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Resolution No. 328/2019

**Subject: Risk Management Policy**

## Goal

The City of Penticton is committed to achieving sound risk management practices and establishing an organizational culture that ensures an effective and integrated risk management approach is embedded in all activities and business processes.

Risks are an everyday occurrence that have the potential to impact the City of Penticton's ability to meet its objectives. The City recognises that while many risks cannot be eliminated they can however be identified, controlled and managed to an acceptable level.

The City of Penticton acknowledges its responsibility to effectively manage risks in all areas of its business activities. The City will evaluate potential risks as part of its administrative, business and operational processes.

The City will ensure that, as far as reasonably practicable, the organization's operations do not place people, property, or the environment at unacceptable levels of risk or harm.

The appropriate level of resources will be provided to ensure that risk management initiatives are implemented.

## Scope

The scope of this policy is to ensure:

- (a) The Risk Management Committee and Senior Leaders are in a position to make informed decisions based on appropriate risk assessments
- (b) Risks are able to be identified, prioritised and managed in a coordinated manner
- (c) Strategic planning processes are improved as a result of a structured consideration of risk
- (d) City resources are safeguarded (e.g. people, finance, property and reputation)
- (e) Minimize exposure to loss:

- i To prevent loss by identifying loss exposures, implementing techniques to reduce the chance of loss, monitoring the success of those techniques, and adapting them to changing conditions
- ii To avoid exposures to accidental loss by not undertaking by function or contact, programs or activities which present a potential for accidental loss greater than the benefit to be derived from such program or activity
- iii To control losses when they do occur

## Policy

It is the policy of the City of Penticton that all management implement a Risk Management Framework that provides an effective process for the identification, analysis and management of both negative and positive impacts on the City. This will support and safeguard the City's assets, infrastructure, people, finances and reputation.

The City is committed to continuously improving its practices to benefit the community and minimise costs associated with risk whilst ensuring service standards are maintained.

The City of Penticton acknowledges that risk management is essential for sound strategic, financial and operational planning, the achievement of Council Priorities as well as the health and safety of its employees and the public. It is vital to the ability to pursue our goals, commence and operate our programs, and to perform duties in a manner that will be recognised as professional by those we serve.

The City requires the development and provision of an effective risk management framework and process to mitigate potential risks and to better realise opportunities present in City's operations.

The City of Penticton is committed to:

- Ensuring that, as far as reasonably practicable, their operations do not place people, property, or the environment at unacceptable levels of risk or harm
- The protection of the organization and its employees, contractors, assets and the community against reasonably foreseeable risks
- Promoting and supporting risk management practices and encouraging all department heads, supervisors, employees and the public to utilise their expertise to suggest ways of improving risk management practices in our community
- Providing the appropriate level of resources to ensure that risk management initiatives are implemented
- Appointing a committee of senior local government staff with responsibility to pursue sound risk management practices and policies throughout our various departments
- Co-operating with, and providing input to, the Municipal Insurance Association of BC in order to achieve the common goal of reducing accidental losses and their resulting costs for all subscribers
- Ensuring compliance with legislative requirements and current industry standards

## Roles and Responsibilities

Role	Responsibility
<b>CAO</b>	<ul style="list-style-type: none"> <li>• For ensuring that strategic City planning and organizational operations are managed within an effective risk management framework</li> <li>• Ensures that there are adequate budgetary provisions for the implementation and maintenance of this policy</li> </ul>
<b>Chief Financial Officer</b>	<ul style="list-style-type: none"> <li>• Oversees the development, facilitation and implementation of a strong risk management culture and framework (policies and processes) across the organization</li> <li>• Ensures that accountabilities for managing risks are clearly defined</li> <li>• Ensures that strategic risks are regularly reviewed</li> <li>• Raises awareness and leads the culture of managing risk responsibly across the organization</li> <li>• Provides general risk management service to assist departments adopting the ERM Framework throughout City</li> <li>• Assists Department Managers to ensure that risks are identified</li> <li>• Assists Department Managers to ensure that mitigation actions are monitored so that risks are mitigated and opportunities enhanced wherever possible</li> <li>• Conducts or arranges appropriate risk management education and training</li> </ul>
<b>Risk Management Committee</b>	<p>The purpose of the Risk Management Committee is to monitor organizational approach to risk management as outlined in the scope and to provide advice and recommendations to Directors.</p> <p><u>Scope:</u></p> <ul style="list-style-type: none"> <li>• Oversee the strategic direction of the risk management framework in relation to non-OH&amp;S-related risk management issues</li> <li>• Make recommendations in relation to risk policies and procedures</li> <li>• Monitor the accuracy of the strategic risk register strategies for reducing risk in identified areas</li> <li>• Provide advice to management on the resolution of the organization's high-risk issues as identified</li> </ul>

