



**MINUTES
AUDIT COMMITTEE**

**November 19, 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. Davison (Remote Participation)
Citizen Representative L. Caltagirone (Remote Participation)
Citizen Representative M. Lambert (Remote Participation)

ABSENT: Citizen Representative K. Kim (Personal)

ALSO PRESENT: Chief Financial Officer C. Male
A/City Auditor L. Ormsby
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 Grood

1. CALL TO ORDER

Councillor Woolley called the Meeting to order at 9:31 a.m.

ROLL CALL:

Councillor Woolley, Councillor Farkas, Councillor Colley-Urquhart, Councillor Davison, Citizen Representative Caltagirone, Citizen Representative Lambert.

Absent from Roll Call: Citizen Representative Kim.

2. OPENING REMARKS

Councillor Woolley provided opening remarks and welcomed the new and returning members to the Audit Committee.

3. CONFIRMATION OF AGENDA

Moved by Councillor Farkas

That the Agenda for the 2020 November 19 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 October 22

Moved by Councillor Farkas

That the Minutes of the 2020 October 22 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 2021 Work Plan, AC2020-1306

Moved by Citizen Representative Lambert

That with respect to Report AC2020-1306, the following be approved:

That the Audit Committee:

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

For: (6): Councillor Woolley, Councillor Farkas, Councillor Colley-Urquhart, Councillor Davison, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

7.2 Corporate Credit Card Continuous Auditing, AC2020-1283

Moved by Citizen Representative Caltagirone

That with respect to Report AC2020-1283, 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: (6): Councillor Woolley, Councillor Farkas, Councillor Colley-Urquhart, Councillor Davison, 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

Moved by Councillor Farkas

That pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 24 (Advice from officials), 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*, Committee now move into Closed Meeting at 9:57 a.m., in the Council Boardroom, to discuss confidential matters with respect to the following Items:

- Off-Site Levies Update (Verbal), AC2020-1328
- Shareholder Alignment Review on Wholly-owned Subsidiaries (Verbal), AC2020-1321
- External Auditor Provisions of Additional Services, AC2020-1324
- Audit Forum (Verbal), AC2020-1335
- External Auditor (Verbal), AC2020-1336
- City Auditor (Verbal), AC2020-1337

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

MOTION CARRIED

Committee reconvened in Public Meeting at 11:09 a.m. with Councillor Woolley in the Chair.

ROLL CALL:

Councillor Woolley, Councillor Farkas, Councillor Davison, Citizen Representative Caltagirone, and Citizen Representative Lambert.

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

Moved by Councillor Farkas

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 Off-Site Levies Update (Verbal), AC2020-1328

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1328:

Clerks: M.A. Cario and A. Degrood. Law: J. Floen. Advice: L. Ormsby, C. Male, L. Tocher, T. Rathie, and C. Smillie. External Advice: T. Nakka, I. Cvitanusic, and H. Gill (Deloitte).

Moved by Citizen Representative Lambert

That with respect to Verbal Report AC2020-1328, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

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

MOTION CARRIED

10.1.2 Shareholder Alignment Review on Wholly-owned Subsidiaries (Verbal), AC2020-1321

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1321:

Clerks: M.A. Cario and A. Degrood. Law: J. Floen. Advice: C. Male, C. Smillie, L. Ormsby, L. Kerr, L. Tocher, T. Rathie, and A. Brown. External Advice: T. Nakka, H. Gill, I. Cvitanusic (Deloitte).

Moved by Councillor Davison

That with respect to Verbal Report AC2020-1321, the following be approved:

That Audit Committee:

1. Appoint a Working Group of Audit (Working Group) to oversee a Shareholder Alignment Review of Wholly-Owned Subsidiaries (Shareholder Alignment Review) with composition as follows:

- Chair of Audit, Councillor Evan Woolley
- 1 Councillor Member of Audit, Councillor Jeff Davison
- 2 Citizen Members of Audit, Citizen Representative Lori Caltagirone and Citizen Representative Mike Lambert
- Acting City Auditor, Liz Ormsby
- Manager, Treasury, Aaron Brown
- Manager, The Office of Partnerships, Lori Kerr
- Executive Advisor to Audit Committee, Corrie Smillie
- Deputy City Solicitor, Law, Denise Jakal

2. Direct the Executive Advisor of Audit Committee to bring Terms of Reference for the Working Group to the 2021 January 28 Audit Committee for approval.

