AGENDA

AUDIT COMMITTEE

March 12, 2020, 9:30 AM

IN THE COUNCIL CHAMBER

Members

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

1. CALL TO ORDER

2. OPENING REMARKS

3. CONFIRMATION OF AGENDA

4. CONFIRMATION OF MINUTES

   4.1 Minutes of the Regular Meeting of the Audit Committee, 2020 February 13

5. CONSENT AGENDA

   5.1 DEFERRALS AND PROCEDURAL REQUESTS
   None

   5.2 BRIEFINGS
   None

6. POSTPONED REPORTS
   (including related/supplemental reports)

   None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Solutions for Achieving Value and Excellence (SAVE) Program Q1 2020 Update (Verbal), AC2020-0323

7.2 Operating Budget Management Audit, AC2020-0343

7.3 Corporate Issue Management Program Audit, AC2020-0297

7.4 Code of Conduct Annual Report, AC2020-0250

7.5 Audit Committee Bylaw Review Working Group Update (Verbal), AC2020-0281

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION
None

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 Progress Update on 2019 City of Calgary Annual Report (Verbal), AC2020-0337
Held confidential pursuant to section 24 (advice from officials) and 26 (testing procedures, test and audits) of the *Freedom of Information and Privacy Act.*

10.1.2 Audit Forum (Verbal), AC2020-0330
Held confidential pursuant to section 24 (advice from officials) of the *Freedom of Information and Privacy Act.*

10.1.3 External Auditor (Verbal), AC2020-0331
Held confidential pursuant to section 24 (advice from officials) of the *Freedom of Information and Privacy Ac*t.

10.1.4 City Auditor (Verbal), AC2020-0332
Held confidential pursuant to section 24 (advice from officials) of the *Freedom of Information and Privacy Act*.

10.2 URGENT BUSINESS

11. ADJOURNMENT

MINUTES

AUDIT COMMITTEE

February 13, 2020, 9:30 AM
IN THE COUNCIL CHAMBER

PRESENT:	Councillor E. Woolley, Chair Councillor J. Farkas, Vice-Chair Councillor D. Colley-Urquhart (Remote Participation) Councillor J. Gondek Citizen Representative L. Caltagirone Citizen Representative M. Lambert
ABSENT:	Citizen Representative M. Dalton
ALSO PRESENT:	Chief Financial Officer, C. Male City Auditor K. Palmer External Auditor H. Gill Executive Assistant C. Smillie Legislative Advisor G. Chaudhary Legislative Advisor D. Williams

UNCONFIRMED

1. CALL TO ORDER

Councillor Woolley called the Meeting to order at 9:34 a.m.

2. OPENING REMARKS

Councillor Woolley provided opening remarks.

3. CONFIRMATION OF AGENDA

Moved by Citizen Representative Caltagirone

That the Agenda for the 2020 February 13 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, 2020 January 24

Moved by Councillor Gondek

That the Minutes of the 2020 January 24 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 Audit Committee Strategic Working Group Update, AC2020-0082

Councillor Woolley left the Chair at 9:35 a.m. and Councillor Farkas assumed the Chair.

Dave Robertson, Mistri Consulting, addressed Committee with respect to Report AC2020-0082.

A presentation entitled "Audit Committee Strategic Working Group Update AC2020-0082", dated 2020 February 13 was distributed with respect to Report AC2020-0082.

Moved by Citizen Representative Lambert

That with respect to Report AC2020-0082, the following be approved:

That the Audit Committee:

1. Receive this Report, Attachment and Presentation for the Corporate Record; and
2. Forward this Report and Attachment to Council for the Corporate Record.

MOTION CARRIED

Councillor Farkas introduced former Member of Parliament, Kent Hehr.

Councillor Woolley resumed the Chair at 10:01 a.m. and Councillor Farkas returned to his regular seat in Committee.

7.2 2017 Municipal Election Follow-up Audit, AC2020-0196

Moved by Councillor Farkas

That with respect to Report AC2020-0196, the following be approved:

That the Audit Committee:

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1. Receive this Report for the Corporate Record; and
2. Recommend that Council receive this Report for the Corporate Record.

MOTION CARRIED

7.3 City Auditor's Office 2019 Annual Report, AC2020-0223

Moved by Citizen Representative Lambert

That with respect to Report AC2020-0223, the following be approved:

That the Audit Committee:

1. Receive this Report for the Corporate Record; and
2. Recommend that Council receives this Report for the Corporate Record.

MOTION CARRIED

7.4 Audit Committee 2019 Year-End Annual Status Report, AC2020-0177

Moved by Citizen Representative Caltagirone

That with respect to Report AC2020-0177, the following be approved:

That the Audit Committee receive this Report and Attachment 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. CONFIDENTIAL ITEMS

Moved by Citizen Representative Lambert

Pursuant to Sections 17 (Disclosure to personal privacy), 19 (Confidential evaluations), 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, at 11:11 a.m., in the Council Lounge, to consider confidential matters with respect to the following items:

- 10.1.1. Audit Forum (Verbal), AC2020-0179;

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- 10.1.2. External Auditor (Verbal), AC2020-0181;
- 10.1.3. City Auditor (Verbal), AC2020-0182;
- 10.1.4. Audit Committee 2018-2019 Self-Assessment Update, AC2020-0087; and
- 10.1.5. City Auditor 2019 Performance Review (Verbal), AC2020-0178

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

MOTION CARRIED

Committee moved into Public Meeting at 12:05 p.m. with Councillor Woolley in the Chair.

Moved by Citizen Representative Caltagirone

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 Audit Forum (Verbal), AC2020-0179

People in attendance during the Closed Meeting discussion with respect to Report AC2020-0179:

Clerks: G. Chaudhary and D. Williams. Advice: C. Male and K. Palmer. Observer: I. Cvitanusic, H. Gill and C. Smillie.

Moved by Citizen Representative Caltagirone

That the Audit Committee:

Direct that the 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

10.1.2 External Auditor (Verbal), AC2020-0181

People in attendance during the Closed Meeting discussion with respect to Report AC2020-0181:

Clerks: G. Chaudhary and D. Williams. Advice: H. Gill. Observer: I. Cvitanusic, C. Male, K. Palmer, and C. Smillie.

Moved by Citizen Representative Lambert

That the Audit Committee:

UNCONFIRMED

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

10.1.3 City Auditor (Verbal), AC2020-0182

People in attendance during the Closed Meeting discussion with respect to Report AC2020-0182:

Clerks: G. Chaudhary and D. Williams. Advice: K. Palmer. Observer: C. Male, and C. Smillie.

Moved by Councillor Farkas

That the Audit Committee:

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

10.1.4 Audit Committee 2018-2019 Self-Assessment Update, AC2020-0087

People in attendance during the Closed Meeting discussion with respect to Report AC2020-0087:

Clerks: G. Chaudhary and D. Williams. Advice: C. Smillie.

Moved by Councillor Gondek

That the Audit Committee directs:

1. That Administration Recommendations 1 and 2 be approved; and
2. That the Report, Recommendations and Closed Meeting discussions remain confidential pursuant to Sections 19 (Confidential evaluations) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2035 February 13.

MOTION CARRIED

10.1.5 City Auditor 2019 Performance Review (Verbal), AC2020-0178

People in attendance during the Closed Meeting discussion with respect to Report AC2020-0178:

Clerks: G. Chaudhary and D. Williams.

Moved by Citizen Representative Caltagirone

That the Audit Committee:

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Directs that the Closed Meeting discussions remain confidential pursuant to Section 17 (Disclosure to personal privacy) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2035 February 13.

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Citizen Representative Lambert

That this meeting adjourn at 12:07 p.m.

MOTION CARRIED

The following items have been forwarded on to the 2020 February 24 Combined Meeting of Council:

CONSENT:

- Audit Committee Strategic Working Group Update, AC2020-0082
- 2017 Municipal Election Follow-up Audit, AC2020-0196
- City Auditor's Office 2019 Annual Report, AC2020-0223

The next Regular Meeting of the Audit Committee is scheduled to be held on 2020 March 12 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR	ACTING CITY CLERK

UNCONFIRMED

Operating Budget Management Audit

EXECUTIVE SUMMARY

The City Auditor's Office issued the Operating Budget Management Audit Report to Administration on March 5, 2020. The report includes Administration's response to two recommendations raised by the City Auditor's Office to strengthen the City's management of operating budget. Administration accepted both recommendations and has committed to the implementation of action plans no later than December 31, 2021. The City Auditor's Office will track the implementation of these commitments as part of our ongoing follow-up process.

RECOMMENDATIONS

That with respect to the Report AC2020-0343, the following be approved:

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

This audit was undertaken as part of the approved City Auditor's Office 2019/2020 Annual Audit Plan. The City's 2019 operating budget was $4,027M to support the 61 services delivered by The City. Oversight of the capital and operating budget lies with the Corporate Budget Office. City Department budgets are disseminated to business units (BUs) within Departments, and at the BU level, budget is further assigned to DeptID owners. DeptID owners assume responsibility for monitoring and managing expenditure allocated to their DeptID.

The objective of this audit was to assess whether The City effectively monitors and manages operating budgets to appropriately mitigate key risks. We did this by assessing the effectiveness of processes and tools utilized against The City's expectations of budget management and the Government Finance Officers Association's Best Practices of Budget Monitoring published March 2018. The audit scope focused on processes and reporting tools utilized by DeptID owners to manage their operating budget/expenditure during 2018 and 2019. As such, the audit examined supporting documentation and assessed processes from the various BUs and the activities by Finance to support BUs management of their operating budgets.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Overall, we concluded that The City's operating budget management and monitoring practices are in place and generally align with the seven Government Finance Officers Association's Budget Monitoring Best Practices. We identified two key areas to be strengthened for The City to have a comprehensive budget monitoring practice: Who is responsible and outlining roles,

and Communication. Our recommendations assist Finance to address disclosure, effectiveness, and efficiency in its budget management process.

Stakeholder Engagement, Research and Communication
This audit was conducted with Finance 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

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 City Auditor's 2019/2020 Annual Audit Plan as two key risks could arise from ineffective operating budget management:

- Financial risk: unidentified or un-managed expenditure in excess of budget could impact the City's ability to achieve objectives with available resources.
- Reputational risk: Stewardship over public funds is The City's responsibility to Calgarians.

