Calgary

AGENDA

AUDIT COMMITTEE

December 6, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

Members

Councillor D. Colley-Urquhart
Councillor J. Farkas
Councillor J. Gondek
Councillor E. Woolley
Citizen Representative L. Caltagirone
Citizen Representative M. Dalton
Citizen Representative M. Lambert
Mayor N. Nenshi, Ex-Officio

1.   CALL TO ORDER

2.   ELECTION OF CHAIR

3.   ELECTION OF VICE-CHAIR

4.   OPENING REMARKS

5.   CONFIRMATION OF AGENDA

6.   CONFIRMATION OF MINUTES

     6.1   Minutes of the Regular Meeting of the Audit Committee, 2019 October 24

7.   CONSENT AGENDA

     7.1   DEFERRALS AND PROCEDURAL REQUESTS

           7.1.1   Reschedule 2020 January 23 Audit Committee Meeting to 2020 January 24,
                   AC2019-1550

     7.2   BRIEFINGS
           None

8.   POSTPONED REPORTS
     (including related/supplemental reports)

     None

9.   ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

     9.1   Waste and Recycling – Blue Cart Contamination Prevention Audit, AC2019-1240

     9.2   Audit Committee 2020 Interim Work Plan, AC2019-1541

     9.3   Status of Community Associations and Social Recreation Organizations on City-Owned Land, AC2019-1175
           Attachment 3 held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences) , and 24 (Advice from officials) of *FOIP*.

           Review by: 2029 December 06

10. ITEMS DIRECTLY TO COMMITTEE

     10.1   REFERRED REPORTS
            None

     10.2   NOTICE(S) OF MOTION
            None

11. URGENT BUSINESS

12. CONFIDENTIAL ITEMS

     12.1   ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

            12.1.1   Audit Committee Annual Self-Assessment (2018-2019), AC2019-1213
                     Report and Attachment held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 19 (Confidential evaluations) of *FOIP*.

                     Review by: 2034 December 06

            12.1.2   Audit Forum (Verbal), AC2019-1481

            12.1.3   External Auditor (Verbal), AC2019-1482

            12.1.4   City Auditor (Verbal), AC2019-1483

     12.2   URGENT BUSINESS

13. ADJOURNMENT

Calgary

MINUTES

AUDIT COMMITTEE

October 24, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

PRESENT: Councillor E. Woolley, Chair
                   Councillor J. Gondek, Vice-Chair
                   Councillor G-C. Carra
                   Councillor J. Farkas
                   Citizen Representative L. Caltagirone
                   Citizen Representative M. Dalton
                   Citizen Representative M. Lambert

ALSO PRESENT: Chief Financial Officer, C. Male
                   City Auditor K. Palmer
                   External Auditor H. Gill
                   Executive Assistant C. Smillie
                   Acting City Clerk K. Martin
                   Legislative Advisor J. Palaschuk

1.   CALL TO ORDER

Councillor Woolley called the Meeting to order at 9:32 a.m.

2.   OPENING REMARKS

Councillor Woolley provided opening remarks and recognized Carla Male on her
appointment as the permanent Chief Financial Officer and General Manager to the Chief
Financial Officer's Department.

3.   CONFIRMATION OF AGENDA

Moved by Councillor Gondek

That the Agenda for the 2019 October 24 Regular Meeting of the Audit Committee be
confirmed.

                                                          MOTION CARRIED

4.   CONFIRMATION OF MINUTES

      4.1   Minutes of the Regular Meeting of the Audit Committee, 2019 September 06

Moved by Citizen Representative Caltagirone

That the Minutes of the 2019 September 06 Regular Meeting of the Audit Committee be confirmed.

MOTION CARRIED

5.   CONSENT AGENDA

5.1   DEFERRALS AND PROCEDURAL REQUESTS

None

5.2   BRIEFINGS

None

6.   POSTPONED REPORTS

None

7.   ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1   Calgary Economic Development Audit Committee Annual Report, AC2019-0625

Citizen Representative Caltagirone declared a conflict of interest and abstained from discussions and voting with respect to Report AC2019-0625, as she is a board member of Calgary Economic Development. Citizen Representative Caltagirone left the Council Chamber at 9:34 a.m. and returned at 10:08 a.m. after the vote was declared.

A presentation entitled "Calgary Economic Development Ltd. Annual Audit and Risk Report to The City of Calgary's Audit Committee" was distributed with respect to Report AC2019-0625.

Moved by Citizen Representative Lambert

That with respect to Report AC2019-0625, the following be approved:

That the Audit Committee receive the Presentation **and Report** for **the Corporate Record**.

MOTION CARRIED

7.2   Opportunity Calgary Investment Fund Audit Committee Annual Report, AC2019-0890

A presentation entitled "Opportunity Calgary Investment Fund Ltd. Annual Audit and Risk Report to The City of Calgary's Audit Committee" was distributed with respect to Report AC2019-0890.

Moved by Councillor Farkas

That with respect to Report AC2019-0890, the following be approved:

That the Audit Committee receive the Presentation **and Report** for **the Corporate Record**.

MOTION CARRIED

7.3 Attainable Homes Calgary Corporation Audit and Accountability Committee Annual Report, AC2019-0646

A presentation entitled "AHC Celebrating 10 Years of Fulfilling the Dream of Home", dated 2019 October 24, was distributed with respect to Report AC2019-0646.

Moved by Citizen Representative Caltagirone

That with respect to Report AC2019-0646, the following be approved:

That the Audit Committee receive the Presentation **and Report** by Attainable Homes Calgary Corporation for **the Corporate Record**.

MOTION CARRIED

7.4 Calgary Housing Company 2018 Annual Report, AC2019-0645

A presentation entitled "Calgary Housing Company 2018 Annual Report to City Audit Committee", dated 2019 October 24, was distributed with respect to Report AC2019-0645.

Moved by Councillor Carra

That with respect to Report AC2019-0645, the following be approved:

That the Audit Committee receive the Presentation **and Report** for **the Corporate Record**.

MOTION CARRIED

7.5 Data Analytics Desktop Review Program, AC2019-1242

Councillor Woolley left the Chair at 10:55 a.m. and Councillor Gondek assumed the Chair.

Councillor Woolley resumed the Chair at 10:57 a.m. and Councillor Gondek returned to her regular seat at Committee.

Moved by Citizen Representative Caltagirone

That with respect to Report AC2019-1242, the following be approved:

That the Audit Committee receive the Report for **the Corporate Record**.

MOTION CARRIED

7.6   City Auditor's Office Revised 2020 Audit Plan, AC2019-1243

Moved by Citizen Representative Lambert

That with respect to Report AC2019-1243, the following be approved:

That the Audit Committee:

1. Approve the City Auditor's Office 2020 Audit Plan; and

2. Recommend that Council receive the City Auditor's Office Revised 2020 Audit Plan for **the Corporate Record in accordance with Bylaw 48M2012, Schedule C, Section 1**.

MOTION CARRIED

7.7   Off-site Levy Annual Reporting Audit, AC2019-1241

Councillor Gondek rose on a Point of Privilege, requesting facts be included in a statement made by a member of the Audit Committee.

Moved by Citizen Representative Dalton

That with respect to Report AC2019-1241, the following be approved:

That the Audit Committee:

1. Receive this Report for **the Corporate Record**; and

2. Recommend that Council receive this Report for **the Corporate Record**.

MOTION CARRIED

7.8   City Auditor's Office 3rd Quarter 2019 Report, AC2019-1244

Moved by Citizen Representative Caltagirone

That with respect to Report AC2019-1244, the following be approved:

That the Audit Committee:

1. Receive the report for **the Corporate Record**; and

2. Recommend that Council receive the report for **the Corporate Record in accordance with Bylaw 48M2012, Schedule C, Section 1**.

MOTION CARRIED

7.9   Comprehensive Public Sector Pension Review Referral to Audit Committee - Final Report, AC2019-1329

Committee, by general consent, moved Item 7.9, Report AC2019-1329, to be heard immediately following Item 7.7, Report AC2019-1241.

Moved by Councillor Carra

Pursuant to Section (6)1 of the Procedure Bylaw 35M2017, as amended, Committee suspend Section 78 (2)(a) in order to allow for the completion of the agenda prior to the scheduled lunch recess.

MOTION CARRIED

Moved by Councillor Gondek

That with respect to Report AC2019-1329, the following be approved:

The Audit Committee recommends that Council direct Administration to bring a report to the Priorities and Finance Committee no later than Q1 2020 responding to the questions from the Working Group addressing citizen perceptions of the pension plans within The City.

MOTION CARRIED

7.10   2019 Law and Corporate Security Report, AC2019-1361

Committee recognized Glenda Cole, City Solicitor and General Counsel, for her 32 years of dedicated service to The City of Calgary and wished her well as she retires from The City on November 8.

The following documents were distributed with respect to Report AC2019-1361:
• A presentation entitled "2019 Law and Corporate Security Report (AC2019-1361) to Audit Committee", dated 2019 October 24; and
• An infographic entitled "Insurance and Claims Services", dated 2019 September.

Moved by Citizen Representative Lambert

That with respect to Report AC2019-1361, the following be approved:

That the Audit Committee recommend that Council receive this Report for **the Corporate Record**.

MOTION CARRIED

8.   ITEMS DIRECTLY TO COMMITTEE

8.1   REFERRED REPORTS

None

8.2   NOTICE(S) OF MOTION

None

9.   URGENT BUSINESS

None

10. <u>CONFIDENTIAL ITEMS</u>

Moved by Councillor Carra

That pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy* Act, the Audit Committee move into Closed Meeting in the Council Lounge, at 12:24 p.m. to discuss confidential matters, with respect to the following items:

- 10.1.1 External Auditor Pre-Approval Request, AC2019-1362

- 10.1.2 External Auditor Provision of Additional Services, AC2019-1363

- 10.1.3 Audit Forum (Verbal), AC2019-1210

- 10.1.4 External Auditor (Verbal), AC2019-1212

- 10.1.5 City Auditor (Verbal), AC2019-1214

And further, that Harman Gill and Ivana Cvitanusic, External Auditors (Deloitte LLP), be invited to attend the Closed Meeting.

