



AGENDA

AUDIT COMMITTEE

November 19, 2020, 9:30 AM
IN THE COUNCIL CHAMBER

Members

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

SPECIAL NOTES:

*Public are encouraged to follow Council and Committee meetings using the live stream
www.calgary.ca/watchlive
Members may be participating remotely.*

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 October 22
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. Audit Committee 2021 Work Plan, AC2020-1306

7.2. Corporate Credit Card Continuous Auditing, AC2020-1283

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. Off-Site Levies Update (Verbal), AC2020-1328
Held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.2. Shareholder Alignment Review on Wholly-owned Subsidiaries (Verbal), AC2020-1321
Held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.3. External Auditor Provision of Additional Services, AC2020-1324
Held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2021 May 19

10.1.4. Audit Forum (Verbal), AC2020-1335
Held confidential pursuant to Section 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*.

- 10.1.5. External Auditor (Verbal), AC2020-1336
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.
- 10.1.6. City Auditor (Verbal) , AC2020-1337
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.2. URGENT BUSINESS

11. ADJOURNMENT



MINUTES
AUDIT COMMITTEE

October 22, 2020, 9:30 AM
IN THE COUNCIL CHAMBER

PRESENT: Councillor E. Woolley, Chair
Councillor J. Farkas, Vice-Chair
Councillor J. Gondek (Remote Participation)
Citizen Representative L. Caltagirone (Remote Participation)
Citizen Representative M. Lambert (Remote Participation)

ABSENT: Councillor D. Colley-Urquhart (Personal)
Citizen Representative M. Dalton (Personal)

ALSO PRESENT: City Solicitor and General Counsel J. Floen
City Auditor K. Palmer
Chief Financial Officer C. Male
External Auditor H. Gill (Remote Participation)
External Auditor T. Nakka (Remote Participation)
Executive Assistant C. Smillie
Legislative Coordinator M. A. Cario
Legislative Advisor A. de Groot

1. **CALL TO ORDER**

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

ROLL CALL

Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

Absent from Roll Call: Citizen Representative Dalton and Councillor Colley-Urquhart.

2. **OPENING REMARKS**

Councillor Woolley provided opening remarks related to this being the final meeting of this composition of members of the Audit Committee prior to Council's Organizational Meeting on 2020 October 26, where members will be once again be appointed by Council to the Audit Committee for the 20220-2021 term.

In addition, this will be the first time using the new electronic voting (EVote) at Audit Committee.

3. **CONFIRMATION OF AGENDA**

Moved by Councillor Farkas

That the Agenda for the 2020 October 22 Regular Meeting of the Audit Committee be confirmed.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Audit Committee, 2020 September 17

Moved by Councillor Farkas

That the Minutes of the 2020 September 17 Regular Meeting of the Audit Committee be confirmed.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

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 2020 Law Report, AC2020-1121

A presentation entitled "2020 Law Report (AC2020-1121) to Audit Committee" was distributed with respect to Report AC2020-1121.

Moved by Citizen Representative Caltagirone

That with respect to the Report AC2020-1121, the following be approved:

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

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

7.2 Civic Partner Audit Report, AC2020-1049

A presentation entitled "AC2020-1049 Civic Partner Audit Report" was distributed with respect to Report AC2020-1049.

Councillor Woolley left the Chair at 10:06 a.m. and Councillor Farkas assumed the Chair.

Councillor Woolley resumed the Chair at 10:07 a.m. and Councillor Farkas returned to his regular seat on Committee.

Moved by Councillor Farkas

That with respect to the Report AC2020-1049, the following be approved:

That the Audit Committee recommend that Council:

1. Receive this report for the Corporate Record; and
2. Direct that Attachments 3, 5 and 6 and Closed Meeting discussions remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed 2026 October 22.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

7.3 Assessment Complaints Audit, AC2020-1170

A slide entitled "Assessment Complaints Audit" was distributed with respect to Report AC2020-1170.

Moved by Councillor Gondek

That with respect to the Report AC2020-1170, the following be approved:

That the Audit Committee:

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

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

7.4 City Auditor's Office 2021-2022 Audit Plan, AC2020-1172

A slide entitled "City Auditor's Office 2021-2022 Audit Plan" was distributed with respect to Report AC2020-1172.