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
Operating Budget Management Audit AC2020-0343 ATT

Calgary

City Auditor's Office

Operating Budget Management Audit

March 5, 2020

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Table of Contents

Executive Summary **5**
1.0 Background **7**
2.0 Audit Objective, Scope and Approach **8**
2.1 Audit Objective 8
2.2 Audit Scope 8
2.3 Audit Approach 8
3.0 Results **9**
3.1 What Budget Elements Should be Reviewed 9
3.2 How the Elements Should be Analyzed 10
3.3 At What Level of Detail Should the Analysis be Conducted 10
3.4 Who is Responsible and Outlining Roles 10
3.5 Tools for Conducting the Analysis 11
3.6 Communications 12
3.7 Action 12
4.0 Observations and Recommendations **13**
4.1 DeptID Essential Budget Roles and Expectations 13
4.2 Transparent Communication to Council 14
Appendix A **16**

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

Executive Summary

The City's 2019 Council Approved operating budget was $4,027M[1] to support the 61 services delivered by The City. The Corporate Budget Office, within the Finance business unit, ensures that the operating and capital budgets for The City's eight departments in the Finance and Supply Chain Management financial system correspond with approved budgets. Department budgets are disseminated to business units within departments, and at the business unit level, budget is further assigned to DeptID owners. DeptID owners assume responsibility for monitoring and managing expenditure allocated to their DeptID.

The objective of this audit was to assess whether The City effectively monitors and manages operating budget to appropriately mitigate key risks: financial risk and reputational risk to The City. We did this by assessing the effectiveness of processes and tools utilized against The City's expectations of budget management and the Government Finance Officers Association's Best Practices of Budget Monitoring[2] published March 2018 (Appendix A).

Council Policy, CFO006 Budget Reporting Policies, sets forth procedures on reporting of budget variances and spending when there are variances exceeding $400K or an unbudgeted emergency. The audit focused on the Executive Information Report because it is a consistent report shared to Council on a regular basis, and the content provides insight into the month-to-month budget monitoring activities. Fulfilling the reporting requirements of the Executive Information Report involves Finance staff and business unit staff providing analysis of the operating budget results and explanations for variances exceeding $250K.

Our results confirmed The City's operating budget management and monitoring practices are in place and generally align with the seven Government Finance Officers Association's Budget Monitoring Best Practices which mitigate the key risks. We identified two areas to be strengthened for The City to have a comprehensive budget monitoring practice: Who is responsible and outlining roles, and Communication. Our recommendations assist Finance to address disclosure, effectiveness, and efficiency in its budget management process.

First, formally designating who is responsible and outlining roles strengthens operating budget monitoring and management by supporting effective use of resources and reducing potential duplication of work effort. Our review of The City's budget monitoring and management requirements observed that there is no "must do" directive policy or procedure on how budget elements should be analyzed or at what level of detail the analysis should be considered other than the Executive Information Report's instructions and guidelines. We confirmed budget element analysis is conducted, however, formal procedures are required to address roles and responsibilities which would provide assurance that The City's requirements are completed in an efficient and effective manner.

Second, communication of operating budget results is frequent, through the Executive Information Reports; however, budget information is not always sufficiently transparent. Specifically, budget variances are explained, but without identifying the root cause, the Executive Information Report

[1] 2019 Operating Budget Changes - PFC2019-1067. As at July 31: Total City Expenditure $4,472M less internal recoveries ($446M).
[2] https://www.gfoa.org/budget-monitoring

does not provide a record of what happened and why. Improved communication transparency will provide the report audience with enough information to understand the underlying reasons for the variances, how the variances could be mitigated or resolved, and if there will be an impact to subsequent year's operating budget.

Finance has agreed to both recommendations and has committed to set action plan implementation dates no later than December 31, 2021. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

1.0 Background

The City's 2019 operating budget was $4,027M to support the 61 services delivered by The City. City operating expenditure is recorded in the City's Finance and Supply Chain Management (FSCM) enterprise system. Budget and actual expenditures, revenues, and recoveries are assigned to a DeptID owner, a position in the organization that has the responsibility to manage both people and budget. Budget and expenditure information is rolled up from DeptIDs to business unit (BU) level, and then up to department level across the Corporation. DeptID owners are assigned responsibility for monitoring and managing expenditure assigned to their DeptID. To support them in this role, DeptID owners can utilize reports from FSCM and the associated HR system, Human Capital Management, which provide information on revenue and expenditure related to their DeptID.

The Finance business unit's (Finance) objective, stated on The City's intranet site, is to help BUs perform their functions more effectively and efficiently by:

- Providing BUs with timely analysis and interpretation of data;
- Creating innovative ways to doing business through more effective ways of using resources and designing alternate processes;
- Providing corporate linkages and direction by linking financial objectives with the corporate vision, mission, values, and objectives, and the BU's business plans with budgets; and,
- Ensuring an appropriate long-term view of budget forecasting and business opportunities.

To fulfill this objective, Finance utilizes a network of Finance Managers who have responsibility for supporting a portfolio of BUs. The Finance Managers, supported by Finance Leads, Finance Coordinators, and Senior Accountants, support and assist BUs with review of financial and performance results, such as, identifying root cause of significant variances between budget and actual and performing trend analysis on a monthly and yearly basis. Each BU is assigned at least one dedicated Finance support position who provides monthly reports (e.g. expenditure analysis) and additional ad hoc internal management reporting to the BU. This support is customized to the needs of individual BUs.

The City's Corporate Budget Office (CBO), within Finance, hold the official record of the Corporate budget. The CBO has oversight function of the Corporation's capital and operating budget, including ensuring that BU budgets match the official Corporate budget record, and collating monthly analysis of expenditure compared to budget from BUs into a monthly report, the Executive Information Report (EIR) which is provided to Council. Council Policy CFO006 Budget Reporting Policies sets forth the procedures on reporting to Council on budget variances, adjustments and expenditure.

2.0 Audit Objective, Scope and Approach

2.1 Audit Objective

The objective of this audit was to assess whether The City effectively monitors and manages operating budget to appropriately mitigate key risks. The objective was achieved by assessing the effectiveness of processes and tools utilized against The City's expectations and the Government Finance Officers Association's (GFOA) Best Practices of Budget Monitoring (Appendix A).

2.2 Audit Scope

The scope of the audit included related processes and reporting tools utilized by DeptID owners to manage their operating budget/expenditure during 2018 and 2019. Underlying IT control systems, and the validity of input controls used to produce budget monitoring reports were not a focus of this audit.

2.3 Audit Approach

The audit approach included:

1. Interviews (group interview/survey) with Finance Managers and Leads and review of Finance supporting documentation including policies, documented processes and guidance, to assess City-wide budget management practices;
2. Review of specific BU budget monitoring tools and processes from a representative sample of five BUs and assess Finance's customized approaches to budget management. We selected DeptID owners from three of the five BUs for further interview and review of budget management and monitoring tools and processes; and
3. Comparison of City-wide budget management practices and BU customization against GFOA's Best Practices of Budget Monitoring (Appendix A).

3.0 Results

We compared The City's operating budget management and monitoring practices to each of the seven key items identified in the GFOA Budget Monitoring Best Practices (Appendix A) and evaluated whether The City's practices met The City's expectations and best practices set out by GFOA:

1. What elements should be reviewed
2. How the elements should be analyzed
3. At what level of detail should the analysis be conducted
4. Who is responsible and outlining roles
5. Tools for conducting the analysis
6. Communications
7. Action.

Our results confirmed The City's operating budget management and monitoring practices are in place and generally align with GFOA's Budget Monitoring Best Practices. We identified two key areas to be strengthened for The City to have a comprehensive budget monitoring practice: 4. Who is responsible and outlining roles, and 6. Communication. Our recommendations assist Finance to address disclosure, effectiveness, and efficiency in its budget management process.

3.1 What Budget Elements Should be Reviewed

We identified 37 Finance staff whose responsibilities include operating budget support to specific BUs and whose work directly or indirectly contributes to the EIR. We surveyed them to further understand how they specifically support BU DeptID owners. We also conducted in-depth meetings with three BU DeptID owners. Through survey, interviews, and examination of documentation, we gathered information on what budget elements are reviewed.

The results of the surveys, interviews and examination of reports confirms The City's operating budget monitoring processes meets expectations of reviewing budget elements outlined by the GFOA.

Budget Element	GFOA's review expectation met	Audit observations
Revenue and Expenditure	✓	• Revenues and Expenditures are reviewed regularly by DeptID owners and Finance. All Finance staff surveyed said review is conducted monthly or more frequently.
Operations	✓	• Operations and the services provided are reviewed by DeptID owners. • Finance and DeptID owners track and evaluate trends; mitigation strategies to address variances are developed.
Economic Trends	✓	• Economic trends are monitored by the CBO and regular updates are provided to the Corporation and Council.
Performance Measures	✓	• The CBO reports budget results monthly through the EIR; the report includes financial data and related performance measures.

3.2 How the Elements Should be Analyzed

The analysis should be conducted in a way that: identifies root cause, timing and impact of variances is understood, interim reporting requirements are met; and, the basis of comparison are appropriate. We interviewed three DeptID owners (Section 3.1) to gain understanding of how the Elements are analyzed within individual BUs. The three DeptID owners relied on their previous experience, knowledge of the business, and guidance from experienced employees to review their budgets, discuss the results with management and suggest mitigation strategies. We reviewed three BU variances exceeding $250K with each BU in our selected sample. The BU DeptID owners identified root cause of the variances and provided supporting documentation.

Our review of City budget monitoring and management requirements observed that there is no "must do" directive policy or procedure on how the Elements should be analyzed except for the EIR instruction and guidelines. As in Section 3.1, our audit confirmed that Elements are reviewed and analyzed, however, who should review, what should be reviewed, and, how the budget should be analyzed, is currently undefined by City policy and procedure. Recommendation 1 addresses defining roles and budget monitoring expectations (Section 3.4).

3.3 At What Level of Detail Should the Analysis be Conducted

Of 37 Finance staff surveyed regarding the level of detail with which the operating budget is analyzed, the majority indicated that revenues and expenditures are analyzed to prepare trend analysis and forecasts. In addition, survey results indicate Finance reviews the overall financial results and often conducts transaction analysis to ensure that system entries are coded correctly and make corrections when necessary. BUs that have a favourable or unfavourable budget variance exceeding the threshold ($250K) must be explained by the BU, and the explanation is included in the EIR.