	<ul style="list-style-type: none"> <li>• Monitor Business Continuity Planning programs across the organization.</li> </ul>
<b>All Staff</b>	<ul style="list-style-type: none"> <li>• Applies risk management practices in their business activities. This involves: <ul style="list-style-type: none"> <li>○ systematically identifying, analysing, evaluating and treating risks</li> <li>○ maintaining awareness of current and potential risks that relate to areas of responsibility</li> <li>○ regularly reviewing and monitoring risk management practices and treatments</li> <li>○ ensuring risk management reporting is appropriately undertaken</li> <li>○ advising managers of any risk issues believed to require attention, such as property exposures for potential loss or damage and community risk</li> </ul> </li> </ul>

### Implementation and Monitoring

To effectively implement this policy, the City of Penticton has developed and maintains a Risk Management Framework. The objective of the Framework is to provide a readily accessible, user friendly and comprehensive document that enables the City to:

- respond to the objectives of the Risk Management Policy and Framework
- embed a commitment to the Risk Management Framework
- document accountability for the management and reporting of risks
- support a consistent risk management practice aligned to the Standard

The Framework has been developed to support the delivery of the strategic objectives detailed in the Risk Management Policy. Delivery is integrated with Director’s corporate planning and reporting processes.

#### Accountabilities

Under the direction of the Chief Administrative Officer, The Risk Manager (CFO) is responsible for ensuring that the Risk Management policy is implemented.


#### Definitions

Role	Responsibility
<b>Risk Management Policy</b>	<ul style="list-style-type: none"> <li>• The statement of overall intention and direction of an organization related to risk management.</li> </ul>

<b>Risk</b>	<ul style="list-style-type: none"> <li>The effect of uncertainty on the achievement of objectives. An effect is a deviation from the expected and can be either positive or negative.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Risk management is the process and coordinated activities to direct and control the organization with regard to risk.</li> </ul>
<b>Enterprise Risk Management (ERM)</b>	<ul style="list-style-type: none"> <li>ERM is a strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio.</li> </ul>
<b>Risk Management Framework</b>	<ul style="list-style-type: none"> <li>The set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.</li> </ul>
<b>Risk Management Process</b>	<ul style="list-style-type: none"> <li>The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.</li> </ul>
<b>Strategic Risk</b>	<ul style="list-style-type: none"> <li>Strategic risks are the risks that will prevent City from meeting the objectives outlined in the Risk Management Framework</li> </ul>

**Previous revisions**

Certified Correct:




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Angie Collison, Corporate Officer



# RISK MANAGEMENT FRAMEWORK

## The City of Penticton

June 2019

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## INTRODUCTION AND OBJECTIVES

This risk management framework has been developed to enable the City of Penticton to effectively implement its Risk Management Policy. The objective of the framework is to provide a readily accessible, user friendly and comprehensive document that enables City of Penticton to:

- support the objectives of the Risk Management Policy
- document accountability for the management and reporting of risks
- support a consistent risk management practice aligned to the strategic and operational goals of the City of Penticton.

A structured and consistent approach to managing risk enables the City of Penticton to have a high degree of confidence that objectives will be achieved and projects and initiatives will be successful.

It is important that prior to the identification and assessment of risks that there is agreement on key parameters and terminology that will provide the basis for documentation, assessment, and reporting on risk in a methodical and consistent manner.