Moved by Councillor Farkas

That with respect to the Report AC2020-1172, the following be approved:

That the Audit Committee:

1. Approve the City Auditor's Office 2021-2022 Audit Plan; and
2. Recommend that Council receive this report for the Corporate Record.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

7.5 City Auditor's Office 3rd Quarter 2020 Report, AC2020-1171

Moved by Councillor Farkas

That with respect to the Report AC2020-1171, the following be approved:

That the Audit Committee:

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

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

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

By General Consent, pursuant to Section 6(1) of Procedure Bylaw 35M2017, Committee suspended Section 78(2)(a) of the Procedure Bylaw in order to complete the remainder of today's Agenda prior to the scheduled lunch recess.

Moved by Councillor Farkas

That pursuant to Sections 19 (Confidential evaluations), and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, Committee now move into Closed Meeting at 11:10 a.m., in the Council Boardroom, to discuss confidential matters with respect to the following Items:

- City Auditor's Office Budget 2021 (Verbal), AC2020-1187

- Audit Forum (Verbal), AC2020-1160
- External Auditor (Verbal), AC2020-1161
- City Auditor (Verbal), AC2020-1186
- 2019 – 2020 Audit Committee Self-Assessment Survey, AC2020-1092

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

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

Committee reconvened in Public Meeting at 12:42 p.m. with Councillor Woolley in the Chair.

ROLL CALL

Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

Moved by Councillor Farkas

That Committee rise and report.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 City Auditor's Office Budget 2021 (Verbal), AC2020-1187

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1187:

Clerks: MA. Cario and L. Gibb. Advice: C. Smillie and K. Palmer.

Moved by Councillor Farkas

That with respect to Verbal Report AC2020-1187, the following be approved:

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*.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.1.2 Audit Forum (Verbal), AC2020-1160

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1160:

Clerks: MA. Cario and L. Gibb. Law: J. Floen. Advice: K. Palmer, L. Kerr, C. Male, and C. Smillie. External Advice: T. Nakka, E. Vervoort, I. Cvitanusic, and H. Gill.

Moved by Citizen Representative Lambert

That with respect to Report AC2020-1160 the following be approved:

That Audit Committee direct:

1. That the City Auditor and Executive Assistant work in consultation with the Chair of Audit, to bring forward recommendations to the 2020 November 19 Audit Committee meeting, based on the discussions at today's closed meeting; and

2. That the Closed Meeting discussions remain confidential pursuant to Section 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*.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.1.3 External Auditor (Verbal), AC2020-1161

No report given.

10.1.4 City Auditor (Verbal), AC2020-1186

People in attendance during the Closed Meeting discussions with respect to Verbal Report AC2020-1186:

Clerks: MA. Cario and L. Gibb. Advice: K. Palmer, A. Bleau, and C. Smillie.

Moved by Citizen Representative Caltagirone

That with respect to Verbal Report AC2020-1186, the following be approved:

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*.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.1.5 2019 – 2020 Audit Committee Self-Assessment Survey, AC2020-1092

People in attendance during the Closed Meeting discussions with respect to Confidential Report AC2020-1092:

Clerks: M.A. Cario and L. Gibb. Advice: C. Smillie.

Moved by Councillor Gondek

That with respect to Report AC2020-1092 the following be approved:

That the Audit Committee:

1. Direct the Executive Advisor to work with the Chair of Audit on continuous improvement of the Audit Committee as required;
2. Forward this report and attachment to Council for information and the Corporate Record; and
3. Direct that the Report, Attachment and the Closed Meeting discussions remain confidential pursuant to Section 19 (Confidential evaluations) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2035 October 22.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Councillor Farkas

That this meeting adjourn at 12:49 p.m.