3.4 Who is Responsible and Outlining Roles

Through interviews with three DeptID owners and group survey of Finance staff, we confirmed DeptID owners are monitoring the operating budget under their responsibility. The extent to which the DeptID owners perform budget monitoring activities varies based on the complexities of each individual BU. Some BUs have internal work groups that provide a high level of detailed reporting to meet the BU's need for interim reporting, operations and financial information and data to assess impacts to the operating budget.

Financial reports are available and accessible to all DeptID owners. Our survey of key Finance staff noted 76% acknowledged they regularly provide financial reports to the DeptID owners and 90% believed those financial reports were necessary for the BU DeptID owners to understand and manage the operating budget. Discussion with three DeptID owners confirmed those DeptID owners who received support (in the form of data, information, trend analysis and forecast) from their BU's internal work group, had significantly less reliance on support from Finance. Information required to monitor operating budget, explain budget variances, create forecast and trend analysis was completed within the BU with the support of their internal work group.

Our discussion with selected DeptID owners (Section 3.2) confirmed two of the DeptID owners had taken PeopleSoft training provided by Finance. All DeptIDs we interviewed,

whether they had received training or not, relied on their previously acquired knowledge of budget management, on-the-job training, and mentoring from other employees in their work group. As well, Finance staff are available provide support to the business at the DeptIDs' request.

Finance developed and delivers Financial Analysis and Financial Management training in a classroom-style format to DeptID owners. The financial training manuals outline the responsibilities of the DeptID owners. However, DeptID owners are not required to complete financial training. Other than the financial training manuals, there are no other Finance policy or procedure that define and assign DeptIDs budget monitoring and management responsibilities.

Budgeting policies (CFO004 and CFO006) are silent on DeptIDs' budget monitoring requirements. The CBO, within Finance, has the responsibility to report and comment on BU budget variances that exceed a threshold of $250K, however the CBO is not directed to follow up on variance mitigation plans and outcomes. Finance indicated that this activity is completed at the BU level, supported by Finance, and reported to Council individually if material or per CFO006.

The absence of budget monitoring expectations and accountability results in a mix of informal, and possibly duplicative budget monitoring practices and processes. As a result, we recommended roles and expectations of budget monitoring should be clarified to ensure duplication of work is not occurring and reinforcement of expectations through training (Recommendation 1).

3.5 Tools for Conducting the Analysis

We assessed use of the FSCM enterprise system in effective budget management and monitoring. Our discussion with Finance Staff and DeptID owners confirmed that all have access to the FSCM's data, which can be retrieved directly or through Finance's report repository. Finance provides training (Section 3.4) to understand and utilize three main financial reports which are available in the report repository: Internal Management Report (IMR), DeptID Analysis, and Activity Analysis. In our survey of 37 key Finance staff, 67.5% had the opinion that the FSCM's main financial reports did not provide enough information to the DeptID to monitor and manage operating budget. Of Finance staff surveyed, 92% said that they regularly create more detailed reports, using the FSCM, which provide a drilldown analysis.

Interviews with Finance staff and several DeptIDs (Section 3.2) confirmed that not all DeptIDs have had training to use the FSCM. To support another GFOA Best Practices (Who is responsible and outlining roles), it is essential that roles with responsibility for budget monitoring and management are trained to retrieve data and information from the FCSM (Recommendation 1).

3.6 Communications

Monthly, the CBO coordinates the production, review and communication to Council of the EIR, summarizing operating expenditure compared to budget by department and BU. The report is made available to Council through a shared intranet site. We reviewed the production process, and observed it provides a structured methodology to consistently examine expenditure each month, and support BU directors in understanding their financial position.

BU net variances over $250K must be explained in the EIR. Finance Managers and Leads indicated in group interviews that it is informal City practice to adjust the budget (for example moving budgeted expenditure to a future month through the City's budget adjustment process, which is permitted in the CBO's guidelines). Explanations for account category variances are not required. As well, some self-supported BU budget-to-actual variances may net to zero due to transfers to/from specific financial reserves.

Communication of transparent analysis and results provides the audience with enough information to understand the impact of the results. The value of the reports is diminished if the end-user is not provided full transparency. While the EIR is the only monthly budget report provided, other mechanisms through which Council receives budget information includes the semi-annual Revisions Report and Accountability Report. We made a recommendation to strengthen operating budget results communication by assessing the reporting tool's use and disclosures (Recommendation 2).

3.7 Action

The GFOA's seventh and final recommended component for budget monitoring involves application of the six key areas listed above, to "ensure timely corrective action and operational improvement."

Our interviews with the DeptID owners confirmed activities such as trend analysis and forecasting within the BU to assist DeptID owners in gauging the magnitude of impact on the operating budget and responding with mitigation strategies.

We would like to thank staff from Finance and various BUs for their assistance and support throughout this audit.

4.0 Observations and Recommendations

We've made two recommendations to strengthen The City's operating budget management processes.

4.1 DeptID Essential Budget Roles and Expectations

Expectations for The City's operating budget monitoring and management have not been formally defined or assigned and as a result, there is a lack of role clarity between Finance and the BU DeptID owners.

The GFOA defines the fourth of its seven best practices for budget monitoring as:
"Who is responsible and outlining roles:

1. Production. Who produces the analysis, reports, etc. related to budget monitoring should be clearly articulated and disseminated.
2. Roles. Collaboration and ownership within the organization should be promoted to help provide context related to any potential issues.
3. Ownership. Identify who is responsible for resolving variances related to both spend and service delivery as well as any other problems identified that need attention."

Establishing essential budget expectations, supported by documented guidance and accompanying training, underpin effective and efficient budget monitoring and management. Without an established line of sight on the minimal expectations, and role responsibilities, duplication of activities may occur, which impacts the effective use of resources.

Our in-depth review of three BU roles and responsibilities identified occasions where both Finance staff and BU staff regularly send similar financial information to DeptID owners each month to support monitoring and management of budget.

We surveyed 37 Finance staff to gain clarity on the budget management and monitoring and results noted:

- Both Finance and BUs monitored expenditure (97%);
- Finance provides system-generated financial reports directly to DeptID owners (90%) because this has become standard practice, or because the DeptID owner relies on it even though DeptID owners can access these reports directly;
- Variations in BU budget practices require additional Finance support to facilitate effective budget monitoring and management (e.g. allocating budgets divided evenly over 12 months rather than using a forecast approach); and,
- DeptID owners require support to retrieve reports and monitor expenditures to detect and correct errors.

Operating budget monitoring requirements of DeptID owners are not documented in policy or procedures although there is some guidance provided in the Finance training. The training is not mandatory, and the guidance provided is limited to the following statements:

- "Managing the resources (i.e. people and financial) effectively and efficiently within the organizational unit
- Contributing to, monitoring and reporting on approved Business Plans and Budgets"

Recommendation 1

The City Treasurer:

a) Clarify roles and expectations of budget monitoring between Finance and DeptID owners, and reduce duplicative tasks where identified.
b) Document budget monitoring and management expectations, including assignment of responsibility to DeptID owners, BUs and Finance.
c) Develop associated policy, process and related training to support defined budget monitoring and management expectations.

Management Response

Agreed.

Action Plan	Responsibility
The City Treasurer will develop formal documentation to clarify roles and expectations of budget monitoring requirements for DeptID owners and Finance. Although, the audit scope is around the operating budget, actions to address Recommendation 1 will result in clarification of roles and expectations for budget monitoring for both operating and capital. Documentation may include policies, documented processes, and training materials plans. A communication and training plan will be developed and executed. Engagement with the Administrative Leadership Team (ALT) may be required in addition to engagement with BUs.	Lead: City Treasurer Support: Portfolio & Strategy Group Corporate Budget Office Portfolio Finance Managers Commitment Date: December 31, 2021

4.2 Transparent Communication to Council

Monthly operating budget and expenditure reported through EIRs to Council does not fulfill budget communication expectations of transparent communication.

GFOA's budget monitoring best practice includes communication, specifically:
"Transparency: How can the information be shared on a wide spread basis to the community and include the proper context to best inform the public and minimize additional request for more information."

Observations of The City's practice to report budget variance:

- Review of 10 2018 EIRs. We observed that two explanations in one EIR (June 2018) were omitted at the BU's request. Finance staff indicated that this was because the variances were due to timing and it was anticipated that the variances would be resolved in the following month.

- 15 variance explanations examined from eight EIR reports were confirmed to be accurate, however 100% of those explanations did not inform the reader whether the variance is an ongoing concern and could increase over time.

While Council receives additional information semi-annually through the Accountability Reports and Revisions Reports, as well as one-off reports if required on specific BU or service concerns with budget impacts, currently the EIR is the only comprehensive monthly report produced in the operating budget monitoring process provided to Council.

Recommendation 2

The City Treasurer:

a) Assess whether the practices supporting the EIR completion can be enhanced and improved, or whether a different reporting tool should be implemented to provide Council with transparent communication.
b) Ensure communication disclosed to Council through implementation of an effective report supported by appropriate guidance to DeptID owners.

Management Response

Agreed.

Action Plan	**Responsibility**
Finance will consult with Council on potential enhancement to the EIR or changes to reporting requirements according to Council's budget reporting needs. After consultation, feedback will be analyzed, and changes will be executed within available Finance resources. Finance will ensure changes are incorporated into the guidance for DeptID owners as part of Recommendation 1 if applicable. Recommendations will be developed, and follow-up consultation may be required before any changes are made. Formal documentation around purpose and roles and responsibilities will be developed for any changes made as a result of the consultation with Council on their budget reporting needs.	Lead: City Treasurer Support: Corporate Budget Office, Portfolio Finance Managers, and potentially other roles in the Corporation depending on change to be made based on consultation with Council. Commitment Date: June 30, 2021

Appendix A

Government Finance Officers Association: Best Practices Budget Monitoring	
1. What Budget Elements should be reviewed:	1. Revenues: 1. Seasonality, and whether comparable to prior observations. 2. Any potential volatility and the resulting impact 3. Trends and comparison to projections 4. One time sources 5. Timing of receipts 6. Relationship to economic indicators and potential impacts 7. Changes in policy/practice of overarching governments involved in disbursement of revenues 8. Review of patterns at other similar/related governments
	2. Expenditures: monitoring all expenditures, including one-time uses, and also examing key aspects of: 1. Personnel. Examine additional detail beyond just regular payroll expenses. 2. Non-personnel. Monitoring current expenses as well as outstanding Purchase Orders, and major contracts to understand what was spent and what remains to be spent.
	3. Operations: Are services being provided as anticipated? Are any services begin provided that were anticipated? What trends are being observed that may impact whether or not spending remains on track?
	4. Economic Trends: How is the broader context of prices for labour, services, commodities and other items impacting expenses versus the budget?
	5. Performance Measures: Incorporating into the budget monitoring process an examination of performance measures and linkages to financial outcomes. The analysis should include changes to goals/initiatives since budget adoption and are there new initiatives not initially included in the budget.