MOTION CARRIED

Committee moved into Public Meeting at 1:04 p.m. with Councillor Woolley in the Chair.

Moved by Councillor Carra

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 External Auditor Pre-Approval Request, AC2019-1362

People in attendance during the Closed Meeting discussions with respect to Report AC2019-1362:

Clerks: K. Martin. Advice: H. Gill and I. Cvitanusic. Observer: C. Male, K. Palmer, and C. Smillie.

Moved by Citizen Representative Lambert

That with respect to Report AC2019-1362, the following be approved:

That the Audit Committee:

1. Approve the Administration Recommendation contained in Report AC2019-1362; and

2. Direct the Report and Closed Meeting discussions remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of*

Information and Protection of Privacy Act, to be reviewed by 2020 October 24.

MOTION CARRIED

10.1.2 External Auditor Provision of Additional Services, AC2019-1363

People in attendance during the Closed Meeting discussions with respect to Report AC2019-1363:

Clerks: K. Martin. Advice: H. Gill and I. Cvitanusic. Observer: C. Male, K. Palmer, and C. Smillie.

Moved by Citizen Representative Dalton

That with respect to Report AC2019-1363, the following be approved:

That the Audit Committee:

1. Approve the Administration Recommendation contained in Confidential Report AC2019-1363; and

2. Direct that this Report, Recommendation, and Closed Meeting discussions remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2020 April 24.

MOTION CARRIED

10.1.3 Audit Forum (Verbal), AC2019-1210

People in attendance during the Closed Meeting discussions with respect to Report AC2019-1210:

Clerks: K. Martin. Advice: H. Gill and I. Cvitanusic. Observer: C. Male, K. Palmer, and C. Smillie.

Moved by Councillor Carra

That with respect to Verbal Report AC2019-1210, the following be approved:

That the Audit Committee:

1. Receive Verbal Report AC2019-1210 for the Corporate Record; and

2. Direct that that Closed Meeting discussions remain confidential pursuant to Sections 24 (Advice from officials) and 25 (Disclosure

harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act.*

MOTION CARRIED

10.1.4   External Auditor (Verbal), AC2019-1212

No Report was given.

10.1.5   City Auditor (Verbal), AC2019-1214

People in attendance during the Closed Meeting discussions with respect to Report AC2019-1214:

Clerks: K. Martin. Advice: K. Palmer and A. Bleau. Observer: C. Smillie.

Moved by Citizen Representative Caltagirone

That with respect to Verbal Report AC2019-1214, the following be approved:

That the Audit Committee:

1.   Receive Verbal Report AC2019-1214 for the Corporate Record; and

2.   Direct that the Closed Meeting discussions remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*

MOTION CARRIED

10.2   URGENT BUSINESS

None

11.   ADJOURNMENT

The Audit Committee Chair thanked the Citizen Representatives and members of Council who sit on the Audit Committee for their dedicated work with the Audit Committee over the past year. This will be the final Audit Committee Meeting before the October 28 Organization Meeting of Council where appointments to the Boards, Commissions, and Committees are made. Following the Organization Meeting of Council there may be changes in the composition of the Audit Committee.

Moved by Citizen Representative Lambert

That this meeting adjourn at 1:10 p.m.

MOTION CARRIED

The following items have been forwarded on to the 2019 November 18 Combined Meeting of Council:

CONSENT:

- City Auditor's Revised 2020 Audit Plan, AC2019-1243

- Off-Site Levy Annual Reporting Audit, AC2019-1241

- City Auditor's Office 3rd Quarter 2019 Report, AC2019-1244

- Comprehensive Public Sector Pension Review Referral to Audit Committee - Final Report, AC2019-1329

- 2019 Law and Corporate Security Report, AC2019-1361

The next Regular Meeting of the Audit Committee is scheduled to be held on 2019 December 06 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

_____   _____
                CHAIR   ACTING CITY CLERK

City Auditor's Report to
Audit Committee
2019 December 6

Item # 9.1
ISC: UNRESTRICTED
AC2019-1240
Page 1 of 3

Waste and Recycling – Blue Cart Contamination Prevention Audit

EXECUTIVE SUMMARY

The City Auditor's Office issued the Waste and Recycling – Blue Cart Contamination Prevention Audit Report to Administration on October 17, 2019. The report includes Administration's response to four recommendations raised by the City Auditor's Office to improve the rigour with which contamination prevention activities are evaluated. Administration accepted all recommendations and has committed to the implementation of action plans no later than February 1, 2021. The City Auditor's Office will track the implementation of these commitments as part of our ongoing follow-up process.

RECOMMENDATIONS

1. That the Audit Committee receive this Report for the Corporate Record; and
2. That the Audit Committee recommend that Council receive this Report for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2019/2020 Annual Audit Plan was approved on September 18, 2018. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

BACKGROUND

Waste and Recycling Services (WRS) has provided residential blue cart recycling services in the City of Calgary (The City) for the past 10 years since 2009. WRS collects recyclable materials weekly from over 325,000 households and takes them to a Material Recovery Facility (MRF). The Blue Cart Program is a key step towards achieving Council's goal of 70% waste diversion by 2025. In 2018, 48,000 tonnes were diverted through the Blue Cart Program alone. The success of the Blue Cart Program is impacted by participation levels and by the level of contaminants collected in the carts.

Contaminants are materials that are not accepted by the Blue Cart Program, which could harm WRS and MRF personnel, damage equipment and reduce the quality and marketability of recyclables. Starting with China in 2017, there has been a movement of regulatory changes to reinforce banned substances and reduce contamination rates, which has decreased global markets for recyclables.

Our audit objectives were to determine if WRS:
1. Has effective processes to evaluate and report on the effectiveness of activities and programs implemented to reduce contamination; and
2. Contamination reduction activities are designed and operating effectively.

City Auditor's Report to
Audit Committee
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Waste and Recycling – Blue Cart Contamination Prevention Audit

INVESTIGATION: ALTERNATIVES AND ANALYSIS

WRS monitors contamination levels and utilizes an established mix of contamination prevention activities including education programs, communication campaigns, and tagging of visibly contaminated carts by Collection Services. Despite these ongoing activities The City has experienced an upward trend in contamination levels following the change from weekly to bi-weekly black cart collection, which began in July 2017. WRS recognized this trend in their risk register and responded with two new initiatives this year the: (1) Cart Spot Check Program and (2) Customer Understanding Project.

We determined some components of an evaluation framework are in place or work is underway to implement them. WRS is collecting data that may feed into an evaluation framework and support reporting on the effectiveness of activities and programs implemented to reduce contamination. Additional goal setting and evaluation processes are needed to determine if contamination prevention activities are making an impact and achieving value for money.

Our recommendations are directed to support WRS contamination reduction objectives by improving the rigour with which prevention activities are evaluated to continuously improve cost effectiveness. Two recommendations are classified as higher risk priority:
1. Define the appropriate level of contamination for hazardous household waste (HHW) and overall contamination and establish associated SMART goals and metrics.
2. Develop a process to escalate and remove HHW identified by the Cart Spot Check Program or Collection Services to protect the health and safety of workers.

Stakeholder Engagement, Research and Communication
This audit was conducted with Waste and Recycling Services acting as the principal audit contact within Administration.

Strategic Alignment
Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

Social, Environmental, Economic (External)
N/A

Financial Capacity
Current and Future Operating Budget
N/A

Current and Future Capital Budget
N/A

Approval: Katharine Palmer, City Auditor. Author: Ross Visscher

City Auditor's Report to
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Waste and Recycling – Blue Cart Contamination Prevention Audit

Risk Assessment
The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure. This audit was undertaken as part of the approved City Auditor's Office 2019 Annual Audit Plan since an effective Blue Cart Program supports Council's waste diversion objectives. Further, contamination can harm WRS and MRF personnel, damage equipment, and reduce the quality and marketability of recyclables.

> **REASON FOR RECOMMENDATIONS**
> Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual audit report and forwards these to Council for information."

ATTACHMENT
Waste and Recycling – Blue Cart Contamination Prevention Audit – AC2019-1240 ATT

Approval: Katharine Palmer, City Auditor. Author: Ross Visscher

City Auditor's Office

Waste and Recycling – Blue Cart Contamination Prevention Audit

October 17, 2019

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Table of Contents

The City Auditor's Office conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

Executive Summary

Waste and Recycling Services (WRS) has provided residential blue cart recycling services in the City of Calgary (The City) for the past 10 years since 2009. WRS collects recyclable materials weekly from over 325,000 households and takes them to a Material Recovery Facility (MRF), which is operated under contract. In 2018, 48,000 tonnes were diverted through the Blue Cart Program alone. WRS reporting for Q2 2019 shows 54% of residential waste was diverted through the Blue and Green Cart Programs. Diversion of waste through the Blue Cart Program is a key step towards achieving Council's goal of 70% waste diversion by 2025. The success of the Blue Cart Program is impacted by participation levels and by the level of contaminants collected in the carts.

Contaminants are materials that are not accepted by the Blue Cart Program, which could harm WRS and MRF personnel, damage equipment and reduce the quality and marketability of recyclables. Starting with China in 2017, there has been a movement of regulatory changes to reinforce banned substances and reduce acceptable contamination rates, which has decreased global markets for recyclables.

Our audit objectives were to determine if WRS:
1. Has effective processes to evaluate and report on the effectiveness of activities and programs implemented to reduce contamination; and
2. Contamination reduction activities are designed and operating effectively.

WRS monitors contamination levels and utilizes an established mix of contamination prevention activities including education programs, communication campaigns, and tagging of visibly contaminated carts by Collection Services. Despite these ongoing activities The City has experienced an upward trend in contamination levels following the change from weekly to bi-weekly black cart collection, which began in July 2017. WRS recognized this trend in their risk register and responded with two new initiatives this year. First, WRS implemented an expanded Cart Spot Check Program to include all households over the next two years. Second, WRS is planning the Customer Understanding Project, which is expected to provide a better understanding of household awareness and behaviours and support targeted contamination prevention activities.