For: (5): Councillor Woolley, Councillor Farkas, Councillor Gondek, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

The following items have been forwarded on to the 2020 November 02 Combined Meeting of Council:

CONSENT

- 2020 Law Report, AC2020-1121
- Civic Partner Audit Report, AC2020-1049
- Assessment Complaints Audit, AC2020-1170
- City Auditor's Office 2021-2022 Audit Plan, AC2020-1172
- City Auditor's Office 3rd Quarter 2020 Report, AC2020-1171
- 2019-2020 Audit Committee Self-Assessment Survey, AC2020-1092

The next Regular Meeting of the Audit Committee is scheduled to be held on 2020
November 19 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR

ACTING CITY CLERK

UNCONFIRMED

**Audit Resource Management Report to
Audit Committee
2020 November 19**

**ISC: UNRESTRICTED
AC2020-1306
Page 1 of 2**

Audit Committee 2021 Work Plan

RECOMMENDATION(S):

That the Audit Committee:

1. Approves the Audit Committee's 2021 Work Plan (Attachment); and
2. Recommends that Council receive this Report and Attachment for the Corporate Record.

HIGHLIGHTS

- The Audit Committee 2021 Work Plan (Work Plan) is a guide for the activities and reports to be included on agendas for meetings held in 2021.
- What does this mean to Calgarians? The Work Plan provides citizens with the assurance that Audit Committee fulfills their mandate contained in Bylaw 33M2020.
- Why does it matter? The Work Plan is an integral part of ensuring the integrity of the City's finances, assets and operations.
- Schedule A, Section 1(f) of Audit Committee Bylaw 33M2020 provides the Audit Committee develops a detailed annual work plan which is forwarded to Council for information.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

DISCUSSION

On 2020 October 6, the Audit Committee participated in a strategic working session to discuss their significant priorities for 2021. Those strategic discussions informed the Audit Committee's 2021 Work Plan.

The City Auditor provided the Audit Committee with the City Auditor's Office 2021-2022 Audit Plan, AC2020-1172 at the 2020 October 22 meeting. The City Auditor's Office audit reports will be added throughout the year to the Work Plan and Audit Committee Agendas as they become available.

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

Reports in the Work Plan are based on Audit Committee's governance responsibilities as outlined in the *Municipal Government Act*, Audit Committee Bylaw 33M2020 and decisions by Audit Committee and Council. Pursuant to Section 5(a) of Bylaw 33M2020 the Audit Committee is authorized to assign the setting of Audit Committee meeting agendas to the Chair.

Throughout the year, the Chair may add emerging issues to the Work Plan, and defer or remove items no longer required.

**Audit Resource Management Report to
Audit Committee
2020 November 19**

**ISC: UNRESTRICTED
AC2020-1306
Page 2 of 2**

Audit Committee 2021 Work Plan

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☐ Public Communication or Engagement was not required
- ☐ Public/Stakeholders were informed
- ☒ Stakeholder dialogue/relations were undertaken

The 2021 Work Plan was developed with input provided at the strategic working session and in consultation with Administration, the City Auditor and the External Auditor.

RISK

The 2021 Work Plan contributes to assurance the Audit Committee meets the requirements of their mandate as contained in Audit Committee Bylaw 33M2020.

ATTACHMENT

Audit Committee 2021 Work Plan

<u>AUDIT COMMITTEE 2021 WORK PLAN</u>			
AGENDA DATE	REPORTS	ACCOUNTABILITY	NOTES AND REPORT NO.
JANUARY 28 Thursday	External Auditor 2019 Management Letter Update	External Auditor	
	Annual Principal Corporate Risk Report	City Manager	
	City Auditor's Office 4 th Quarter 2020 Report	City Auditor	
	<u>CLOSED MEETING ITEMS</u> Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal) City Auditor 2020 Performance Review	Committee and CFO External Auditor City Auditor Chair, Audit Committee	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available	City Auditor	
FEBRUARY 25 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> Audit Committee 2020 Year-End Annual Status Report Solutions for Achieving Value and Excellence (SAVE) Presentation	Executive Advisor to Audit Chief Financial Officer	
	<u>CLOSED MEETING ITEMS</u> Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available.	City Auditor	

MARCH 17 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> Code of Conduct Annual Report Control Environment Assessment Report Redesign Update City Auditor's Office 2020 Annual Report	Chief Financial Officer Chief Financial Officer City Auditor	
	<u>CLOSED MEETING ITEMS</u> Progress Update on 2020 City of Calgary Annual Report (Verbal) Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Chief Financial Officer Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available.	City Auditor	
APRIL 20 Start at 8:30 a.m. Tuesday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> 2020 Annual Investment Report 2020 City of Calgary Annual Report 2020 External Auditor's Year-End Report City Auditor's Office 1 st Quarter 2021 Status Report	Chief Financial Officer Chief Financial Officer External Auditor City Auditor	
	<u>CLOSED MEETING ITEMS</u> External Auditor Annual Renewal (Verbal) Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Chair of Audit Audit Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available	City Auditor	