Appendix A – continued

Government Finance Officers Association: Best Practices Budget Monitoring	
2. How the Elements should be analyzed:	1. Root Cause: beyond just identifying deviations from budget to analyzing and articulating why deviations occurred.
	2. Time frame: Is it anticipated that the variance will continue, or is there an underlying reason for it? How does the current spending pattern impact the subsequent year's budget?
	3. Requirements: Is the budget monitoring structured to meet any interim reporting requirements?
	4. Basis of comparison: Previous year actuals, Averages of several prior year actuals, Projections and forecasts.
3. At what level of detail should the analysis be conducted:	Consideration given to benefits of more versus less detail and its impacts on the timeliness, usefulness, and degree of difficulty to compile, among other factors. Potential levels at which to monitor are at Fund, Department, BU, Function, Project, and Activity level.
4. Who is responsible and outlining roles:	1. Production: Who produces the analysis, reports, etc. related to budget monitoring should be clearly articulated and disseminated.
	2. Roles: Collaboration and ownership within the organization should be promoted to help provide context related to any potential issues.
	3. Ownership: Identify who is responsible for resolving variances related to both spend and service delivery as well as any other problems identified that need attention.

Appendix A – continued

Government Finance Officers Association: Best Practices Budget Monitoring	
5. Tools for conducting the analysis:	1. Electronic systems: The org's ERP system.
	2. Automation: Data and reports should be integrated into and generated by an org's ERP system.
	3. Overspend Protection: Are there mechanisms in place in their ERP system to automatically prevent overspending of budget and notify the organization's financial leadership?
	4. Consistency: Off system analysis should be consistently applied to all aspects of monitoring the budget and clearly articulated to both staff conducting the analysis and end users.
6. Communications:	1. Frequency: How often budget monitoring reports and information is generated should be agreed upon at all levels of the org, but may vary for different program areas.
	2. Delivery: The point at which the monitoring process is achieved and how the information is communicated and to which stakeholder, both internally and externally, needs to be clearly structured.
	3. Format: How information related to budget monitoring needs to be clearly established as well, including considerations for the audience and their level of expertise.
	4. Transparency: How can the information be shared on a wide spread basis to the community and include the proper context to best inform the public and minimize additional request for more information.
7. Action:	Following the steps above; comprehensive monitoring and communication is conducted to ensure timely corrective action and operational improvement.

Corporate Issue Management Program Audit

EXECUTIVE SUMMARY

The City Auditor's Office issued the Corporate Issue Management Program Audit Report to Administration on March 5, 2020. The report includes Administration's response to the summary recommendation raised by the City Auditor's Office to consider alternative approaches for the delivery of the Corporate Issue Management Program for effective and efficient prevention and management of significant issues. Administration has committed to the implementation of an action plan no later than July 31, 2020. The City Auditor's Office will track the implementation of this commitment as part of our ongoing follow-up process.

RECOMMENDATIONS

That with respect to the Report AC2020-0297, the following be approved:

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

This audit was undertaken as part of the approved City Auditor's Office 2019/2020 Annual Audit Plan. The purpose of the Corporate Issue Management Plan (CIMP) is to provide a consistent approach to the prevention of and management of issues. The objective of this audit was to assess the effectiveness of the CIMP in timely escalation of significant issues to senior management for appropriate action. We did this by assessing the operating effectiveness of a representative sample of issue management plans; conducting a survey of issue owners and issue leads to determine awareness, benefits, and challenges in complying with the CIMP's requirements; reviewing Administrative Leadership Team meeting minutes for the discussion of issues; reviewing training documentation; and reviewing the delivery of the program. The scope of the audit was limited to the operation of the CIMP for the first seven months of 2019.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Overall, we concluded that the design of the CIMP is effective as it enables the regular discussion of high priority issues and establishes a clear process to manage issues. However, there is a concern with operating effectiveness due to inconsistent compliance across the organization. In general, business units identify the issues, allocate resources to act on issues and document The City's objectives. Interviews with senior management indicate the root cause for inconsistent compliance in following all the stages of the CIMP Framework may be due to the complexity of performing all the multiple steps required by the CIMP Framework and a perception of the CIMP Framework as very template-oriented, labour and time-consuming. The types of inconsistency include business units not implementing steps within the context of the

Corporate Issue Management Program Audit

CIMP such as analyzing and prioritizing issues, developing strategies based on risk, discussing lessons learned to prevent similar issues from occurring and completing their mandatory CIMP training. The CIMP is undergoing a transition period due to turnover of the CIMP Manager, the recent appointment of a new City Manager, and a corporate focus to seek process efficiencies. We believe this is the ideal time to reassess how the CIMP should operate going forward, and to support this decision we provided Administration alternative recommendation scenarios. The City Manager and the City Solicitor have agreed to undertake a strategic review of the CIMP in partnership with the General Managers to consider alternative approaches and make and approve recommendations for the program by the end of July 31, 2020 and begin implementation in Q3 2020.

Stakeholder Engagement, Research and Communication
This audit was conducted with Law 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

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 City Auditor's 2019/2020 Annual Audit Plan as the CIMP provides a consistent approach to the prevention of and management of issues that may impact The City's ability to achieve its business objectives, deliver quality public service and maintain its reputation of a Well-Run City.

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
Corporate Issue Management Program Audit AC2020-0297 ATT

Calgary

City Auditor's Office

Corporate Issue Management Program Audit

March 5, 2020

ISC: Unrestricted

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Table of Contents

Executive Summary **5**
1.0 Background **6**
2.0 Audit Objectives, Scope and Approach **7**
2.1 Audit Objective 7
2.2 Audit Scope 7
2.3 Audit Approach 7
3.0 Results **7**
4.0 Observations and Recommendations **13**
4.1 Current State of the Corporate Issue Management Program 13

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

Executive Summary

The purpose of the Corporate Issue Management Program (CIMP) is to provide a consistent approach to the prevention of and management of issues. An issue is a gap between stakeholder expectations and The City's performance or actions. Depending on the profile of an issue (the level of negative attention in the public domain) and issue impact (the level of damage to The City's reputation or ability to deliver its business objectives), issues are rated from very low to very high priority. The CIMP Framework provides a step by step approach to managing issues. The City Manager is responsible for ensuring compliance with the CIMP Policy.

The objective of this audit was to assess the effectiveness of the CIMP in timely escalating significant issues to senior management for appropriate action. The audit focused on the operation of the CIMP for the first seven months of 2019.

The design of the CIMP is effective as it enables the regular discussion of high priority issues and establishes a clear process to manage issues. However, there is a concern with operating effectiveness due to inconsistent compliance across the organization.

The City has established a CIMP that is unique among municipalities with a defined CIMP Framework that provides detailed steps to employees on how to identify, prioritize and resolve issues. In general, business units identify the issues, allocate resources to act on issues and document The City's objectives. Interviews with senior management indicate the root cause for inconsistent compliance in following all the stages of the CIMP Framework may be due to the complexity of performing all the multiple steps required by the CIMP Framework and a perception of the CIMP Framework as very template-oriented, labour and time-consuming. The types of inconsistency include business units not implementing steps within the context of the CIMP such as analyzing and prioritizing issues, developing strategies based on risk, discussing lessons learned to prevent similar issues from occurring and completing their mandatory CIMP training. Our audit survey and conversations with senior management indicate that half of senior management disagree or are unsure that significant issues are resolved in a timely manner as a result of the CIMP. Senior management indicate that the CIMP is part of a broader initiative that includes The City's Integrated Risk Management and Business Continuity Planning process as tools that work together to manage issues.

The CIMP is undergoing a transition period due to turnover of CIMP Manager in August 2019, the recent appointment of a new City Manager, and a corporate focus to seek process efficiencies. We believe this is the ideal time to reassess how the CIMP should operate going forward, and to support this decision we provided Administration alternative recommendation scenarios. Each alternative scenario presents a trade-off between complexity (effort to comply with demands of the IM Policy and CIMP Framework) and potential impact (level of damage to The City's reputation and ability to deliver its business objectives). The implications for the alternative scenarios range from enforcing compliance with the proactive, complex CIMP Framework; less complex models for the framework with a relatively higher potential impact; and eliminating the requirement of the CIMP and managing issues through other mechanisms such as project management or risk management.

The City Manager and the City Solicitor have agreed to undertake a strategic review of the Corporate Issue Management program in partnership with the General Managers to consider alternative approaches and make and approve recommendations for the program by the end of July 31, 2020 and begin implementation in Q3 2020. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

1.0 Background

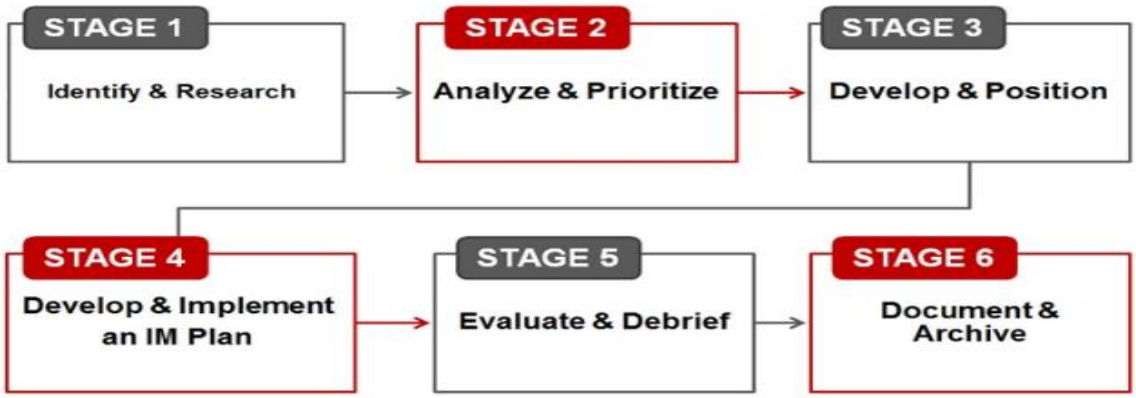
The Administrative Leadership Team (ALT) has established the Corporate Issue Management Program (CIMP) to provide a consistent approach to the prevention of and management of issues that may impact The City's ability to achieve its business objectives, deliver quality public service and maintain its reputation of a Well-Run City. The goals of the CIMP include the promotion of the integration of an issue prevention and awareness mindset into day-to-day business practices; establishment of a formal consistent approach through the use of the CIMP Framework; and the prevention or reduction in the number of City issues through the adoption of the CIMP Framework.

