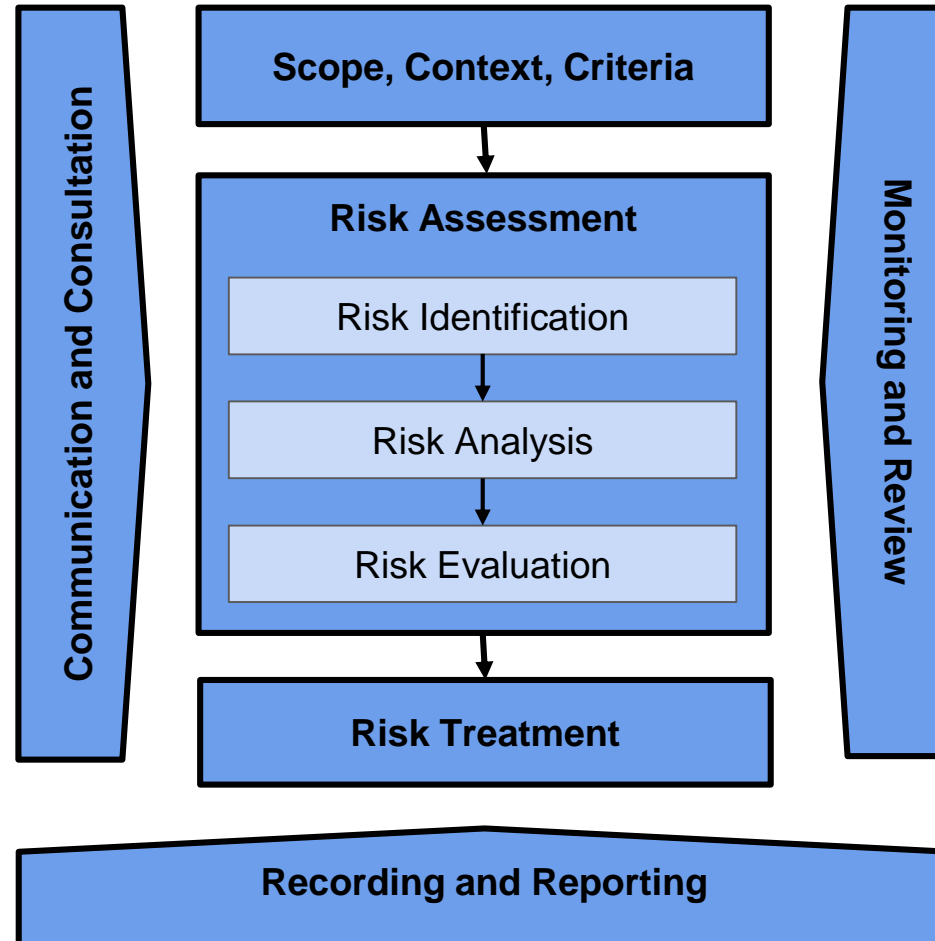
- ERM Policy - Council and City Manager share responsibility to create a corporate culture of risk awareness
- Audit Committee Bylaw - authorizes Audit Committee to receive information on Enterprise Risk Management
- Council best practice - to be aware of key risks, and what administration is doing to manage them.

# How are risks scored? What is the methodology?

- Basic methodology is based on ISO 31000 framework
  - Risks are identified using a list of risk categories, then scored
  - Risk scoring: Impact (1-5) x Likelihood (1-5) = Risk Score (1-25) - ranked as low / medium / high / extreme
  - Risks are sorted by risk score, then current and future mitigations are listed for each, as well as risk owner
  - This list of risks is called a risk register, and is reviewed quarterly
  - Business unit risk registers inform the registers for the level above

# How are risks scored? What is the methodology?

ISO 31000 Enterprise  
Risk Management  
Framework



# How has the methodology evolved over time?

## Strategic

- Streamlined updating processes and added integration steps to ensure all risk owners understand and agree with the risks for which they were tagged as owners.
- Strategic plan update for 2019 drives a risk assessment process update - risk assessment to be integrated into strategic, business, and action plans.

## Project

- Complex process for major projects - have implemented a 'light' process for smaller projects / initiatives / events

## Operating

- Just beginning regular quarterly update process and department and corporate operating risk registers.

The ERM process is currently under regular process review, and further enhancements to the process are planned.

# What was the start-up phase for ERM like for the City?

## Evolution milestones since startup:

- Started with strategic risk assessment pilot (for one directional plan) in 2012
- First pilot followed by second in 2013, then live for all remaining directional plans in 2014-5
- First corporate strategic risk assessment presented in 2015
- Policy approved by Council in 2016
- Branch and Section operating risk registers completed in 2017

# Does it have broad acceptance as a productive approach?

## Program Acceptance

- Policy makes it imperative - but it must be shown to add value
- Anecdotally, employees seem to understand the logic and at least part of its value as a tool to aid in decision making.
- For continuous improvement, feedback is sought from stakeholders (Council, Executive, Staff)

# What are the next steps?

## Risk Maturity

- Using RIMS Risk Maturity Model - goal is a score of 5/5 by 2021
- Current score: 2.5
- Fostering a culture of continuous improvement
  - Improving quality of risks, consistent application of process
- Adding new processes to make the program more robust
  - E.g. timely updates to leadership, deeper analysis of risks including root cause analysis, risk tolerance, ties to business continuity



A blue-tinted photograph of the Edmonton skyline, featuring various high-rise buildings and a clear sky.

# Thank you.

A light blue-tinted photograph of the Edmonton skyline, showing a dense cluster of buildings.

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# Questions?