WRS is collecting data that may feed into an evaluation framework to report on the effectiveness of activities and programs implemented to reduce contamination. Additional goal setting and evaluation processes are needed to determine if contamination prevention activities are making an impact and achieving value for money.

Our recommendations are directed to support WRS contamination reduction objectives by improving the rigour with which prevention activities are evaluated to continuously improve cost effectiveness. Two recommendations are classified as higher risk priority:
1. Define the appropriate level of contamination for hazardous household waste (HHW) and overall contamination, and establish associated SMART goals and metrics.
2. Develop a process to escalate and remove HHW identified by the Cart Spot Check Program or Collection Services to protect the health and safety of workers.

WRS has agreed to all four recommendations and has committed to set action plan implementation dates no later than February 1, 2021. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

1.0 Background

Waste and Recycling Services (WRS) has provided residential blue cart recycling services in the City of Calgary (The City) since 2009. WRS collects recyclable materials from over 325,000 households[1] and takes them to the Material Recovery Facility (MRF), which is operated under contract. Diversion of waste through the Blue Cart Program is a key step towards achieving Council's goal of 70% waste diversion by 2025.

The success of the Blue Cart Program is impacted by participation levels and by the level of contaminants collected in the carts. Contaminants are materials that are not accepted by the Blue Cart Program, which harm WRS and MRF personnel, damage equipment, and reduce the quality and marketability of recyclables.

Examples of contaminants falling into each category are as follows:

Category	Examples
Harm to personnel	Bear spray, needles, lancets, propane tanks, jerry cans, batteries (all kinds) and other chemicals
Damage to equipment	Scrap metal, batteries (all kinds), propane tanks, hoses, electrical cords, electronics, and other chemicals
Reduced quality and marketability of recyclables	Bagged garbage, loose garbage, bagged recyclables, loose plastic bags, non-recyclable plastics, plastic pouches, Styrofoam, food, and yard waste in the recycling, wet materials, textiles and clothing, toys, oversized plastics

The basis for measuring contamination varies depending on whether it is measured at the end of the MRF sorting process (residue measurement) or at the beginning of the process (inbound measurement). Residue measures will be significantly lower than actual contamination at the beginning of the process since some contaminants will be included in recyclables for sale, which impacts marketability. The City pays additional costs when contamination (residue measurement) exceeds 8%.

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[1] Waste and Recycling Services - One Calgary Service Plan (2019- 2022)

Blue Cart Contamination
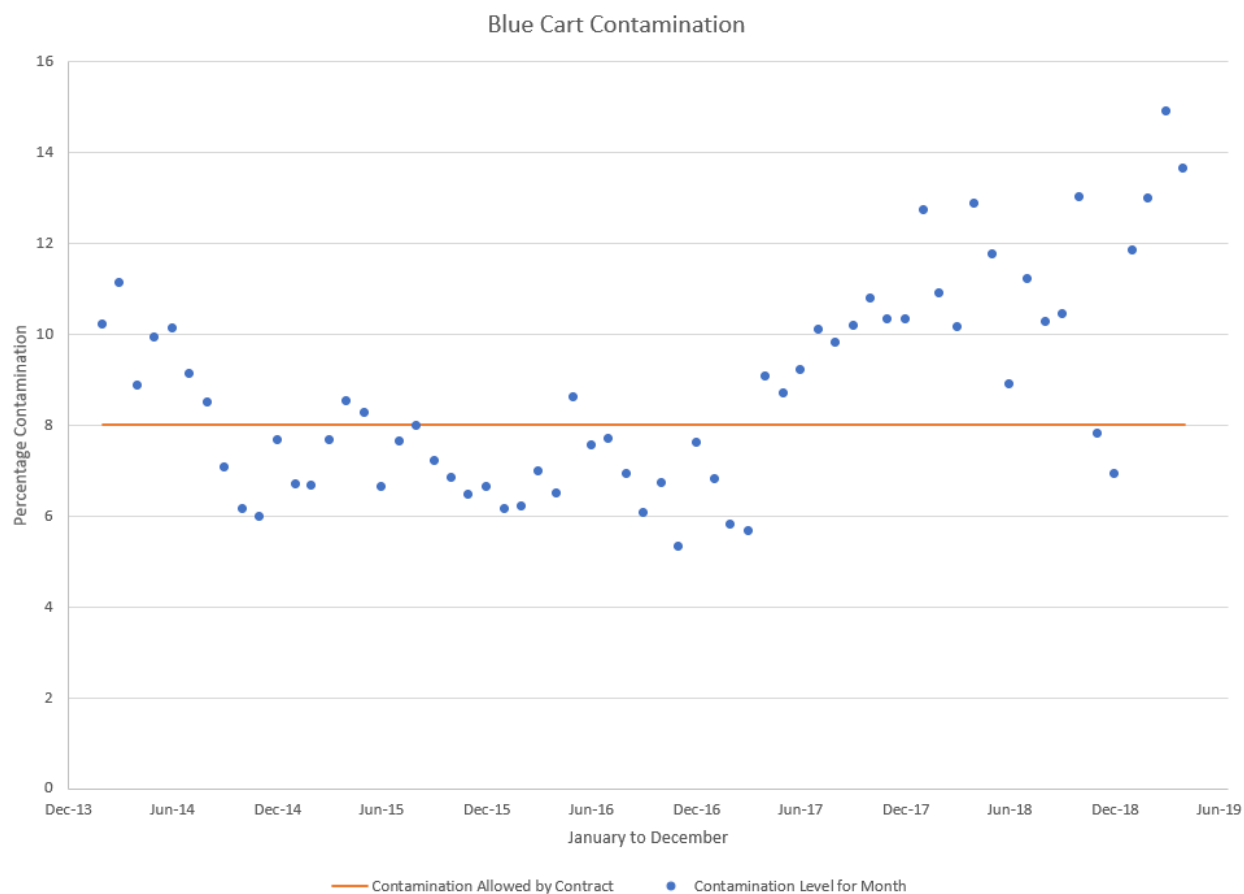
Graph 1: Blue Cart Contamination Measures (Residue Measurement)

The above graph includes The City's residue contamination percentage levels from 2014 (based upon available data) and shows a concerning upward trend which started subsequent to the change from weekly to bi-weekly black cart collection, which began in July 2017. WRS recognized this emerging trend and incorporated contamination risk in their Infrastruture and Performance Management group risk register.

In 2017 China announced the National Sword Program, which was designed to improve the quality of recyclable material being imported by Chinese recyclers. New standards included banned substances and low contamination rates (.5%). A number of countries also implemented new restrictions for plastic imports (Malaysia, India, Taiwan, Vietnam and Thailand) and paper (Taiwan). These changes decreased global markets for recyclables and increased the need to reduce contamination to ensure high-quality end products.

WRS' Outlook for 2018–2025 (UCS2018-0153) identified that targeted education and communication programs support high program participation and low contamination. Furthermore, Outlook for 2018-2025 identified the need for WRS to identify a progressive enforcement strategy to complement these programs. The following descriptions provide additional detail on four WRS activities that contribute to reduced blue cart contamination:

1. Education

Educators attend various events and perform community outreach that provide education opportunities for the use of all WRS programs including everything related to carts, landfills, and waste reduction. In 2018 expenditures of $199,480 were assigned to Blue Cart Programs. The budget for 2019 is $269,177.

2. Communication

WRS maintains their website, creates brochures and runs mass communication campaigns, such as the Recycle Right campaign. Although campaign objectives may include reducing blue cart contamination, generally the objective is to provide an integrated message on the proper use of all cart-based programs. In 2018, expenditures of $456,835 were assigned to Blue Cart Programs. The budget for 2019 is $500,000.

3. Enforcement

Although Community Standards Peace Officers can issue fines under Section 9.2(1) of the Waste and Recycling Bylaw (20M2001) when contaminants are placed in blue carts, WRS does not pursue enforcement of compliance. WRS has implemented the following processes to identify blue cart contamination and notify households:

- WRS Collection Services may spot contamination when collecting blue cart contents. The Blue cart is tagged to notify the owner and the contents may not be collected. The operator records the information to create a service request to The City's 311 Service for tracking purposes.
- In 2019 WRS implemented the Cart Spot Check Program, which is a revised field audit process that is expected to benefit all cart programs. The estimated annual budget is $332,000. Under the program, carts are pro-actively inspected for contaminants. Carts with contaminants are tagged and may not be picked up by Collection Services. The tags include information for the household on corrective action required.
- The data from the Cart Spot Check Program is intended to inform the development of communication, education and enforcement plans to reduce contamination across all residential cart programs.

4. Targeted Programs

WRS implemented a Household Hazardous Waste (HHW) Drop-Off Program where households can safely dispose of HHW rather than putting HHW in their black or blue carts. Drop-offs are located at three landfills and six fire stations throughout The City. HHW is recycled or safely treated and disposed of at the Swan Hills Waste Treatment Center. Other targeted programs are e-waste drop-offs, textiles drop-off and other diversion opportunities provided at the three City Landfill Throw 'n' Go facilities.

This audit was included in our 2019 annual audit plan due to the importance of an effective recycling program to support the Citizen Priority of a Healthy and Green City, and Council's goal of 70% waste diversion by 2025. Further, preventing contaminants from entering the Blue Cart Program protects the health and safety of workers and the quality of recyclables for market.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective
The audit objectives were to determine if:
- WRS has effective processes to evaluate and report on the effectiveness of activities and programs implemented to reduce contamination; and
- WRS contamination reduction activities are designed and operating effectively.

The audit objective was achieved by evaluating WRS processes against the following criteria:
- SMART (Specific, Measurable, Attainable, Relevant and Timebound) objectives are established;
- Metrics to measure success are established;
- Target audience is identified and segmented;
- Barriers and motivators to effective recycling are understood;
- Target intervention mix[2] is identified;
- Metrics data collected is accurate, relevant, complete and current; and
- Process to evaluate and report on program effectiveness and efficiency is established.