In 2011, ALT created a CIMP Administration Policy (Policy) to establish standards and guidelines for employees when addressing issues that may impact The City. The Policy defines an issue as a gap between stakeholder expectations and an organization's performance or actions; an incident, allegation, strategic shift, significant information, concern, problem or circumstance that has the potential to impact an organization. An issue can also be a disagreement over facts or values. Issues are certain to occur and can be measured in terms of "impact" to the corporation (in terms of costs, opportunities and/or reputation) and "profile" (i.e. public and media interest).

According to the Policy, issue management is a process that identifies the issues, trends and stakeholder attitudes that can affect the organization for better or worse and develops issue management strategic plans and tactics that are supported by communication. As a baseline standard, all departments and business units (BU) are to conduct issue management per the Issue Management Procedural Guideline (IMPG) set in the Policy. Issue management is recognized and positioned as a core management function requiring specific competencies for senior managers, managers and supervisors. Core management positions are required to complete the CIMP education training and receive ongoing training updates. The City Manager is responsible for ensuring compliance with the Policy, and ALT has responsibility to monitor and ensure issues that may significantly impact The City are managed per the Policy and the IMPG.

The CIMP Framework provides a six-stage approach to addressing and resolving issues (Figure 1). The CIMP Framework can be applied to a wide range of issues from complex high priority issues involving a team of staff from BUs across the corporation to an internal BU issue that requires only the attention of the director, manager or supervisor.

Figure 1 – Corporate Issue Management Program Framework



Source: https://mycity.calgary.ca/ororg/dept/lawlegislativeservices/lawdepartment/cim/cimframework.html

The Manager, CIMP regularly prepares confidential working documents on corporate issues for the City Solicitor to share with the ALT. We reviewed the June 18, 2019 and July 30, 2019 editions of this document, which included 31 issues from very high priority to very low priority.

This audit is part of the City Auditor's Office 2019/2020 Annual Audit Plan and supports the Citizen Priority of A Well-Run City.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective

The objective of this audit was to assess the effectiveness of the CIMP in timely escalating significant issues to senior management for appropriate action.

2.2 Audit Scope

The scope of the audit was limited to the operation of the CIMP for the first seven months of 2019.

2.3 Audit Approach

Our audit approach included the following:

- Assessment of the operating effectiveness of a representative sample of issue management plans from the confidential working documents through reviewing compliance with the CIMP Administration Policy and the Issue Management Procedural Guideline;
- Survey of issue owners and issue leads to determine awareness, benefits and challenges in complying with the CIMP's requirements, and the potential identification of issues;
- Review of ALT meeting minutes for discussion of emerging and active issues;
- Review of mandatory CIMP education training documentation; and
- Review of CIMP continuity planning that supports the continuous delivery of the program.

3.0 Results

The City's CIMP is recognized by senior management as providing benefit to the organization, but current effectiveness of the program is limited by a lack of compliance.

Our discussions with general managers, directors, issue owners, and issue leads; survey of issue owners and issue leads; and review of ALT meeting minutes identified the following benefits and positive aspects of the CIMP:

- Ensure regular discussions by ALT on high priority and emerging issues to support resolution;
- Strength of the CIMP Framework with a detailed staged planned approach;
- Effective templates provided for the CIMP meet the BU's requirements to manage issues (81% agree per our survey); and
- There is good familiarity with the requirements of the CIMP across the organization (94% agree per our survey).

Our interviews with issue leads, directors and general managers indicated a perception that the CIMP Manager was effective in establishing a solid CIMP Framework, was accessible and available to provide educational training and support the BUs in completing their Issue Management Plans. In our testing results we noted training has been completed by the majority of mandatory positions (managers, directors, general managers and executive advisors) with only 28% of mandatory positions not having completed the course and 4% unknown. The CIMP Manager retired in August 2019 with no backup in place to manage the continuous delivery of the program. Administration explained that, as The City reconsiders the future of the program and the role, they have decided not to immediately fill the position of CIMP Manager.

Compliance across the five stages of the CIMP Framework was tested based on an audit sample of 12 issues selected from the confidential working documents of June 18, 2019, and July 30, 2019, prepared by the Manager, CIMP. We identified consistent compliance (92% of issues) with stage 1 (Identify & Research) and stage 3 (Develop a Position) of the CIMP Framework. However, compliance across the remaining stages was less consistent:

- Stage 2 (Analyze & Prioritize):
  - 58% of issues do not document stakeholders' opinions and impacts to determine gaps between stakeholder expectations and The City's actions;
- Stage 4 (Develop and Implement Issue Management Strategy & Tactics):
  - 67% of issues do not identify alternative options that best meet the issue objectives and desired outcomes;
  - 83% of the issues have no evidence of approval prior to implementation; and
- Stage 5 (Evaluate & Debrief):
  - 58% of issues have no evidence of a plan to conduct debriefing sessions to prevent similar issues from reoccurring.

We also identified perceived barriers to the success of the CIMP. Per our audit survey, half of senior management disagree or are unsure that significant issues are resolved in a timely manner; and one-third disagree or are unsure that significant issues are reported to ALT in a timely manner as a result of the CIMP. In our interviews, general managers say that BUs want to avoid the requirements of the CIMP Framework as BUs consider the CIMP Framework to be resource-intensive.

Given the existing vacancy of the CIMP Manager and the barriers to compliance identified by management, we are recommending alternative scenarios for the future effectiveness of the CIMP for the consideration of the City Manager in conjunction with Law. Alternative scenarios take into consideration a balance between the complexity (effort to comply with expectations of the IM Policy and CIMP Framework) versus potential impact (level of damage to The City's reputation and ability to deliver its business objectives) as described in Figure 2 – Issue Management Complexity Versus Impact. Specifics on the alternatives are provided in Table 1 – Current State and Alternatives:

Figure 2 – Issue Management Complexity Versus Impact

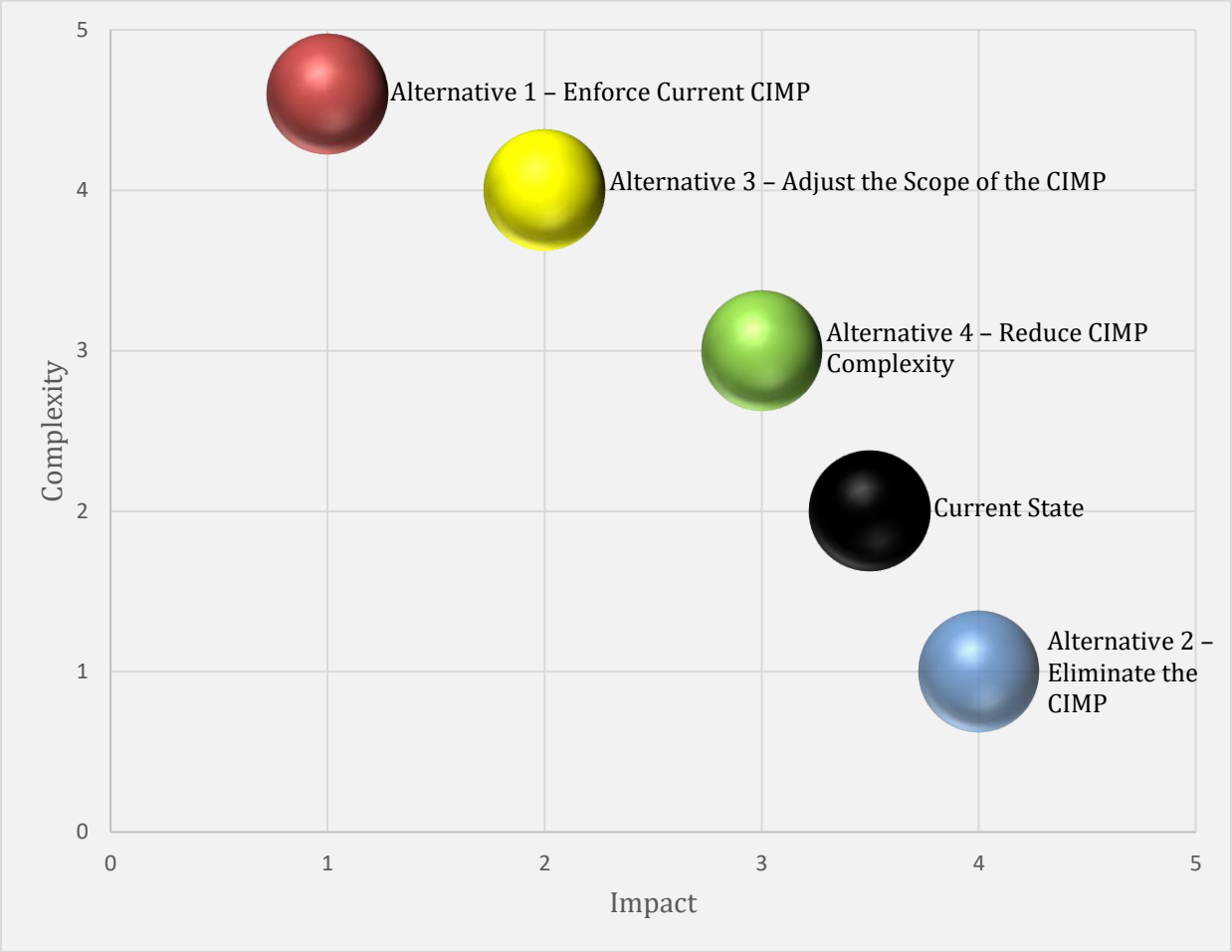


Table 1 – Current State and Alternatives

Current State:
A low to medium-level of complexity is due to the BUs not complying with all requirements of the IM Policy and CIMP Framework (e.g. incomplete stakeholder gap analysis; not completing training courses). A medium to high level of impact (potential damage) results from alternative mitigation strategies by BUs with the completion of some of the requirements of the CIMP Framework.
Alternative 1: Enforce Current CIMP
Enforce compliance with the current IM Policy and CIMP Framework. A very high-level of complexity to comply with the requirements of the IM Policy and CIMP Framework. Compliance supports a consistent approach to the prevention and management of issues.

