



## AGENDA

### AUDIT COMMITTEE

July 22, 2021, 9:30 AM  
ENGINEERING TRADITIONS

#### 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

#### SPECIAL NOTES:

*Public are encouraged to follow Council and Committee meetings using the live stream*

[www.calgary.ca/watchlive](http://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, 2021 June 24
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. Principal Corporate Risk Update - (Verbal), AC2021-1030

7.2. Integrated Risk Management Mid-Year Update (Including Information Technology), AC2021-1029

Attachment 4 held confidential pursuant to Section 24 (Advice from officials) of *the Freedom of Information and Protection of Privacy Act*.

**Review By: 2026 July 22**

7.3. Calgary Police Commission 2020 Report, AC2021-1049

7.4. External Auditor Management Letter for Off-Site Levy Balances Audit, AC2021-1062

7.5. External Auditor 2021 Audit Service Plan, AC2021-1048

7.6. City Auditor's Office 2nd Quarter 2021 Report, AC2021-1100

7.7. Industrial Control Systems Security Audit, AC2021-1099

Attachment 1 held confidential pursuant to Section 20 (Disclosure harmful to law enforcement) of *the Freedom of Information and Protection of Privacy Act*.

**Review By: 2036 July 22**

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. Shareholder Alignment Review of Wholly-Owned Subsidiaries, AC2021-1061  
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

**Review By: 2021 December 31**

- 10.1.2. Audit Forum (Verbal), AC2021-1044  
Held 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*.
- 10.1.3. External Auditor (Verbal), AC2021-1045  
Held confidential pursuant to Sections 23 (Local public body confidences) and 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*.
- 10.1.4. City Auditor (Verbal), AC2021-1046  
Held confidential pursuant to Sections 19 (Confidential evaluations) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.
- 10.1.5. External Auditor 2020 – 2021 Performance Assessment, AC2021-1047  
Held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party) 19 (Confidential evaluations) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

**Review By: 2036 July 22**

10.2. URGENT BUSINESS

11. ADJOURNMENT







## MINUTES AUDIT COMMITTEE

**June 24, 2021, 9:30 AM**

**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 K. Kim (Remote Participation)

**ABSENT:** Citizen Representative M. Lambert (Personal)

**ALSO PRESENT:** A/City Auditor L. Ormsby (Remote Participation)  
A/Chief Financial Officer L. Tochor (Remote Participation)  
External Auditor H. Gill (Remote Participation)  
External Auditor T. Nakka, (Remote Participation)  
Executive Advisor C. Smillie  
Legislative Advisor L. Gibb  
Legislative Advisor D. Williams

**1. CALL TO ORDER**

Councillor Woolley called the Meeting to order at 9:30 a.m.

**ROLL CALL**

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

**2. OPENING REMARKS**

Councillor Woolley provided opening remarks.

**3. CONFIRMATION OF AGENDA**

**Moved by** Councillor Farkas

That the Agenda for the 2021 June 24 Audit Committee be confirmed.

**MOTION CARRIED**

**4. CONFIRMATION OF MINUTES**

4.1 Minutes of the Regular Meeting of the Audit Committee, 2021 May 20

**Moved by** Councillor Farkas

That the Minutes of the 2021 May 20 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 ENMAX Corporation 2020 Annual Report, AC2021-0941

A presentation entitled "ENMAX Corporation - Annual Report, Governance and Financial Insight" was distributed with respect to Report AC2021-0941.

The following Speakers addressed Committee with respect to Report AC2021-0941:

1. Charles Ruigrok, Chair Audit Committee
2. Wayne O'Connor, President & CEO
3. Preet Dhindsa, EVP and Chief Financial Officer
4. Diana Stephenson, Vice President, Public Affairs & Sustainability

**Moved by** Councillor Farkas

That pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 23 (Local public body confidences), 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 10:38 a.m., in the Engineering Traditions Boardroom, to discuss confidential matters with respect to the following Item:

- ENMAX Corporation 2020 Annual Report, AC2021-0941

And further, the following be invited to attend the Closed Meeting:

- Trevor Nakka, Harman Gill, Erica Vervoort, and Ivana Cvitanusic, External Auditors (Deloitte LLP);
- Wayne O'Connor, Preet Dhindsa, Diana Stephenson, Charles Ruigrok (Enmax Corporation)

**MOTION CARRIED**

Committee reconvened in public meeting at 11:00 a.m. with Councillor Woolley in the Chair.

**ROLL CALL**

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

People in attendance during the Closed Meeting discussions with respect to Report AC2021-0941:

Clerks: D. Williams and L. Gibb. Advice: L. Tochor, L. Ormsby and C. Smillie.  
External Advice: H. Gill, I. Cvitanusic, E. Vervoort, W. O'Connor, P. Dhindsa, D. Stephenson, C. Ruigrok and T. Nakka.

**Moved by** Councillor Farkas

That Committee rise and report.

**MOTION CARRIED**

**Moved by** Citizen Representative Caltagirone

That with respect to Report AC2021-0941, the following be approved:

That Audit Committee:

1. Receive this report and presentation for the Corporate Record; and
2. Keep Attachments 1, 2, 8, 10, 11, 17, 18, 19, 22, 23 and the Closed Meeting discussions confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, to be reviewed 2036 June 24.

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

**MOTION CARRIED**

**7.2 Calgary Convention Centre 2020 Annual Report, AC2021-0942**

A presentation entitled "Calgary TELUS Convention Centre" was distributed with respect to Report AC2021-0942.

The following Speakers addressed Committee with respect to Report AC2021-0942:

1. Rob Palmer, CCCA Audit and Finance Chair
2. Wellington Holbrook, CCCA Chair
3. Kurby Court, President and CEO
4. Carol McQuade, VP, Finance

**Moved by** Councillor Colley-Urquhart

That with respect to Report AC2021-0942, the following be approved:

That Audit Committee:

1. Receive this report, attachments and presentation for the Corporate Record; and
2. Keep Attachment 2 confidential pursuant to Sections 24 and 25 of *the Freedom of Information and Protection of Privacy Act*; to be reviewed by 2026 June 24.

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

**MOTION CARRIED**

7.3 Green Line Program Governance Follow-up Audit, AC2021-0918

**Moved by** Citizen Representative Caltagirone

That with respect to Report AC2021-0918, 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 Kim

**MOTION CARRIED**

7.4 311 Response Audit, AC2021-0923

By General Consent, pursuant to Section 6(1) of the Procedure Bylaw 35M2017, Section 78(2)(a) be suspended in order for Committee to complete this Agenda Item prior to the lunch recess.

**Moved by** Councillor Farkas

That with respect to Report AC2021-0923, 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 Kim

**MOTION CARRIED**

Committee recessed at 12:15 p.m. and reconvened in Public Meeting at 12:44 p.m. with Councillor Woolley in the Chair.

ROLL CALL

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

7.5 City Auditor's Office 2022 External Assessment, AC2021-0924

**Moved by** Councillor Farkas

That with respect to Report AC2021-0924, the following be approved:

That Audit Committee:

1. Direct the City Auditor's Office to initiate procurement of a resource to complete an External Assessment in accordance with the recommendation as provided in the Attachment; and
2. Approve funding the cost of the External Assessment from the Audit Committee's 2022 budget.

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

**MOTION CARRIED**

7.6 External Auditor 2020 Management Letter, AC2021-0914

**Moved by** Citizen Representative Caltagirone

That with respect to Report AC2021-0914 the following be approved:

That the Audit Committee:

1. Requests the External Auditor provide an update regarding the implementation status of the recommendations contained in the 2020 Management Letter (Attachment) at the 2022 January Audit Committee meeting; and
2. Recommends that Council receives 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 Kim

**MOTION CARRIED**

7.7 Off-site Levy Schedules and Notes (2020-2016), AC2021-0968

**Moved by** Citizen Representative Kim

That with respect to Report AC2021-0968 the following be approved:

That Audit Committee:

1. Receive this Report and Attachment for the Corporate Record and consider them in conjunction with Report AC2021-0901 "External Auditor Audit on Off-Site Levy Balances"; and
2. Direct that this Report and Attachment be forwarded to the 2021 July 5 Combined Meeting of Council.

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

**MOTION CARRIED**

7.8 External Auditor Audit on Annual Off-Site Levy Balances, AC2021-0901

A clerical correction was noted on page 22 of the Attachment to delete "Wooley" in its entirety and replace with "Woolley".

**Moved by** Citizen Representative Kim

That with respect to Report AC2021-0901, the following be approved:

That Audit Committee recommends 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 Kim

**MOTION CARRIED**

7.9 Overview of the Corporate Project Management Framework and its Quality Assurance Process, AC2021-1005

A presentation entitled "Overview of the Corporate Project Management Framework and its Quality Assurance Process, Audit Committee Report AC2021-1005" was distributed with respect to Report AC2021-1005.

**Moved by** Citizen Representative Caltagirone

That with respect to Report AC2021-1005, the following be approved.

That the Audit Committee 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 Kim

**MOTION CARRIED**

7.10 External Auditor Specified Audit Procedures on the Corporate Project Management Framework (CPMF), AC2021-0913

**Moved by** Councillor Farkas

That with respect to Report AC2021-0913, the following be approved:

That Audit Committee recommends 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 Kim

**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), 23 (Local public body confidences), 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 2:10 p.m., in the Engineering Traditions Boardroom, to discuss confidential matters with respect to the following items:

10.1.1 External Auditor – Provision of Additional Advisory Services, AC2021-0900

10.1.2 Audit Forum (Verbal), AC2021-0891

10.1.3 External Forum (Verbal), AC2021-0892

10.1.4 City Auditor Update (Verbal), AC2021-0893

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

**MOTION CARRIED**

Committee reconvened in public meeting at 2:33 p.m. with Councillor Woolley the Chair.

ROLL CALL

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

**Moved by** Councillor Davison

That Committee rise and report.

**MOTION CARRIED**

## 10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

### 10.1.1 External Auditor – Provision of Additional Advisory Services, AC2021-0900

People in attendance during the Closed Meeting discussions with respect to Report AC2021-0900:

Clerks: D. Williams and L. Gibb. Advice: C. Male, L. Tochor, L. Ormsby and C. Smillie. External: T. Nakka, H. Gill, I. Cvitanusic and E. Vervoort.

**Moved by** Citizen Representative Kim

That with respect to Report AC2021-0900, the following be approved:

That this report, attachment, 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 2022 June 24.

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

**MOTION CARRIED**

### 10.1.2 Audit Forum (Verbal), AC2021-0891

People in attendance during the Closed Meeting discussions with respect to Report AC2021-0891:

Clerks: D. Williams and L. Gibb. Advice: C. Smillie.

**Moved by** Citizen Representative Caltagirone

That with respect to Verbal Report AC2021-0891, the following be approved:

That the Audit Committee direct 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: (6): Councillor Woolley, Councillor Farkas, Councillor Colley-Urquhart, Councillor Davison, Citizen Representative Caltagirone, and Citizen Representative Kim

**MOTION CARRIED**



10.1.3 External Auditor (Verbal), AC2021-0892

No Report given.

10.1.4 City Auditor (Verbal), AC2021-0893

No Report given.

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

**Moved by** Councillor Colley-Urquhart

That this meeting adjourn at 2:54 p.m.

**MOTION CARRIED**

The following items have been forwarded on to the 2020 July 05 Combined Meeting of Council:

CONSENT

- Green Line Program Governance Follow-up Audit, AC2021-0918
- 311 Response Audit, AC2021-0923
- External Auditor 2020 Management Letter, AC2021-0914
- Off-site Levy Schedules and Notes (2020-2016), AC2021-0968
- External Auditor Audit on Annual Off-Site Levy Balances, AC2021-0901
- Overview of the Corporate Project Management Framework and its Quality Assurance Process, AC2021-1005
- External Auditor Specified Audit Procedures on the Corporate Project Management Framework (CPMF), AC2021-0913

The next Regular Meeting of the Audit Committee is scheduled to be held on 2021 July 22 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

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CHAIR

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ACTING CITY CLERK



Chief Financial Officer's Report to  
Audit Committee  
2021 July 22

ISC: UNRESTRICTED  
AC2021-1029  
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## Integrated Risk Management Mid-Year Update (Including Information Technology)

### RECOMMENDATIONS:

That Audit Committee recommends that Council:

1. Receive Report AC2021-1029 and the presentation for information and discussion pursuant to Audit Committee Bylaw 33M2020, Section 5 (c); and
2. Keep Attachment 4 confidential pursuant to Sections 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2026 July 22.

### HIGHLIGHTS

- Understanding, assessing, and managing risk is critical to achieving Council's vision for Calgary – a great place to make a living, a great place to make a life. This report provides information about the top risks facing The City mid-year 2021 as well as, Integrated Risk Management (IRM) Program updates.
- **What does this mean to Calgarians?** The City has adapted service delivery in response to the volatile risk environment, resulting in a decreased level of risk compared to the 2020 year-end risk report.
- **Why does it matter?** The City is better positioned to respond to and manage increased uncertainty. Nevertheless, there is continued volatility which requires The City to remain nimble and adaptable.
- The move to remote work due to the pandemic has required more monitoring, detecting and mitigating of technology risks.
- A future structural change to the Principal Corporate Risks (PCRs) to further support Senior Administration's risk management practices is being implemented and will be incorporated into the 2021 Year-end Risk Report.
- The Integrated Risk Management Team is responding to the IRM Audit recommendations, including engaging the Executive Leadership Team and other stakeholders to receive guidance on how to apply risk appetite and tolerance and to update guidelines for both strategic and operational risks.
- Risk management advancements at The City align with the Citizen Priority of A Well-Run City, Council's Directive to embrace appropriate levels of risk, and Administration's Rethink to Thrive Strategy (C2020-0699), which includes being innovative, tech-savvy and future focused.
- Background and Previous Council Direction is included as Attachment 1.

### DISCUSSION

#### The City's Risk Profile – 2021 Mid-year

The City's risk profile consists of:

- The 17 Principal Corporate Risks (Attachment 2); and
- An update on the five priority risks, additional risk analysis, and a review of critical uncertainties (Attachment 3).

The City is resilient and has used a variety of responses including: adjusting service delivery to protect the health and safety of citizens and staff, introducing new strategies to support local businesses and working with other orders of government to manage the impacts on citizens,

### **Integrated Risk Management Mid-Year Update (Including Information Technology)**

businesses and the community. The City will need to closely monitor and balance the more positive outlook and remaining uncertainty to inform plans and strategies for recovery.

The analysis indicates that although the environment is improving, the possibility of a fourth wave and the K-shaped economic recovery (where certain sectors recover quicker than other sectors) means The City continues to be exposed in the currently identified priority risks: Economic; Financial; Health, Safety & Wellness; Reputation; and Social Impact.