This risk assessment framework and guide describes the set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the City of Penticton. It is intended to assist the Risk Manager, Chief Financial Officer (CFO), Directors and others in identifying and assessing risks.

## WHAT IS ENTERPRISE RISK MANAGEMENT?

**Enterprise Risk Management (ERM)** can be described as a structured, consistent and continuous process across an organization for identifying, assessing, deciding on responses to, and reporting on how opportunities and threats have the potential to affect the achievement of its objectives.

Phrased conversationally, it is a way of asking, "What could happen that might prevent City of Penticton from achieving its plans, and what is being done to eliminate, reduce, or mitigate the risk?"

### Features:

1. A formalized approach to risk applied throughout the organization:



- Common language
  - Formalized discussion forums
  - Reporting timely information to people in the required format
  - Common measurement of risk (qualitative and quantitative)
2. It is proactive rather than reactive
  3. It is continuous rather than ad hoc; not a one off or annual exercise
  4. It is broadly focused:
    - Involves all areas of the organization; all risks are considered (not just financial risks)
    - Looks at inter-linkages between risks; enables management of risks in the aggregate
    - Focuses on both positive and negative aspects of risk
  5. Different levels of risk are linked via reporting: Detailed operational risk registers (managed by risk specialists) feed up to summarized strategic risk areas for review by senior management, executive leadership team, committees and the Council.

**Benefits:**

Through use of this framework, the City of Penticton will benefit from the following:

- Considering what could happen and preparing accordingly will result in fewer material surprises for senior management
- Understanding the risk inherent in what you do allows you to make better decisions and potentially take on more risk with the opportunity for greater reward
- Risk is another tool (alongside cost benefit analysis) that can enable prioritization of potential plans and activities and allocation of scarce resources to same
- Drives the ownership of risks and responsibility for mitigation to the most appropriate people in the organization and promotes collaboration between business units to both manage and increase awareness of risks
- Increases the likelihood of achieving plans and objectives

# RESPONSIBILITIES AND ACCOUNTABILITIES

## **Risk Manager**

The Enterprise Risk Program for the City of Penticton will be coordinated by the Risk Manager (Chief Financial Officer - CFO) and the Risk Management Coordinator (Program Coordinator). The prime function of a risk management program is to provide a service for other departments.

The specific role of the Risk Manager (CFO) is to:

- Provide general risk management service to assist departments in adopting the ERM Framework throughout the City of Penticton
- Ensure risk and opportunities are formally recognized and prioritized, and coordinate the assignment of responsibilities to Department Managers
- Maintain / update the Department Risk Registers in conjunction with the Department Managers
- Assist Department Managers to ensure that risk mitigation actions are monitored so that risks are mitigated and opportunities enhanced wherever possible
- Advise and assist Department Managers in advancing the Corporate Risk Framework within each department
- Conduct or arrange appropriate risk management education and training
- Provide status report (summarized updates from Risk Specialists, measured progress / next steps) to the Risk Manager