Implication:
• Proactive. A lower level of potential impact (damage) as issues are identified early and consistently managed. • Harder to implement given the high degree of complexity. • Issue and issue management defined in the IM Policy. • No exceptions to the policy. • Issue management is recognized and positioned as a core management function requiring specific competencies for management as well as other identified positions. • ALT to monitor and ensure issues that may significantly impact the corporation are managed in accordance with the policy. • GMs, directors, managers and supervisors to ensure that appropriate dedicated resources (i.e. personnel and financial) are in place when a medium to very high priority issue is identified. • GMs, directors, managers and supervisors to ensure that an issue management plan and supporting communications are developed to address department and BU (medium to very high priority) issues. • Core management positions (supervisors and above) are required to complete the CIMP educational training.
Associated Recommendations:

• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program.
• The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance.
• The CIMP Manager to:
  o Provide educational training on the CIMP to management and other required positions;
  o Monitor the completion of training courses for all required positions; and
  o Support ALT with monitoring and ensuring issues that may significantly impact The City are managed in accordance with the IM policy and the CIMP

Alternative 2: Eliminate the CIMP
Eliminate the IM Policy and CIMP Framework. Manage issues through project management, Integrated Risk Management (IRM). Lower level complexity as all issues are managed through other means available to management such as project management tools and techniques or IRM.
Implication:
• Reactive. A high level of potential impact (damage to The City's reputation and ability to deliver its business objectives) as issues are not managed corporately. Issues are managed as part of projects and corporate risks are monitored through IRM. • Easier to implement given the low degree of complexity. • No standard definition on issues or issue management. Follow the Corporate Project Management Framework (CPMF) or the IRM. • Management is free to adopt tools and techniques based on their perceived needs. • Issues may be escalated as part of project management (e.g., executive steering committee) or risk management discussions.

Associated Recommendations:
• Eliminate the IM Policy and CIMP Framework. • Eliminate CIMP Manager position. • Individual BUs to ensure compliance with CPMF (including progress reporting standards and guidance, project risk management standards and guidance) and the IRM Framework. • Inclusion of issues on projects' Issue Log. Progress reporting on identified issues with the development of an issue management strategy, escalation of significant issues by the project sponsor or project manager. • Use of the IRM Framework to manage high probability and impact risks.
Alternative 3: Adjust the Scope of the CIMP
Follow the IM Policy and CIMP Framework for high and very high priority issues. Drop the IM requirements for projects. A high level of complexity with a low level of potential impact (damage).
Implication:
• Proactive management of high and very high priority issues. • Harder to implement given the high degree of complexity. • The CIMP requirements apply to high and very high level priority issues but not to low or medium level priority issues (e.g. no requirement to develop IM Plans for medium level priority issues). • Projects no longer have to satisfy the CIMP Framework requirements. Projects to follow the CPMF guidelines, and to identify and escalate issues through the project issue log and progress reporting.
Associated Recommendations:
• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program. • The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance. • Reduce complexity by eliminating the need to manage medium priority issues or projects through the CIMP Framework. • For projects, inclusion of issues on projects' Issue Log. Progress reporting on identified issues with the development of an issue management strategy, escalation of significant issues by the project sponsor or project manager. • Medium level priority issues to be managed as low priority issues – no need to develop an IM Plan. Enter the medium level priority issues on the CITS and ensure information is updated as the issue progresses. • Allow BUs to determine their training needs by eliminating mandatory training. The CIMP Manager to train IM subject matter experts (SME) in the departments that can guide employees on the IM Policy and CIMP Framework requirements and clarify the purpose of the CIMP and IRM. • The CIMP Manager to support ALT with monitoring and ensuring that issues that may significantly impact The City are managed in accordance with the IM Policy and the CIMP.

Alternative 4: Reduce CIMP Complexity
Follow a simplified version of the CIMP Framework. Proactive management of issues with a simplified approach leading to a medium level of complexity and a medium level of impact (damage).
Implication:
• No exceptions to the policy, but a lower degree of requirements on BUs to manage issues. • Easier to implement given the medium degree of complexity.
Associated Recommendations:

• Ensure continuity of the CIMP. The City Solicitor to discuss the purpose, responsibilities and consequences of CIMP non-compliance with the City Manager and recruit a CIMP Manager to manage the program.
• The CIMP Manager to engage the City Manager and ALT to reinforce the purpose, definitions, and expectations of the CIMP to highlight the value of the program and obtain compliance.
• Revise and simplify the CIMP Framework. Consider:
  ○ Reducing the number of questions to be answered by BUs from the current 35. The suggested changes may help reduce the number of questions to 23, a decrease of 34%;
  ○ Limiting the Analyze & Prioritize stage (stage 2) to focus on the engagement of key stakeholders to determine expectation gaps. Eliminate the SWOT Analysis;
  ○ Eliminating the requirement to analyze four possible options to resolve or minimize an issue, and the need to assess risks for each option (stage 4). Focus on the selected tactics and key considerations to deliver the strategy;
  ○ Eliminating the requirement to conduct an evaluation and debrief for the issue (stage 5); and
  ○ Allowing BUs to determine their training needs by eliminating mandatory training. The CIMP Manager to train IM SMEs in the departments that can guide employees on the IM Policy and CIMP Framework requirements and clarify the purpose of the CIMP and IRM.
• The CIMP Manager to support ALT with monitoring and ensuring that issues that may significantly impact The City are managed in accordance with the IM Policy and the CIMP.

Law have advised us that they are prepared to discuss the purpose and consequences of CIMP non-compliance with the City Manager to receive direction on the future of the program.

We would like to thank the staff from Law, issue owners and issue leads for their assistance and support throughout this audit.

4.0 Observations and Recommendations

4.1 Current State of the Corporate Issue Management Program

CIMP Framework – Compliance

There is inconsistent compliance with key parts of the CIMP Framework. According to departmental general managers, directors and issue owners, the CIMP Framework is resource-intensive. As a result, BUs have limited time to develop Issue Management Plans and documenting steps is a lower priority to acting.

Expectation (CIMP Framework)	Compliance Observation
Stage 2 – Analyze & Prioritize: • Stakeholder analysis to better understand stakeholder opinions and impacts, and to determine where there are gaps between stakeholder expectations and the organization's performance or actions. • Focus on issues that have the greatest potential to negatively impact The City's ability to deliver on services and projects, and its reputation with stakeholders.	For our audit sample of 12 issues, 58% have incomplete information on stakeholders' expectations with incomplete stakeholder impact gap analyses. By not capturing the stakeholders' opinions and impacts, BUs can't effectively prioritize issues.
Stage 4 - Develop and Implement Issue Management Strategy & Tactics: • An Issue Management (IM) Plan provides a road map on how the issue will be addressed through business and operational strategies and actions or tactics. Preparing an IM Plan is one of the most critical activities in issue management. • The strategy is "how" the organization will respond to and resolve the issue. Different options are identified, analyzed and evaluated based on the risks and challenges. The intent is to choose the option that best meets the issue objectives and desired outcomes. • Preparation and implementation of the IM Plan is the responsibility of the assigned issue lead. The director, general manager and/or city manager is responsible for ensuring that an issue management plan is developed and approved prior to implementation.	For our audit sample of 12 issues, 67% do not list alternative strategies that could resolve or minimize the issue or the risks, challenges and barriers for the IM strategies. In addition, BUs do not document a review and approval process for the IM plans. 83% of the issues in our sample have no evidence of a review of the appropriateness of the strategy through formal approval by senior management.

Expectation (CIMP Framework)	Compliance Observation
Stage 5 – Evaluate & Debrief: • Upon resolution of an issue, it is important to determine if the objectives were achieved and to evaluate the impacts, if any, on The City's reputation. • A formal debriefing session with the issue team and other involved employees is extremely important to discuss and share lessons learned and challenges and make recommendations for improvements.	For our audit sample of 12 issues, 58% do not contain evidence of plans to conduct a debriefing process with a view to preventing a reoccurrence of the same or a similar issue and determining what improvements The City needs to implement.

The Corporate Issue Tracking Site (CITS) is a component of the CIMP. The CITS is an information systems tool to be used and updated by BUs as issues are tracked and monitored. Information on an issue is to be entered on CITS and updated as the issue progresses. We observed that, for our audit sample, one-third of issues are not included on CITS. In addition, 17% of the issues have not been updated on CITS by management in the last twelve months.

<u>CIMP Educational Training</u>
One-third of employees that are required by the IM Policy to complete CIMP training courses have not completed training which may result in confusion and non-compliance with the policy.

Per the IM Policy, issue management shall be recognized and positioned as a core management function requiring specific competencies for supervisors and above as well as executive advisors to general managers and directors, issue strategists and senior communicators. These positions are required to complete the CIMP education training.

A list of mandatory positions that have completed the issue management training, compiled by Administration on August 22, 2019, shows that 68% have completed the training with 28% not having completed the course and 4% unknown. Our audit survey shows that 62% of directors agree that they have completed training and receive ongoing training updates; 38% disagree or are not sure.

Administration does not routinely monitor required completion of CIMP educational training.

<u>Continuity of the CIMP</u>
The CIMP Manager has recently retired and a backup is not in place to manage the CIMP. No succession plan is in place and no decision has been made on replacing the CIMP Manager. The CIMP Manager plays a key role in the maintenance and enforcement of the CIMP Framework, reporting of issues to ALT, and providing training to employees. Administration explained that a decision was made not to fill the position of CIMP Manager right away as The City reconsiders the future of the program and the role.

Law is prepared to discuss the purpose, responsibilities and consequences of non-compliance with the CIMP with the City Manager to receive direction from him on the future of the program.

Barriers to the Success of the CIMP

Our audit survey with directors and discussions with GMs, issue owners and issue leads identified perceived barriers to the success of the CIMP.

According to our audit survey with directors:

- 53% disagree or are unsure that significant issues are resolved in a timely manner as a result of the CIMP; and
- 31% disagree or are unsure that significant issues are reported to ALT in a timely manner as a result of the CIMP.

We met with departmental GMs to discuss their perception of the CIMP, including benefits and challenges to implementing the program. GMs say that:

- Many issues don't appear on the confidential working documents as management is reluctant to identify issues and include them in a corporate issue log;
- BUs want to avoid the requirements that are associated with the CIMP Framework;
- There is a perception within The City that the identification of issues is akin to an admission of failure by management; and
- There is confusion by BUs on what constitutes an issue versus a risk.