Criteria for specific contamination reduction activities are outlined below:
- Communication
  - Recycle Right campaign objectives are set.
  - Metrics are established to measure the efficiency and effectiveness of the campaign.
- Education
  - Education program objectives are set.
  - Metrics are established to measure the efficiency and effectiveness of education programs.
- Collection Services Cart Tagging
  - Collection Services' roles and responsibilities to identify and report contamination are established. Capacity to carry out these roles has been assessed.
- Cart Spot Check Program
  - Consistent field audit procedures that impact recycling behaviour are established.

We developed these criteria based on management common practices for evaluating performance, social marketing frameworks and recycling best practices.

2.2 Audit Scope
Although our audit focused on the Blue Cart Program, recommendations may benefit the Green and Black Cart Programs since most activities outlined above influence behaviour across all cart programs. Blue cart fees were out-of-scope since WRS is working on reducing dependency on tax support as part of One Calgary. The operation of targeted programs, such as the HHW drop-off, was excluded.

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[2] The target intervention mix is the combination of activities/programs established to reduce contamination.

The scope was tailored to specific components of the program. We assessed:
- The most recent implementation of evaluation processes;
- Established prevention activities for the period of June 1, 2018 – May 31, 2019; and
- Planned prevention activities, such as field audits.

2.3   Audit Approach
Our audit approach included:
- Interviews with WRS staff; and
- Reviewing program documentation such as:
    - Plans and objectives
    - Standard operating procedures
    - Internal and MRF reporting
    - Roles and responsibilities outlined in standard operating procedures and/or job descriptions.

3.0 Results

3.1 Evaluation Processes

We assessed WRS processes for evaluating and reporting on the effectiveness of activities and programs implemented to reduce contamination using the seven criteria outlined within our audit objectives (see section 2.1). Each of these criteria represents a component of an evaluation framework.

Our results, as detailed below, show some components of an evaluation framework are in place or work is underway to implement them. These existing components will provide the baseline data WRS will need to implement the missing components of the framework. Implementing the missing components, which flow from setting SMART objectives, will allow WRS to better allocate resources by determining if their contamination prevention activities are making an impact and achieving value for money.

	Criteria	Result	Comments	Observation/ Recommendation (Rec.)
1	SMART objectives are established	Not Met	WRS has not established appropriate levels of overall contamination and HHW, and associated SMART goals.	Rec. 1- Section 4.1
2	Metrics to measure success are established	Not Met	WRS cannot establish metrics until SMART goals are defined.	Rec. 1- Section 4.1
3	Metrics data collected is accurate, relevant, complete and current	Met	Currently, WRS collects a range of data to help them gain a better understanding of contamination including: • Cart spot checks; • Audits at the MRF on inbound and residual contamination; and • Reporting on HHW tonnage and sample counts of its composition. Our review of the design of collection processes for the above data noted that data produced was sufficiently accurate, relevant, complete and current given the present purpose of gaining a greater understanding of contamination.	None

	Criteria	Result	Comments	Observation/ Recommendation (Rec.)
4	Target audience is identified and segmented	Work Underway	WRS will be initiating a Customer Understanding Project to better understand household behaviour and awareness. We reviewed the Request for Proposal (RFP) during fieldwork and noted the RFP included: • Segmentation of results based upon age, income, dwelling type and family composition; and • Objectives for gaining an understanding of barriers and motivators to recycling.	None
5	Barriers and motivators to effective recycling are understood	Work Underway		None
6	Target intervention mix is identified	Partially Met	WRS has implemented a mix of interventions to reduce contamination including communication, education, and cart tagging through spot checks and Collection Services. Once goals are established, WRS can review and update the target mix and resource investment to achieve contamination and HHW goals, considering Cart Spot Check Program and Customer Service Project results. The current enforcement approach does not include escalation when HHW or persistent contamination is identified through spot checks or weekly collection.	Rec. 1- Section 4.1 Rec. 2- Section 4.2
7	Process to evaluate and report on program effectiveness and efficiency is established	Not Met	Once goals and metrics are established, WRS can implement a reporting process.	Rec. 1- Section 4.1

3.2   WRS Contamination Reduction Activities

We evaluated the effectiveness of education and communication, collection services tagging and the Cart Spot Check Program. The criteria for our evaluation depended on the nature of the activity (see Audit Objectives 2.1). We considered the Cart Spot Check Program and tagging by Collection Services effective. The design of education programs and communication campaigns requires improvement to allow for the evaluation of their success.

3.2.1   Education and Communication

WRS education programs include participation in English as a Second Language training, school tours, public events (e.g. home and garden show) and offering public tours of the facility. Communication is provided under the Recycle Right communication campaign and consists of various media buys including television, online ads, and transit shelter posters. The current objective of WRS' education programs and communication campaigns are broader than blue cart contamination. These programs and campaigns encourage participation in all three cart programs and provide guidance on how to properly use the carts (e.g. cart placement and appropriate contents).

We compared the education programs and communication campaigns against the UK Government Communication Service (GCS) Evaluation Framework 2.0 (see Appendix A). This framework advocates setting SMART communication objectives and metrics for each stage of a communication campaign, as shown in the table below. Alternative metrics are shown in Appendix B.

Stage	Example Metric	Measurement Method
Inputs (what we put in, our planning and content creation)	Total spend to date e.g. design work, media buys	Dollars
Outputs (What is delivered/target audience reached)	Estimated total reach	Absolute number and proportion of the target audience
Outtakes (What did the target audience think, feel or consider doing)	Issue awareness	Same as above
Outcomes (Result of the activity on the target audience)	The number and proportion of the target audience that has changed behaviour	Same as above

Although education programs and communication campaigns are occurring there is no formal evaluation process (see Observation 4.3), such as the GCS Evaluation Framework. An evaluation process will help to determine if the communication or education is effective, achieving satisfactory results, and providing value for money invested. Recommendation 3 is intended to guide WRS in implementing such a process.

3.2.2   Collection Services Cart Tagging

Residential Collection Operators are responsible for tagging and rejecting contaminated carts as part of their regular collection routes. This responsibility is reflected in Collection and Unloading Standard Operating Procedures, job descriptions (Job Evaluation Questionnaires) and route design. We confirmed tagging was occurring during the audit period (June 1, 2018-May 31, 2019) through a review of internal service requests that are initiated by Collection Operations when contamination is identified. There were 377 blue carts identified during the audit period as contaminated by Residential Collection Operators. We noted 79 (20%) of 377 service requests did not indicate the cart was tagged, which could be due to a failure to tag the cart or complete the service request form appropriately. We recommended improved guidance and training to ensure consistency of tagging practices and prevention of contaminated recyclables from entering the recycling stream (recommendation 4). Overall, given that cart tagging is conducted using existing Collection Services resources, we considered the process was designed and operating effectively.

3.2.3   Cart Spot Check Program

WRS' expanded Cart Spot Check program is designed effectively since consistent procedures covering the areas of tagging, data collection, reporting and follow-up are in place. These areas are identified by the Massachusetts Department of Environmental Protection's Recycling IQ kit, as good practice guidance for conducting spot checks. Consistent data collection procedures support data accuracy and management's plan to visit all homes by the end of 2020 will result in a representative data set. As a result, we expect management to be able to rely on this data for future decisions related to contamination prevention.

Additionally, we reviewed the preliminary data collected and confirmed that spot checks were occurring as planned, including revisits to approximately 20% of households checked. Based on initial results, revisits identified a lower incidence of tagging for contamination indicating a positive influence on behaviour in the short term.

Carts containing HHW are turned by personnel conducting spot checks to indicate the cart should not be collected. However, we noted there is no process to escalate and remove HHW prior to the next collection. This observation is addressed in Section 4.2 as part of enforcement approach.

We would like to thank the staff from Waste & Recycling Services for their assistance and support throughout this audit.

4.0 Observations and Recommendations

4.1   Targets for Appropriate Contamination Levels

WRS has not established SMART goals and associated metrics for appropriate levels of overall, and HHW contamination. Goals should balance the cost-benefit of prevention activities and mitigating the risk of poor quality recyclables and harm to the health and safety of employees. Established goals should then guide the determination of the appropriate target mix of contamination prevention activities and provide a basis to report on whether activities are reducing contamination and providing value for money invested.

Establishment of Goals
WRS has not articulated the target level of blue cart HHW contamination and associated SMART goals and metrics. Target levels of overall blue cart contamination are currently based on The City's contract with the MRF. We reviewed the contract and noted The City incurs additional charges where residual contamination exceeds 8%. This target was formalized in 2014 prior to the introduction of every other week black cart collection in 2017. In 2018, residual contamination exceeded 8% in 10 of 12 months. WRS should use a risk-based approach to determine appropriate target levels of contamination, taking into consideration whether 8% or less residual contamination is appropriate. The determination should include broader consideration of whether residual contamination is the appropriate metric in terms of relevance, accuracy, timeliness, and cost of data collected.

Once appropriate target levels are determined SMART goals and associated metrics can be established.

Target Mix
WRS has established a mix of intervention activities to prevent contamination that includes communication, education, and tagging of carts through the expanded Cart Spot Check Program and by Collection Services. Once goals are established, WRS should review the current target mix and determine the most effective mix and resource investment to achieve contamination and HHW goals. The results of the Customer Service Project and the Cart Spot Check Program should be considered in the analysis.

Reporting
The Manager of Infrastructure and Program Management receives information on residue contamination levels from the MRF monthly. The Program Management Leader also receives metrics on HHW tonnage. Neither forms part of overall WRS performance measures reported to management. However, management indicated information on contamination is verbally shared with the Director of WRS.

