



Risk Management Journey to ERM

Deploying an Enterprise Risk Management Framework

How it all started...

The Risk and Safety Kaizen

An internal review was conducted in 2022, sponsored by the CFO and managing directors for Internal Services and Environmental Services. The core team included Human Resources, Risk Management, Information Technology, and a few additional departmental liaisons.

This initiative aligned with Strategic Goal 6:

***SET THE STANDARD FOR SOUND GOVERNANCE AND
FISCAL MANAGEMENT***

6.3 Implement programs to reduce organizational risk

How it all started...

- The outcome of the Kaizen review found that risks are often identified and addressed in isolation, with no consistent Citywide method for tracking, comparing, or monitoring.
- After evaluating the potential for unaddressed risks, the review concluded that implementation of an Enterprise Risk Management (ERM) framework is warranted.

What is ERM and Why is it Important...

- An Enterprise Risk Management (ERM) framework provides a structured, Citywide approach to identify, assess, and proactively manage risks.
- ERM links risk management to planning, budgeting, and informed decision-making.
- ERM establishes a shared risk language and shifts the City from reactive to proactive



ERM is a Journey

- There's no “one size fits all” model of risk management.
- ERM is a repetitive process that should be consistently refined to meet our organization's needs.

ERM is a Journey

Exhibit 1: Elements of an ERM Process



Source: Beasley, Mark. "What is Enterprise Risk Management (ERM)?" NC State Poole College of Management. July 17, 2020. erm.ncsu.edu/library/article/what-is-enterprise-risk-management.

What's the Recipe for Success in Implementing ERM

- Effective Strategic Planning
- Leadership commitment and engagement
- ERM Framework
- Proactive Engagement with Legal
- Key stakeholder communication and engagement
- Integrated risk model with Internal Audit protocols

Why Does Risk Management and Internal Audit Need to Work Together

The City's Internal Audit Current State, Maturity, and Needs Assessment and Road Map (September 2025) found that while Internal Audit has solid foundational practices, the department is not yet fully operating at an enterprise or strategic level.

Implementing ERM provides Internal Audit with a clear picture of enterprise risks, allowing Internal Audit the roadmap it needs to prioritize audits based on actual risks rather than past practice or isolated concerns.

How Risk Management and Internal Audit Work Together

ERM depends on a strong working relationship between Risk Management and Internal Audit, with clearly defined roles:

- ***Risk Management*** helps departments identify risks, evaluates how serious those risks are, and supports departments in developing ways to reduce or manage them. This work is forward-looking and focused on prevention. [Identifies & Organizes risks]
- ***Internal Audit*** independently reviews and tests whether risks are being managed properly and whether controls are working as intended. Internal Audit does not manage risks itself—it provides independent assurance to City Council and its oversight committees. [Reviews & Validates risks]

When both functions are aligned through ERM, the City avoids gaps, duplication, and confusion.

Three Lines of Defense

GOVERNING BODY / AUDIT COMMITTEE

SENIOR MANAGEMENT **Executive Risk Council**

↑ 1st Line of Defense

↑ 2nd Line of Defense

↑ 3rd Line of Defense


Management
Controls


Internal Control
Measures

 Financial Control

 Security

 Risk Management

 Quality

 Inspection

 Compliance


Internal
Audit

External Audit

Regulator

Why This Matters

For the City Council Finance Oversight and Audit Oversight Committee, ERM strengthens oversight by providing clear, understandable information about the City's most significant risks. It helps ensure that audit priorities align with real risks, that public funds are protected, and that the City is making informed decisions.

ERM Key Implementation Activities

Governance & Culture

- Establish Executive Risk Council
- Upskill staff
- Align commitment to strategy
- Define Risk Appetite & Taxonomy

Cross-departmental risk identification workshops

- Deliver training to embed risk awareness in daily operations
- Conduct risk assessments
- Establish mitigation and response strategies

Reporting

- Dashboards
- Risk registers
- Heat maps

Alignment

- Formalize Risk Control Matrix
- Internal Audit

Expected Benefits

- In the near term, ERM will improve coordination across departments and bring structure and consistency to how risks are managed.
- Over time, ERM will reduce the likelihood and impact of major risk events, strengthen internal controls, improve audit effectiveness, and build public confidence in how the City governs and manages its resources.

Next Steps

- Fill vacancies
- Consider options for a consultant
- Schedule training and risk identification departmental meetings
- Prepare for departmental sessions

MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople