

Enterprise Risk Management Policy



SECTION	DATE	Approved by	PAGE	OF
Administration & Finance	October 18, 2016	By-law Number: 110-2016	1	5
SUBSECTION	Supersedes By-law Number:		POLICY NO.	
Risk Management	N/A		AF 7-1	

1. Purpose

The City of Kenora shall design, implement, and maintain an effective, Enterprise Risk Management (ERM) program that will lead to the following outcomes:

- a. Enhanced decision making
- b. Achievement of strategic objectives
- c. Strengthened accountability
- d. Improved risk communication
- e. Build managerial consensus
- f. Obtain stakeholder acceptance.

2. Scope

This policy applies to City Council and all City departments.

3. Definitions

Enterprise Risk Management (ERM): The coordinated activities to direct and control risks within an organization. This includes assessing risks, communicating risks, assigning responsibility for risks, identifying mitigating strategies to avoid or pursue risk, planning risk response strategies for reacting when risk occurs and reviewing and improving risk management based on lessons learned from risk experience.

ERM Framework: The suite of policies, procedures and tools that support Enterprise Risk Management within the Corporation.

ERM Policy: Statement of overall intentions and direction of the Corporation related to Enterprise Risk Management.

Residual Risk: It is the risk remaining after treatment.

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Risks: The likelihood that there will be a positive or negative deviation from the expected objective. Risk is inherent in any business venture. Risks can be threats or opportunities and are measured by likelihood of occurrence and the impacts should they occur. Risks will be classified as low, moderate, high or critical.

Risk Appetite: Amount and type of risk that the Corporation is prepared to pursue, retain, or take.

Risk Categories: A comprehensive and common set of risks that are used within the Region, and are categorized by governance activity.

Risk Owner: Person or entity with the accountability and authority to manage a risk.

Risk Tolerance: The Corporation's readiness to bear the risk after risk treatment in order to achieve objectives

4. Policy

Risk management and to a broader degree, ERM, is based on the assumption that all organizations are exposed to risk in the environment in which they operate. The purpose of risk management is not to manage all risks but to consider key risks that can significantly impact the achievement of objectives and outcomes and the plans in place or that need to be in place to manage them.

Implementation of an ERM program at the City of Kenora will emphasize continuous improvement and be embedded into existing decision-making strategies, corporate planning, budgeting, and departmental services. However, it will take time to develop a fully mature program and the approach will be adaptive to the risk environment of the City.

4.1 Risk assessments will be guided by the ERM process as shown in the ERM Framework.

4.2 Both the ERM Policy and Framework are intended to be living documents and updated according to the City's changing risk environment.

4.3 As the first step in developing a mature ERM program, the City will work to ensure all council reporting includes a risk analysis component.

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4.4 All information relating to significant and critical risks will be documented and given a treatment according to the committee report and treatment plan templates found in the ERM Framework.

4.5 The City will commit to ensuring that proper training is delivered to staff involved in the identification, analysis, evaluation and treatment of risks facing the Corporation.

4.6 All tools used to manage the ERM process will be accessible to risk owners via the City's IT systems.

4.7 Implementation of ERM and the achievement of desired outcomes will be monitored according to defined performance measures.

5. Risk Appetite

The Risk Response Matrix below illustrates the recommended risk appetite of the Corporation. Those risks that are determined to have a low or moderate impact will be managed based on internal controls whereas those that are high or critical will be escalated accordingly. Risk assessments are based on the following calculation:





Impact x Likelihood = Risk Level

Likelihood	Impact				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Almost Certain (5)	M	H	H	C	C
Likely (4)	L	M	H	C	C
Possible (3)	L	M	M	H	H
Unlikely (2)	L	L	M	M	H

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Legend

 Low Risk (1-4)	Manage by routine procedures
 Moderate Risk (5-9)	Management mitigation and monitoring required, inform senior management
 High Risk (10-15)	Senior management involvement essential, inform CAO
 Critical Risk (16-25)	CAO involvement essential, inform Council

6. Performance Measures

Enhanced Decision Making:

- Percentage of committee reports completed by Risk Owners
- Training record for Risk Owners

Improved Ability to Meet Strategic Goals:

- Number of risks treated in relation to pursuing Strategic Actions

Increased Management Accountability

- Percentage of treatment plans completed by Risk Owners vs. Senior Managers

Improved Risk Communication

- Percentage of Committee Reports with risk analysis section fully complete (identification, analysis, treatment)

Management Consensus

- Number of Risk Owners and Senior Managers that consider risks (threats and opportunities) in their programming.

Stakeholder Acceptance

- Percentage of Senior Managers and Risk Owners that find ERM is having a positive impact in their programming.

7. Responsibilities

Council:

- Approve and authorize an Enterprise Risk Management Policy.
- Understand the significant risks to which the organization is exposed.
- Sets the risk appetite for the Corporation in delivering its strategy and operations, programs and services.

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Senior Management Team:

- Provide leadership on risk management and assign departmental risk roles within the context of organizational governance.
- Provide direction on risk management and ensure the level of risk accepted by the City is in line with Council's risk appetite level.
- Provide direction for significant and critical risks elevated to the Senior Management Team and refer to Council
- Ensure a supportive learning environment that encourages effective risk management, appropriate risk taking and communication.
- Communicate the value of ERM including the importance of understanding this discipline to deal with uncertainty in decision-making.

Risk Management and Prevention Officer:

- Provide training on the ERM Framework & its processes.

Special Projects and Research Officer:

- Support training and development through the preparation of risk materials.
- Evaluate ERM program according to defined performance measures.

Senior Managers

- Understand and follow the ERM process.
- Monitor changes to the department's risk environment and the implementation of treatment plans.

Risk Owners

- Identify and analyze risks to be considered in reports to Council.
- Recommend a risk tolerance level for a risk through consultation with relevant stakeholders.
- Develop and manage risk treatment plans to manage significant & critical risks.
- Monitor changes of risks and the implementation of treatment plans.

Effective Date:

January 1st, 2017