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Overview

The Integrated Risk Management Framework (IRMF) provides an approach for The City of Red Deer in how risk is managed. The IRMF is intended to support The City of Red Deer in its roles and responsibilities as an organization in respect to managing risk throughout The City’s operations. It aligns with and supports The City’s five Sustainability Pillars which are Environmental, Cultural, Economic, Social and Governance. The IRMF is broad and provides:

- A mechanism for identifying and evaluating risks and uncertainty;
- Coordination of activities to manage identified risks;
- Principles for risk informed decision making; and
- A system to address risks for the betterment of The City.

The City of Red Deer identified the need for a risk management system as a means to clearly detect risk and understand its significance to ensure that appropriate mitigation activities are in place. City Council has delegated oversight of the IRMF to the Audit Committee who is responsible for executing its development and execution. In developing the foundation and desired direction of the IRMF, insight was captured from a variety of stakeholders including City staff, Corporate and Operational Leadership Teams, the Audit Committee and members of City Council. The captured information is specific to The City of Red Deer and forms the basis for the Policy Direction component of the IRMF. The City Manager, with support from Administration, will lead the IRMF implementation initiative.

Risk Management Policy and Implementation of the IRMF

The IRMF articulates the foundation for risk management and the supporting activities specific to The City of Red Deer and is separated into two components: Policy Direction, which outlines the strategic direction of the framework and Implementation, which identifies the process for risk management.

The Policy Direction component of the IRMF includes:

- Defining risk management for The City of Red Deer;
- Identifying goals for risk management;
- Outlining principles to guide risk management;
- Supporting the prioritization of risk management activities in a consistent manner; and
- Establishing roles and responsibilities.
The **Implementation** component of the IRMF involves the execution of the policy direction. Specifically, it encompasses the tools and activities developed by the policy direction to employ a sustainable, risk resilient organization. Implementation of the IRMF is not addressed in this document.

Figure 1 illustrates the two above mentioned components that comprise the IRMF:

![Image of City of Red Deer Integrated Risk Management Framework](image)

The IRMF is intended to support the achievement of The City of Red Deer’s **Sustainability Pillars**. The Sustainability Pillars\(^1\) present the framework for establishing a sustainable organization. Specific to The City, the **Policy Direction** and **Implementation** of the IRMF were developed to illustrate that risk management decisions consider the effect on each of the pillars.

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\(^1\) Outlined in The City’s 2015-2018 Strategic Plan
The IRMF’s **Policy Direction**, discussed in the following pages, identifies the following key elements:

1. **Sustaining a Risk Resilient Organization**: The overall objectives for risk management.

2. **Risk Culture**: Supporting a strong risk intelligent culture.

3. **Oversight & Guidance**: Establishing key roles and responsibilities in risk management.

The City of Red recognizes the value of integrating risk management in the decisions that are made for the community. Embedding risk management into the culture of the organization ensures that The City is proactive in addressing current and emerging issues.
Sustaining a Risk Resilient Organization

The IRMF describes how risk is managed including the definition of risk management, and the goals and principles to guide decision making.

Risk Management Definition

An effective IRMF begins with defining what risk and risk management means to The City of Red Deer.

*Risk is an uncertainty that affects The City of Red Deer.*

*Risk Management is a proactive process by which The City of Red Deer’s leadership and staff will better understand uncertainty to make informed decisions.*

Risk Management Goals

A goal describes the desired future state for risk management for The City of Red Deer as an organization. The City’s staff and Council all contribute to achieving this set of goals.

The goals include (in alphabetical order):

- **Collaboration and Engagement:** We include relevant stakeholders in participating and discussing risks that affect The City.

- **Organizational Health:** We use risk management to facilitate the effectiveness and efficiency of the organization’s resources to ensure staff are able to successfully carry out their roles and responsibilities.

- **Integrated Decision Making:** We make risk informed decisions to successfully grow and support The City in a fiscally, socially, and environmentally responsible manner.
• **Forward-Looking:** We continuously review risk to enable us to consider and evaluate existing and emerging risks.

• **Risk Awareness:** We share a common understanding of risk management. This allows us to apply a consistent approach in how risk is managed which then supports a risk intelligent culture.

**Guiding Principles**

A principle is a statement that describes a fundamental norm, rule, or value that represents what is desirable. It provides consistent guidance for goals, priorities and actions. The City will be guided by these principles when making decisions.