Recommendation 1
The Manager of Infrastructure and Program Management:
  i.   Using a risk-based approach, determine the appropriate target levels for overall blue cart contamination and HHW contamination and establish associated SMART goals and metrics. As part of this process consider if residual contamination is an appropriate measure.
 ii.   Establish and implement the target mix of contamination prevention activities to achieve SMART goals, considering the results of the Customer Service Project and Cart Spot Check Program.
iii.   Implement a process to evaluate and report on progress towards SMART goals on a defined frequency. The process must include Director level reporting on HHW contamination, both on a periodic basis and when levels exceed predefined thresholds that indicate an elevated safety risk.

Management Response

Agreed.

Action Plan	Responsibility
1. Develop an overall Blue Cart Program contamination target levels, as well as, separate specific targets for HHW contamination within the program. 2. Establish SMART goals and metrics for contamination management and measurement within the Blue Cart Program including metrics aimed at determining the effectiveness of contamination prevention activities. 3. Considering the findings from the Customer Understanding Project and Cart Spot Check Program, to be completed later in 2019, establish and implement a mix of contamination prevention activities to achieve the Blue Cart Program SMART goals for contamination management. 4. Determine a process for evaluating and reporting on progress toward the Blue Cart Program SMART goals for contamination management; work with the WRS Management Team to define the Management and Director level reporting frequency.	Lead: Manager, Infrastructure and Program Management Support: Leader, Program Management; Waste Diversion Specialists; Performance Management Technologists; WRS Business Planning & Performance; WRS Management Team Commitment Date: March 31, 2020

4.2 Enforcement Approach
WRS' blue cart contamination enforcement approach does not include escalation when HHW or persistent contamination is identified through the Cart Spot Check Program or during weekly collection. An enforcement approach that ensures removal of identified HHW and considers the issuance of fines authorized within Section 9.2(1) of the Waste and Recycling Bylaw (20M2001) would contribute to preventing the most serious contamination from entering the blue cart recycling stream.

WRS currently identifies contamination through the Cart Spot Check Program and weekly collection by Residential Collection Operators. Carts that contain unacceptable levels of contamination, including HHW, are tagged and either not collected or turned, indicating the cart should not be collected (Cart Spot Check). There is no process to escalate and remove HHW prior to the next collection. Also, there is no agreed series of steps to escalate serious persistent contamination to Bylaw Services for enforcement, including consideration of fines.

Recommendation 2
The Manager of Infrastructure and Program Management develop and document an enforcement approach, which includes processes for escalating:
o   Hazardous waste identified for resolution/removal prior to the next collection; and
o   Serious persistent contamination to Bylaw Services, including consideration of issuance of fines.

Management Response

Agreed.

Action Plan	Responsibility
1. Develop and implement an appropriate bylaw enforcement approach (including escalation and issuance of fines) as it relates to contamination and misuse of the Blue Cart Program. 2. In collaboration with WRS Collection Services develop and implement a follow-up process for Blue Carts identified to contain Household Hazardous Waste to prevent carts from being collected while containing HHW.	Lead: Manager, Infrastructure and Program Management Support: Leader, Program Management; Community Standards – Bylaw Enforcement; WRS Collection Services (Leader, Business and Operational Performance; District Superintendents; Foremen); WRS Management Team Commitment Date: June 1, 2020

4.3 Evaluation of Communication and Education Effectiveness
There is no formal process for measuring and evaluating the success of education programs and communication campaigns. An evaluation process will help to determine if the communication or education is effective, achieving satisfactory results, and providing value for money invested. Based upon the UK Government Communication Service's Evaluation Framework this process should include SMART objectives, and appropriate metrics, including

inputs (resources used), outputs (audience reached), outtakes (audience reaction- what the audience think, feel or consider doing) and outcomes (the result of the activity on the audience).

The current objective of WRS' education programs and communication campaigns (Recycle Right) is broader than blue cart contamination. Programs and campaigns encouraged participation in all three cart programs and provided guidance on how to properly use the carts (e.g. cart placement and appropriate contents). WRS has not set measurable, time-bound objectives for the broad programs.

We reviewed education programs and communication campaigns during the audit period to determine whether appropriate metrics were established to measure efficiency and effectiveness.

Recycle Right Communication Campaign
- **Inputs –** A budget was established for each communication tactic (activity) and spend was tracked against it, which is a sufficient approach.
- **Outputs –** Although management informally reviewed reporting on estimated impressions, there were no targets for the absolute number of impressions or measurement of the proportion of the target audience reached. As management obtains more granular information on customer behaviour and awareness from the Cart Spot Check Program and the Customer Understanding Project, the determination of the target audience will become increasingly important.
- **Outtakes –** Management informally reviewed citizen and councillor comments related to the campaign, and interaction with digital advertisements. For communication tactics with a greater level of resource investment, management should identify ways to measure the impact on the comprehension and awareness levels of the audience.
- **Outcomes –** WRS has established four broad outcomes for the communication campaign:
  1. Increase program participation;
  2. Diversion of materials;
  3. Reduce contamination; and
  4. Proper cart placement.

We identified the following areas for improvement:
- These outcomes should be measurable and time-bound. Using the fourth objective as an example, there is no metric to measure proper cart placement, such as the number of rejected carts during a given time period, and no specific target (e.g. 5% reduction) or time to achieve the target.
- Some objectives could be more specific to the communication campaign. For example, instead of reduced contamination, there could be objectives for types of contamination prominently featured in the campaign, such as plastic bags or HHW.
- While increased program participation may be an appropriate objective, alternate objectives may be more appropriate since current participation is high (95%).

Guidance from the UK Government Communication Service recommends allocating approximately 5 to 10% of total campaign expenditure to evaluation. For example, conducting research to measure awareness and message penetration levels.

Education Program
- **Inputs** – Although there is an overall education program budget, dollars and/or instructor time are not assigned to individual education programs (e.g. English as a Second Language, public events) or specific sessions/events.
- **Outputs** – While the number of attendees is measured for each session/event, the proportion of the target audience covered is not currently measured. As noted previously, the determination of the target audience will become more important as WRS obtains more granular information on customer behaviour and awareness from the Cart Spot Check Program and the Customer Understanding Project
- **Outtakes** – These are not formally measured. Instructors record comments received for each session, which sometimes addresses engagement and the perception of information absorbed.
- **Outcomes** – Objectives for the overall education program are to encourage waste diversion, use of the program, and reduce contamination. Individual education programs include presentations at English as a Second Language classes, school tours and public events. These objectives are broad and not measurable as outcomes of individual education programs. As a result, formal measurement of education program outcomes is not in place.

Recommendation 3
The Program Management Leader develop a process for evaluating the success of communication campaigns and education programs including:
- Documented SMART objectives for education programs and communication campaigns.
- Measures that, at a minimum, consider resources utilized (inputs) and outputs achieved. Where a greater level of resources is invested, measuring outtakes and outcomes should be considered.
- Documented evaluation of whether each outcome was achieved.
- Considering allocating resources specifically for evaluating campaign success.

Management Response

Agreed.

Action Plan	Responsibility
1. Develop SMART objectives and incorporate within the annual Blue Cart Program "Communication Plan(s)" and " Education Plan(s)". 2. Develop a process to measure and evaluate the progress made to achieve the SMART objectives established for the Blue Cart Program communication and education activities. Where appropriate include measures for outtakes and outcomes. 3. Determine the appropriate reporting frequency and report on progress toward achieving the identified SMART objectives and communication and education activity effectiveness. Reporting should include both post-activity reporting and annual reporting.	<u>Lead</u>: Leader, Program Management <u>Support</u>: WRS Communications Support Staff; Leader, Community and Customer Initiatives; Public Program Coordinators; Educators; Waste Diversion Specialists; Performance Management Technologists; WRS Business Planning and Performance <u>Commitment Date</u>: February 1, 2021

4.4   Consistency of Blue Cart Tagging
There is no defined guidance on the types of materials and levels of contamination that should result in tagging and non-collection by Residential Collection Operators. Guidance supports consistent practices for rejection of contaminated blue carts. Inconsistent practices could result in the collection of a cart containing contaminated recyclables and/or HHW, which would then enter the blue cart recycling stream. In addition, inconsistent practices confuse customers and could damage WRS' reputation.

Based upon inquiry with management, residential collection operators are responsible for tagging "egregious" contamination. However, the level of contamination and type of materials for tagging is left at the discretion of the operator and is not defined in an SOP.

Based on SOP, where contamination is identified, the operator tags the cart with a Cart Notice and completes a Missed Collection form. Collection Services staff collect the forms and create 311 service requests. We reviewed 377 service requests during our audit period (June 1, 2018-May 31, 2019). We noted 79 (21%) instances where the service request did not indicate the cart was tagged. We could not determine if the instances were due to inconsistent tagging by the operator where contamination was identified or an administrative error in completing the service request. WRS should provide training on the process for tagging carts and creating a service request to ensure consistency.

Recommendation 4

The Manager Collection Services:

a) Update Standard Operating Procedures (SOP) to clarify Residential Collection Operators' responsibilities for tagging contamination including the type and level of contamination that would result in tagging and non-collection; and

b) Provide training on the updated SOP and the process for tagging carts, including proper documentation.

Management Response

Agreed.

Action Plan	Responsibility
1. Develop and implement a guidance document for Residential Collection Operators when tagging carts for contamination including when to leave a cart uncollected. This guidance will consider the extent and type of contamination. 2. Provide training on the new guidance document to Residential Collection Operators, including: responsibilities and clarified processes.	Lead: Manager, Collection Services Support: Leader, Business and Operational Performance; District Superintendents; Foremen; Leader, Program Management; Waste Diversion Specialists; Performance Management Technologists Commitment Date: March 31, 2020

Appendix A: Communication Evaluation Framework

Diagram illustrating the UK Government Communication Service Evaluation Framework.

GCS Model

	Inputs	Outputs	Outtakes	Outcomes	Organisational Outcomes
Stages:					

Things you need to do track and/or achieve	What do you do before and during the activity (e.g):
	· planning
	· preparation
	· pre-testing
	· production
		What is delivered/target audience reached (i.e..):
		· distribution
		· exposure
		· reception
		· reach
			What the target audience think, feel or consider doing (i.e.):
			· awareness
			· understanding
			· interest
			· engagement
			· preference
			· support
				The result of your activity on the target audience (e.g.):
				· impact
				· influence
				· effects:
				  - attitude
				  - behaviour
					The quantifiable impact on the organisation goals/ KPIs (e.g.):
					· revenue
					· costs reduction
					· complying actions
					· retention,
					· reputation.