MAY 20 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> ENMAX Corporation Annual Report Calgary Municipal Land Corporation (CMLC)	ENMAX CMLC	
	<u>CLOSED MEETING ITEMS</u> Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available.	City Auditor	
JUNE 24 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> Calgary Parking Authority Calgary Convention Center External Auditor 2020 Management Letter Civic Partner Audit Report	Calgary Parking Authority Convention Center External Auditor General Manager Community Services	
	<u>CLOSED MEETING ITEMS</u> Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Audit Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available	City Auditor	

JULY 22 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> Principal Corporate Risk Update Integrated Risk Management Update (includes Information Technology) City Auditor's Office 2 nd Quarter 2021 Status Report External Auditor 2020 Service Plan and Fees Calgary Police Commission Annual Report	City Manager Chief Financial Officer City Auditor External Auditor Calgary Police Commission	
	<u>CLOSED MEETING ITEMS</u> External Auditor 2020 / 2021 Performance Assessment Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Chief Financial Officer and Executive Advisor to Audit Audit Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available	City Auditor	
AUGUST	NO SCHEDULED MEETING		
SEPTEMBER	NO SCHEDULED MEETING (ELECTION BLACK-OUT PERIOD)		
OCTOBER	NO SCHEDULED MEETING (ELECTION BLACK-OUT PERIOD)		

NOVEMBER 19 Friday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u>		
	Audit Committee Orientation (not part of Agenda – date in November or December to be determined)	Chair and Executive Advisor	
	Strategic Discussion: Audit Committee 2022 Work Plan (not part of Agenda – date can be determined later)	Audit Committee	
	2021 Law Department Annual Report	City Solicitor – General Counsel	
	City Auditor's Office 3 rd Quarter 2021 Status Report	City Auditor	
	Strategic: Presentation from Chief Financial Officer on Budget Approach for 2022	Chief Financial Officer	
	City Auditor's Office 2022-2023 Audit Plan	City Auditor	
	<u>CLOSED MEETING ITEMS</u>		
	Audit Forum (Verbal)	Audit Committee and CFO	
	External Auditor (Verbal)	External Auditor	
	City Auditor (Verbal)	City Auditor	
	Audit Committee Annual Self-Assessment (2020-2021)	Executive Advisor	
	City Auditor's Office Budget 2022	City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u>		
	To be added when available	City Auditor	

DECEMBER 16 Thursday	<u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u> Audit Committee 2022 Work Plan	Executive Advisor	
	<u>CLOSED MEETING ITEMS</u> Audit Forum (Verbal) External Auditor (Verbal) City Auditor (Verbal)	Audit Committee and CFO External Auditor City Auditor	
	<u>CITY AUDITOR'S OFFICE AUDIT REPORTS</u> To be added when available	City Auditor	

Corporate Credit Card Continuous Auditing

RECOMMENDATIONS:

That the Audit Committee:

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

HIGHLIGHTS

- Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. In accordance with Bylaw 30M2004 (as amended), the City Auditor reports the outcome of all audits to the Audit Committee (including Administration's response and corrective actions to be taken in regard to specific recommendations). The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.
- What does this mean to Calgarians? Continuous auditing results are a strong indicator that operational controls associated with the Corporate Credit Card program are generally effective in mitigating risks associated with non-compliant corporate credit card use.
- Why does it matter? Implementing continuous auditing is an efficient and cost-effective approach to monitor compliance and address non-compliance and associated risks in a timely manner.
- Strategic alignment: Citizen Priority – A Well Run City.

DISCUSSION

The City Auditor's Office has successfully implemented its first continuous auditing project. To show proof of concept, we focused on the Corporate Credit Card program as quality data was readily available. Using Power BI, we created an interactive web-based scorecard that automates monitoring against ten compliance metrics with the functionality to drill down to additional reports for greater detail. Attachment 1 is a high-level summarization of the entire scorecard as at the end of Q3 2020.