As a result of the pandemic and more of the workforce shifting to remote work, technology risks have changed slightly. The increase in cyber activity during the pandemic means more focus on monitoring, detecting, and mitigation is required. Managing technology-related risks to protect The City's reputation and maintain the public's trust is critical. Attachment 4 contains the Information Technology Risk Register (Confidential) which includes mitigation techniques for strategic and operational risks integrated into IT methodologies, work plans, and budgets.

#### **Advancing Risk Management**

The activities for advancing risk management at The City include:

- Updating the structure of the Principal Corporate Risks (Attachment 5); and
- Implementing the recommendations in the IRM Audit (Attachment 6).

Re-evaluating and restructuring the Principal Corporate Risks allows leadership the opportunity to determine whether the current Principal Corporate Risks are still the most strategic, relevant, and top risks to the organization. It will encourage leading risk management practices, such as being proactive, having a clear formal escalation process, and providing greater focus for The City's leadership.

The IRM Team prioritizes continuous improvements and is responding to complete the IRM Audit's recommendations in the approved timeframes.

### **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 City is continuing to be more transparent in its communication of risk to support trust and confidence in decision-making. This is consistent with the *Integrated Risk Management Council Policy* (CC011) and the *Transparency and Accountability Council Policy* (CC039). In keeping with openly and transparently communicating about risk, this report is primarily presented publicly with limited information recommended to be held confidential. Administration presented an update on The City's Principal Corporate Risks most recently in 2021 January 28, the *Annual Principal Corporate Risk Report* (AC2021-0037).

## **Integrated Risk Management Mid-Year Update (Including Information Technology)**

### **IMPLICATIONS**

#### **Social**

The pandemic, in combination with continued economic challenges, has increased the complexity of, and need for, social supports in Calgary. The City has a shared responsibility with other governments and the community for social outcomes, and this puts pressure on The City's capacity to respond to the diverse needs of Calgarians for preventative social programs.

#### **Environmental**

This report provides an update on The City's exposure to Environment Risk and supports the advancement of Council-approved strategies and initiatives, such as the Calgary's Climate Resilience Strategy and the Resilient Calgary Strategy. Monitoring and reporting on Environmental Risk provides organizational focus to prepare and respond to the risks of climate change, which require both immediate and long-term efforts.

#### **Economic**

This report provides an overview of the current economic situation in which The City operates and our efforts to manage this risk, including: City-specific plans, programs and initiatives to address economic challenges; initial investment to implement Calgary's Greater Downtown Plan; continued implementation of the Economic Task Force recommendations; and financial support from other orders of government to support new spending or tax relief for residents and businesses.

#### **Service and Financial Implications**

No anticipated financial impact

### **RISK**

Continual improvements to the corporate risk review process, including implementation of the recent IRM Audit recommendations, strengthens risk management practices. These changes will allow the organization to be more innovative, tech savvy and future focused, as well as leverage technology and data to make faster and better decisions. For example, IT is nimble and flexible while practicing effective risk management to reduce technology disruptions which could impact the delivery of citizen services and achievement of Council Priorities.

Implementing a new structure for managing The City's top risks could pose some challenges in light of re-alignment efforts and other initiatives happening throughout the organization. In order to mitigate these, the IRM team will work in conjunction with these other initiatives and adjust timelines and deliverables as needed.

### **ATTACHMENTS**

1. Previous Council Direction, Background
2. The City of Calgary's Principal Corporate Risks
3. The City's Risk Profile at Mid-Year 2021
4. Information Technology Risk Register (Confidential)
5. Re-thinking the Structure of the Principal Corporate Risks
6. Responding to the Integrated Risk Management Program's Audit

**Chief Financial Officer's Report to  
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AC2021-1029  
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**Integrated Risk Management Mid-Year Update (Including Information Technology)**

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Carla Male	Chief Financial Officer's Department	Approve

# Background

Mid-Year Principal Corporate Risk Update

## Context

In keeping with the Audit Committee's mandate for assisting Council in its oversight and stewardship responsibilities in relation to risk management, this report is the second of two scheduled 2021 reports providing the Audit Committee and Council with an update on the most strategic risks facing The City of Calgary.

## Previous Council Direction

On 2020 December 14, Council received for the Corporate Record the Audit Committee 2021 Work Plan which was approved by the Audit Committee on 2020 November 19 (AC2020-1306). As part of the Work Plan, the Audit Committee has directed the Chief Financial Officer to provide the Integrated Risk Management Update (including Information Technology) on 2021 July 22. As directed at the 2011 January 20 meeting of Audit Committee (AC2011-03), and in accordance with the Audit Committee Terms of Reference, Information Technology (IT) is to provide an annual update on information technology risk management and controls. This report is related to the City Manager's Principal Corporate Risk Update being presented on the same date.

### Annual Principal Corporate Risk Report Timeline

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
11/19/2020	AC2020-1306	<b>Audit Committee 2021 Work Plan</b> Directed that the Integrated Risk Management Update (including Information Technology) Report be presented at the 2021 July 22 Audit Committee meeting.

## Bylaws, Regulations, Council Policies

### Audit Committee Bylaw 33M2020

The mandate of the Audit Committee includes assisting Council in fulfilling its oversight and stewardship responsibilities by gaining and maintaining reasonable assurance in relation to risk management (Section 4(1)(ii)).

The Audit Committee is authorized to request reports from the City Manager on The City's Integrated Risk Management and corporate risks, at least twice a year (Section 5(c)(ii)).

The Audit Committee oversees The City's process of risk identification, analysis and management procedures to mitigate risk (Schedule A, 4(b)).

**Integrated Risk Management Council Policy (CC011)**

On 2020 February 3, the updated Integrated Risk Management Policy was approved by Council (AC2020-0022). Council adopted the Policy to provide a more systematic and consistent approach to risk management at The City of Calgary.

**Integrated Risk Management Audit (AC2021-0730).**

On 2021 May 20, the City Auditor presented the results of an operational audit assessing the effectiveness of the IRM framework. This audit concluded that the IRM team has made significant progress in advancing the maturity of the IRM Framework and raised five recommendations intended to help achieve clarity on the future strategic direction and maturity of the IRM framework and identify areas where the IRM Program can build and improve current processes that support continuous improvement. This report contains highlights of plans to address these recommendations.



## The City of Calgary's Principal Corporate Risks

Based on the 2021 corporate mid-year risk review process, The Principal Corporate Risks (PCRs) have been updated. The total number of risks (17) and the respective risk owners remain the same.

Two Principal Corporate Risks have updates to their risk descriptions; one has a minor change and one has a significant update.

- Political Risk (minor change to description for clarity).
- Security Risk (significant change to description). Major changes clarify the scope of the risk while making the language more specific.

The current PCRs are listed in alphabetical order, and the five priority risks are highlighted with an asterisk.

### ***Business Continuity Risk*** *Owner: General Manager, Community Services*

An interruption to an essential service provided to Calgarians as a result of a vulnerability being exposed to a natural, technological or human-induced hazard.

### ***Capacity for Change Risk*** *Owner: City Manager*

Increasing velocity, pace and quantity of change in the natural, social, economic and political environment, combined with limited flexibility in the organization to respond contributes to reduced capacity, preparation and experience required to implement new initiatives and adapt to changing priorities.

### ***Economic Risk\**** *Owner: City Manager*

Citizens and the business community face ongoing pressure due to the volatility of local and regional economies. This risk can impact demands for municipal services (including social supports), municipal revenue and The City's priorities.

### ***Environmental Risk*** *Owner: General Manager, Utilities & Environmental Protection*

Climatic changes may cause disruptions to operations and service delivery as well as impacts to infrastructure, the environment and Calgary's citizens. The Climate Resilience Strategy aims to maximize Calgary's resilience in the context of a changing climate.

### ***Financial Risk\**** *Owner: Chief Financial Officer*

Funding constraints (lower general revenues, franchise fees and/or higher expenses) and over-reliance on debt financing may lead to an inappropriate financing structure and negatively impact service delivery, the ability to maintain critical infrastructure, and adapt to growth.

**Growth Risk** *Owner: General Manager, Planning & Development*

While growth carries a number of economic and social benefits, it is also a significant risk for The City because infrastructure and services need to be in place and timed with demand. This means The City must anticipate both the amount and pattern of growth. The risks of ineffective growth planning are financial and reputational and can impact The City's capacity to deliver infrastructure and services that meet city-wide demands.

**Health, Safety and Wellness Risk\*** *Owner: General Manager, Utilities & Environmental Protection*

Workforce culture, organizational resilience, and employee health, safety and well-being are affected by internal factors such as the pace/amount of organizational change, as well as external factors such as Calgary's economic environment and population health.

**Infrastructure Management Risk** *Owner: General Manager, Transportation*

The City owns and operates public infrastructure systems like water service, storm and sanitary sewers, roads, sidewalks, pathways, bridges, tunnels, C-train tracks, structures, and buildings. The City is exposed to risk of these assets failing as they age, particularly if lifecycle maintenance is not prioritized.

**Legal & Compliance Risk** *Owner: City Solicitor and General Counsel*

Law provides Legal Counsel and Advocacy (LCA) services to the Mayor and Council, City Manager, General Managers, Directors and employees of every business unit at The City. Advice is not always sought in sufficient time to allow a strategy to be developed or action to be taken on a proactive basis, resulting in the corporation having to react to issues or lawsuits. This can impair the corporation's ability to complete projects and conclude transactions on time, on budget and within scope, and may result in financial losses or unnecessary business, legal, financial or reputational risk for The City.

**Operations, Process Risk** *Owner: Chief Financial Officer*

Failure to ensure appropriate processes are in place to manage the complexity of operations.

**Partnership Risk** *Owner: General Manager, Community Services*

Counterparty risk arising from City partners unable to deliver services or manage assets. This analysis focuses on Civic Partners, and Community Associations and Social Recreation Groups with a Lease or License of Occupation. The health and sustainability of these partners impacts delivery of services and programs to Calgarians and the management and operation of City-owned assets.

**Political Risk** *Owner: City Manager*

Changing priorities or actions of municipal, regional, or other orders of government paired with rapid changes in the natural, social or economic environment could result in challenges that may adversely impact The City's ability to deliver on citizen expectations.

**Reputation Risk\*** *Owner: Director, Customer Service & Communications*

Reputation risk is 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.

**Security Risk** *Owner: City Manager*

Security breaches on or in City space could result in loss of life, serious injury, or impact critical service delivery. Breaches may include but are not limited to assault and workplace violence, theft, fraud and cyber-attacks to the storage, distribution, alteration, theft, and privacy of information.

**Social Impact Risk\*** *Owner: General Manager, Community Services*

Changing social and economic conditions have contributed to social unrest. The model of shared responsibility between government and community for social outcomes puts pressure on The City's capacity to respond to the diverse needs of Calgarians with preventive programs and services. This risk can have negative impacts on the social wellbeing of citizens and result in public demand for The City to develop different approaches and investments in the delivery of programs and services.

**Talent Management & Workforce Planning Vulnerability Risk** *Owner: Chief Human Resources Officer*

Inability to attract, develop, engage and retain key talent and knowledge to meet current and future business needs.

**Technology Risk** *Owner: Chief Information Technology Officer*

Vulnerabilities are any weaknesses identified in The City's information technology environment that may leave information and technology assets exposed to a potential threat through malicious emails, websites, viruses, data breaches and information disclosures. These threats can put The City at risk for disruption to services, information theft or loss, malicious programs being uploaded, or identity theft.



## The City's Risk Profile at Mid-Year 2021

A year into the COVID-19 pandemic and the continued economic downturn, The City of Calgary and the community have worked together to manage and respond to the heightened uncertainty. The City's Risk Profile shows the impacts of operating in this heightened risk environment and our organization's ability to adapt service delivery during these uncertain times. This attachment updates The City's Risk Profile following the 2021 mid-year cross corporate risk review.

The update consists of:

- Part 1: Setting the Context - What's happening in Calgary?
- Part 2: Changes in The City's Risk Profile
- Part 3: Updates to the Five Priority Risks
- Part 4: Capital Risks
- Part 5: What's on the horizon for The City of Calgary?

### **Part 1: Setting the Context - What's happening in Calgary?**

Based on the corporate mid-year risk review process and a more positive economic outlook, Calgary appears to be emerging from the heightened and volatile risk environment. The changes in The City's Risk Profile indicate a decrease in the level of risk, which highlights The City's ability to respond and adapt service delivery.

Some uncertainty remains in Calgary's road to recovery that could impact The City's operations and workforce, as well as the community. Examples of areas in which uncertainty remains are the effects of the third wave of COVID-19 on local businesses, increased social unrest, vaccine supplies for the second dose, and discontinuation of COVID-19 federal and provincial government funding to support businesses and Calgarians. There is a risk of a fourth wave and potential re-occurrence of pocket outbreaks which increases the level of uncertainty. The City will need to closely monitor and balance the positive outlook and remaining uncertainty to inform plans and strategies for recovery.