Metrics & Milestones	Select the right metrics from the framework to help you measure and evaluate the performance of your integrated communication activities.				Select the right business KPIs to track performance of your Integrated communication activities against your organisations goals.
Methods	Use a mix of qualitative & qualitative methods (e.g. surveys, interview feedback, focus groups, social media analytics, tracking etc).				

Organisation/policy objectives

Communication Objectives

Campaign evaluation and further insight to inform future planning

On-going insight to inform future planning

Source: https://gcs.civilservice.gov.uk/wp-content/uploads/2018/06/6.4565_CO_Evaluation-Framework-2.0-v11-WEB.pdf (pg. 30)

Appendix B: Metrics for Evaluating a Behaviour Change Campaign

Metric	Definition	Measurement method
Inputs		
Total spend to date	Aggregate total spend so far	$
Spend to date	How much money has been spent on digital media	$
Spend to date	Sum of one-off set up costs (manual from PASS) and periodic offline media spend updates	$
What is your theory of change (including evidence base)?	Implementation of behavioural science in planning effective communication	Binary – yes/no is in place? Yes/no – current evidence base
Content creation	Infographics, videos etc.	Volume by type
Outputs		
Estimated total reach	Aggregate audience reach	Absolute number and proportion of target audience
Reported online reach	The estimated reach as reported by digital platforms	Absolute number and proportion of target audience
Estimated offline reach	Reported audience reach for offline media	Absolute number and proportion of target audience
Outtakes		
Cost per outcome	The unit cost per behaviour change	$
Engagements/ interactions	The % of impressions generating an interaction (share/like/comment)	Actions which involve active engagement (e.g. typing, not just 'one-click' endorsements)
Completion/ registration rate	The proportion of contacts/ impressions that go on to complete sign-up/ registration	%
Cost per completion/ registration	Unit cost of registration/ completion	$
Unprompted campaign issue awareness e.g. spontaneous recall metric	The number and proportion of target audience that has unprompted campaign issue awareness	Absolute number and proportion of target audience
Experience of different messages that relate to aspects of theory of change	The extent to which different groups agree/disagree with messages related to theory of change	5 point scale (agreement/ disagreement with aspects of message)
Outcomes		
Behaviour change (#, %) e.g. number of licensed anglers vs baseline	The number and proportion of target audience that has changed behaviour	Absolute number and proportion of target audience
Stated/intended behaviour change	The proportion of target audience that claim they will act in accordance with campaign aim	Absolute number and proportion of target audience
Advocacy e.g. agreement with value for money statement	The number and proportion of target audience that agree with the campaign message (have positive sentiment)	5 point scale recommended (strongly agree/slightly agree/ don't know etc.)
Current ROI	Unit benefit multiplied by number of behaviour changes	$

Source: https://gcs.civilservice.gov.uk/wp-content/uploads/2018/06/6.4565_CO_Evaluation-Framework-2.0-v11-WEB.pdf (pg. 8-9)

Item # 9.2

Audit Resource Management Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-1541**
2019 December 06   **Page 1 of 2**

Audit Committee 2020 Interim Work Plan

EXECUTIVE SUMMARY

This Report seeks approval for Audit Committee's Interim 2020 Work Plan (Work Plan) which reflects the Agenda items for the 2020 January meeting only.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Approve the Audit Committee's 2020 Interim Work Plan; and

2. Recommend that Council receive this Report and the 2020 Interim Work Plan (Attachment) for the Corporate Record in accordance with Bylaw 48M2012, Schedule A, Section 1(k).

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw 48M2012, as amended, states that Audit Committee:

Schedule A

  1 k) develops a detailed annual work plan which is forwarded to Council for information.

BACKGROUND

The Audit Committee 2020 Interim Work Plan (Attachment) is intended to be a guide for Audit Committee activities for the first meeting to be held in 2020 January. The interim plan allows Administration, the External Auditor and the City Auditor to plan and prepare for items that historically have been scheduled for consideration by Audit Committee in January each year.

The annual 2020 Work Plan for the remaining eight meetings in the year will be presented at the 2020 January Audit Committee Meeting for approval.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Audit Committee has been undergoing a strategic review of their mandate throughout 2019. Part of the work being undertaken by the Audit Committee Strategic Working Group is to understand how Audit Committee can provide more value to Council, to support better decision-making. Audit Committee members have expressed their desire to focus on areas with significant risk or financial impact rather than on routine reports or areas that Administration already have good controls in place.

On 2020 December 2, the Strategic Working Group will meet for final discussions on their significant priorities for 2020 and beyond. The intention is to add some of these priorities to the 2020 Work Plan and bring it to the 2020 January Audit Committee for approval. To allow Audit Committee time to focus on these significant priorities other items of a routine nature may be removed from the Work Plan and other reports streamlined.

The City Auditor provided the Audit Committee with the City Auditor's Office Revised 2020 Audit Plan, AC2019-1243 at the 2019 October 24 meeting. The City Auditor's Office audit reports will be added throughout the year to the 2020 Work Plan which includes the 2020 Interim Work Plan

Audit Resource Management Report to
Audit Committee
2019 December 06

ISC: UNRESTRICTED
AC2019-1541
Page 2 of 2

Audit Committee 2020 Interim Work Plan

Every Closed Meeting contains several verbal reports which allow members of the Audit Committee, the External Auditor, City Auditor and Chief Financial Officer with the opportunity to discuss confidential issues protected under the *Freedom of Information and Protection of Privacy Act.* These Closed Meetings are considered a best practice for Audit Committees.

Reports in the Work Plan are based on Audit Committee's governance responsibilities as outlined in the *Municipal Government Act*, the Audit Committee Bylaw 48M2012, as amended, and decisions by Audit Committee and Council. Pursuant to Section 10(3) of Bylaw 48M2012, as amended, "the Chair has the responsibility and authority to set the Agenda for Audit Committee meetings". Throughout the year, the Chair may add emerging issues to the Work Plan, and defer or remove items no longer required.

Stakeholder Engagement, Research and Communication

This interim plan has been reviewed with the City Auditor, Chief Financial Officer, External Auditor and other stakeholders as appropriate.

Strategic Alignment

The Audit Committee's 2020 Work Plan is an integral part of ensuring the integrity of the City's assets and operations, and aligns with Council's Priority of a well-run city; "Calgary's government is open, responsible, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need".

Social, Environmental, Economic (External)

Not applicable.

Financial Capacity

Current and Future Operating Budget:

No budget adjustments are anticipated for the 2020 Interim Work Plan.

Current and Future Capital Budget:

Not applicable.

Risk Assessment

The 2020 Interim Work Plan contributes to ensuring the Audit Committee meets the requirements of their mandate as contained in Audit Committee Bylaw 48M2012, as amended.

REASON(S) FOR RECOMMENDATION(S):

The Audit Committee 2020 Interim Work Plan is based upon previous years' work plans, emerging issues, decisions of Audit Committee and Council, as well as best practices. The 2020 Work Plan will enable the Audit Committee to meet its Bylaw and governance requirements.

ATTACHMENT

Audit Committee 2020 Interim Work Plan

AUDIT COMMITTEE 2020 INTERIM WORK PLAN			
AGENDA DATE	**REPORTS**	**ACCOUNTABILITY**	**NOTES AND REPORT NO.**
THURSDAY **JANUARY 23** **9:30 AM**	**ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES** External Auditor 2018 Management Letter Update Annual Principal Corporate Risk Report Integrated Risk Management Policy Review Control Environment Assessment Report Re-Design Update Audit Committee Strategic Working Group Update Audit Committee 2020 Work Plan	 External Auditor City Manager Chief Financial Officer Chief Financial Officer Executive Assistant to Audit Executive Assistant to Audit	
	CLOSED MEETING ITEMS Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal) City Auditor 2019 Performance Review (Verbal)	 Audit Committee and CFO External Auditor City Auditor Chair, Audit Committee	
	CITY AUDITOR'S OFFICE AUDIT REPORTS To be added when available	 City Auditor	

C. Smillie, EA To Audit Committee

Community Services Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-1175**
2019 December 06

Status of Community Associations and Social Recreation Organizations on City-Owned Land

EXECUTIVE SUMMARY

This report provides a risk review and compliance status of community associations and social recreation organizations with a lease or license of occupation on City-owned land. Overall, the majority of community groups were low risk and compliant with their lease/license of occupation requirements.

Ratings outlined in this report identify financial, organizational health and building condition risk to The City. The financial ratings analyzed the level of risk represented by the community group's financial measures of liquidity, leverage and performance. The Organizational Health Assessment informed the organizational health ratings. Business planning, policies and procedures and audited financial statements were identified as foundational for organizational health. A building condition rating has been given to community association and social recreation groups with main buildings only. This rating is based on information gathered from Lifecycle Studies.

When a community group is identified as elevated or high risk, customized mitigation strategies are developed and implemented. Administration, through the City liaisons, have continued a proactive approach in working with community groups to mitigate risk.

The report reflects Administration's phased approach in responding to the City Auditor's report recommendations. The addition of an organizational health risk rating for community associations and a building risk rating shows the commitment by Administration to improve the report content and format.

In responding to the diverse interests and perspectives of residents' voices, the community groups described in this report work in partnership with The City to meet community recreational and social needs through program and service delivery. Effective governance, financial and facility management, while meeting community program and service needs, are factors which contribute to organizational sustainability.

ADMINISTRATION RECOMMENDATION:

That Audit Committee recommends that Council:

1. Receive this Report and Presentation for the Corporate Record; and

2. Direct that Attachment 3 remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences) , and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act, to be* reviewed 2029 December 06

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 December 17, Council received AC2018-1099 Status of Community Associations and Social Recreation Organizations on City-Owned Land for information, directed attachments 3, 4 and 5 of this report remain confidential pursuant to sections 23(1), 24(1) and 16(1) of the FOIP Act and remain so until such time as section 16 is no longer satisfied.