According to our conversations with issue owners, issue leads, and directors; BUs:

- Consider the CIMP Framework demanding, labour-intensive and time-consuming;
- Find that they have limited time to develop an IM Plan as documenting steps was determined a lower priority to acting;
- Find that there is no push from the top to follow the CIMP Framework;
- Find that the IM templates don't work well for projects; and
- Feel that to conduct a debriefing session demands resources and that they don't have time to complete this demand.

For our audit sample, one-third of issues were identified as issues and managed through the CIMP. Two-thirds of the issues in our sample were managed as risk, projects or did not contain supporting documentation.

Recommendation

The City Manager, in conjunction with the City Solicitor, to consider alternative approaches, as described in Table 1 in this report, for the effective and efficient prevention and management of significant issues.

Management Response
Agreed.

Action Plan	Responsibility
The City Manager and the City Solicitor will undertake a strategic review of the Corporate Issue Management program in partnership with the General Managers to consider alternative approaches and make and approve recommendations for the program moving forward. Recommendations will be made and approved by July 31, 2020, and implementation will begin in Q3 2020. The City Manager and City Solicitor have put an interim process in place to ensure issues continue to be identified, monitored and addressed while this review is undertaken.	Lead: City Solicitor Support: Chief of Staff, City Manager's Office Commitment Date: July 31, 2020

Chief Financial Officer's Report to Audit Committee
2020 March 12

ISC: UNRESTRICTED
AC2020-0250

Code of Conduct Annual Report

EXECUTIVE SUMMARY

The purpose of this report is to provide Audit Committee with an update on the management practices and processes related to The City's Code of Conduct program. Administration's values-based Code of Conduct applies to all City employees. It is supported by: mandatory learning, tools, and resources to guide behaviour and decision-making; and is evaluated using a Results Based Accountability approach.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Receive this Report, Attachments and Presentation for the Corporate Record; and
2. Forward this Report and Attachments to Council for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw (48M2012) states that Audit Committee, among other things, is responsible for "[overseeing] *The City's* compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct." On 2015 July 16, Audit Committee approved the City Auditor's recommendations contained in Report AC2015-0560 (as amended). Administration closed all Recommendations within the Auditor's report in 2018 June.

BACKGROUND

This report provides Audit Committee with an update on The City's Code of Conduct, in keeping with the Audit Committee Terms of Reference. This report focuses on the progression of the Code of Conduct program and initiatives. Administration has provided annual updates on the Code of Conduct program in 2017 June (AC2017-0545); 2018 June (AC2018-0748); and 2019 March (AC2019-0307).

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The City of Calgary recognizes that having a Code of Conduct, founded in our values, is key to our success. A strong Code of Conduct benefits everyone as it fosters a safe, healthy and ethical workplace and protects our collective reputation, while strengthening our commitment to making Calgary a great place to make a living and a great place to make a life. The Code of Conduct applies to all employees including: permanent, temporary, on-call and seasonal employees ("employees"). Administration's Code of Conduct is separate from Council's Code of Conduct.

The Code of Conduct has been organized into four (4) behaviour-based themes to support and reduce the complexity of the nine (9) underlying policies, as outlined in Diagram 1.

Diagram 1:

Chief Financial Officer's Report to Audit Committee
2020 March 12

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AC2020-0250

Code of Conduct Annual Report

Safe and Healthy Workplace	Respect in Our Workplace	Proper Use of City Resources	Putting Calgary First
• Occupational Health and Safety Policy • Workplace Violence Policy • Substance Use Policy	• Respectful Workplace Policy • Acceptable Use of City Technology Resources Policy • Social Media, Media Relations and Public Statements Policy • Workplace Violence Policy	• Acceptable Use of City Technology Resources Policy • Conflict of Interest Policy • Environmental Policy • Freedom of Information and Protection of Privacy Act	• Conflict of Interest Policy • Social Media, Media Relations and Public Statements Policy • Freedom of Information and Protection of Privacy Act

The information contained within Attachment 1 is intended to provide Audit Committee with an update on the Code and assurance that The City's Code of Conduct program is serving as an efficient and effective internal control. The information provided in Attachment 1 demonstrates that:

- Throughout the past five years, using a series of coordinated activities, The City of Calgary has developed and implemented a sustainable Code of Conduct that is designed to manage reputation risk inherent in The City's strategies, programs, processes and initiatives.
- The Code is underpinned by the essential behaviours of our organization: competence, character, commitment and collaboration.

In 2018 June, the Code of Conduct learning was rolled out to all employees supported by a comprehensive communication campaign. This values-based learning promotes ethical decision making by applying the Code of Conduct Decision Tree seen in Attachment 2. This tool remains pivotal in Administration's efforts to educate employees how to think through various situations, rather than memorize the 'right' thing to do in every situation, for every Code of Conduct policy.

Stakeholder Engagement, Research and Communication

Administration is continuously seeking opportunities to advance the proactive application of the Code of Conduct which may affect or contribute to The City's ability to achieve its objectives. In addition to regularly reviewing leading practices, internal stakeholder input is used to continuously improve established practices. Designing, developing and implementing the refreshed Code of Conduct, the 2018 Code of Conduct Learning and 2020 Code of Conduct Learning has required a coordinated and collaborative approach between the Chief Financial Officer's Department, Policy Owners and Senior Leadership.

Chief Financial Officer's Report to Audit Committee 2020 March 12

ISC: UNRESTRICTED AC2020-0250

Code of Conduct Annual Report

Strategic Alignment

This report assists Audit Committee in its role to monitor the adequacy and effectiveness of corporate policies including Code of Conduct. The Code of Conduct is aligned with Council Priority: A Well-run City. On 2014 September 15, Council approved the Leadership Strategic Plan which includes the development of a "Cohesive leadership culture and collaborative workforce," founded on the values of a responsible and accountable public service. The Code is an important vehicle for communicating values, expected behaviours and accountability.

Social, Environmental, Economic (External)

The Code of Conduct guides employee actions to support our corporate culture where City services are coordinated, integrated and citizen and customer-focussed. Employees work together and as a team, services are supported by a sustainable financial plan, and The City instils confidence and trust in all that we do as an organization.

Financial Capacity

Current and Future Operating Budget:

Activities related to the Code of Conduct are within approved budgets and programs.

Current and Future Capital Budget:

None related to this report.

Risk Assessment

The Code of Conduct is designed to support the proactive management of The City of Calgary's Principal Corporate Risk: Reputation Risk (defined in AC2020-0000 as: *damage to the image of The City or negative perceptions by citizens or stakeholders as a result of actions of elected officials or City employees. This risk can threaten The City's ability to maintain positive and productive relationships with citizens, businesses, partners and the ability to achieve its corporate objectives)* by introducing preventative, administrative controls. The activities within The City's Code of Conduct program promote accountability, manage risk, and support an effective governance structure. The Code of Conduct addresses standards for workplace conduct in areas subjected to inherent risk for the organization.

REASON(S) FOR RECOMMENDATION(S):

The City of Calgary is committed to promoting a culture of respectful, ethical and safe behaviour in the workplace, guided by a Code of Conduct. This report provides an update on the Code of Conduct program as well as additional measures in support of the Code of Conduct and ethical behaviour.

ATTACHMENT(S)

1. Attachment 1 – Code of Conduct Annual Report
2. Attachment 2 – Code of Conduct Decision Tree
3. Attachment 3 – AC2020-0250 Code of Conduct Annual Report - Presentation

Code of Conduct

Annual Report

2020 March 12

The story behind the Code of Conduct

The City of Calgary recognizes that having a Code of Conduct, founded in our values, is key to our success. A strong Code of Conduct benefits everyone as it fosters a safe, healthy and ethical workplace, and protects our collective reputation, while strengthening our commitment to making Calgary a great place to make a living and a great place to make a life.

As a result of the 2015 Ethics Audit, The City focused on refreshing our Code of Conduct to align it with best practices. Our Code of Conduct is now values-based, allowing employees to engage the corporate values as a framework for decision-making, rather than listing a complex set of detailed rules. The refreshed Code of Conduct, launched in 2017 March, is framed in four (4) behaviour based themes which articulate, but do not replace, the nine (9) underlying policies.

In 2017 Q4 The City developed Code of Conduct learning (training), which was fully launched on 2018 June 4 and was promoted using a comprehensive awareness campaign, supporting both the Leadership Strategic Plan (C2014-0703) and Council's Imperatives (C2014-0703).

This report has been designed to provide Audit Committee and Council with an update on the Code of Conduct program while also providing assurance of sound practices within The City's Code of Conduct program. Therefore, this report is organized using the following:

1. City of Calgary Code of Conduct Progress

a. High level **recent accomplishments** in 2019-2020.
b. Headline performance measures to show **how The City is doing.** Where available, baseline information for the measures show history (represented by a solid red line) and forecast (indicated by a dotted red line). Anticipated changes are represented by a solid gray arrow, to depict where The City can "turn the curve" on performance.
c. **The story behind the numbers** describes the conditions, causes and forces at work that helps explain the current and expected performance.
d. **What we propose to do** highlights initiatives planned or currently underway to advance success in the focus area.

Ongoing performance accountability is essential to the success of the Code of Conduct. A sustainment strategy will be developed to integrate these initiatives in the work The City does and to continue to measure and report on the Code of Conduct program's performance.

2. Code of Conduct Supporting Policies

a. The list of behaviour based themes, with supporting Code of Conduct policies.

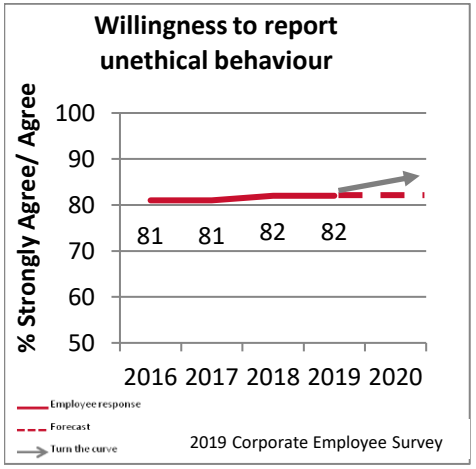
City of Calgary Code of Conduct Progress

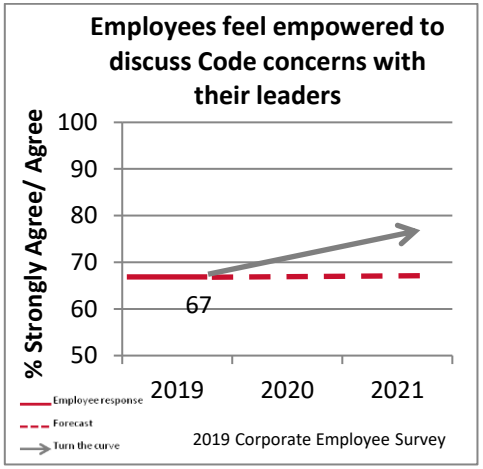
The City of Calgary's values based Code of Conduct outlines expectations and standards of behaviour to help employees remain focused on delivering The City's common purpose; making life better every day.