3. Direct that the framework for the Shareholder Alignment Review includes the following:

- a. Review of the mandate of each subsidiary for alignment with the goals and purpose of The City of Calgary;
- b. Review of the risk and opportunity profile presented by each subsidiary to The City of Calgary;
- c. Review of each subsidiary's operating, financing and investing stewardship processes in place to achieve their mandates, including processes and internal controls over business planning, budgeting, capital raising, debt limitations and covenants, and investing activities;
- d. Review the returns received by The City from the wholly-owned subsidiaries where applicable;
- e. Review the risk management programs of subsidiaries, including programs to manage financial, physical, environmental, safety and reputational risks;
- f. Review applicable shareholder governance documents, such as Unanimous Shareholder Agreements or other agreements, that may guide or affect the shareholder oversight of the subsidiary, and consider whether provisions for shareholder oversight are suitable to the goals, risk profile, and general requirements of the shareholder;
- g. Review the governance model of each subsidiary, and evaluate relative to leading practices used for similar or comparable subsidiary relationships;

- h. Review the communication, reporting, and accountability of wholly-owned subsidiaries to Council, Administration and the citizens of Calgary and;
 - i. Identify any opportunities for improvement, and make recommendations, generally and individually, for the wholly-owned subsidiaries.
4. Direct the Working Group to oversee both the selection of an external consultant to perform the Shareholder Alignment Review as well as providing ongoing oversight of the consultant throughout the review;
5. Direct the Working Group to report to the 2021 January 28 Audit Committee meeting with the framework and a work plan for the Shareholder Alignment Review, considering advice, if any, that may be sought from Deloitte; and
6. Direct that the Closed Meeting discussions remain confidential pursuant to Section 16 (Disclosure harmful to economic interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2035 November 19.
- For: (5): Councillor Woolley, Councillor Farkas, Councillor Davison, Citizen Representative Caltagirone, and Citizen Representative Lambert

MOTION CARRIED

10.1.3 External Auditor Provision of Additional Services, AC2020-1324

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1324:

Clerks: M.A. Cario and A. Degrood. Law: J. Floen. Advice: L. Ormsby, C. Male, and C. Smillie. External Advice: T. Nakka, I. Cvitanusic, and H. Gill (Deloitte).

Moved by Citizen Representative Caltagirone

That with respect to Report AC2020-1324, the following be approved:

That the Audit Committee:

- 1. Direct that the Recommendations contained in Report AC2020-1324 be approved; and
- 2. Direct that this Report, Recommendations and Closed Meeting discussions remain confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*; to be reviewed by 2021 May 19.

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

MOTION CARRIED

10.1.4 Audit Forum (Verbal), AC2020-1335

No report given.

10.1.5 External Auditor (Verbal), AC2020-1336

No report given.

10.1.6 City Auditor (Verbal), AC2020-1337

People in attendance during the Closed Meeting discussions with respect to Report AC2020-1337:

Clerks: M.A. Cario and A. Degrood. Law: J. Floen. Advice: L. Ormsby, C. Male, and C. Smillie.

Moved by Councillor Farkas

That with respect to Verbal Report AC2020-1337, 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 Davison, 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 11:19 a.m.

MOTION CARRIED

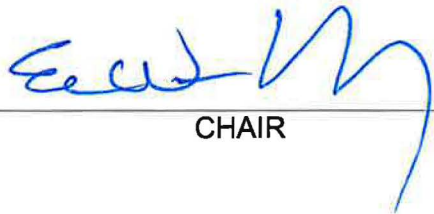
The following items have been forwarded to the 2020 December 14 Combined Meeting of Council:

CONSENT

- Audit Committee 2021 Work Plan, AC2020-1306
- Corporate Credit Card Continuous Auditing, AC2020-1283

The next regular meeting of the Audit Committee is scheduled to be held on 2021 January 28 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON 2021 JANUARY 28



CHAIR



ACTING CITY CLERK