Risk Management in Complex Organizations

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The City of Calgary Organization

Mayor and Council

Standing Policy Committees
- Planning and Urban Development
- Community and Protective Services
- Transportation and Transit
- Utilities and Corporate Services

City Manager

Planning, Development and Assessment
- City wide policy and integration
- Local area planning
- Inspections and Permit Services
- Assessment

Utilities and Environmental Protection
- Water Resources
- Water Services
- Waste and Recycling
- Environmental and Safety Management

Transportation
- Transit
- Roads
- Transportation Infrastructure
- Transportation Planning

Corporate Services
- Land and Housing
- Corporate Properties and Building
- Human Resources
- Fleet Services
- Customer Service and Communication
- Infrastructure and Information

Community Services & Protective Services
- Animal and bylaw
- Calgary Fire Department
- Emergency Management
- Community & Neighbourhood Services
- Parks
- Recreation

Chief Financial Officer
- Finance and Supply

Case Study

City Manager, Chief Financial Officer and General Managers of the five departments together form the Administrative Leadership Team
UEP Department Overview

Key UEP Outcomes

Business Units

Services

Environmental & Safety Management
• contaminated site management
• air quality management
• greenhouse gas reduction
• corporate safety management

Waste & Recycling Services
• collection of residential waste
• recycling services
• landfill management

Utilities:
• Water Resources
• Water Services
• safe, clean drinking water
• treatment and disposal of wastewater
• drainage
• protection of the river and watershed
UEP Previous Approach to Risk Management

- Health & Safety Management System
- IRM Risk Register
- Corporate Project Management Framework
- Brownfields Strategy
- Corporate Safety Strategy
- Utilities and Drainage Financial Plan
- Energy Management Strategy
- 80/20 by 2020 Waste Diversion Plan
- Water Efficiency Plan
- EnviroSystem
- Drinking Water Safety Plan
- Stormwater Management Strategy
- WRS Financial Plan

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Public Sector Risk and Issues Management

- Budget Funding
- Risk Management
- Issue Management
- Council Support
- Public Support
- Reputation Management

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Separate Strategic Risk from Operational Risk

• Operational risk is managed at the business unit level
Formalising Strategic Risk Management

- Increased accountability for risk management
  - UEP Risk Management Team established
  - Compliment existing risk management practices
  - Provide input to Corporate Integrated Risk Management

- For 2015-2018, identified 25 strategic risks
  - Risk an integral part of business planning
  - Included in department risk register
  - Risks grouped by outcomes
    - Reputation & Trust
    - Planning & Development
    - Financial and Workforce Resources
### Strategic Risk Management in Business Planning

<table>
<thead>
<tr>
<th>Category</th>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer</strong></td>
<td>• Support alignment to the Corporate Customer Service framework.</td>
</tr>
<tr>
<td><strong>Finances</strong></td>
<td>• Manage financial health of UEP.</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>• Build more resiliency into infrastructure &amp; business.</td>
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<tr>
<td></td>
<td>• Protect public health and the environment.</td>
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<tr>
<td><strong>Assets</strong></td>
<td>• Meet the needs of a growing city.</td>
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<td></td>
<td>• Align short term decisions to achieve long-term goals.</td>
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<tr>
<td><strong>Employees</strong></td>
<td>• Mitigate workforce demographics changes &amp; maintain a competitive advantage.</td>
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<tr>
<td><strong>Safety</strong></td>
<td>• Improve safety performance across the Corporation.</td>
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</tbody>
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**UEP Risk Management Team**

**Strategy & Action Teams**
Example 1: Strategic Risk Across the Organization

Transportation → UEP

Annual Winter Road Operations
Each winter, 100,000 tonnes of sand and salt are used to keep streets passable. In the spring, streets are cleaned.

30,000 tonnes

Drainage System
~150 outfalls have end of pipe treatment

~450 untreated direct discharge outfalls

Bow and Elbow River

Treated water outfalls to the river

Landfill
Sediment from pond maintenance disposed of in landfill

Long term sustainability and capacity of land fills.

Storm Water Treatment Ponds

~150 outfalls have end of pipe treatment

UEP Transportation

Long term sustainability and capacity of land fills.

The City’s impact on river water quality is regulated. Maintaining river water quality is a financial, regulatory and reputational risk for UEP
Cross Corporate Risk

- At the City Manager and Council level the risks being managed are growth, costs and service levels.

- Managing risk requires interdepartmental awareness and cooperation.

- Drainage system is regulated. UEP has strategies to offset growth by continuous improvement in drainage design and drainage system retrofits.

- Roads contribute large amounts of runoff pollutants to the drainage system.

- Business planning does not consider contribution to regulatory limits of the river.

- Costs, time and cleaning standards are key success measures.

- Funding by utility drainage fees and Mill Rate (taxes).

Departments have different business objectives.

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Example 2: Aligning Operational & Strategic Risk Vertically

Delivery of services to the public spans a broad range of strategic and operational risks.

"Of course we are flexible enough to ensure...."

"I'm sorry, we can't find guidelines for a situation like yours in our policy book."

Strategy | Risk managed by | Policy and procedure
In a complex organization strategic risk management in a Business Unit may not be aligned with operational practices in another Business Unit or even in the same Business Unit.

Aligning risk management across departments could lead to
- More appropriate allocation of resources
- Mitigation strategies that may reduce the overall consequences of the risk within the organization.

Engaging more leaders within the department could align strategic and operational risk management
- Cross functional teams can ensure that business plans and practices align more closely and that each business unit recognizes the expected outcomes on a broader basis.
- Pushing the discussion of risk deeper into the organization can engage leadership at all levels in the discussion of risk, particularly reputational risk
- A departmental risk team and increased discussion of risk can play a key part in business planning