Benefits

1. Increased Visibility Into Process Performance Through Quantitative Measurement - We established ten performance metrics with associated thresholds where action should be taken to improve operational controls and reduce risk. Each metric can be drilled into to support further examination of the specific business units, transactions or accounts impacting the score.
2. Ongoing Assurance and Early Identification of Non-Compliance/Emerging Risks - As part of continuous auditing by the City Auditor's Office, these ten-performance metrics will be refreshed every month allowing for earlier identification of non-compliance and emerging risks.
3. Scalable Cost-Effective Assurance - Economies of scale are achieved as the scorecard will be reused each month to automatically process and visualize the newly available data.

Corporate Credit Card Continuous Auditing

Additionally, our scorecard runs on existing investments The City has made in its Power BI business intelligence infrastructure.

4. Service Value-add - Development of these metrics was enhanced by collaborative support with Finance staff and the end product was identified by Finance management as having value both in the application of the specific corporate credit scorecard and the broader application of continuous auditing to their business unit. We will continue to work collaboratively with Finance to share our scorecard, including its underlying code, and will continue to highlight trends as applicable.

Results

The enclosed scorecard summary (Attachment 1) is a strong indicator that operational controls associated with the Corporate Credit Card program are generally effective in mitigating risks associated with non-compliant corporate credit card use.

ATTACHMENT

1. Q3 2020 Corporate Credit Card Scorecard Summary - AC2020-1283 ATT1
2. Corporate Credit Card Continuous Auditing Presentation Slide - AC2020-1283 ATT2

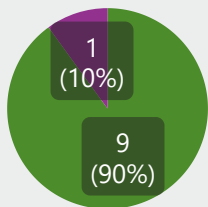
DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Katharine Palmer	City Auditor	Approve
David Duckworth	City Manager	Inform
Carla Male	CFO	Inform
Les Tochor	Director Finance/City Treasurer	Inform
Michael Perkins	Manager Tax, Receivables & AP	Inform

Q3 2020 Corporate Credit Card Scorecard Summary

AC2020-1283
Attach 1

Result Summary



- < Action Level
- >= Action Level

At the end of Q3 2020, 90% of indicators measured are below levels, where management should consider taking action to strengthen controls.

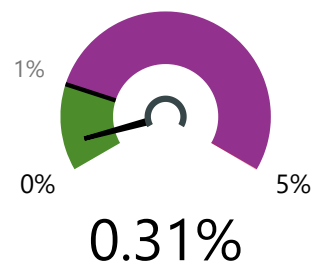
The further insight section at the bottom of the page shows trends for indicators close to or exceeding action thresholds from the end of Sept. 2019 to the end of Sept. 2020.

Transaction Testing Results (6/26/2020 - 9/25/2020)

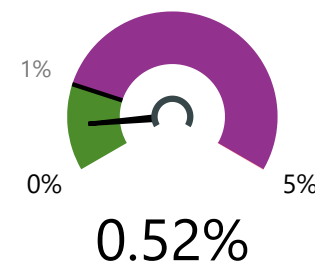
Transaction Count

19K

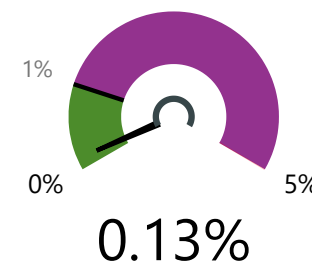
% Transactions exceeding \$5,000



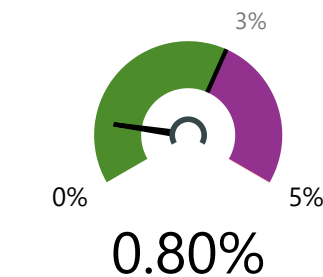
% Transactions Potentially Split



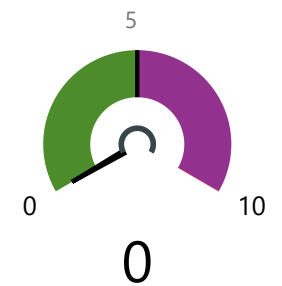
% Transactions exceeding transaction limits