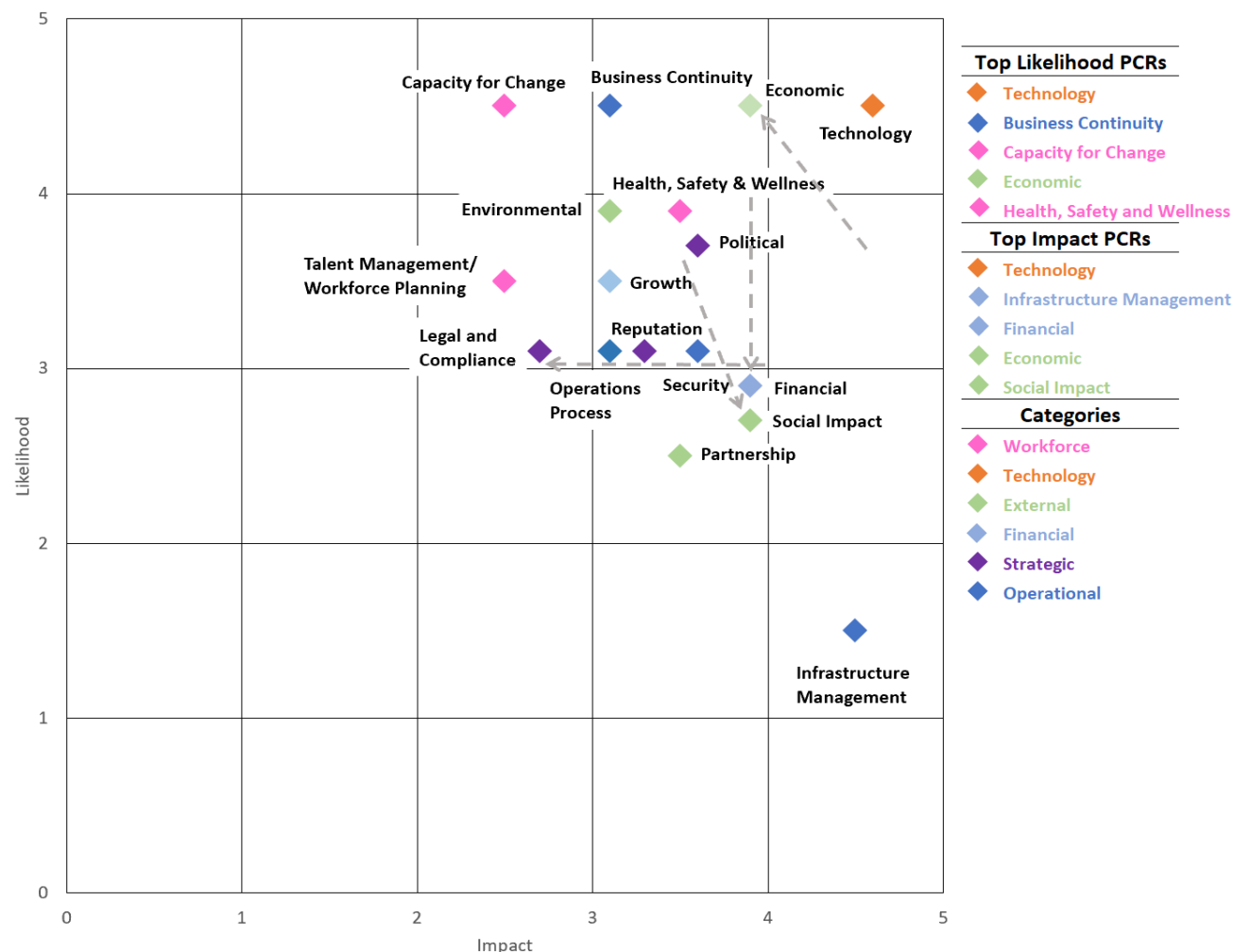
The City's Risk Profile is directly and indirectly impacted by changes in our environment. The City is better positioned to respond to the continuous strain of the COVID-19 pandemic and the economic shock to our local economy compared to the 2020 year-end risk report (AC2021-0037). The City is resilient and uses a variety of responses including: adapting service delivery to protect the health and safety of citizens and staff, introducing new strategies to support local businesses and working together with other orders of government to manage the impacts on citizens, businesses and the community.

## Part 2: Changes in The City's Risk Profile

The updates in The City's Risk Profile, Figure 1, reflect that The City is better positioned to respond and manage the increased uncertainty in our environment. Almost all risk rating changes, demonstrated by the gray arrows, represent a decrease in the risks compared to the 2020 year-end risk report (AC2021-0037).

**Figure 1: The City's Principal Corporate Risk Ratings**

Note: The categories in Figure 1 (i.e. workforce, technology, external, financial, strategic, operational) indicate which PCRs are related and connected to each other. Risks within a common category can have a compounding impact.



These updates are based on information collected through the mid-year Corporate Risk Review process (service risk registers and Principal Corporate Risk (PCR) Evidence-Based One Pagers), discussions with subject matter experts, review of key risk measures and indicators, COVID-19 Reporting and The City's Response Strategies.

Since the Annual Principal Corporate Risk Report (AC2021-0037) to the Audit Committee on 2021 January 28, four PCRs have revised risk ratings as shown in the table below.

PCR	Rating Change	Justification
<b>Economic Risk</b>	Likelihood increased from Likely to Almost Certain  Impact decreased from Severe to Significant	The likelihood of this risk increased because Calgary is experiencing a “K-shaped Recovery”, in which certain sectors recover faster than others. The third wave of COVID-19 infections brought renewed restrictions and business closures that has impacted the local economy. However, The City implemented multiple strategies to manage this risk and the positive economic outlook in combination with the vaccine roll-out contributes to the decrease in impact.
<b>Financial Risk</b>	Likelihood decreased from Likely to Possible	The funding received from other orders of government, the strength of the City’s reserves and the fact that municipal tax payments were largely received as planned helped manage the funding constraints. Additionally, use of COFLEX program funding for specific COVID-19 activities by The City, Civic Partners, businesses and the Calgary community has led to a decrease in the likelihood of this risk.
<b>Legal and Compliance Risk</b>	Impact decreased from Significant to Moderate	The success of the strategy implementation has decreased the potential impacts of this risk. Strategies continue to evolve to manage this risk with a focus on early and frequent communication and engagement with Legal Services and enhanced technology-based solutions for legal instructions, efficiency and customer self-services.
<b>Social Impact Risk</b>	Likelihood decreased from Likely to Possible	Effective collaborations with the province, partners and nonprofit organizations to coordinate COVID-19 has led to a decrease in the likelihood. To ensure greater investments in social programs, the Intergovernmental and Corporate Strategy division, in collaboration with Family and Community Support Services (FCSS) Alberta, continue to advocate for sustained future funding.

### Updates to the Five Priority Risks

The five priority risks are determined by the following criteria:

- Expected increase in pressure on this risk.
- Required focus and attention on risk controls or responses.
- Required cross-corporate effort to effectively manage.

Based on the analysis from our mid-year cross corporate risk review process, the Five Priority Risks (Economic Risk, Financial Risk, Health, Safety and Wellness Risk, Reputation Risk and Social Impact Risk) remain the same.

### **Economic Risk: a more positive outlook on the recovery**

Calgary is experiencing a K-shaped recovery, in which certain sectors will recover quicker than others. The third wave of the pandemic introduced new restrictions and resulted in additional business closures impacting a local economy already under pressure. The Calgary unemployment rate continues to trend above the national average and the average of comparable Canadian cities. Businesses, which have proven to be resilient through the pandemic, are at an increased financial risk due to prolonged reduced revenue opportunities. The potential impacts on the business community will continue after the federal and provincial government relief measures expire.

The downtown vacancy rate remains a concern for The City as businesses are adapting to remote work as a result of the pandemic. This imposes an ongoing economic risk and potential financial impacts to The City's tax base and revenue sources from downtown real estate development and businesses.

The vaccine roll-out will be an important driver of Calgary's economic recovery, and the number of Albertans who have received their first and second dose of the vaccine continues to increase. The rise in oil prices, capital investment in infrastructure from the federal and provincial government and an indication of moderate to strong consumer demands are contributing to a more positive outlook on the local economy. In combination with The City's response strategies, this contributes to the decrease in the potential impacts to the Economic Risk.

#### **In response**

The City's strategies and initiatives to manage this risk include:

- Identifying 63 City-specific plans, programs and initiatives to address and understand Calgary's profound economic challenges.
- Addressing downtown core challenges through the Calgary's Greater Downtown Plan and initial investments of \$200 million to support the implementation of outlined actions in the plan.
- Continuing to implement the Economic Recovery Task Force recommendations to support economic progress with a focus on identifying city buildings investments, enabling and supporting a business environment of innovation and investment, and investment in wellbeing of local communities.
- Receiving financial support from other orders of government that will be used to support new spending or tax relief to residents and businesses.

### **Financial Risk: managing operational and capital constraints**

The City continues to experience a high level of operating and capital funding constraints. The third wave of the COVID-19 pandemic and business closure restrictions continue to put pressure on this risk. For the operating budget, The City's revenue is impacted due to recreation facility closures, a decrease in transit ridership and permit revenue reductions. Certain operating costs are also increasing due to expenditures on pandemic supplies and additional facility cleaning measures to protect staff and the public, provision of additional technology equipment for remote work and overtime expenses. Other operating areas have experienced a reduction in expenses. The funding received from other orders of government, the strength of The City's reserves and the receipt of municipal tax payments largely as planned helps manage the operational funding constraints.



With respect to the capital budget, provincial infrastructure funding reductions, off-site levy collection and uncertainty related to Green Line may impact the ability to maintain critical infrastructure and adapt to growth (including major projects). The financial risk is likely to extend to the end of 2021, depending on the effectiveness of the vaccine roll-out to minimize the spread of COVID-19.

### **In response**

To respond to this risk, The City implemented various measures to closely manage the strain on the operating and capital budget. They include:

- Continued implementation of the SAVE Program to maintain prudent fiscal habits.
- A requested change to the short-term borrowing bylaws for flexibility to manage working capital requirements.
- Offer relief measures to taxpayers through the Corporation's liquidity.
- Launch and use of the COFLEX funding program for COVID-19 specific activities.

### **Health, Safety and Wellness Risk: building employee resiliency**

The risk to employee health and wellbeing remains high, even though employee safety and wellness measures have improved (i.e. Corporation-wide Lost Time Claim Frequency has decreased, and the overall Safety Performance improved in 2020 from previous years). However, additional pressure is put on this risk by the continued pace and amount of organizational change and workforce dynamics, as well as, external factors such as increased demands for extra activities to ensure public and staff safety and reporting as part of The City's COVID-19 response. These impact employee capacity, stress, and burnout.

Psychological safety remains an important focus for our organization. The City has prioritized efforts to build employee resilience and create physically and psychologically safe work environments by using data to uncover hazards, understand incidents and assess the success of responses.

### **In response**

Efforts to protect employee health and safety and support a positive employee experience are ongoing. These measures include:

- A psychological safety governance working group to coordinate support to employees and The City regarding accountability and responsibilities for psychological safety.
- Specific initiatives are being implemented to improve safety performance including: Joint Worksite Health and Safety Committees, corporate-wide mandated safety engagement and inspections, internal safety auditing program and mandatory health, safety and wellness training for all City Staff.
- The development and implementation of strategies to reduce lost time claims and sickness and accident claims (e.g. Corporate Safety Strategy, Healthy Workplace Strategy, Personal Protective Equipment Standardization and the Accommodation Strategy).

**Reputation Risk: telling our value story of high-quality affordable services**

The City's reputation is impacted by positive and productive relationships with citizens, businesses, partners and the ability to work with other orders of government. The pandemic has made City programs and services more top-of mind for citizens, and this increases the visibility of existing services and restrictions on other services.

Data collected through the Citizen Satisfaction Survey indicated satisfaction with The City's COVID-19 response and performance of Council and Administration. Overall trust in The City and that The City is open and accessible is trending down. The increase of misinformation and the persistent fragmentation of news and information sources impacts the trust in government and challenges The City's communication efforts.

**In response**

The management of this risk requires collaboration between business units and elected officials. Key strategies include:

- A focus on telling our story of high-quality, affordable services to better communicate the value provided for taxes and strengthen trust.
- Speak with One Voice in response to COVID-19 and ensure aligned and updated communications.
- Support multiple City initiatives directly tied to the economic recovery with coordinated messages that convey open and transparent communication and focus on Calgary as a business-friendly city.

**Social Impact Risk: continuing to respond to the diverse needs of Calgarians**

The pandemic in combination with continued economic challenges has increased the demand and complexity of needs for social support and increased social unrest in Calgary. This is demonstrated by the majority of the Alberta nonprofit organizations that reported a revenue decrease from sales or fees over the course of the pandemic in the 2020 Alberta Nonprofit Survey. About one-half of Calgarians report their mental health has worsened, and more than one quarter of Calgarians are seeking out social support services, which they didn't access before. The need for affordable housing continues to grow.

The diverse impacts of COVID-19 on population groups has raised the call for equitable approaches for municipal investment and service delivery. The City has a shared responsibility with other governments and the community for social outcomes, and this puts pressure on The City's capacity to respond to the diverse needs of Calgarians for preventative social programs. The COVID relief fund provided through the Community Sustainability Reserve and federal funding received through the Rapid Housing Initiative will continue to support the additional and immediate needs in the community into 2021. This contributes to the decrease in likelihood for the Social Impact Risk.

**In response**

The City will continue to work together with the government, partners and support the nonprofit sector to implement programs to address social needs. Key strategies include:

- Working together with the province to coordinate COVID-19 response efforts with partner organizations.
- Implementing the Calgary's Mental Health and Addiction Strategy that was approved by Council in March 2021.
- Working with Calgary Police Services to implement The Community Safety Investment Framework (CSIF) to transform Calgary's crisis response system to improve the wellbeing of Calgarians through an equitable and effective crisis response system.
- Advocating for sustained funding for social programs and greater investment in Calgary through the Intergovernmental and Corporate Strategy division and FCSS Alberta.

#### **Part 4: Capital Risks**

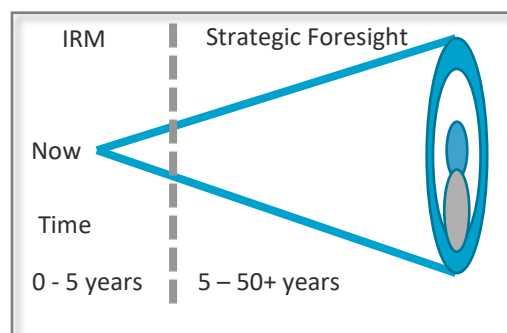
The City remains optimistic about its ability to deliver the capital portfolio approved in the One Calgary Service Plans and Budgets. While some challenges remain (i.e. contractual, cost of commodities, access to human capital and materials), The City is working to address these to maintain minimal impact on project delivery.

Infrastructure Calgary is monitoring the risks, issues, impacts and status of capital investments as a result of the pandemic and is working with services that deliver capital investments to support risk mitigation and advance projects where possible. The City continues to work with industry partners to maintain construction as an essential service and keep Calgarians working safely through the pandemic.

#### **Part 5: What's on the horizon for The City of Calgary?**

Since the onset of COVID-19, we've been intentionally looking to the future to make sense of today's reality. To complement our traditional integrated risk management activities, we have been using Strategic Foresight practices which includes looking at trends and critical uncertainties. By understanding trends and critical uncertainties, we are better positioned to identify emerging risks and to update our risk response strategies. This is particularly useful to inform The City's Principal Corporate Risks. Trends and critical uncertainties are also applicable to City services and could be used to inform the Service Risk Register (SRR) review process.

Examples of trends and critical uncertainties include: the future of remote work, changing business models, vacancies in downtown buildings, changing commuter habits and consumer behaviours, social unrest and protests, partnerships, current and future mental health impacts, transit ridership and how we move and interact. These were included in our mid-year and year-end analysis and we concluded that monitoring trends and critical uncertainties is an important part of the corporate risk review process.



For this Mid-year Principal Corporate Risk Report, we've included the new trends and critical uncertainties from the recently updated Future Focused Trends List (2021 May) and analyzed how they could impact several of The City's Principal Corporate Risks. We've selected four risks that we think could be impacted by these new trends to demonstrate the value of assessing trends as part of the Corporate Risk Review process. Our initial analysis is as follows:

**Operations Process Risk** – Coming out of COVID-19, citizen expectations for City services may change, causing us to reconsider how we prioritize and deliver services. New trends include:

- *City on Demand*: Online service delivery has increased along with investments in digital infrastructure that may result in increased demand for city-based digital services as well as personalized city services (e.g. opt in to waste and recycling).
- *Nature is King*: There has been an increased focus on quality of life and access to nature as a human right. This may result in greater valuation of ecosystem services, monetary value assigned to natural assets as well as greater focus on natural city infrastructure.