Community Services Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-1175**
2019 December 06

Status of Community Associations and Social Recreation Organizations on City-Owned Land

On 2017 July 24, Council received AC2017-0401 Calgary Neighbourhoods Support of Community Associations Audit report for information.

On 2012 February 27, Council approved CPS2012-03 including policy CSPS2011 Lease/License of Occupation to Community Organizations. This policy required submission of a board-approved business plan, as well as a lifecycle study, within one year of the commencement of the lease or license of occupation.

On 2006 January 19, Audit Committee approved AC2006-02 Status of Community Associations and Social-Recreation Organizations on City of Calgary-owned Land, directing Administration to expand the report to include all third-party organizations with facilities on City-owned land that Community Services liaises with, and include financial exposure as it relates to an evaluation of liabilities exceeding assets available to satisfy these liabilities.

On 2003 December 18, Audit Committee approved AC2003-68 Financial Status of Organizations on City-owned Land, directing Administration to expand the report to include information on insurance, lease status and lease payment.

On 1994 January 31, Council approved NM94-03 Facilities on City-owned Lands, directing Administration to acquire financial statements from all organizations which are responsible for facilities on City-owned land; review encountering financial problems; strategies for containing costs and increasing revenues; bring to Council a report including an evaluation of costs or liabilities potentially facing the City.

BACKGROUND

This is the annual status report for community associations and social recreation organizations and also responds to recommendations from the City Auditor (AC2017-0401 Calgary Neighbourhoods' Support of Community Associations Audit) including relevant information about The City's risk as it relates to a community group's organizational health and a facility's condition.

In 2018, The City of Calgary had a lease/license of occupation with 184 community groups; 121 community associations and 63 social recreation groups, for the purpose to provide social, leisure or recreation opportunities for the benefit of Calgarians.

Administration annually completes a report on the lease/license of occupation compliance status of these community groups which serves the following purposes:

1. Provides a snapshot of the general health of community groups;
2. Assesses The City's exposure to risk by proactively identifying community groups struggling to maintain their lease/license of occupation status, and;
3. Identifies risk mitigation strategies to support community groups identified as elevated and high risk.

The risk review process for community groups includes an analysis of financial, organizational health and building condition data. Attachment 1 provides comprehensive definitions for these ratings including the risk thresholds for low, elevated or high risk.

Work on measures of service for community associations continues. A tool was developed to capture individual and collective measures of service to the community and was piloted with all

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community associations. Further refinement of the tool is required to determine the best measures and establish a baseline. Results will be reported in 2020.

Attachment 2 provides an update pertaining to the phased management response to Recommendations 1 & 2 of AC2017-0401.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Based on a review of 2018 information, the majority of community groups are rated as low risk and are stable organizations capable of delivering programs to meet the needs of their community. The risk rating, compliance status data and mitigation strategies for each ward for all 184 community groups currently operating on City-owned land is provided in Attachment 3 (in prior year reports this information was captured in three separate attachments and the information has now been provided in one attachment).

Financial Ratings

Administration has reviewed the financial status of community groups on City-owned land and found the following:

Of the 184 community groups, 171 received a financial risk rating:

- 149 were rated as low risk; 14 were rated as elevated risk; and eight were rated as high risk

Thirteen remaining community groups will be rated upon receipt of financial information.

Organizational Health Ratings

The Organizational Health Assessment tool was completed for all community associations.

Of the 121 community associations:

- 117 were rated low risk; four were rated as elevated risk; and none were rated as high risk.

Building Condition Ratings

Lifecycle maintenance of assets on City-owned land continues to be an area of concern for many community groups and the Capital Conservation Grant (CCG) continues to be a primary funding source for this work. Facility Management has implemented a City-supported asset management decision support software (Powerplan), to support in assessing the condition of community group's buildings and assets. It is anticipated that Powerplan will contribute to value-driven decisions for capital funding with a consistent, repeatable approach for this portfolio of assets. Over the course of the next year, Facility Management will work towards building and refining standardized criteria that will further inform and identify asset related risks, which will be shared in future reports as well as with community groups.

Compliance Results

Attachment 3 outlines community groups non-compliant with their lease/license of occupation due to overdue financial statements or insurance, or the submission of insufficient insurance. It also includes community groups that have not yet entered into a new agreement; therefore, the agreement is in "overhold". At the time of writing this report, financial statements were overdue

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for 10 community groups, three groups had not submitted proof of insurance, 10 groups had insufficient insurance and 12 groups currently have agreements in overhold.

Acquiring compliant insurance certificates from community groups continues to be a focus for Administration. Through the implementation of an insurance checklist, community groups have increased their understanding of the lease/license of occupation insurance requirements. The Risk Management group within the Law Department has been working with a number of the community groups' insurance brokers to mitigate risk without overburdening the community groups with increased policy premiums.

Risk Mitigation

Administration continues to work with groups on City-owned land to support all aspects of governance, financial management, business planning, facility operations, lifecycle, and redevelopment work to ensure their long-term sustainability. City liaisons form close working relationships with the board of directors from community groups; therefore, they are integral to identifying when boards are experiencing challenges and will recommend when additional support is needed. Mitigation strategies are unique to each community group and may include, but are not limited to:

- City liaison working with groups to identify revenue opportunities, sustainable business plans, partnership initiatives, best practices, governance and organizational capacity;
- Annual review and assessment of the financial health of community groups;
- Semi-annual review of business plans, lifecycle studies and lease/license of occupation requirements, and;
- And access to the Capital Conservation Grant (CCG) and the Community Sustainability Reserve (CSR)/financial consultant support.

Stakeholder Engagement, Research and Communication

Administration annually sends a letter to each community group which communicates The City's rating review process, the financial, organizational health and building condition risk rating received and potential mitigation, if applicable. The letter guides ongoing conversations with community groups in working towards organizational sustainability. In addition, City liaisons will discuss the lease/license of occupation requirements at monthly meetings.

Strategic Alignment

The recommendations in this report align with the One Calgary citizen priority, A City of Safe and Inspiring Neighbourhoods. The creation of the Organizational Health Assessment tool was informed by the strategic actions as outlined in the Strategy 5 for Neighbourhood Support Line of Service.

In responding to evolving program and service delivery, Administration works with community groups to develop partnerships to share services and spaces. This aligns with *The Corporate Facility Planning and Delivery Framework*, Goal 5, Complete Communities.

As a best practice, community groups are encouraged to align with The City's Risk Management Framework which is consistent with accountability measures being developed as part of implementing the *Investing in Partnerships Policy*.

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Social, Environmental, Economic (External)

Social

Community groups create gathering spaces that foster inspiring neighbourhoods. By supporting these community groups and positioning facilities as community assets, Administration fosters a vibrant city with strong and inclusive neighbourhoods where citizens are empowered, connected and involved in healthy, active and creative lifestyles.

Environmental

Administration has been working with community groups to develop guidance on how to best leverage funding sources for renewable energy and energy efficiency projects. Some community groups are participating in energy audits, purchasing energy-efficient appliances and equipment, and experimenting with solar power.

Economic

With Calgary's changing economy, the viability of a community group is dependent on its ability to adapt to the changing needs of those living and working in the neighbourhood. Administration supports community groups to remove barriers to help vulnerable residents create and participate in economic initiatives, providing opportunity for all. Community groups contribute extensive financial and voluntary resources for the benefit of many Calgarians.

Financial Capacity

Current and Future Operating Budget:

  There are no implications as a result of this report.

Current and Future Capital Budget:

  There are no implications as a result of this report.

Risk Assessment

1. Out of the 171 financial submissions received from community groups, 123 community groups had their financials audited or reviewed by an independent professional accounting firm while the remaining 48 community groups opted to self-review their financial statements.

   To mitigate the risk of misstatements associated with the self-review process, Administration continues to encourage the community groups to seek an independent professional audit. The Federation of Calgary Communities also continues to offer lower cost public practice audits to the community groups.

2. Should any community group on City-owned land default or cease operations, the amenity may stop operating. Calgarians would be impacted through a change in programs and/or services.

   To manage this risk, in collaboration with stakeholders, City liaisons work to refine the support offered to community groups. These resources help community groups to continue

Status of Community Associations and Social Recreation Organizations on City-Owned Land

to offer valuable programs and services while activating and maintaining safe and inclusive spaces that respond to residents' needs.

3. Administration is aware of the challenges aging infrastructure places on community groups and their ability to maintain assets on City-owned land.

Through the Capital Conservation Grant (CCG) program, Administration will continue to offer funding and resources to community groups to address lifecycle needs that contribute to maintaining spaces that are safe, accessible and inclusive for all Calgarians. Administration will leverage Powerplan to gain a more informed understanding of the current state and risk profile of this portfolio of assets. In addition, Powerplan will be used to support long-term capital plan development and resource allocation decisions that will positively influence the future state of these assets.

REASON(S) FOR RECOMMENDATION(S):

The annual review of community associations and social recreation organizations on City-owned land enhances accountability, highlights risks, and provides an opportunity for Council to understand the current state and challenges. The information identifies the processes in place to help the community groups be sustainable.

ATTACHMENT(S)
1. Attachment 1 - Definitions of Rating Terms
2. Attachment 2 - Response to City Auditor's Report
3. Attachment 3 - Risk Ratings, Compliance Status and Mitigation Strategies by Ward (Confidential)

Definitions of Rating Terms

Financial Rating Definitions

In reviewing financial statements and the financial practices of community groups, Administration has taken the following into consideration:

Low Risk:	The community group is in a good financial position with sufficient working capital and healthy equity. The community group is showing no more than one unfavourable financial factor that is not considered to challenge the long-term sustainability of the organization.
Elevated Risk:	The community group is in a position to meet its short-term financial obligations; however, there is more than one unfavourable financial factor which creates concern in terms of the group's long-term sustainability. The risk indicators may include: • Low cash reserves: if revenues were interrupted, the cash in place is not sufficient to sustain beyond 30 days of regular operations; • Current operational practices may not be sustainable: a large operating deficit or cumulative deficits threaten to eliminate the organization's reserves.
High Risk:	The community group may be unable to meet its obligations either immediately or in the near future. If financial health deteriorates further, the group may have to consider ceasing some or all of its operations. Risks involved may include any of the following: • Financial issues: absence of good financial policies and procedures, poor reporting, poor liquidity ratio, insufficient levels of unrestricted reserves, consecutive yearly deficits and apparent problems with cash flow. • Governance issues: not operating within current bylaws and objectives or a lack of governance practices in place.