## **Risk Owners**

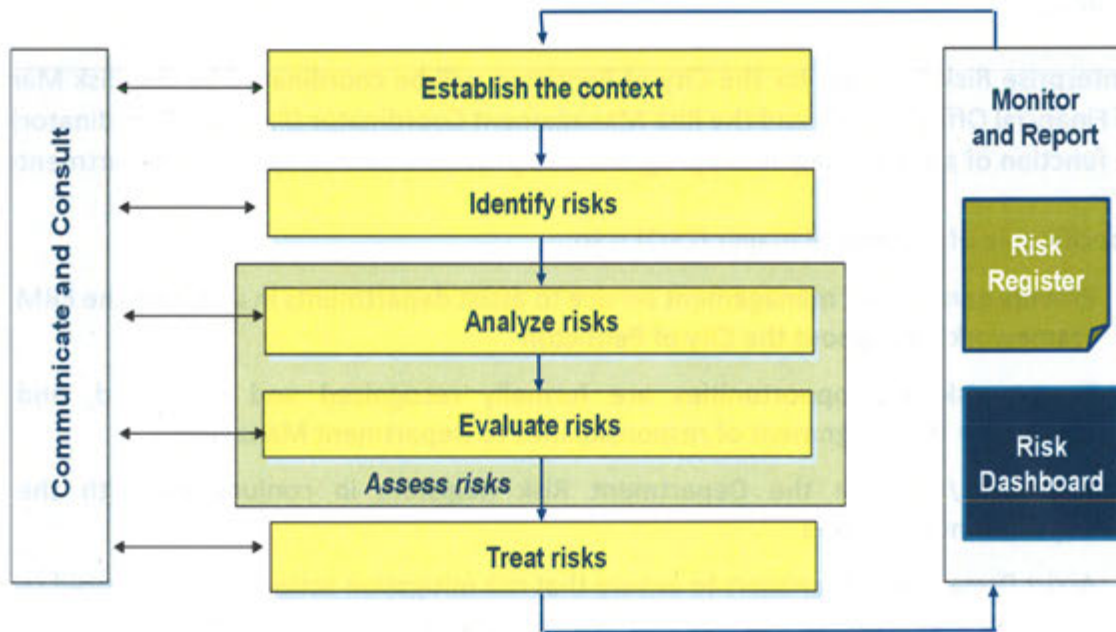
Certain individuals or groups may be nominated as owners of risks. They will be asked to manage a particular risk or set of risks. The specific responsibilities of the risk owner role are:

- Identify and suggest controls for risks for which they are most familiar
- Update risk mitigation plans as required in conjunction with the Risk Manager
- Continually review risks and controls, update progress on risk mitigation activity
- Notify the Risk Manager of any material change to the risks under their control

## **All Staff**

All staff have a role in identifying and managing risk, reporting loss events and near miss incidents.

## THE ERM PROCESS



### The Process Stages

Stage 1 – Establish Context: During this phase, staff will articulate its objectives, define the external and internal parameters to be taken into account when managing risk and set the scope and risk criteria for the remaining parts of the process.

Stage 2 – Risk Identification: The aim of the risk identification stage is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of City of Penticton’s objectives.

Stage 3 – Assess Risks (Analysis & Prioritization): Prioritize risks into rating levels to enable attention to be focused primarily on higher risks. Ask what level of risk is tolerable and decide if more needs to be done.

Stage 4 – Risk Treatment: Review and improve mitigation where needed by developing and implementing a risk mitigation action plan to address shortcomings in existing mitigation.

Stage 5 – Monitor, Report and Communicate: Ensure the effectiveness of mitigation activity and keep all relative parties informed. Appropriately and regularly inform all stakeholders on risk status and mitigation progress.

## IDENTIFYING RISKS

The aim of the risk identification process is to generate a comprehensive list of risks based on events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives. It is important to start with a comprehensive list so that all risks are considered in the analysis phase.

Relevant and up-to-date information is important in identifying risks. Approaches used to identify risks include: interviews and workshops involving selected stakeholders; checklists; judgments based on experience and records; brainstorming.

Risks can also be identified as a matter of course and should also be documented and assessed.

Risks are to be described in terms of events, changes in situation or circumstances and how these lead to consequences. The causes of the risk and areas of impact should also be documented.

It is also important to identify the risks associated with not pursuing a particular opportunity.

## ANALYSIS AND RATING RISKS

Risk analysis involves developing an understanding of the risk. Risk analysis provides an input to risk evaluation and to decisions on whether the risks need to be treated, and on the most appropriate risk treatment strategies and methods.

Risk will be rated by determining expected **likelihood** and the potential **impacts**.

The objective is to prioritize risks into priority levels to focus attention primarily on higher risks.

Low and moderate risks may not be subject to additional risk management processes. However, they are important to document for risk analysis completeness.

The principal steps involved in this process are:

1. Rate the likelihood of the risk using the likelihood table
2. Rate the impact of the risk using the risk impact table (describe the impact duration if necessary)
3. Take into account the effectiveness of the existing mitigations
4. Plot the risk priority using the RISK PRIORITY MATRIX (heat map)

## Step 1 – Ranking Risk Likelihood

Rating risks requires an assessment of occurrence potential. Likelihood represents the possibility that a given risk event will occur. Each risk will be rated, in terms of likelihood, from *rare* to *almost certain*. Some risk events may occur once in a lifetime; others can be present daily.