**Reputational Risk** – Citizen trust and confidence in municipal government continues to evolve and may impact how we engage and communicate. New trends to consider include:

- *Government & Expert Distrust*: The rise of conspiracy theories and misinformation along with the devaluing of scientific analysis and data may result in decentralized services and a decreased ability for Council to make decisions.

**Social Impact Risk** – A new social landscape could emerge to address citizen expectations for diversity, inclusion and equity which will impact our policies, strategies and partnerships. New trends to consider include:

- *Decline of Charitable Sector*: Reduction in charitable donations as well as declining trust in charities after the WE scandal may leave a gap in citizen services and result in an increased demand for City services.
- *All for All*: Addressing population health, climate change, and social, cultural and racial equality through grassroots and multi-government strategies may result in a new social landscape and new norms.

**Economic Risk** – Understanding how future trends may shape Calgary's future informs our business investments, workforce strategies and infrastructure projects. New trends to consider include:

- *Digital Economy Shift*: Calgary's economy may shift from manufacturing to digital services and goods with impacts to municipal taxes, policies and bylaws. Rise of new businesses, entrepreneurship opportunities, side hustles and increased competition for tech talent may mean an evolving economy in Calgary.
- *Deglobalization + Local Supply Chains*: Global supply chain disruptions and lack of local manufacturing capabilities may result in local supply chains as well as inflation due to higher production costs.
- *Immigration Gap*: Slower immigration rates due to COVID-19 restrictions may lower population growth in Calgary.
- *Work from Anywhere*: Due to long-term remote work policies, work may occur anywhere, with virtual and geographically distributed teams.

## Supporting the use of Trends and Critical Uncertainties Going Forward

There is value in reviewing and understanding trends and critical uncertainties as part of the Corporate Risk Review process. This leaves us better positioned to identify emerging risks and

to update our risk response strategies. This also informs The City's Principal Corporate Risks as well as service risks as part of the Service Risk Register (SRR) review process.

To support City Services to understand how trends and critical uncertainties can be used as part of the SRR review, we conducted a pilot at the Spring Corporate Risk Network workshop (2021 June 23). Based on workshop outputs and feedback from participants, we will consider how trends and critical uncertainties can be included in the fall risk review as well as planning for the next cycle of service plans and budgets.



## Re-thinking the Structure of the Principal Corporate Risks

The Integrated Risk Management (IRM) team has conducted a thorough examination of the top, most strategic risks to the organization, the Principal Corporate Risks (PCRs).

The review found there is an opportunity to create a new structure for the PCRs, with a planned update on implementation provided to the Audit Committee in 2022 January. The new structure would consist of dividing the PCRs into two groupings:

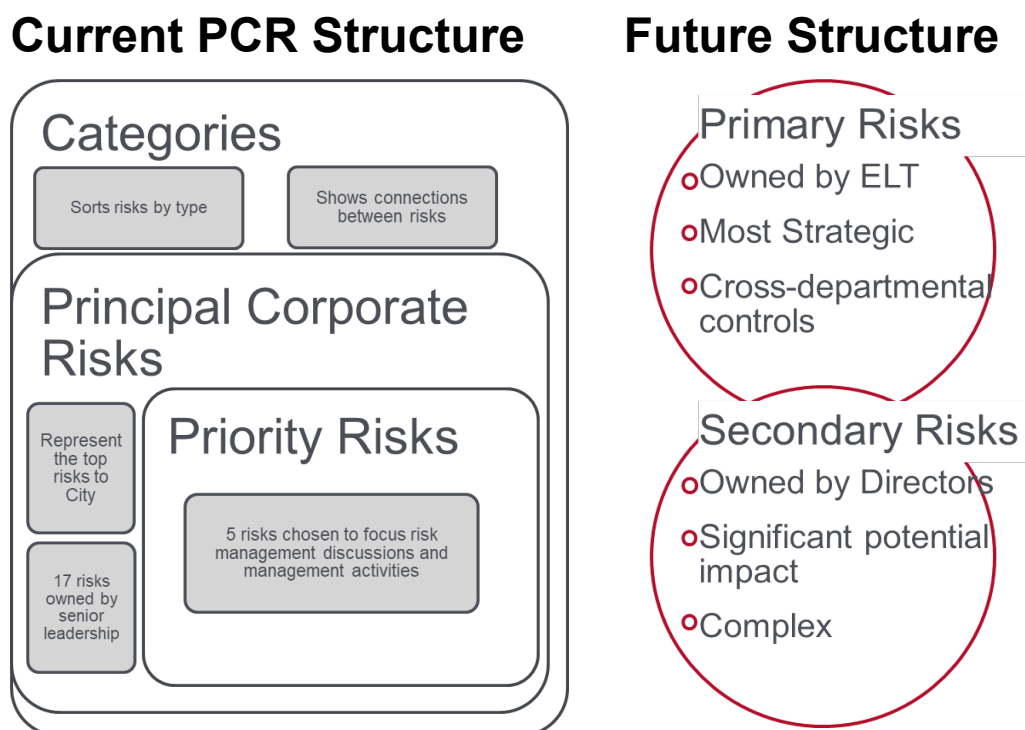
*Primary Risks:* owned by ELT members. These are the most strategic risks to the organization. Managing these risks requires complex, cross-departmental efforts.

*Secondary Risks:* owned by Directors. These risks, if materialized, would have a large impact to the organization but are not necessarily the most strategic or have the widest impacts. Managing these risks requires complex analysis and response strategies.

Re-evaluating and restructuring the PCRs will allow leadership the opportunity to determine whether the current PCRs are still the most strategic, relevant, and top risks to the organization. This effort can serve as a catalyst to do three things:

- 1) Show the connectivity between risks to a greater extent
- 2) Make PCR risk updates more impactful for decision makers
- 3) Expose and address any gaps in how we present risk currently

The difference between the current PCR structure and the future structure is shown below.



The proposed model will take a forward-looking perspective to adjust and align The City's top risks. It will encourage leading risk management practices, such as being proactive, having a clear and formal escalation process, and providing greater focus for The City's leadership.





## Responding to the Integrated Risk Management Program's Audit

An effective Integrated Risk Management (IRM) Framework enhances The City of Calgary's (The City's) ability to achieve desired results, including delivery of services to citizens, by establishing a reliable basis for decision making and planning. Where risks are not identified, assessed, and managed, The City may incur unnecessary costs and service disruption. A recurring operational audit assessing the effectiveness of the IRM Framework, was included on the City Auditor's Office 2019-2020 Audit Plan and was presented to the Audit Committee on 2021 May 20 (AC2021-0730) and approved by Council on 2021 May 31.

This Attachment provides the Audit Committee with an update on Administration's response to the five audit recommendations. Overall, the Audit indicated that the IRM Framework is at an enhanced level of maturity and is focused on continually maturing and improving risk management practices as assessed against the Risk Management Maturity Continuum and Assessment Criteria<sup>1</sup>. The table below provides an update on Administration's response.

Audit Recommendations	Administration's Response	Completion Date
1. Direct the IRM Team to make a collective decision with the Executive Leadership Team (ELT) on the desired level of maturity of the IRM Framework, including further engagement with Audit Committee.	<ul style="list-style-type: none"> <li>• In accordance with the direction received from the ELT and the Audit Committee regarding the desired level of risk maturity, the IRM Team will continue to design and develop an engagement process to provide input into the maturity of the framework.</li> <li>• This includes a more formalized and standardized process for gathering feedback from stakeholders, Council and citizens, on the performance and maturity of the risk management framework.</li> <li>• The results will be provided to the ELT and the Audit Committee with a discussion to follow on expectations for advancing the IRM Framework and maturity.</li> </ul>	2022 Dec. 31
2. Expand on current Risk Appetite and Tolerance Guidelines to include approved levels for both strategic and operational risk to support effective decision making within The City.	<ul style="list-style-type: none"> <li>• Based on the direction received from the ELT and the Audit Committee, the guidelines for risk appetite and tolerance will be expanded for both strategic and operational risk.</li> <li>• If there is a desire to move towards excellence, broader organizational resources will be required to support collaboration and cultural change.</li> <li>• A measured and pragmatic approach will be taken to ensure that guidance and tools are appropriate to support strategic and operational risk.</li> <li>• Given that leading practice for municipal environments is limited, implementation will require analysis, testing and refinement prior to the broader roll-out to the organization.</li> </ul>	2022 Dec. 31

<sup>1</sup> Canadian Standards Association Risk Management Maturity Continuum and Assessment Criteria as defined in the Implementation Guide to CAN/CSA-ISO 31000, Risk Management Principles and Guidelines (Q31001-11, 2011 March).

Audit Recommendations	Administration's Response	Completion Date
3. Re-evaluate current performance measures and ensure they are specific, measurable, attainable, relevant, and time oriented (SMART).	<ul style="list-style-type: none"> <li>• Work has begun to re-evaluate IRM performance measures and set performance targets with timelines to better measure and track progress against goals.</li> </ul>	2021 Dec. 31
4. Enhance the Service Risk Register Qualitative Assessment Process to support improvements in quality and value from year to year.	<ul style="list-style-type: none"> <li>• Work has begun to enhance the SRR Qualitative Assessment Process to support consistent rating and communicate improvements to employees responsible for completing the SRR.</li> </ul>	2021 Dec. 31
5. For instances when a Service Risk Register is not submitted develop an escalation process for resolution in keeping with the IRM Administrative Guidelines approved by ELT in 2020 November.	<ul style="list-style-type: none"> <li>• Work has begun to develop a Service Risk Register escalation and resolution process.</li> </ul>	2021 Dec. 31

**Calgary Police Commission Report to  
Audit Committee  
2021 July 22**

**ISC: UNRESTRICTED  
AC2021-1049  
Page 1 of 2**

**Calgary Police Commission 2020 Report**

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**RECOMMENDATION:**

That Audit Committee receive this report and presentation for the Corporate Record.

**HIGHLIGHTS**

- This report is in response to the Audit Committee's request for a presentation on governance, financial and performance reporting, risk management and talent and culture insights.
- What does this mean to Calgarians? Citizens are provided assurance that the Audit Committee has oversight of the City of Calgary's civic partners.
- Why does it matter? Investment in civic partners is significant and ensuring these entities have good governance, financial and performance reporting, risk management and talent and culture practices aligns with Council's citizen priorities.
- The Audit Committee 2021 Work Plan includes a presentation from five civic partners on their 2020 annual report and Calgary Police Commission was one of the partners selected to present this year.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- The Audit Committee Bylaw 33M2020 provides that Audit Committee oversees its governance responsibility with audit committees of The City's major autonomous civic entities, as determined by the Audit Committee.

**DISCUSSION**

The Audit Committee requested information on governance, financial and performance reporting, risk management and talent and culture insights be provided to the Committee by Calgary Police Commission, as follows:

**Governance**

1. A brief outline of your organization's governance structure including board committees, term lengths and limits, skills matrix, evaluation, succession and recruitment planning for all positions.
2. Specific to your organization's board committees:
  - (a) What is the frequency of review of the compositions and Terms of Reference, and are there any recent changes to the Committee Charter or Terms of Reference?
  - (b) What frequency does the board's governance committee regularly assess board composition to ensure the board has the requisite skills, competencies, diversity and independence to provide oversight required by the organization (e.g. financial, legal and risk oversight)?
  - (c) What is the current composition of the Audit Committee including relevant financial experience?
  - (d) What is your Audit Committee's 2021 Work Plan?

## **Calgary Police Commission 2020 Report**

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### **Financial and Performance Reporting**

3. Brief summary of your organization's recent financial highlights and key 2021 initiatives/strategy.
4. How has the board considered environmental, social factors and metrics into its 2021 planning, and beyond?
5. What initiatives are currently in progress to improve the efficiency of your processes (e.g. sustainable operations, key performance indicators and relevance of the organization in the future)?
6. Are there any regulatory or market changes that impacted the business approach in 2020 and would they be relevant to share publicly with the Audit Committee?
7. Please provide the most recent management letter including management responses as appropriate.

### **Enterprise Risk Management**

8. What are your organization's principal risks including financial and operational as well risk management policies and procedures?
9. How is the principal risks oversight assigned, tracked and monitored by the board?
10. What internal controls are in place to manage risk including information technology and systems?
11. What frequency does the board continually evaluate oversight controls, processes and disclosure?
12. Are there any results of regulatory or internal/external business assessments that provide assurance on the effective management of the principal risks as addressed in your presentation?

### **Talent and Culture**

13. Have there been any significant changes to your organization's executive leadership?
14. How are the board's diversity goals included in your organization's corporate governance framework to ensure diversity is promoted for the board, executive and organization?
15. What mechanisms are in place to support concerns of management and employees?
16. Describe the board's compensation strategy including retention and morale; pay ratios; transparency; views of the shareholder and stakeholders; and long-term strategy and objectives.

Attachments to this report have been provided by Calgary Police Commission to address Audit Committee's request.

### **ATTACHMENT(S)**

- Attachment 1 - CPC Report – Response to Audit Committee Questions
- Attachment 2 - 2020 Commission Annual Report to the Community
- Attachment 3 - CPS Annual Risk Report 2021
- Attachment 4 - CPS Audit Results 2020 – Deloitte
- Attachment 5 - CPS Audited Financial Statements 2020 - Deloitte
- Attachment 6 - Calgary Police Commission Finance & Audit Terms of Reference
- Attachment 7 – CPS 2021 Annual Policing Plan
- Attachment 8 – CPS 2020 Audit Plan - Deloitte

## Attachment 1

### Calgary Police Commission – Annual Update to City of Calgary Audit Committee

July 22, 2021

#### Commission Governance Structure

1. *A brief outline of your organization's governance structure including board committees, term lengths and limits, skills matrix, evaluation, succession and recruitment planning for all positions.*

The Calgary Police Commission is accountable to Alberta Justice and Solicitor General. The Province sets the standards for effective policing in Alberta and the requirements and responsibilities for police commissions, Public Complaint Directors, municipalities, and police services.

The Police Act provides for the City to establish a municipal commission. The Calgary Police Commission operates in accordance with the City's Calgary Police Commission bylaw. The bylaw reiterates and refines the responsibilities of the Commission, and outlines duties and procedures, including for the creation and appointment of members.