% Transactions on Watchlist



Blocked Transaction Count

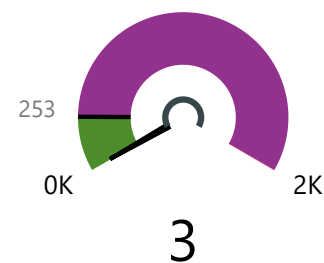


Account Testing Results (Snapshot at September Month End)

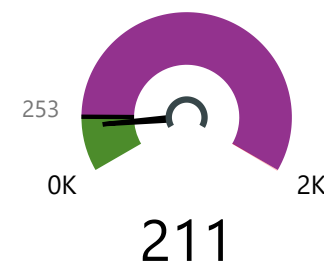
Open Cards

2,524

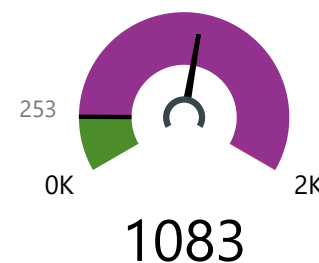
Cards Exceeding Monthly Credit Limits



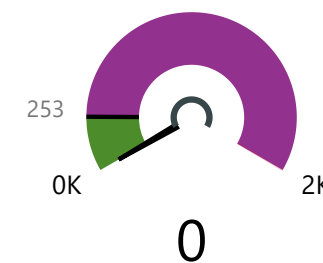
Cards Without Transaction in Prior 12 Mos



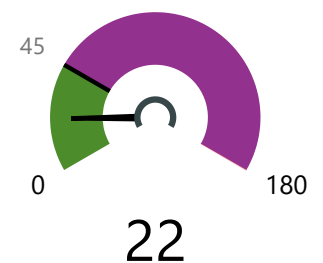
Cards with Potentially Excessive Credit Limits



Employees with Multiple Accounts

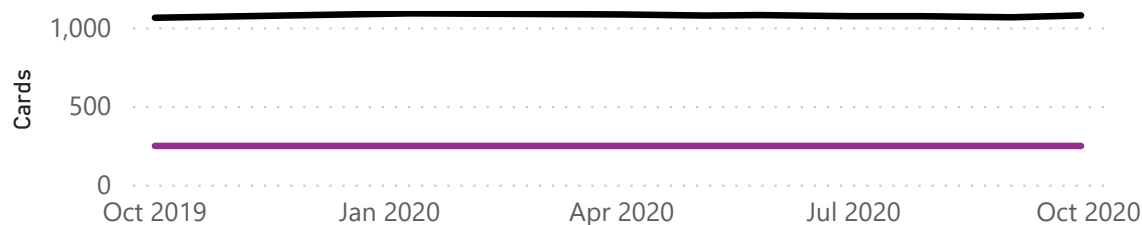


Max Days Past Termination of Accounts Remaining Active

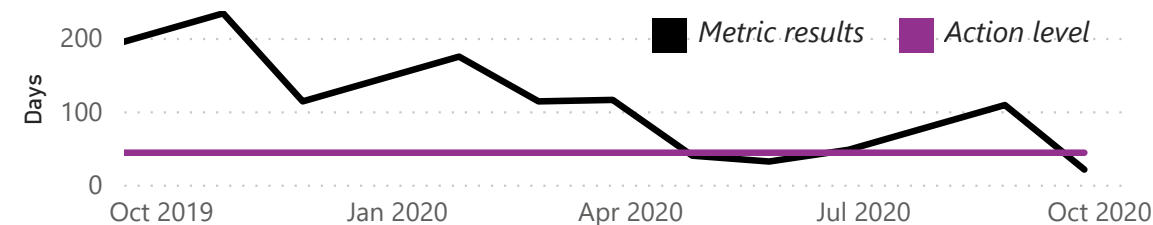


Further Insights (9/25/2019 - 9/28/2020)

Cards with Potentially Excessive Limits



Max Days Past Termination of Accounts Remaining Active





Calgary Corporate Credit Card Continuous Auditing

City Auditor's Office

Why we did this

- Proof of concept through our first continuous auditing project
- Support increased assurance to Audit Committee and Administration on control effectiveness through previously unavailable visual measures on a scorecard

What we concluded

- Data provides a strong indicator controls associated with the Corporate Credit Card program are generally effective in mitigating associated risks

Why it matters

- Continuous auditing supports increased coverage in an economic manner while being responsive to changing risks