The risk likelihood ratings table below provides general rating descriptions.

Likelihood Category	% Range	Description
<b>Almost Certain</b>	≥ 90%	<ul style="list-style-type: none"> <li>Is expected to occur in the next 3 years unless circumstances change</li> <li>Could occur within days to months</li> </ul>
<b>Likely</b>	≥ 70% - <90%	<ul style="list-style-type: none"> <li>Will probably occur within the next 3 years in most circumstances</li> <li>Could occur within months to years</li> </ul>
<b>Possible</b>	≥ 25% - <70%	<ul style="list-style-type: none"> <li>Might occur in next 3 years under current circumstances but a distinct possibility that it won't occur</li> <li>Could occur within the next 3-5 years</li> </ul>
<b>Unlikely</b>	>10% - < 25%	<ul style="list-style-type: none"> <li>Could occur if circumstances change but not anticipated in the next 3 years</li> <li>Could occur in 5-10 years</li> </ul>
<b>Rare</b>	≤ 10%	<ul style="list-style-type: none"> <li>May occur in the next 3 years only in exceptional circumstances</li> <li>Exceptionally unlikely even in the long-term future</li> </ul>

## Step 2 – Ranking Risk Impacts

The occurrence of a single risk event can potentially have multiple types of impacts.

The risk reviewer will assign impacts to one of the following primary categories:

- Financial
- People
- Business Operational Effectiveness
- Legislation and Regulation
- Strategic
- Reputation
- Environmental

Each impact should be rated, in terms of severity, from *insignificant to catastrophic*. The risk impact ratings table below provides rating examples for each of the risk impact categories.

How to use this Impact Rating Chart:

- Assess the impact of the risk assuming the event has happened
- Firstly, consider the main types of impacts that could accrue if the risk did occur. Then, for each of the types selected, choose the example that, in your opinion, best equates to what the impact could be. The risk impact will be rated to the highest of these choices.
- Rate to the most probable worse case, which can be tricky but after working through the first examples a pattern will emerge. The most important thing is consistency.



- Each impact heading should be considered separately from the others. For example, despite a very low financial impact, it does NOT diminish a potentially very high reputation impact. Every impact must be considered in isolation.

Category	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Financial</b>	The NET financial impact to City of Penticton is likely to be less than 0.5% of the annual operating budget.	The NET financial impact to City of Penticton is likely to be between 0.5% - 2% of the annual operating budget.	The NET financial impact to City of Penticton is likely to be between 2% - 10% of the annual operating budget.	The NET financial impact to City of Penticton is likely to be between 10% - 50% of the annual operating budget.	The NET financial impact to City of Penticton is likely to be greater than 50% of the annual operating budget.
<b>People</b>	Single or multiple staff unable to perform work for one day. Injury requiring no medical treatment.	Single or multiple staff unable to perform work for a period of one week. Minor injury requiring first aid only.	One staff member with serious long-term injury / illness connected with City of Penticton endeavours. Limited low morale among staff. Injury requiring hospitalisation to one or more persons.	Multiple staff with serious long-term injury / illness connected with City of Penticton endeavours. Low morale among most staff. Serious injury to one or more persons resulting in a permanent disability.	Substantial permanent loss of City of Penticton staff resources. Deaths.