City Council appoints members to the Calgary Police Commission, drawing upon the expertise and experience available in the community. Appointments are two-year terms to a maximum of 10 years. The City's appointment process involves an annual call for citizen applicants and selection of new members by City Council is informed by a skills matrix that identifies the experience and qualifications needed to support the Commission to fulfill its responsibilities to:

- Provide oversight of the Calgary Police Service budget and allocation of funds from city council,
- Ensure CPS has sufficient resources to carry out its mission to keep our city safe, to preserve public peace, and to prevent crime
- Support diversity, equity, inclusion and progressive leadership at CPS,
- Ensure CPS has effective policies, procedures, and reporting practices in place, such as Calgary's community policing model and the plan to achieve gender equity and diversity within the police service,
- Monitor and oversee the public complaint process, which also involves decision-making functions as directed by the Police Act,
- Represent the concerns of the community and hold CPS accountable for effectively managing the organization and maintaining the confidence of citizens.

Examples of priority skills/experience include board governance, financial management, risk management, public policy and human resources.

Commission work is supported by four standing committees: Governance & Personnel, Finance & Audit, Complaint Oversight and a newly created Anti-Racism Committee.

Succession planning involves an annual process by a nominations committee to identify which roles are available and who has an interest in each role. The positions of chair, vice-chairs and committee chairs are filled annually based on a recommendation from the nominations committee after consideration of the results of an annual self and peer assessment, interest, experience, and training. Members are provided with development opportunities through formal training and experiential practice. Training

opportunities are available in-house and through the Institute of Corporate Directors, the Alberta Association of Police Governance, and the Canadian Association of Police Governance as well as through external partners contracted on priority topics like meeting facilitation, anti-racism, unconscious bias and Indigenous relations.

[Attached: CPC Annual Report to the Commission]

*2. Specific to your organization's board committees:*

- a. What is the frequency of review of the compositions and terms of reference and are there any recent changes to the committee terms of reference?*

The terms of reference for all committees are reviewed once/year, including establishing terms of reference for a new anti-racism committee. In 2021, the terms of reference of the Finance & Audit committee were revised to more clearly outline the key areas of responsibility. [Attached: CPC F&A committee terms of reference]

- b. What frequency does the board's governance committee regularly assess board composition to ensure the board has the requisite skills, competencies, diversity and independence to provide oversight required?*

This process is conducted once/year and shared with the City to inform its appointment/reappointment process.

- c. What is the current composition of the Finance & Audit committee including relevant financial experience?*

**Theresa Roessel, CPA, CA** (March 2020-present)

Commissioner Roessel is an experienced finance executive who has led large global teams through strategic, collaborative leadership and proactive approaches to complex business issues. After spending 18 years with Nexen Energy, including as VP and Controller, she transitioned to a position as Chief Financial Officer at the Calgary Zoo where she leads accounting, IT, treasury, planning and risk management.

With a passion for improving the community, Commissioner Roessel has applied her expertise as a previous chair of the finance committees at YouthLink Police Interpretive Centre and Hockey Calgary. Her position on the YouthLink board gave her an appreciation for community-based policing and the importance of prevention programs. She currently also sits on the board of the Canadian Red Cross.

She graduated from the University of Calgary with a Bachelor of Commerce.

**Kim Lynch Proctor, CPA, LL.B, LL.M, ICD.D** (March 2020-present)

Commissioner Lynch Proctor has 20 years of executive, legal, accounting and governance experience, including as Chief Financial Officer and General Counsel of an energy sector private equity firm where she had oversight over financial reporting, legal and tax matters. She is a director of Paramount Resources Ltd., a publicly-traded liquids-focused Canadian energy company where she chairs the audit committee and is a member of the reserves and governance committees.

Her educational background includes a Master of Laws with a focus on US tax, a Bachelor of Laws, a Bachelor of Commerce in Accounting, and a CPA designation. She has also obtained the ICD.D designation from the Institute of Corporate Directors.

Commissioner Lynch Proctor is a dedicated community volunteer. She is a Director and chair audit and risk committee for the Calgary Youth Justice Society, a not-for-profit organization that provides strength-based counseling to at-risk youth and is a former director and secretary of the YWCA Calgary.

**Heather Campbell, P. Eng, LLM (Nov 2020-present)**

Heather Campbell has had a diverse twenty-five year energy career with technical, policy, and business roles in a full range of energy industries. She is currently the Executive Director, Clean Technology with Alberta Innovates.

Commissioner Campbell holds a Bachelor of Engineering Science degree in Biochemical and Chemical Engineering from the University of Western Ontario (Western University) in addition to a Master of Laws in Energy Law and Policy from the University of Dundee. She is a licensed Professional Engineer practicing in Alberta, Canada.

Commissioner Campbell is an engaged, lifelong community volunteer, actively sharing her talents, resources and time by participating and often leading a purposely diverse range of organizations. She is a board director with Calgary's performing arts centre Arts Commons, a member of the Advisory Council for Western Engineering and the People's Warden at St. Stephen's Anglican Church in Calgary. She is also the former co-chair of Alberta's Anti-Racism Advisory Council.

**George Chahal (Nov 2020- present)**

Councillor Chahal was elected to represent Ward 5 communities in 2017, the most culturally diverse quadrant in the City.

Prior to entering public service, Councillor Chahal was a small business owner and entrepreneur. His approach to public service is rooted in a commitment to ensuring all Calgarians, regardless of background, are treated with dignity and have equal access to opportunity and resources—particularly those who are vulnerable, economically unstable, or otherwise disadvantaged.

Councillor Chahal is a graduate of the University of Calgary where he earned a Bachelor of Arts in Economics and a Master of Environmental Design (Planning). He has a passion for sports and been actively involved in volunteering and coaching in the community.

**Bonita Croft, Q.C., ICD.D -Ex/officio (Nov 2018-present)**

Chair Croft is Vice-President Legal Affairs, Corporate and Chief Compliance Officer with Suncor Energy Inc. A leader in the areas of corporate governance, legal risk management, business ethics and anti-corruption, she has more than two decades as a lawyer and executive in global, publicly traded energy companies.

Chair Croft also sits on the board of directors for the Calgary Police Foundation, an organization dedicated to supporting safe communities by funding education and prevention programs aimed at reducing youth victimization and criminal activity.

She holds a B.A. (hons) from Mount Allison University and an LL.B from Dalhousie University. She was appointed Queen's Counsel for Alberta in 2014. She is also a graduate of the Institute of Corporate Director's Director Education Program.

**Marco De Iaco (Nov 2019-present)**

Commissioner De Iaco is the vice president of business development for the Western Hockey League. As the former Executive Director of the Calgary Sport Tourism Authority and Vice President of Sport & Major Events at Tourism Calgary where he led a collaborative, city-wide effort to attract major events to Calgary and investment into amateur sport for 15 years.

Under his tenure, Calgary was twice recognized as one of the top 10 sport cities in the world by Sport Business International and he also chaired the JUNO Awards and JUNO Week Celebrations in 2008 and 2016. More recently, he served as the Director of Exploration for Calgary's Olympic Bid Exploration Committee and as the Executive Director of the Calgary Downtown Business Association.

Commissioner De Iaco is a graduate of the University of Calgary Haskayne School of Business and has completed executive programs at the Smith School of Business at Queen's University and the Institute of Corporate Directors. He is currently a member of the board of directors for the Parkinson Association of Alberta, serving on its finance and audit committee. Prior to joining the Commission, Commissioner De Iaco served on the board of directors of YMCA Calgary.

**Marilyn North Peigan, MA (Nov 2017 – present)**

Commissioner North Peigan is an outreach and community advocate with the Native Counseling Services of Alberta working to support residential school survivors and their families.

She is also specialist in the field of corporate, event, and private security, bringing a background in military training and customer service. She has extensive experience in VIP security with a focus on the Aboriginal entertainment community.

Commissioner North Peigan served with the military medical corps of the Canadian Armed Forces. After an honourable discharge, she earned a BA in psychology and an MA from Athabasca University, which covered the historical issues leading up to Canada's current situation with missing and murdered Aboriginal women.

Her contributions to the community include having served as vice-chair of the Calgary Aboriginal Urban Affairs Committee, which strived to improve the opportunities and quality of life for Aboriginal people living in Calgary. Commissioner North Peigan is proficient in the Blackfoot language and Treaty 7 territory culture.

In 2012, she was awarded the Queen Elizabeth II Diamond Jubilee medal.



**Tongjie “TJ” Zhang, PhD (Nov 2018-present)**

Commissioner Zhang is a cybersecurity and privacy expert and an active community leader. He holds a PhD in computer science from the University of Calgary and has worked in research, development and consulting for over 14 years. His work in cybersecurity and privacy has been published and presented at international conferences and local business media.

Commissioner Zhang currently has two Lieutenant Governor in Council of Alberta board appointments - to the Alberta Gaming, Liquor and Cannabis Commission Board, and the Council of the College of Alberta Dental Assistants. He is also a Senator in the University of Calgary Senate.

Past board positions include the Credit Union Deposit Guarantee Corporation of Alberta, the Calgary Security Professionals Information Exchange Society, Chair of Calgary’s Livery Transport Advisory Committee, vice-president (Finance and Services) of the Graduate Students’ Association at the University of Calgary, Calgary representative of the Alberta Graduate Council, trustee of the Campus Trust, and vice-president internal of Junior Chamber International Calgary.

*d. What is your finance & audit committee’s 2021 workplan?*

Our 2021 workplan includes ongoing governance of planning and budgeting, financial management, IT and cybersecurity, project management, and internal audit. The specific focus for 2021 is on improved governance over cybersecurity, significant projects and reporting of business results, improved budget transparency, and ensuring that internal audit recommendations are appropriately implemented.

## **Financial and Performance Reporting**

*3. Brief summary of recent financial highlights and key 2021 initiatives/strategy.*

The Calgary Police Service is experiencing lagging impacts to revenues from 2020 due to the COVID-19 pandemic. Traffic patterns and summonses have not returned to pre-pandemic rates. Revenue is expected to be significantly impacted in 2021 and these impacts will likely continue into 2022. The cancellation of in-person court appearances and increased timeline to pay fines contribute to these decreased revenue projections.

CPS also expects to see greater attrition in 2021 and is working to offset this with increased recruiting efforts. Current recruiting efforts will be focused on both sworn and civilian personnel, with significant efforts to increase the diversity of applicants. CPS will continue to leverage reserves and opportunities for efficiencies to offset decreased revenue.

Strategies for 2021 are guided by an Annual Police Plan (attached) as well as a longer-term high-level organizational strategy that maps out CPS vision, mission, values, approach and goals. The annual plan is a short-term plan that focuses resources on the things that citizens, employees, and research identify as the most important short-term priorities.

Highlights in 2021 include:

- Implementing commitments related to anti-racism, equity, diversity and inclusion,
- Working with partner agencies to deliver high quality services to Calgarians (including through Community Safety Investment Framework activities)
- Conducting high quality investigations to bring justice to victims of crime
- Engaging in prevention, education and early intervention to support community safety
- Ensuring a presence in the community and engagement with diverse groups
- Continuing to implement reviews including Wittmann use of force report, service optimization review (“ZBR”), internal audits, and internal ‘functional review.’

4. *How has the board considered environmental, social factors and metrics into its 2021 planning and beyond?*

As a group of citizen volunteers who live, work and raise families in Calgary, it is important for the Commission to be connected with environmental and social factors shaping citizen priorities for safety and policing. In 2020, we conducted a citizen perception survey to gather feedback from more than 1,000 Calgarians as well as a survey of CPS employees. The results and trends revealed in that report were considered by both the Commission and CPS in strategic planning and decision-making about budget, programs, services and approaches to ensure CPS remains responsive to our community and supportive of the workforce.

Equity, diversity and inclusion issues remain a priority for the Commission, with an awareness of global and local calls for policing reforms to improve fairness and accountability. Through its September 2020 report, *The Calgary Police Service Commitment to Anti-Racism, Equity & Inclusion*, CPS committed to a focused, intentional pursuit of equity, diversity and inclusion.

The Commission has clarified and refined its expectations to CPS about public reporting on its anti-racism action plan, race-based data collection, program reviews, budget transparency, complaint system reforms, and implementation of recommendations from the Wittmann report on use of force.

The Commission also has turned an eye to the longer-term trends in policing and police oversight, supported by reports including the service optimization review, the CPS strategic foresight exercise and participation in the Canadian Association of Police Governance. For example, an acceleration in technologies such as artificial intelligence and cyber-physical systems challenges the CPS to keep pace with new forms of crime.

The global outbreak of COVID-19 pandemic altered priorities, expectations, and systems for law enforcement. In response to COVID-19, CPS made major changes in policy and practice, including new or altered service models, and new working practices (teleworking), and intensive efforts to secure personal protective equipment (PPE). The sustained impact of the pandemic will continue to challenge the CPS with respect to training, workplace needs, service delivery, and public interactions. Changes in crime trends are being monitored and factored into decisions around strategy and operations.

*5. What initiatives are currently in progress to improve the efficiency of your processes?*

Over the past two years, Chief Neufeld has conducted a portfolio of strategic initiatives aimed at Shaping our Future. These initiatives ensure that CPS engages in the most effective and efficient use of resources using an evidence-informed approach and alignment with priorities that are important to Calgarians based on citizen and employee engagement and the organization's long-term strategic goals. Short, medium and long-term planning is supported by Our Strategy, the long-term strategic plan, the CPS Service Action Plans (four-year business plan) and the Annual Policing Plan (CPS annual priorities). Strategic review initiatives currently being implemented include:

- Service Optimization Review – examining patrol deployment and infrastructure planning
- Functional Review – internal review of organizational resources and structure
- Wittmann Report – independent review of use of force

CPS also conducts regular audits and evaluations of programs, initiatives and operations to ensure compliance and inform continuous improvement and evidence-based decision-making.

With a focus on making sure that the right people are doing the right tasks, properly led, equipped, and supported, CPS will be:

- Implementing prioritized recommendations from existing reviews and audits,
- Exploring, implementing and evaluating innovations in technology to improve operations, including updating SENTRY systems to improve reporting performance, testing 5G networks and software products, upgrading servers and networks to support access to data for analysis, supporting teleworking,
- Systematically addressing organizational risk.

*6. Are there any regulatory or market changes that impacted the business approach in 2020?*

Multiple changes to federal and provincial legislation in 2020 placed significant demand on CPS resources. These changes include the:

- Disclosure to Protect Against Domestic Violence Act,
- Protecting Survivors of Human Trafficking Act (Bill 8),
- Mental Health Amendment Act (Bill 17),
- Provincial Administrative Penalties Act

These legislative changes have implications on staffing, policies and procedures as well as the development of training and communication plans.

As well, since the public health requirements were put in place, police have been enforcing COVID-19 restrictions pertaining to the mask bylaw, Public Health Act, mandatory isolation orders, and rallies among those opposed to public health measures.

Internal business operations that were impacted by the pandemic include:

- Closure of district offices to walk-in services
- Limited access to investigative resources
- Capacity restrictions at the arrest processing unit
- Alternative delivery model by the victim assistance support team

Restrictions have created challenges for recruiting, training, and mandatory requalification training for police personnel.

