

# CITY OF SASKATOON COUNCIL POLICY

NUMBER  
C02-040

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| <b>POLICY TITLE</b><br><i>Corporate Governance – Risk Based Management</i>                | <b>ADOPTED BY:</b><br><i>City Council</i>  | <b>EFFECTIVE DATE</b><br><i>August 21, 2014</i> |
| <b>ORIGIN/AUTHORITY</b><br><i>Standing Policy Committee on Finance Report<br/>8.3.2.1</i> | <b>CITY FILE NO.</b><br><i>CK. 1600-37</i> | <b>PAGE NUMBER</b><br><i>1 of 5</i>             |

## 1. PURPOSE

1.1 To ensure that the City:

- a) is protected from the negative effects of risk to the fullest extent possible; and
- b) realizes maximum positive results from its activities and efforts.

## 2. DEFINITIONS

- 2.1 Risk - means uncertainty about whether a risk event that has the potential to significantly affect the goals and objectives of the City will result in a gain or loss in the achievement of the corporate goal or objective;
- 2.2 Risk Based Management (RBM) - means a systematic, proactive and ongoing process to understand and manage risk, and to communicate risk information throughout the City, which contributes positively to the achievement of corporate objectives, and as further described in Appendix A hereto;
- 2.3 Risk Event - means an event arising out of the activities or operations of the City that gives rise to uncertainty about whether the goal or objective will be achieved;
- 2.4 Risk Management - means avoiding, accepting, transferring or treating the uncertainty arising from a risk event to minimize the negative impact of the risk event and increase the likelihood of achieving the goal or objective, by reducing the negative outcomes of risk events and enhancing the positive outcomes of intelligent risk taking;

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- 2.5 Risk Tolerance Level - means a level of negative risk event outcome that is acceptable in the particular operations of the City.

## Implementation of the Policy

### 3. POLICY

#### 3.1 Policy Statement

The City shall adopt a process to manage the City's enterprise level risk, entitled RBM as described herein and the Schedules attached hereto. Administration shall embed into corporate operations and reporting a systematic, proactive and ongoing process to understand and manage risk and uncertainty, and to communicate risk information throughout the City, which will contribute positively to the achievement of corporate objectives.

#### 3.2 Policy Principles

The RBM process shall:

- a) create value for the City;
- b) be an integral part of organizational processes;
- c) be an integral part of decision making;
- d) explicitly address uncertainty;
- e) be systematic, supported and timely;
- f) be based on the best available information;
- g) be tailored to the City's specific needs;
- h) take human and cultural factors into consideration;
- i) be transparent and inclusive;
- j) be dynamic, iterative and responsive to change;
- k) facilitate continuous improvement of management practices; and
- l) enhance achievement of the goals of the organization.

[Based on the ISO 31000 Risk Management Standard.]

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### 3.3 The City of Saskatoon RBM Process Outcomes

- a) Management decisions shall be taken with the support of systematically obtained and organized risk and uncertainty information to ensure effective and efficient use of City resources.
- b) All risks that have the potential to significantly impede the achievement of corporate goals and objectives shall be identified, analysed, treated, and disclosed when reporting to Administration, Council or Committees.
- c) The integration of RBM into all operations of the City will be supported by a corporate philosophy and culture that actively supports and encourages all employees to systematically and proactively manage risk using the RBM system, and to take a “risk smart” approach to managing all risk inherent in City activities.
- d) RBM will be integrated into short, medium and long term strategic and business planning, including budget planning, and ongoing operations of the City, and will be consistently applied to the development and implementation of policy, programs, plans and future directions for the City.
- e) The RBM process shall be reviewed and benchmarked against risk management best practices, and this policy shall be reviewed and updated by Council at appropriate intervals.

### 3.4 Reporting

- a) All reports and presentations to Council or Committees made by Administration shall consider and disclose all significant risks arising from activities or recommendations contained in the report. **It is not acceptable to protect Council from bad news by concealing risks.**
- b) Use of common language and terms outlined in the RBM documents shall be used when disclosing risk and uncertainty to Administration, Council or Committees.

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## 3.5 Risk Tolerance

- a) Council, in consultation with the City Manager, shall set risk tolerance levels for the corporation. Risk tolerance levels will be set in consideration of relevant legislated requirements, corporate goals and objectives, and the principles and processes outlined in this policy.
- b) All City employees shall carry out their obligations within approved risk tolerance levels.

## 4. RESPONSIBILITIES

- 4.1 City Council - shall be responsible to set and review risk management policy.
- 4.2 The City Manager - shall be responsible for risk management throughout the corporation of the City.
- 4.3 The City Manager - may further delegate particular risk management duties as defined in the RBM procedures attached hereto.
- 4.4 All City employees - shall be responsible for management of risk and uncertainty within the scope of their duties, and shall comply with requirements of the RBM system. Management of particular risks shall be assigned to the person most aware of, and best able to manage, the particular risk.

# Risk Based Management Model