High Risk Continued:	• Risk management issues: inadequate risk management procedures in place and/or poor compliance with City policy. • Insufficient reporting: a community group has submitted financial statements that missed critical financial information and have received a rating of "insufficient" for three consecutive years.
Not Required:	The terms of the legal agreement with the community group do not require submission of financial statements as it has not yet had its annual general meeting.
Overdue:	The community group will be reported as overdue when any of the following scenarios apply: • Statements have not been submitted and more than 30 days have passed since the community group's annual general meeting, where the financial statements are to be presented to the members. • Statements are missing critical financial information (e.g., balance sheet, statement of revenues and expenditures, comparative data) or information is presented in a way that does not allow for analysis or rating. • Statements are currently being audited by the group or an independent organization.
Received/Pending Review	Statements have been received and a rating will be assigned once analysis is completed.

Financial Risk Rating

Financial Rating	Financial Risk Rating	Financial Risk Rating Colour
Low Risk/Not Required	Low Risk	Green
Elevated Risk	Elevated Risk	Yellow
High Risk/Overdue	High Risk	Red

Organizational Health Rating Definitions

In using the information from the Organizational Health Assessment, Administration have taken the following into consideration:

Community groups received lower risk scores (with lower scores indicating less risk for the community group) for items that were *"Done"* (completed, submitted, approved, understood),

compared to *"Working On It"* (actively in progress, started but not completed, completion date identified within one year), *"Not Yet Begun"* (new concept, unaware of the requirement lacking resources – volunteer or financial – to complete, unclear if or when it will be completed, not ready) or *"Not Applicable"* (but was, in fact, applicable to the group). In cases where there were multiple responses by members of a group, the least risk option reported by a member of the group was used for each item, and all comments were combined into a single response.

Organizational Health Foundational Items
More weight was placed on community groups' responses to three items as they are foundational to organizational health. The items were whether the group had a minimum business plan (outlines the minimum standards for lease/license of occupation), policies and procedures (a set of rules adopted by a community association to guide its internal operations), and annual audited financial statements (a completed and careful examination of the community association's financial position by an independent party).

Item	Done	Working On It	Not Yet Begun	Not Applicable
Business Plan – Minimum	0	4	8	8
Policies & Procedures	0	4	8	8
Financial Statements – Annual Audit	0	4	8	8

Required by Lease/License of Occupation Items
A secondary weighting was also placed on six items that are required by group's lease or license of occupation.

Item	Done	Working On It	Not Yet Begun	Not Applicable
Insurance – Minimum	0	2	4	4
Annual Return	0	2	4	4
Land Use Policy	0	2	4	4
Public Use Policy	0	2	4	4
Meets Twice Annually With NPC	0	2	4	4
Lifecycle Study	0	2	4	4

Best Practice Items
Regular scoring was used for the remaining 10 best practice items.

Item	Done	Working On It	Not Yet Begun	Not Applicable
Business/Strategic Plan	0	1	2	2
Annual General Meeting	0	1	2	2
Sufficient Board Members	0	1	2	2
Bylaws	0	1	2	2
Position Descriptions	0	1	2	2
Board Orientation	0	1	2	2
Financial Statements – Monthly	0	1	2	2
Annual Budget	0	1	2	2
Funding Sources	0	1	2	2
Insurance – Review	0	1	2	2

This resulted in a score between 0 and 68 for each community group. Community groups with scores between 0-22 were rated as low risk, scores between 23-45 were rated as elevated risk, and scores between 46-68 were rated as high risk.

Low Risk:	Community groups that had completed more items that are required by their lease or license of occupation, by indicating they were *"Done"* with these items.
Elevated Risk:	Community groups that were *"Working On"* more items that are required by their lease or license of occupation.
High Risk:	Community groups that were *"Working On"*, had *"Not Yet Begun"* work on more items that are required by their lease or license of occupation, or felt that items were *"Not Applicable"*.
Not Required:	Social Recreation Groups were not required to complete the Assessment.
^:	An **^** besides the risk rating indicates that the Assessment was completed by the Neighbourhood Partnership Coordinator on behalf of the group.

Organizational Health Risk Rating

Organizational Health Rating	Organizational Health Risk Rating	Organizational Health Risk Rating Colour
Low Risk	Low Risk	Green
Elevated Risk	Elevated Risk	Yellow
High Risk	High Risk	Red

Building Condition and Rating Definitions

An overall building condition rating has been assessed for community association and social recreation main buildings only. This rating has been generated using the Powerplan database, based on information gathered from Lifecycle Studies. These reports were completed through The City, by third party consulting firms in 2018 only. Data and information on non-building amenities has been collected but is not being reported on at this time.

Building: A structure that is used or intended for: supporting or sheltering any use, or occupancy. (Source: The Alberta Building Code 2006)

Main Building: A "main building", for the purposes of this report, is one which is primarily used. (for the community/by community/to provide community services). Ancillary buildings, such as garages, skate shacks, storage, etc. are excluded, as are other non-building amenities.

Main Building Condition Risk Rating

Main Building Condition	Main Building Condition Risk Rating	Main Building Condition Risk Rating Colour
Excellent/Good/Fair	Low Risk	Green
Poor	Elevated Risk	Yellow
Critical	High Risk	Red

Building Conditions:

Excellent:	The asset is fully operational and shows no signs of deterioration, "new" or "like new" condition.
Good:	The asset is beginning to show some signs of deterioration due to use but is still fully operational, "worn in" condition.
Fair:	The asset shows signs of deterioration due to use; the asset is still functional but there is likely increased risk of failure. Asset operation is still acceptable but may have decreased performance from new.
Poor:	The asset shows signs of major deterioration beyond what regular maintenance can manage. There is a high degree of likelihood of failure. Asset operation may be intermittent and/or have diminished performance.
Critical:	The asset shows signs of extreme deterioration. The asset may no longer be operational, or the operation is intermittent and/or has significantly diminished performance. There is a high degree of likelihood of an imminent failure, and/or the failure mode has increased severity due to the physical condition.

Condition Rating:

Low Risk:	The current condition of the "main building" is "fair/good/excellent".
Elevated Risk:	The current condition of the "main building" is "poor".
High Risk:	The current condition of the "main building" is "critical".
In Progress	This notes community groups who have a Lifecycle Study in draft form and data is waiting to be uploaded into the Powerplan system to inform a rating.
Year (Completion year of Lifecycle Study)**:**	Where a rating of "year" has been entered, the "year" represents when a group is anticipated to have a Lifecycle Study completed, by a third-party consultant.
Not Applicable:	There is no main building to be reported on, current or future; or the community group is not required to provide building information to The City.

Response to City Auditor's Report

The following table summarizes the management response and update to the City Auditor's report (Calgary Neighbourhoods' Support of Community Associations Audit AC2017-0401):

Section 4.1 External Communication – Report Content		
Recommendation 1	**Management Response**	**Update**
The Director of Calgary Neighbourhoods broaden the "Status of Community Associations and Social Recreation Organizations on City-Owned Land" to include relevant information on risks to the City (LOC Compliance) identified in Calgary Neighborhoods' Review Process including: • Financial • Land Use • Facility Management • Organizational Health	Phase 1 - Provide a revised report format to include relevant information on risks identified in the areas of facility management, financials and land use.	Phase 1 *Financial Risk Reporting* Financial risk to The City is identified through community groups rated as elevated risk or high risk (Attachment 3). *Land Use Risk Reporting* Community groups are adhering to permitted uses and discretionary uses on City land, as outlined in land use bylaw IP2007. The risk for this report change has been rolled into the Organizational Health Risk Reporting. Ninety-three per cent of community associations (CA) with leases/licenses of occupation reported were in alignment with permitted and discretionary uses. *Facility Management Risk Reporting* Powerplan, a corporate asset management decision support application, went live in June 2019 within Facility Management. To date, the database has been populated with asset information on 15 community groups within the portfolio of community

Section 4.1 External Communication – Report Content (continued)		
		associations and social recreation groups. This information has been translated to reflect a building condition rating for main buildings only within the 2019 report. Administration will continue to upload asset information from lifecycle studies as they are completed over the next 3 years. It is anticipated all assets in the portfolio will be uploaded by Q2 2023.
Recommendation 1	**Management Response**	**Update**
	Phase 2 – Calgary Neighbourhoods will define relevant data on organizational health and refine the collection method as necessary. The Council report will be further revised to include information on organizational health.	Phase 2 *Organizational Health Risk Reporting* Administration developed a new organizational health assessment tool and process with input from community associations involved in the 2018 pilot, resulting in 100 per cent of community associations with a lease/license of occupation assessed.
Section 4.2 External Communication – Report Format		
Recommendation 2	**Management Response**	**Update**
The Director of Calgary Neighbourhoods revise the Annual Status Report format to highlight the following: - CAs with a concern or sustainability issue, and - Ratios or measures that monitor overall CA health and service to the community	-Work with Calgary Neighbourhoods Research and Reporting staff to develop several effective Results-Based Accountability (RBA) measures regarding CA health and service to the community -Revise the annual status report format to include a measure on service -Prepare a draft report that addresses sustainability and includes the RBA measures	A tool was developed to capture individual and collective measures of service to the community and was piloted with all community associations. Further refinement of the tool is required to determine the best measures and establish a baseline. Results will be reported in 2020.