Mental health supports are available to all CPS employees to address anxiety, relationship issues, child, and financial stresses that are compounded by COVID and isolation restrictions.

*7. Provide the most recent management letter including management responses.*

Attached: CPS Audit Results 2020 - Deloitte

## **Enterprise Risk Management**

*8. What are your organization's principal risks including financial and operational as well as risk management policies and procedures?*

Attached: CPS Annual Risk Report 2021

*9. How is risk oversight assigned, tracked and monitored by the board?*

Committees are assigned responsibility for understanding risks and risk management strategies for their respective areas of expertise, which are tracked and monitored through regular reporting by CPS to committees and Commission. The reporting follows a detailed and specific reporting schedule developed annually and revised regularly. Reporting to committees and Commission includes the opportunity to question, seek further information, request items be returned to subsequent meetings and provide feedback. Commission members also have development opportunities to broaden knowledge of potential risk areas through involvement in other organizations including the Alberta Association of Police Governance, Canadian Association of Police Governance, Institute of Corporate Directors, and others.

*10. What internal controls are in place to manage risk including information technology and systems?*

CPS has a number of information technology (IT) controls that fall into the business continuity and IT security categories. Business continuity controls include regular business impact assessments on IT systems, yearly exercises in conjunction with CEMA, failover testing on key IT infrastructure, and regular critical equipment lifecycle replacement. IT security controls include random access audits, third party penetration testing, active monitoring of suspected security events, two-factor authentication, multi-layered firewalls, and aggressive end-point threat monitoring systems. The Commission's Finance & Audit committee receives regular reports to understand and evaluate the IT risk management strategies.

Internal audits are performed annually on areas throughout the service based on a schedule of priorities that highlight areas of risk. CPS is acting to resolve deficiencies noted from those audits.

*11. What frequency does the board continually evaluate controls, processes and disclosure?*

Budgeting and strategic planning: The Commission reviews and approves the Calgary Police Service four-year business plan and budget as well as annual adjustments in order to prepare recommendations to City Council. The Commission receives for information regular updates,

progress reports and evaluation reports that enable the Commission to monitor and evaluate progress toward meeting goals and achieving outcomes.

Audits: The Commission is involved in setting the CPS internal audit plan for the year and regularly monitors the outcomes of those audits and the implementation of recommendations. The internal audit plan focuses on areas of higher risk, which may involve controls and/or business processes. As well, the Commission discusses the external audit plan with the external auditors annually, and reviews the results of that audit, including the management report from the auditors and the audited financial statements.

*12. Are there any results of regulatory or internal/external business assessments that provide assurance on the effective management of the principal risks?*

The 2020 CPS Functional Review resulted in an organizational realignment that combined Operations Audit and Risk Management into one work area to improve integration of internal audit/controls and the management of organizational risk. In 2021, CPS implemented Integrated risk management, creating its first corporate risk profile through this systematic, service-wide approach.

Eight top organizational risks were identified and the corporate risk profile was approved by the Calgary Police Commission in June (CPS Annual Risk Report attached). Further assessment, development and gap analysis of the risk strategies and treatments for the top risks will occur in Q3 & Q4 2021. The top corporate risks will form a key input to the planning and prioritization for the 2022 Annual Policing Plan.

As indicated in the 2021 CPS Annual Risk Report, there are several reviews, assessments, and initiatives underway that further define and address the top corporate risks identified. These include:

- Implementation of the patrol deployment and infrastructure planning recommendations from the Service Optimization Review (2020)
- Implementation of the organizational structure, process and governance recommendations from the CPS Functional Review (2022)
- Service-wide integration of Information Security Classification
- Equity, Diversity & Inclusion tool pilot (2022)
- Response to the Arkinstall Inquiry and Professional Standards reform (ongoing)
- Human Resources modernization (ongoing)

CPS continues to use its internal audit function to provide assurance on internal controls and identify areas for improvement.

## **Talent and Culture**

*13. Have there been any significant changes to your organization's executive leadership?*

In 2020, three new deputy chiefs started their roles at CPS following the appointment of a new Chief Constable in 2019. Organizational changes also occurred to elevate the HR, learning and development and wellness and resiliency functions within CPS.

*14. How are the board's diversity goals included in your organization's corporate governance framework to ensure diversity is promoted for the board, executive and organization?*

The Commission has identified anti-racism, diversity, equity and inclusion as priorities for the 2021 Commission action plan, created a new standing committee to oversee the anti-racism, diversity, equity and inclusion work underway by CPS, and outlined its expectations in writing for CPS. The Commission has incorporated diversity goals in the Chief Constable's annual performance plan and expects to see CPS make measurable progress in recruitment and retention, collaborating with the City, and communications and engagement with the community.

CPS has embedded these goals into its strategic plan and launched an anti-racism portfolio of work that includes piloting an equity, diversity and inclusion tool within CPS. The tool will enable CPS to actively incorporate an intersectionality of perspectives and lived experiences to strengthen decision-making toward removing systemic barriers and promoting inclusion. As the tool is used through CPS, it will enhance engagement to understand how service delivery is experienced differently by CPS employees and the community.

*15. What mechanisms are in place to support concerns of management and employees?*

Calgary Police Service employees have several avenues to raise and address concerns, depending on the matter. Options include the respectful workplace office, CPS human resources, the Professional Standards Section, and an independent workplace concern advisor. The Chief Constable also hosts regular virtual town-hall forums to share information, hear feedback and answer questions.

Employees are also invited each year to provide candid feedback anonymously through the employee survey. The Commission also has regular joint meetings with CPS executive leadership team and the Calgary Police Association and Senior Officers Association boards. The Commission's governance committee also receives regular in-camera updates from respectful workplace office managers to hear candid details about trends and experiences as a way to assess overall culture.

*16. Describe the board's compensation strategy including retention and morale, pay ratios, transparency, views of stakeholders and long-term strategies and objectives.*

The Commission has authority over only the compensation of the Chief Constable. The compensation strategy was defined in spring 2019 and considered factors including national comparators for the same position in similar sized jurisdictions, total compensation framework at the City of Calgary, local economic factors, and the experience of the incumbent. The current chief has a five-year contract with an option to renew. A thorough performance assessment takes place every year, with a shorter mid-year review included as well.



# ANNUAL REPORT TO THE COMMUNITY

## CALGARY POLICE COMMISSION

2020



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*Photo credits: With thanks to the Calgary  
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## MESSAGE FROM THE CHAIR

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Dear Calgarians,

I am fortunate to have had the opportunity to represent citizens as Chair of the Calgary Police Commission during one of the most significant years in our history.

In 2020, we experienced a global pandemic, the rise of an anti-racism movement, and calls for reform in how safety supports are funded and provided. This year has opened our eyes to systemic inequities, brought to light the need to improve collaboration and engagement, and opened our imaginations to what is possible.

As citizen volunteers responsible for overseeing policies that guide how police operate and ensuring police have the resources needed to keep the City safe, we strive to achieve a balance between acknowledging and supporting what is working well with advancing necessary reforms.

This requires taking a collaborative, respectful approach with all our valued partners so we are able to understand what CPS needs to respond to crime, bring justice to victims, engage in prevention programs and strengthen relationships. While we know that the majority of citizens trust CPS and are confident in its ability to keep the city safe, we know there are citizens who do not feel this way and we must take action to address that gap.

This year, we laid the foundation to make sure the Commission and CPS has the knowledge and resources needed to take on – and prioritize- this work alongside the everyday pressures of policing.

Critical to this work is ensuring that CPS creates an equitable, diverse and inclusive workplace where all are welcomed and able to bring their best selves. This will support CPS in attracting employees who reflect the diversity of the community which will inevitably improve the organization's ability to provide the best possible service to the community.

At this crucial time for policing in our City, I sit among a group of Commissioners who have the skills, expertise and commitment to drive these changes forward to ensure that our City is safe, equitable and inclusive.

Sincerely,

Bonita Croft



## COMMISSION OVERVIEW

### RELATIONSHIP TO ALBERTA JUSTICE

The Calgary Police Commission is accountable to Alberta Justice and Solicitor General. The Province sets the standards for effective policing in Alberta, and through the Alberta Police Act, sets out the requirements and responsibilities for police commissions, Public Complaint Directors, municipalities, and police services.

We uphold and value the core principles of police oversight in Alberta:

1. The participation of the public in determining the priorities is essential.
2. The police service must be accountable to the public.
3. The police service must operate in the absence of political influence.

The Calgary Police Commission remains committed to fulfilling our legislated responsibilities, as well as our responsibilities outlined in the Alberta Policing Oversight Standards. The standards require police oversight agencies to ensure efficient and effective policing, and to provide a way to receive and monitor public complaints against the police service.

When last measured, the Calgary Police Commission achieved full compliance with the Provincial Policing Oversight Standards. A review by the Province confirmed that the Commission has well-developed policies and practices that promote and support police oversight.

### RELATIONSHIP TO CALGARY CITY COUNCIL

The Police Act provides for the City to establish a municipal commission. The Calgary Police Commission operates in accordance with the City's Calgary Police Commission bylaw. The bylaw reiterates and refines the responsibilities of the Commission, and outlines duties and procedures, including for the creation and appointment of members. City Council appoints members to the Calgary Police Commission, drawing upon the expertise and experience available in the community.

In consultation with the Chief Constable, the Commission is responsible for allocating funds for policing that are provided through City Council. The Commission regularly provides reports and presentations to City Council on the financial status of CPS and works to ensure that information flows seamlessly between the Commission, CPS, and the City.

Each year, the Calgary Police Commission and the Calgary Police Service present an annual report to the Standing Policy Committee on Community and Protective Services. This includes a report on the activities and highlights from the previous year.

The Commission also presents annual financial statements and the results of the external audit to the City's audit committee.

We continually strive to ensure we have a strong working relationship with our partners, including the City of Calgary.

## OVERSIGHT IN PRACTICE

*Providing independent civilian oversight and governance of the Calgary Police Service to ensure a safe community.*

### PUBLIC MEETINGS

In 2020, the Calgary Police Commission held eight public meetings. The Commission provides advance notice of upcoming meetings through media and on its website. Agendas, reports and minutes of those meetings are also on the Commission's website.

The Commission welcomes both media and public guests to attend meetings to show accountability to the community and to be fully transparent about its oversight activities.

The Commission receives presentations and reports from the Calgary Police Service on various aspects of police operations, priorities, accomplishments and challenges. In 2020, topics included:

- Monthly updates regarding operational and financial pressures from COVID-19
- Anti-racism action plan updates
- CPS response to independent review of police use of force report – Wittmann recommendations
- Relief from duty without pay process
- Indigenous strategy update
- Crime trend updates
- Traffic safety plan
- CPS response to Law Enforcement Review Board recommendations following Arkinstall Inquiry
- Gang strategy
- Calgary Police Foundation overview
- Strategic planning update
- CPS public communications & engagement strategy
- Domestic violence and Clare's Law
- CPS approach to 'street checks' – Info posts

## OVERSIGHT IN PRACTICE

Commission work is supported by standing committees that meet eight times per year: Governance & Personnel, Finance & Audit, and Complaint Oversight. A newly created anti-racism standing committee had its first meeting in September 2020.

### GOVERNANCE & PERSONNEL COMMITTEE

As part of the Commission's responsibility to establish policies for efficient and effective policing, this committee considers the financial, privacy, personnel, and public interest implications of CPS policies and decisions. This committee also establishes the evaluation framework and evaluates the performance of the Chief Constable.

### FINANCE & AUDIT COMMITTEE

This committee works closely with CPS to monitor finances and analyze the budget to ensure a responsible business plan and budget are presented to city council to ensure CPS has the resources it needs to keep the City safe.

### COMPLAINT OVERSIGHT COMMITTEE

With the support of the Public Complaint Director, this committee monitors and oversees the public complaint process. While CPS is responsible for investigating complaints, the Commission and the Public Complaint Director ensure investigations are thorough, fair to all parties, and are conducted in accordance with laws and policies.

### ANTI-RACISM COMMITTEE \*NEW\*

This committee leads the Commission's effort to become an anti-racist, equitable, diverse, and inclusive organization and ensures coordination with the City of Calgary and CPS on the topic. It takes a leadership role in overseeing and evaluating the anti-racism work underway within the Calgary Police Service.





## OUR MEMBERS - 2020

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### **BONITA CROFT, Q.C., ICD.D – CHAIR (NOV 2018 - PRESENT)**

Chair Croft is Vice-President Legal Affairs, Corporate and Chief Compliance Officer with Suncor Energy Inc. A leader in the areas of corporate governance, legal risk management, business ethics and anti-corruption, she has more than two decades as a lawyer and executive in global, publicly traded energy companies.

Chair Croft also sits on the board of directors for the Calgary Police Foundation, an organization dedicated to supporting safe communities by funding education and prevention programs aimed at reducing youth victimization and criminal activity.

She holds a B.A. (hons) from Mount Allison University and an LL.B from Dalhousie University. She was appointed Queen's Counsel for Alberta in 2014. She is also a graduate of the Institute of Corporate Director's Director Education Program.



### **RICHARD SIGURDSON - VICE-CHAIR (NOV 2015 – NOV 2020)**

Vice-chair Sigurdson has spent almost three decades in academic and administrative roles in universities across the country. He is currently the Dean of the Faculty of Arts at the University of Calgary.

Prior to moving to Calgary in 2012, Commissioner Sigurdson served as Dean, Faculty of Arts and Acting Provost at the University of Manitoba where he also held the Duff Roblin Professorship of Government. A political scientist by training, he has published on a variety of topics, from the history of political theory to the Charter of Rights in Canada. As an administrator, his focus has been on internationalization, indigenous teaching and learning, and improving the student experience.

Commissioner Sigurdson has a long-standing commitment to public service, volunteerism, and engagement with the community. He has served on the Manitoba Electoral Boundaries Commission and has co-chaired the University of Calgary's United Way campaign.



## OUR MEMBERS - 2020

### SHAWN CORNETT, PHD, ICD.D. (NOV 2019 - PRESENT)

Commissioner Cornett has spent her career helping corporations create successful and healthy workplaces by applying her skills in organizational effectiveness, change management, and governance.

After many years as the Talent Management VP at Nexen, Commissioner Cornett is now a management and business consultant helping clients with strategic planning, executive coaching, leadership development, and culture design.

She is a committed community volunteer, currently serving on the Boys and Girls Club of Canada after 12 years chairing the Calgary organization. She is also on the board of the Centre for Affordable Water and Sanitation Technology, serves with the United Way of Calgary in several roles, and is a past member of the Athabasca University board of governors.

Commissioner Cornett has a Ph.D in human and organizational development and an ICD.D designation from the Institute of Corporate Directors.



### MARCO DE IACO (NOV 2019 - PRESENT)

Commissioner De Iaco was formerly Executive Director of the Calgary Sport Tourism Authority and Vice President of Sport & Major Events at Tourism Calgary where he led a collaborative, city-wide effort to attract major events to Calgary and investment into amateur sport for 15 years. Under his tenure, Calgary was twice recognized as one of the top 10 sport cities in the world by Sport Business International and he also twice chaired the JUNO Awards and JUNO Week Celebrations.

More recently, he served as the Director of Exploration for Calgary's Olympic Bid Exploration Committee and as the Executive Director of the Calgary Downtown Business Association.

He is a graduate of the University of Calgary Haskayne School of Business and has completed executive programs at the Smith School of Business at Queen's University and the Institute of Corporate Directors.

Prior to joining the Commission, Commissioner De Iaco served on the board of directors of YMCA Calgary.





## OUR MEMBERS - 2020

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### JEROMY FARKAS (NOV 2019 - NOV 2020)

Jeromy Farkas is the City of Calgary Councillor for Ward 11. One of the youngest Calgarians ever elected to Council, he aims to bring a data-driven, fiscally conservative, and entrepreneurial focus to City Hall.

Councillor Farkas is the first openly LGBTQ person to hold municipal elected office in the City of Calgary. Prior to public office, he served as a research team lead at the University of Calgary's Faculty of Medicine, as Senior Fellow at the Manning Centre, and developed his own small business focused on finance and data analysis.

He is an avid cyclist, ultra-distance mountain runner, and competes regularly in the Calgary Ironman 70.3.



### JYOTI GONDEK (NOV 2017 - NOV 2020)

Councillor Gondek is the City of Calgary Councillor for Ward 3. Previously, Councillor Gondek was the Director of the Westman Centre for Real Estate Studies and an adjunct professor at the University of Calgary's Haskayne School of Business. In the 12 years prior to her work at the university, she provided consulting services ranging from creating complete communities to fostering healthy corporate cultures. She also has private sector experience in financial services and public sector experience as a policy analyst.

Councillor Gondek holds a PhD in urban sociology and an MA in organizational sociology. She has served the community in a variety of volunteer capacities, including the Calgary Planning Commission, the Community Representation Task Force, Northern Hills Community Association, Vivo for Healthier Generations, Urban Land Institute Alberta, and the National Executive Forum on Public Property. She has been recognized for her contributions to community through the 2012 Queen Elizabeth II Diamond Jubilee Medal and the 2016 Angus Reid Applied Sociology Award.



## OUR MEMBERS - 2020

### **KIM LYNCH PROCTOR, CPA, LL.B, LL.M, ICD.D (MARCH 2020 - PRESENT)**

Commissioner Lynch Proctor has 20 years of executive, legal, accounting and governance experience, including as Chief Financial Officer and General Counsel of an energy sector private equity firm where she had oversight over financial reporting, legal and tax matters.

Her educational background includes a Master of Laws with a focus on US tax, a Bachelor of Laws, a Bachelor of Commerce in Accounting, and a CPA designation. She has also obtained the ICD.D designation from the Institute of Corporate Directors.

Commissioner Lynch Proctor is a dedicated community volunteer. She is a Director of the Calgary Youth Justice Society, a not-for-profit organization that provides strength-based counseling to at-risk youth and is a former Director and Secretary of the YWCA Calgary.



### **MARILYN NORTH PEIGAN (NOV 2017 - PRESENT)**

Commissioner North Peigan is an outreach and community advocate with the Native Counseling Services of Alberta working to support residential school survivors and their families.

She is also specialist in the field of corporate, event, and private security, bringing a background in military training and customer service. She has extensive experience in VIP security with a focus on the Aboriginal entertainment community.

Commissioner North Peigan served with the military medical corps of the Canadian Armed Forces. After an honourable discharge, she earned a BA in psychology and an MA from Athabasca University, which covered the historical issues leading up to Canada's current situation with missing and murdered Aboriginal women.

Her contributions to the community include having served as vice-chair of the Calgary Aboriginal Urban Affairs Committee, which strived to improve the opportunities and quality of life for Aboriginal people living in Calgary. Commissioner North Peigan is proficient in the Blackfoot language and Treaty 7 territory culture.

In 2012, she was awarded the Queen Elizabeth II Diamond Jubilee medal.



## OUR MEMBERS - 2020

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### **THERESA ROESSEL, CPA (MARCH 2020 - PRESENT)**

Commissioner Roessel is an experienced finance executive who has led large global teams through strategic, collaborative leadership and proactive approaches to complex business issues. After spending 18 years with Nexen Energy, including as VP and Controller, she transitioned to a position as Chief Financial Officer at the Calgary Zoo where she leads accounting, IT, treasury, planning and risk management.

With a passion for improving the community, Commissioner Roessel has applied her expertise as a previous chair of the finance committees at YouthLink Police Interpretive Centre and Hockey Calgary. Her position on the YouthLink board gave her an appreciation for community-based policing and the importance of prevention programs. She currently also sits on the board of the Canadian Red Cross.

She graduated from the University of Calgary with a bachelor of commerce.



### **AMTUL SIDDIQUI (NOV 2019 - PRESENT)**

Commissioner Siddiqui has been a strong advocate for diversity, social connections and key partnerships in the not-for-profit world and in communities she has lived in for the past 20 years.

She has championed causes close to her heart through positions as the Senior Manager of Advancement at Vivo and Associate Director of Corporate Giving with the Canadian Red Cross where she was the national lead for the 2016 Alberta fires fundraising. Currently she serves in a senior fundraising role at the Calgary Health Trust helping advance healthcare in Alberta.

After earning a Bachelor of Science in Accounting, she interned at the Department of Treasury in Washington, D.C. before moving to Canada to work, raise a family, and advocate for underserved individuals in the community.

Commissioner Siddiqui's volunteer roles include CIBC Run for the Cure, RCMP multicultural committee, Panorama Heights school, Vivo board of directors, and the Association of Fundraising Professionals.



## OUR MEMBERS - 2020

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### **TONGJIE “TJ” ZHANG, PHD (NOV 2018 - PRESENT)**

Commissioner Zhang is a cybersecurity and privacy expert and an active community leader. He holds a PhD in computer science from the University of Calgary and has worked in research, development and consulting for over 14 years. His work in cybersecurity and privacy has been published and presented at international conferences and local business media.

Commissioner Zhang currently has two Lieutenant Governor in Council of Alberta board appointments - to the Alberta Gaming, Liquor and Cannabis Commission Board, and the Council of the College of Alberta Dental Assistants. He is also a Senator in the University of Calgary Senate.

Past board positions include the Credit Union Deposit Guarantee Corporation of Alberta, the Calgary Security Professionals Information Exchange Society, Chair of Calgary's Livery Transport Advisory Committee, vice-president (Finance and Services) of the Graduate Students' Association at the University of Calgary, Calgary representative of the Alberta Graduate Council, trustee of the Campus Trust, and vice-president internal of Junior Chamber International Calgary.



*Photo credit: With thanks to Barbara Blakey from Honey Creative*

## YEAR IN REVIEW - 2020

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### PANDEMIC

The COVID-19 pandemic has had a significant impact on life worldwide. This situation tested the strength and spirit of all of us. It has presented unprecedented challenges to our health and how we work, particularly for frontline occupations.

The Commission has seen the Calgary Police Service show agility, perseverance, and bravery when faced with the uncertainty brought on by the pandemic. We are grateful and appreciative for the work that CPS is doing to keep us safe.

We know that the Calgary Police Service is always at the ready to respond to the most critical circumstances. Members worked tirelessly and braved the risks that their jobs require during the 2013 flood and eagerly offered assistance during the 2015 Fort McMurray wildfires.

Beginning in March 2020, when this public health emergency challenged our city and country on an unprecedented scale, we asked more of CPS than ever before. In working to protect this city, they face the additional risks of exposure to the virus while the health and safety of loved ones weigh on their minds.

Circumstances like this make it clear that policing is not just a job - policing is a selfless act of service to the community. Nearly 3000 CPS employees – sworn and civilian – are playing a vital role supporting our community, with many more family members and friends supporting their service and sacrifice along the way.

The CPS executive team showed leadership as they worked quickly and decisively to put the needs of CPS members and the community at the forefront of every decision. With regular updates, the Commission made it a priority to ensure that CPS had the support and resources to continue to serve the community during this crisis.

We believe that like the city itself, Calgary Police Service employees are resilient. Together we will overcome this situation and emerge stronger.

### ANTI-RACISM IN ACTION

Cities, police commissions and police services share the desire to seize the moment - to hear what citizens are saying and to explore how police and other professions can provide services that will improve trust and safety among all citizens. We have an opportunity to reassess our values, develop solutions, and invest in our community.

What is needed at this time is a collaborative approach and innovative thinking to develop a shared vision and identify actions for the future. The Commission has a role to play alongside the City and the Province to engage with community advocates from Black, Indigenous and racialized communities, anti-racism organizations, mental health groups, victim advocates, police unions,



## YEAR IN REVIEW - 2020

police foundations, social workers, and others who have insight into the creation of more fair and just systems that all citizens can trust.

Dismantling systemic racism involves modernizing the Alberta Police Act, refining officer training and accountability structures, exploring alternative call response models that include mental health services, community supports, providing dedicated funding, and defining changes to data collection and reporting.

### EXPECTATIONS FOR CPS

To counter the long history of systemic racism in policing, the Commission expects the Calgary Police Service to take action to embed anti-racism, equity, inclusion and diversity into the core of the organization.

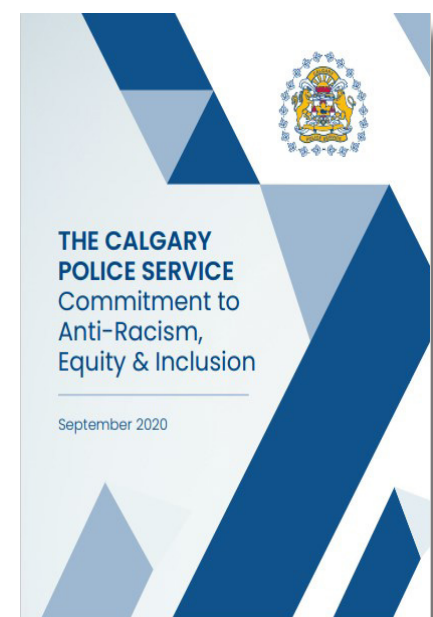
A continuous improvement approach – doing the same things better – is no longer enough. This moment involves a strategic re-positioning to reimagine how the entire public safety model can be improved. This will require a comprehensive inclusion, equity and diversity plan developed in consultation with experts and affected groups.

The Commission expects CPS strategic plans and actions to:

- Remove systemic barriers by addressing the root causes of inequities
- Take a collective approach by working with the City, the Province and partner organizations
- Be inclusive in its creation –meaningfully engage Black, Indigenous and people of color
- Be driven by measurable goals and outcomes that are reported publicly through the Commission
- Include the collection and sharing of race-based data to improve accountability and transparency
- Clearly outline the resource implications, particularly when exploring alternate safety delivery models.

A critical part of this work involves hearing from Calgarians to make sure CPS is on the right track. As part of our ongoing consultations with Calgarians, we will work with CPS and the City on a plan to learn more from citizens and to get their perspective on whether these plans are on the right track.

On September 4, 2020, CPS delivered its preliminary action plan during a special meeting of City Council. These activities are just the beginning and we are open to expanding and revising as we work toward achieving a fair, equitable system of public safety.



## YEAR IN REVIEW - 2020

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### **Joint Statement on Anti-Racism Next Steps**

**Calgary Police Commission – Calgary Police Service –**

**Calgary Police Association – CPS Senior Officers Association**

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July 9, 2020 – As we listen to the public hearings underway this week at City Council, we see the courage demonstrated by many Calgarians who are bringing forward their experiences with racism in Calgary.

We hear those experiences. We acknowledge that systemic racism exists in all our institutions and we are committed to taking action. Every citizen should feel safe and every citizen should be able to trust that police will treat them fairly. Building this trust requires constant, consistent and intentional work.

While CPS has recently met with some community advocates, we agree with Dr. Malinda Smith that additional engagement is needed between police and racialized communities. We will reach out today to invite Dr. Smith and members of the City's expert advisory panel to debrief on the public hearings, to help identify additional groups to work with, and to work with us on the next steps for the Calgary Police Service.

It is our goal to continue meaningful engagement and make real changes toward ending systemic racism. We want to thank the community for making recommendations and for their willingness to stay engaged as we work to improve public safety for citizens and enhance confidence in the Calgary Police Service. We know that the members of the Calgary Police Service who have committed their lives to making Calgary a safe place to live look forward to joining the community's efforts toward building a more inclusive city.

**Chair Bonita Croft, Calgary Police Commission**

**Chief Mark Neufeld, Calgary Police Service**

**President John Orr, Calgary Police Association**

**President Gerry Francois, Calgary Police Senior Officers Association**

## YEAR IN REVIEW - 2020

### COMMISSION COMMITMENTS

The Commission is united in its commitment to make the changes needed to move toward a more just, inclusive city. We are Calgarians from all walks of life who volunteer to serve our city and to make sure that Calgary has an effective police service that all citizens can trust.

We stand in solidarity with our Black, Indigenous and People of Color colleagues, families and citizens to acknowledge and condemn systemic racism and to back up these statements with meaningful reforms.

We are grateful for the City's leadership through the July 2020 public hearings and the concrete actions outlined in the anti-racism notice of motion. The Commission's action plan will be closely aligned with that of the City to ensure that Calgary's public bodies are working toward the same goals and outcomes for citizens.

The Commission is investing in training on systemic racism, anti-racism and unconscious bias through a series of learning sessions delivered by experts. This training will be ongoing for all members and built into new member orientation.

An anti-racism standing committee chaired by Commissioner Marilyn North Peigan has been created to harness the incredible wealth of knowledge, talent and commitment on our team. Our current membership is the



most diverse in the Commission's history, with volunteers who are experienced and committed to championing inclusion and diversity.

This committee will guide the Commission's next steps and oversee the work underway and needed at the Calgary Police Service. As a starting point, the committee held a de-briefing session with the City's expert advisory committee to hear their insights and recommendations which will inform strategic planning and decision-making.

The Commission also continues advocating to the Province for reforms to the Police Act to establish a complaint system that reduces the length of the process, allows for more flexibility and restorative options, and addresses the community's concerns about accountability.



## YEAR IN REVIEW - 2020

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### SECURING THE RESOURCES NEEDED TO KEEP THE CITY SAFE

#### BUDGET ADJUSTMENTS – NOVEMBER 2020

In 2020, the Commission worked closely with CPS leadership to understand the financial and operational impacts related to COVID-19. This effort was combined with ongoing work to create an organization that is as lean as possible, while still providing citizens with the services they expect from their police service.