Category	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Business Operational Effectiveness</b>	Minor, but noticeable, change in service from the public's perspective.	Intermittent loss of services to the public of less than 3 hours. Intermittent interruption of IT systems / email less than once per month.	Frequent loss of services to the public of between 3 hours and a week. Routine interruption of IT systems / email each week. A noticeable change in normal service quality to the public.	Loss of basic services to the public for a period longer than a week. A very noticeable change in normal service quality.	Total inability to provide basic services to public for an extended period. Complete operational failure of a critical system for a sustained amount of time.
<b>Legislation and Regulation</b>	No regulatory impact. Minor complaint / incident resolved by management.	Activity does not follow relevant established industry / provincial / national guidelines. Isolated complaint / incident where there is a threat of legal action, resolved by management.	Activity does not meet the requirements of relevant national standards exposing City of Penticton to possible litigation risks. Significant level of complaints / incidents where there is a high threat of legal action, resolved by management.	Non-compliance with legislation/regulations trigger material fines, penalties and restrictions on operations. Contract dispute results in significant loss of productivity and legal action. Senior employees charged for breaches / fraud.	Total failure to meet relevant legislation and regulations leading to dismissal of Council or Board.

Category	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Strategic</b>	Consequences are dealt with by routine operations.	Minimal impact on strategic / operational objectives.	Selection of a strategic direction which impacts on smaller parts of Council or Board and will require considerable resources to correct.	Selection of a strategic direction which requires significant resources, both monitoring and time to correct, impacting a part of Council or Board.	Selection of a strategic direction that negatively impacts upon the future of Council or Board.
<b>Reputation</b>	No impact on reputation. No media coverage.	Minimal customer sensitivity and damage to reputation. Limited local community coverage.	Moderate customer sensitivity and damage to reputation impacting noticeably on business activities. Significant local community coverage.	Significant customer sensitivity and damage to reputation. Province wide Media coverage.	Very high customer sensitivity and irreparable damage to reputation. National / International media coverage.
<b>Environmental</b>	Minor leak, non-contaminating.	On site release contained immediately.	On site release contained with outside assistance. No damage to flora / fauna and short-term effects on soil, water and air.	Off-site release with no long-term effects. Limited damage to flora/fauna, soil /water.	Toxic release off site with long term effects. Substantial / long term damage to flora / fauna, soil / water.

## Step 3 – Assessing Existing Mitigations

**Documenting mitigations** for risks and assessing mitigation effectiveness are key steps in developing a successful risk management plan. Mitigations are measures in place at the time of risk assessment rather than measures to implement or complete in the future.

When documenting the existing risk mitigations for each risk, it is useful to consider the following:

- i. *Prevention* - What procedure(s) is in place that will prevent the risk event (e.g. security, awareness and training programs, qualified staff, planning, procedures)
- ii. *Detection* - What procedure(s) is in place that will notify City of Penticton about a risk event (e.g. staff/customer reporting mechanisms, financial reconciliation, fire alarms, audits)
- iii. *Response* - If the risk event occurs, what measures are in place to mitigate impact on City of Penticton (e.g. contingency plans, backups, insurance, and resolution processes)

**Control Effectiveness** - Some controls are more effective than others in helping to meet business objectives. The consistent application of the control is also important. For example, in considering a control such as having an Emergency Response Plan, the fact that the plan exists is a control, however, whether it is current and has been tested recently will determine how effective it may be.

The following categories are used to rate the Risk Control Effectiveness:

CONTROL EFFECTIVENESS RATING		DESCRIPTION
ADEQUATE	Fully Effective	Nothing more to be done except review and monitor the control. The control is well-designed for the risk and addresses the root cause. Management believes that it is effective and reliable at all times.
	Substantially Effective	The control is designed correctly and is in place and effective. Some more work needs to be done to improve operating effectiveness or Management has some doubts about operational effectiveness and reliability.
INADEQUATE	Partially Effective	While the design of the control may be appropriate, in that it treats the root cause of the risk, it is not currently very effective.
	Substantially Ineffective	The control does not adequately treat the root cause of the risk or operate at all effectively.

## Step 4 – Determine Risk Priority

The priority ranking category allocated for each risk is determined based on the chosen likelihood rating and impact rating. The risk priority matrix shown below determines the priority that City of Penticton will apply to each risk based on its selected likelihood plus impact rating.

**Risk Priority Matrix (Heat Map)**

		IMPACT				
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Catastrophic
LIKELIHOOD	5 Almost Certain					
	4 Likely					
	3 Possible					
	2 Unlikely					
	1 Rare					

### Risk Management Priorities

Priority Level	Description
EXTREME	<ul style="list-style-type: none"> <li>Exposure to this level of risk would normally be immediately discontinued except only in extreme circumstances</li> <li>The City Manager / Chief Administrative Officer must be informed and take control of the management of this risk</li> </ul>
VERY HIGH	<ul style="list-style-type: none"> <li>Exposure to this level of risk would normally be immediately discontinued unless strategic imperatives dictate otherwise</li> <li>Improving the risk mitigation is required</li> <li>Senior management must be kept informed</li> </ul>
HIGH	<ul style="list-style-type: none"> <li>Exposure to this level of risk should be discontinued as soon as practicable</li> <li>Improving the risk mitigation (if possible) is recommended</li> <li>Relevant management attention and action needed</li> </ul>
MODERATE	<ul style="list-style-type: none"> <li>Unnecessary exposure to this level of risk must be discontinued as soon as practicable</li> <li>Improving the risk mitigation is not required at this stage</li> <li>Mitigation control and responsibility must be specified</li> </ul>
LOW	<ul style="list-style-type: none"> <li>Exposure to this level of risk is acceptable without additional risk treatments and be subject to periodic review to ensure the risk does not increase</li> <li>Improving the risk mitigation is not required</li> <li>Can be managed by routine controls and procedures</li> </ul>

## TREATMENT OF RISK

### STEPS

1. Determine appropriate risk management strategy
2. Determine the most appropriate risk mitigations
3. Apply/implement the selected risk mitigations
4. Establish Key Performance Indicators (KPIs) to assist in monitoring the effectiveness of the implemented mitigations

### RISK MANAGEMENT STRATEGIES

In many instances, City of Penticton may employ several strategies. For example, insurance may be purchased to reduce the impact of the risk and other control procedures may be implemented to reduce the likelihood of occurrence.

Options for risk treatment will always be considered and compared using cost benefit analysis. Some treatment options to be considered are:

- **Risk avoidance** – Avoiding a risk by deciding not to proceed with the activity likely to create risk (where this is practicable)
- **Taking or increasing risk** – In order to pursue an opportunity
- **Changing the likelihood of the risk** – Enhance the likelihood of beneficial outcomes and reduce the likelihood of negative outcomes. This may include added to or strengthening the control environment.
- **Changing the consequences** – Increase the gains and reduce the losses. This may include emergency responses, contingency or disaster recovery.
- **Risk sharing** – Such as by contract or through insurance
- **Risk toleration** – No further treatment which involves an explicit decision to retain risk in line with the authority table outlined below

Risk treatment plans are to be created for all risks where the level of risk is judged intolerable by the application of risk criteria and cost benefit analysis. These plans contain tasks that are allocated to appropriately responsible owners as well as completion dates recorded within the Risk Management Information System (RMIS).



## REPORTING ON RISK

Risk owners are to periodically subject risks to formal review. The recommended review period is at least monthly for very high and extreme risks, quarterly for high risks, every six months for moderate risks and annually for low risks.

This review involves the monitoring of risk treatment actions and effectiveness, working with control owners to understand control effectiveness and the monitoring of changes to the external or internal environment that may impact on the risk, including changes to the objectives of City of Penticton or key stakeholders.

Control owners are to periodically review controls to determine whether they are both adequate and effective. The primary means of control assurance will be the use of Control Self-Assessment by control owners.

Controls and risks are to be monitored and reviewed through the application of systematic root cause analysis after: events or changes occur; decisions are made; or initiatives are completed, which also assists with learning lessons from successes and failures.

## DEFINITIONS

Risk Management Policy	The statement of overall intention and direction of an organization related to risk management.
Risk	The effect of uncertainty on the achievement of objectives. An effect is a deviation from the expected and can be either positive or negative.
Risk Management	Risk management is the process and coordinated activities to direct and control the organization with regard to risk.
Enterprise Risk Management (ERM)	ERM is a strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio.
Risk Management Framework	The set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
Risk Management Process	The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Strategic Risk	Strategic risks are the risks that will prevent City of Penticton from meeting the objectives outlined in the Council Priorities.