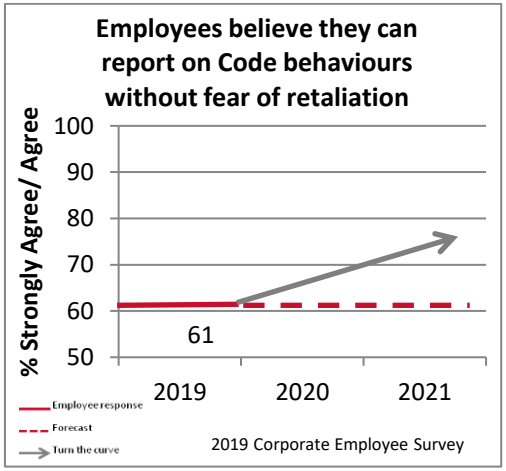
Recent accomplishments

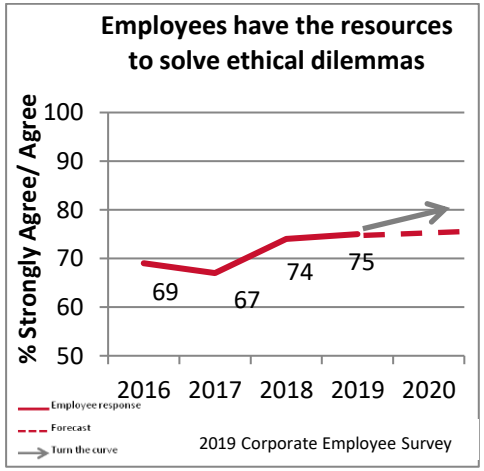
- Refreshed Code of Conduct was launched on calgary.ca in 2017 March as a fully accessible micro-site, paired with an accessible PDF for download. The microsite has received 18,082 views during the period of 2017 March- 2020 February.
- Code of Conduct team integrated the 2015 Ethics Audit recommendations with best practices to design and develop Code of Conduct learning (training) to support employees to make ethical decisions, while understanding what is expected of them as public servants. The Code of Conduct learning;
    - Is values-driven and is underpinned by our behaviour-based cultural imperatives (character, competence, collaboration, commitment and individual responsibility, collective accountability).
    - Provides direction, tools, resources and principles to guide behaviour and decision-making; including, a decision making tree (Attachment 2), and scenario-based examples to support employees and leaders understanding of the Code.
    - Is offered in two forms; eLearning, for employees with computer access and facilitated sessions for employees without computer access.
    - As of 2020 February 13, 15,042 employees have completed the training. 5,636 of those employees are "non-wired" with 285 "instructor led" sessions delivered.
- Per Administration's commitment to the Audit Committee, the Code of Conduct mandatory learning must be complete by all employees on a biennial basis. Therefore, the Code of Conduct team is currently updating the learning; to reflect policy updates, fresh scenarios and to highlight strategies for employees to address Code of Conduct concerns. Additionally, a leader module has been included, which will be mandatory for all City leaders, and supervisors with direct reports. This training will be launched in 2020 summer.
- In 2019-2020, ongoing Code of Conduct awareness was facilitated by publishing a series of eight (8) articles on the myCity website, accessible to all employees.
- Two new Code of Conduct questions were incorporated in the 2019 Corporate Employee Survey; "I feel empowered to discuss Code of Conduct concerns with my leader" and "I can report on behaviour related to the Code without fear of retaliation;" to add robustness to the three existing questions directly related to the Code of Conduct; "I would report unethical behaviour in my workplace"; "Ethics and the Code of Conduct are discussed in my workplace" and; "If I am faced with an ethical dilemma, I know where I can go to find help in resolving the issue."

How we are doing?









The story behind the numbers

In 2017 the refreshed Code of Conduct was launched to the organization using an awareness campaign. This refreshed Code was designed using aspirational, descriptive and proscriptive content to support its nine (9) standing policies. In May 2018 the Code training was rolled out to City leaders, managers and supervisors, followed by a full launch to all employees in 2018 June.

The Corporate Employee Survey (CES) was expanded in 2019 to include two additional questions directly related to the Code of Conduct. The results of the CES indicated that employees are willing to report unethical behaviour, however, some employees have expressed a fear of retaliation. Based on these results, Administration has an opportunity to; better understand and address the employees' fear of retaliation when reporting on Code behaviours; enhance leadership accountability for creating a safe, healthy and ethical workplace, through ongoing education; and provide awareness, tools and resources to support employees facing ethical dilemmas.

What we propose to do:

- Continue to actively provide education and awareness of the Code of Conduct by implementing the (mandatory) Code of Conduct 2020 learning.
- Conduct an analysis including, but not limited to focus groups, to understand and address employees' fear of retaliation when reporting on Code behaviours.
- Continue to apply the Results Based Accountability™ approach to evaluate the progress on the Code of Conduct while enhancing reporting mechanisms.

Code of Conduct- Supporting Policies

The Code of Conduct is framed into four (4) behaviour based themes which articulates, but does not replace, the nine (9) existing policies. These four themes are designed to focus on The City's values and, to reduce complexity of the Code. The four themes and corresponding policies are:

A Safe and Healthy Workplace

Occupational Health and Safety (HS-ESM-001)

Workplace Violence (GN-040)*

Substance Use (HR-TR-005)

Respect in our Workplace

Respectful Workplace (HR-LR-001)*

Acceptable Use of City Technology Resources (IM-IT-002)*

Social Media, Media Relations and Public Statement (ALT2016-0798)

Workplace Violence Policy (GN-040)*

Proper Use of City Resources

Acceptable Use of City Technology Resources (IM-IT-002)*

Conflict of Interest (HR-LR-004)

The City of Calgary's Environmental Policy (UEP001)*

Freedom of Information and Protection of Privacy Act

Putting Calgary First

Conflict of Interest (HR-LR-004)

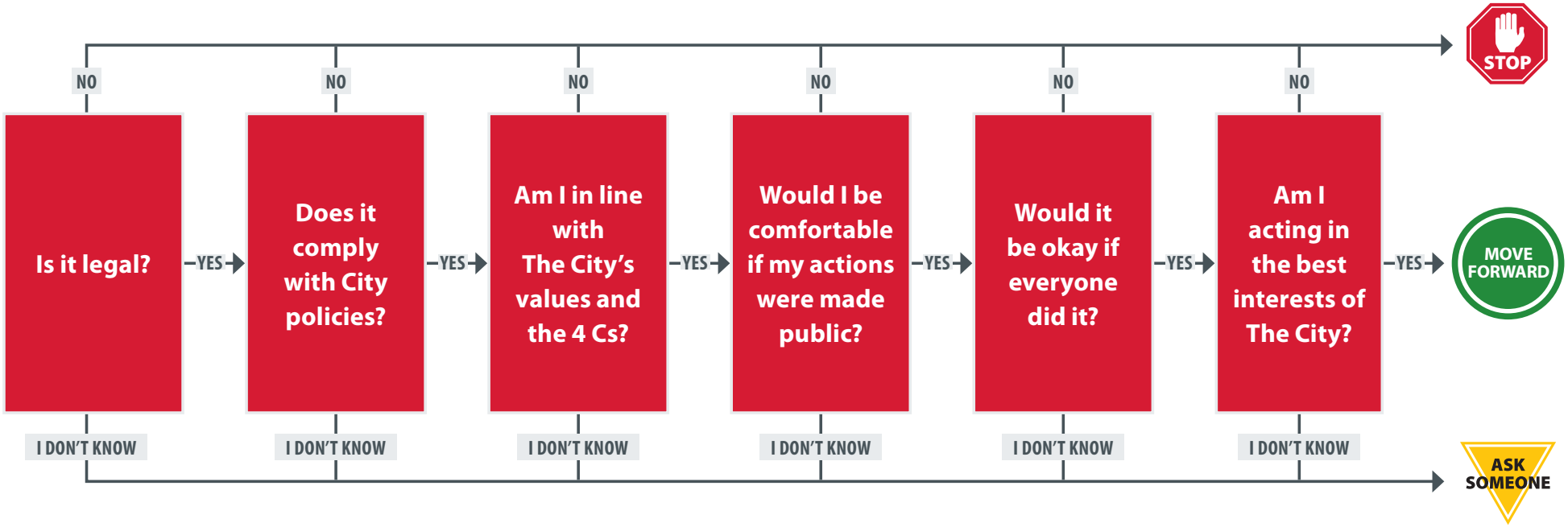
Social Media, Media Relations and Public Statement (ALT2016-0798)

Freedom of Information and Protection of Privacy Act

*Policies being updated within the next year

Code of Conduct decision tree

Ask yourself:



AC2020-0250
Code of Conduct Annual Report

2020 March 12

Code of Conduct: What does this mean for Calgarians & why does it matter?

A strong Code of Conduct benefits everyone, as it:

- Strengthens our commitment to making Calgary a great place to make a living and a great place to make a life.
- Provides citizens with the trust and confidence that we are delivering our services in an ethical matter.
- Fosters a safe, healthy and ethical workplace.
- Protects our collective reputation.

Code of Conduct: Our Four Themes

Snapshot: Refreshed Code of Conduct Implementation

How well are we doing?

82% of employees are willing to report unethical behavior

67% of employees feel empowered to discuss Code concerns with their leaders.

61% of employees believe they can report on Code behaviours without fear of retaliation.

75% of employees feel they have the resources to resolve ethical dilemmas.

Based on the results of the 2019 Corporate Employee Survey

18,082 views of the Refreshed Code of Conduct:

calgary.ca/employeecode

15,042 Employees have completed training

5,636 of those employees are "non-wired"

As of 2020 February 20

Administration Recommendation

That Audit Committee:

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

2. Forward this Report and Attachment to Council for the Corporate Record.