<table>
<thead>
<tr>
<th>Guiding Principles (in alphabetical order)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accountability</strong></td>
</tr>
<tr>
<td><strong>Consistency</strong></td>
</tr>
<tr>
<td><strong>Culture</strong></td>
</tr>
<tr>
<td><strong>Effective Decision Making</strong></td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
</tr>
</tbody>
</table>

These principles are supported and aligned with The City’s RISE principles which are: Respect, Integrity, Service, and Excellence. Aligning the IRMF with RISE provides unified and consistent principles to guide risk informed decisions. For additional context on the RISE principles, please refer to Appendix A.
Risk Culture

Establishing a sound risk intelligent culture in The City of Red Deer is vital to the success of The City’s IRMF. In building a cohesive culture, it is important to identify what risk means specifically to the organization and how risk is categorized.

Risk Categories

The City of Red Deer faces numerous risks which can be categorized to provide the basis for addressing them in a structured and systematic manner.

Table 2: Risk Categories

<table>
<thead>
<tr>
<th>Risk Categories (listed in Alphabetical Order)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Risks that relate to the handling of City funds. This includes the ability to provide services and amenities to residents in a fiscally responsible manner.</td>
</tr>
<tr>
<td>Operational</td>
<td>Risks which stem from the services or activities carried out by City departments. This includes human capital, information technology, safety and security risks.</td>
</tr>
<tr>
<td>Regulatory &amp; Compliance</td>
<td>Risks relative to the legislative environment within which The City operates.</td>
</tr>
<tr>
<td>Reputation</td>
<td>Risks regarding how The City is perceived which could affect the amount of trust placed in both Council and staff.</td>
</tr>
<tr>
<td>Strategic</td>
<td>Risks related to the effect external factors have on The City and its ability to establish and meet strategic priorities and/or objectives.</td>
</tr>
</tbody>
</table>

The City of Red Deer places great importance on the established Sustainability Pillars as they relate to the current and future successes of The City. As such, each risk category, risk strategy and/or individual risk must consider the effect on each Sustainability Pillar.
**Prioritization**

The City is faced with complex and numerous risks on a daily basis. Some of these risks have a higher significance on The City and it’s Sustainability Pillars than other risks. To identify which of these risks should take priority, The City evaluates them.

Evaluating enables The City to direct resources and make informed decisions. The benefits of this prioritization process are outlined in Figure 2.

**Figure 2: Benefits of Prioritization**

<table>
<thead>
<tr>
<th>Key Benefits:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Effective and structured decision making</td>
</tr>
<tr>
<td>• Transparent approach to allocating resources</td>
</tr>
<tr>
<td>• Identification and awareness of risks requiring attention</td>
</tr>
<tr>
<td>• Risk awareness across City Departments</td>
</tr>
<tr>
<td>• Efficiently utilize resources</td>
</tr>
</tbody>
</table>

Risk prioritization provides consistency in decision making and transparency with both internal and external stakeholders. Additionally, it enables decisions to be well thought through.

To assist in evaluating risks, both Council and Administration apply a set of filters or considerations. These filters provoke discussion and allow Council and Administration to employ a risk “lens” when making decisions.

A sample of questions that are used in prioritizing risks are provided in Table 3:
### Table 3: Questions to Consider in Decision Making Process

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial</strong></td>
<td>• What is the cost of taking action in the short and long term?</td>
</tr>
<tr>
<td></td>
<td>• What is the cost of not taking action in the short and long term?</td>
</tr>
<tr>
<td></td>
<td>• Does The City have the available funds?</td>
</tr>
<tr>
<td><strong>Operational</strong></td>
<td>• Does The City have staff and technical capacity to implement the decision?</td>
</tr>
<tr>
<td></td>
<td>• How will the decision align with The City’s Sustainability Pillars?</td>
</tr>
<tr>
<td><strong>Regulatory &amp; Compliance</strong></td>
<td>• Will the decision impact/affect regulatory requirements?</td>
</tr>
<tr>
<td></td>
<td>• How do regulatory requirements impact/affect the decision?</td>
</tr>
<tr>
<td></td>
<td>• What are the legal ramifications that should be considered?</td>
</tr>
<tr>
<td><strong>Reputation</strong></td>
<td>• What is the impact/effect on The City’s reputation?</td>
</tr>
<tr>
<td></td>
<td>• What will the effect be on other municipalities/cities?</td>
</tr>
<tr>
<td><strong>Strategic</strong></td>
<td>• How does the decision align with The City’s strategic objectives?</td>
</tr>
<tr>
<td></td>
<td>• How does the decision align with The City’s Sustainability Pillars?</td>
</tr>
</tbody>
</table>

Council and Administration use these questions, along with other considerations, to make risk management decisions. The consistent application of these considerations will help The City develop a risk informed response that uses limited resources most effectively.
Oversight and Guidance

To enable The City to proactively manage risk, the following governance has been established:

- Council has delegated oversight of the IRMF to the Audit Committee.
- The City Manager, in collaboration with Administration, is responsible for implementing the IRMF.

Below are the different roles and responsibilities each stakeholder has in contributing to The City’s management of risk.

Roles & Responsibilities

The City has identified key stakeholder groups that uniquely contribute to The City’s management of risk. Each stakeholder group brings a different perspective and lens to The City’s risk management.

As illustrated in Figure 3, front line city staff view risk in the context of their daily responsibilities (micro perspective), whereas Council considers risk and the affect it has on The City as a whole (macro perspective).
Each stakeholder group has a different but vital contribution to the overall success of The City’s IRMF through varying degrees of:

- **Guidance/Oversight:** Approval and overall accountability for The City of Red Deer’s risk management.

- **Development:** Creation and maintenance of risk management activities for The City of Red Deer.

- **Execution:** Implementation of carrying out risk management activities for The City of Red Deer.

- **Communication:** Sharing and learning from risk events to improve.

- **Awareness:** Identifying and building mindfulness of risk.

We highlight in Figure 4 an illustration of the primary roles for each of the stakeholder groups.
Figure 4: Matrix of Primary Roles

<table>
<thead>
<tr>
<th></th>
<th>Staff</th>
<th>Operational Leadership Team</th>
<th>Corporate Leadership Team</th>
<th>Audit Committee</th>
<th>Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance / Oversight</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Execution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conclusion

The IRMF is the approach to risk management for The City of Red Deer and is used to support effective decision making in alignment with The City’s Sustainability Pillars.

The Policy Direction provides the foundation for risk management by defining what risk management means for The City of Red Deer, the goals and guiding principles. Additionally, the Policy Direction provides the basis for how decisions are prioritized by incorporating risk and governance for risk management.

Policy Direction will form the base for how the IRMF is implemented. Implementation of the IRMF involves the tools and activities that ensure the Policy Direction is embedded into the organization. Implementation will occur in a phased approach over the next few years.

Both Policy Direction and Implementation of the IRMF build a strong risk culture that will foster a sustainable organization that is well prepared for both present and future challenges and successes.
APPENDIX A

The City of Red Deer Sustainability Pillars & “RISE” Principles

Figure 5: The City of Red Deer Sustainability Pillars

<table>
<thead>
<tr>
<th>Sustainability Pillars</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>Red Deer actively enhances its rich natural environment and minimizes its ecological footprint through City leadership, community collaboration and active stewardship. We are a leading example of a resilient community in which urban and natural systems are effectively integrated to the benefit of both.</td>
</tr>
<tr>
<td>Cultural</td>
<td>Red Deer is a vibrant city with an authentic identity where history is honoured, spaces and places help people connect. Diversity is valued and respected, creative expression and innovation are encouraged, and citizens have a sense of pride and belonging.</td>
</tr>
<tr>
<td>Economic</td>
<td>Strategic analysis promotes economic vitality and a strong resilient environment for business health. To meet the current and future financial needs of Red Deer, resources are managed through decision making processes which consider and regularly assesses both long and short term financial effect on the organization and the community.</td>
</tr>
<tr>
<td>Social</td>
<td>Red Deer is a strong, engaged community that embraces its diversity. Through leadership, support and partnerships, everyone can meet their needs and maintain a good quality of life. Equality, social well-being and a sense of belonging are supported, and decisions are just.</td>
</tr>
<tr>
<td>Governance</td>
<td>Definition in progress</td>
</tr>
</tbody>
</table>

Source: The City of Red Deer Strategic Plan 2015 to 2018
The City of Red Deer “RISE” Principles

Respect  Because we respect...
- We treat others as we want to be treated
- We value ideas and contributions
- We are good stewards of our environmental, financial, human, and community resources
- We meet present needs without compromising the ability of future generations to meet their needs
- We work together to ensure our safety and well-being

Integrity  Because integrity is fundamental...
- We earn trust
- We behave ethically
- We are honest in our dealings
- We take responsibility for our own actions
- We follow through on our promises

Service  Because we take pride in our service...
- We strive to serve all in the community equitably
- We have a positive outlook and work enthusiastically
- We commit to deliver quality service
- We communicate timely, relevant information with clarity and accuracy
- We strive to overcome citizens’ barriers to service and participation
- We volunteer and support volunteering to enhance our community

Excellence  Because we strive for excellence...
- We plan effectively for the future
- We build on our strengths
- We are prepared to lead
- We explore the potential of partnerships and collaboration
- We carefully manage risk
- We learn continuously from our experiences and development, training and educational opportunities

Source: City of Red Deer 2009-2011 Strategic Plan
APPENDIX B

Sources

- The City of Red Deer Strategic Plan 2015 to 2018
- The City of Red Deer Strategic Plan 2009 to 2011
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