As part of the Commission's duty to ensure that the Calgary Police Service has the resources it needs to keep the City safe, the Commission proposed some adjustments to the 2020 and 2021 budgets that balanced a recognition of the financial hardship facing the City with facts about the resources CPS needs to respond to increases in crime, to address future demand and to accelerate actions to improve its relationship with the community.

Reductions were offered where possible while avoiding a reduction of the services Calgarians value most and making sure employees still have access to the training, supports, and equipment they need.

The Commission proposed putting \$10 million toward exploring alternative call response models that could reduce call volume while improving service delivery to those in crisis. Part of the funding would go toward working with the City on this project and part was to be allocated to support CPS's commitments to anti-racism, equity, diversity, and inclusion.

Ultimately, Council voted to allow CPS to retain the \$10 million and instead the City added \$8 million to a Community Safety Investment Framework to guide decision making for investment in enhancements and improvements to Calgary's response to people in crisis. CPS remains a partner in this work.

The City also accepted the Commission's recommendation for CPS to forego the 60 expected growth positions that had been approved in 2018. While these additional positions are necessary to ensure CPS officers can keep up with population growth and increasing crime trends, with constraints related to COVID-19, CPS did not anticipate being able to recruit, hire and train an additional 60 positions in 2021 on top of the hiring and training required to keep up with retirements and resignations.

Council acknowledged the need for the growth positions and invited the Commission and CPS to return to Council in 2021 with a request for additional funding if CPS capacity for hiring and training increases.

Like other City business units, CPS absorbed COVID-related impacts such as revenue losses and additional costs for personal protective equipment and additional nursing staff.

## YEAR IN REVIEW - 2020

### SERVICE OPTIMIZATION REVIEW – COMPLETED FALL 2020

A service optimization review was launched following Council's November 2017 motion requesting the Commission undertake a zero-based review process for the Calgary Police Service. The review is aligned with the principles and goals of a ZBR while also incorporating the unique governance structure between CPS, the Commission, the Province and the City.

Dedicated CPS resources were used to complete this work, as well as external consultants to ensure objectivity and subject matter expertise. The analysis for the development of the recommendations balanced the need to find more efficient ways of delivering service, while also safeguarding employee wellness and safety. Community engagement was also completed to ensure that citizen voices and diverse perspectives were included when considering the future of service delivery in Calgary.



The review began in early 2018 with an organizational scan that resulted in the selection of two areas of focus: 1. Patrol deployment and scheduling, and 2. Infrastructure capital planning and management.

These two focus areas were systematically evaluated to provide recommendations that addressed the efficient and effective management of patrol resources to ensure the CPS is able to sustainably police into the future and to improve the long-range infrastructure and maintenance planning to ensure CPS has the appropriate facilities to enable its employees to serve the community.

The full report is available here: <https://www.calgary.ca/cps/public-services/service-optimization-review.html>

The recommendations are being considered within the current fiscal environment and alongside the crime and safety priorities of citizens. CPS has transitioned into the next phase of this review and is currently prioritizing the recommendations into short, medium and long-term actions and assessing the cost of implementation.

The Calgary Police Commission will continue to provide governance over the implementation of the recommendations. The findings from this review will be factored into budget planning for future years.

## YEAR IN REVIEW - 2020

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### COMMUNITY-BASED PUBLIC SAFETY TASK FORCE

In early 2020, the City established the Community-Based Public Safety Task Force to support a broad, community driven and community-owned collaborative approach to addressing concerns around violence.

As citizens living and working in Calgary, the Commission shares the community's concerns about violent crime and agree that a safe city requires strong partnerships at all levels including engagement with the community.

Chair Croft represented the Commission as a participant in the City's Public Safety Task Force. Throughout the year, the task force reviewed existing prevention programs and services locally and in other jurisdictions, hosted engagement opportunities, identified actions underway and gaps in services.

A final report with recommendations is due in 2021.

The Commission's oversight role involves working with the Chief to:

- o Understand the strategy CPS uses to respond to violent crimes
- o Understand the resources required to respond to violence
- o Understand how CPS is re-prioritizing/re-directing workload and resources
- o Understand impact to citizens and employees

Through these oversight activities, the Commission has seen CPS tackle violent crimes with the highest level of expertise and professionalism.

## YEAR IN REVIEW - 2020

### IN MEMORY OF SGT. HARNETT

On the last day of 2020, Sgt. Andrew Harnett was killed in the line of duty. The Commission joined CPS, the citizens of Calgary, and the policing community in mourning this tragic loss.

In the days and weeks that followed, there was a huge outpouring of support among Calgarians to show CPS and Sgt. Harnett's family that they do not carry this loss and grief alone.

Sgt. Harnett was a beloved officer who served Calgarians honourably during his 12 years with the Calgary Police Service. In that time, he received awards for teamwork and cooperation as well as two Chief's Awards for saving the life of another.

Condolence messages poured in from across North America from people paying their respects to Sgt. Harnett and to the other public safety professionals who keep the City safe. Calgarians showed support through personal messages to CPS, donations to the family and by lining the route of his final journey through Calgary for a powerful and sombre tribute to this exceptional fallen officer.

His courage, dedication and sacrifice in service to our city will be remembered with gratitude.





## YEAR IN REVIEW - 2020

### IN MEMORY OF SGT. HARNETT



## YEAR IN REVIEW - 2020

### IN MEMORY OF SGT. HARNETT

“The death of Sergeant Harnett is a tragic loss for our City, our Province, and for our country, but for no one more than his beloved family.

I didn’t know Sergeant Harnett – Andrew - but from everything I have learned about him I truly wish I had. It is clear that he represented the very best of the policing profession. Andrew wanted to be a police officer from a very young age for the purest of reasons - to serve and protect others. And he did that in an admirable way. He served this City with dedication and selflessness - with acts of great heroism and also with acts of small, everyday heroism – kindness, generosity, honesty, compassion, fairness.

So many of you at CPS are grieving the loss not just of a colleague but of a friend. On behalf of all Calgarians, I offer to all of you our deepest sympathies for this loss. This tragedy brings into plain view the sacrifices you and your families make and the risks you accept in doing your jobs. It is thanks to officers like Sgt. Harnett, and all those who serve as he did, that our community can feel safe - officers who don’t hesitate to put themselves on the frontline in a crisis and who believe in being part of something larger than themselves. For that, we are truly grateful.”

– Excerpt from Chair Croft’s condolence message delivered at Sgt. Harnett’s funeral



## HEARING FROM THE COMMUNITY

### CITIZEN RESEARCH RESULTS

Each year, the Commission conducts comprehensive research to understand how citizens feel, and to identify opportunities to better serve the community. Citizen feedback is an essential part of keeping police responsive and accountable to the community, especially

at such an important time for the Calgary Police Service.

In 2020, the Commission conducted a survey of more than 1000 Calgarians who took time to share their candid feelings about crime and safety. Here are some highlights:

- The vast majority of citizens feel that Calgary is a safe place to live (94%), are satisfied with services provided by the Calgary Police Service (93%) and have confidence that CPS can deliver the services needed to keep Calgary safe (94%).
- Calgarians gave the highest rating for trust and the lowest rating when asked if CPS is adequately staffed.
- Illegal drugs and home break-ins are the top crime and safety concerns in 2020. Concerns about violent crimes, including domestic violence, have increased significantly this year.
- Compared to past years, perceptions are declining when it comes to CPS responding in a fair way to all segments of the community and using authority or force appropriately.
- Perceptions have significantly declined since 2018 when it comes to agreement that CPS prevents crime by working with at-risk youth and by partnering with community agencies to address issues such as mental health, homelessness and substance use.
- 95% of citizens support the use of body worn cameras to record officer and citizen conduct.
- Nearly 9 out of 10 Calgarians agree that CPS has a good understanding of their community and its concerns.
- The majority of citizens are satisfied with how CPS responded during the pandemic and 94% are confident that CPS can continue to meet the evolving needs of citizens as the pandemic continues.
- The report shows significant declines in trust and perceptions that police are ethical, fair and handle people in crisis effectively after the rise of a social justice movement beginning around May 25.
- Analysis of the results show that Indigenous and Black Calgarians have lower perceptions of the Calgary Police Service than other groups.



## HEARING FROM THE COMMUNITY

These are some highlights from a much longer report. The complete 2020 citizen survey results are available here: <https://www.calgarypolicecommission.ca/>

It was a year of unprecedented challenges for the Calgary Police Service and the City as a whole. This survey, as well as the results of the employee survey and other engagement activities, will inform decisions and priorities going forward.

High rates of confidence and trust suggests that, in spite of the challenges CPS faces, many Calgarians still support CPS and believe they are capable of responding to meet the needs of the community. While the positive results will help CPS understand what is working, the critical feedback is also an important part of evolving the organization to better meet citizen needs.





## HEARING FROM THE COMMUNITY

### CPS EMPLOYEE SURVEY

Once again this year, the Commission partnered with an independent research firm to conduct a survey of CPS employees. To maintain both confidentiality of respondents and independence in design and reporting, Illumina Research Partners completed this project.

We extend our sincere thanks and appreciation to all the employees who took time to provide thoughtful, candid feedback on their experiences and perspectives. The level of detail provided speaks to their commitment to helping improve the Calgary Police Service.

This report provides valuable information for both CPS leadership and the Commission. The results are factored into decision-making throughout the year. No changes get made without considering the impact they will have on employee engagement and morale.

Although 2020 was a year of exceptional challenges, CPS continues to see improvements in most areas including:

- Satisfaction with safety and service delivery
- Internal communication
- Respectful relationships, respectful culture and feeling valued
- Managing workload and work-related stress
- Fair treatment
- Commitment to CPS values

The 2019 survey showed an improvement in morale, increasing 4x higher than the previous year. In 2020, morale went back down

closer to 2016 levels. Engagement among sworn members also declined, while civilian engagement remained the same.

During challenging times, it's important that we not lose sight of the strengths, achievements and committed employees that exist throughout CPS. Employees have highlighted that some of the best aspects of working at CPS include:

- Coworkers/teamwork
- Meaningful work
- Cohesive executive leadership team – working as one team
- Seeing changes start to take effect
- Improved internal communications

This survey also gathered information about wellness priorities and access to wellness supports. Employee health and wellness are of critical importance to CPS leadership and to the Commission. The information gathered will allow leaders to better provide the services employees need to stay healthy and manage stress.

The Commission, CPS leadership and the Calgary Police Association board met in December 2020 to dig into these results and come up with additional actions that can be taken to address the concerns employees have shared.

The results are used as part of a continuous improvement approach to make sure employees have the tools, resources and leadership needed to support the community.

## HEARING FROM THE COMMUNITY

### COMMUNITY DINNER & COMMUNITY POLICING AWARDS \*ON HOLD\*

The Commission paused its citizen engagement dinner and awards ceremony that has typically been held annually to celebrate exceptional contributions to community policing in Calgary. While citizens remain united in the fight against COVID-19, this event was put on hold.

Each year for more than a decade, the Commission invited hundreds of community representatives to an evening of discussion about safety priorities and to pay tribute to people making a difference in our City.

This event has been a valuable opportunity to solicit feedback from engaged citizens that can be incorporated into strategic planning and priority setting alongside results from citizen and employee research. It is a treasured yearly tradition that will resume at the earliest opportunity.



## COMPLAINT OVERSIGHT

In 2020, the Commission continued its ongoing focus on enhancing the public complaint process. This involved monitoring and reviewing ongoing files, identifying trends, and reviewing complaint file audits conducted by the Public Complaint Director.

In 2020, CPS received 326 compliments about officer conduct. Each compliment is for one or more members or for CPS as an organization.

### How does the public complaint director support the commission's oversight role?

- Receives complaints from the public
- Acts as a liaison between the Commission, CPS, and the complainant
- Reviews investigations conducted by CPS while they are ongoing and at their conclusion
- Offers alternative dispute resolution, when appropriate, and reviews the delivery of the resolution process
- Reports to the Commission on complaint matters

As outlined by the Alberta Policing Oversight Standards (2014), an overview of complaint statistics is provided below. The Professional Standards Section annual report, which provides greater detail and context, is available here: <https://www.calgary.ca/cps/public-services/community-accountability/formal-discipline-.html>

### DEFINITIONS:

**Public Complaint:** complaint about conduct of a member that may contravene the regulations governing the discipline or performance of duty of police officers

**Citizen Contact:** initial contact about an allegation or an enquiry or request for assistance – may become a complaint

**Internal Complaint:** complaint initiated by the Chief of Police about the conduct of a member that may contravene the regulations governing discipline or performance of duty of police officers

**Statutory Complaint:** complaint about an act by a police officer that may contravene provincial or federal legislation – complaint may be generated by a citizen or by the police service itself

PUBLIC COMPLAINTS & CITIZEN CONTACTS	2018*	2019**	2020
Public Complaints (External)	260	262	299
Citizen Contacts	960	831	887
Internal Complaints	36	60	106
Statutory Complaints	43	36	34
Administrative Review***	2	0	0
<b>TOTAL</b>	<b>1301</b>	<b>1186</b>	<b>1326</b>

\* Revised 2018 statistical information

\*\*Updated since 2019 Annual Report

\*\*\* Ceased using "Administrative Review" in 2018

## COMPLAINT OVERSIGHT

<b>RESOLUTION OF PUBLIC (EXTERNAL) COMPLAINTS</b>	<b>2020</b>
Withdrawn by Complainant	3
Lost Jurisdiction (Resigned/Retired)	7
Filed Beyond One Year Limit	11
Dismissed – Extension Not Granted	0
Frivolous / Vexatious / Bad Faith	0
Informally Resolved	189
<i>Supervisor Intervention</i>	26
<i>Professional Mediation</i>	0
<i>Facilitated Discussion</i>	0
<i>Informal Discussion Amongst Parties</i>	163
Sustained – No Hearing	2
Sustained in Part – No Hearing	15
Not Sustained – No Hearing	31
Dismissed – No Hearing – No Reasonable Prospect	2
Dismissed at hearing – loss of jurisdiction	1
Dismissed – No Hearing	14
Sustained – Hearing	0
Sustained in Part – Hearing	0
<b>Not Sustained – Hearing</b>	<b>0</b>
<b>Other – Resolved citizen contact</b>	<b>1</b>
<b>TOTAL</b>	<b>276</b>

### COMPLAINTS AGAINST THE CHIEF

In 2020, the Commission received 10 new complaints against the Chief. Of those complaints, four were discontinued by the complainant. Three complaints named past Chiefs over whom the Commission has no jurisdiction to proceed. One complaint was dismissed as vexatious and the remaining three are pending review.

## COMPLAINT OVERSIGHT

### DISCIPLINARY MEASURES FOR EXTERNAL COMPLAINTS – 2020

INCIDENT	INVOLVED OFFICER(S)	COMPLAINT - EXTERNAL - ALLEGATIONS	DISCIPLINE
1	Officer 1  Officer 2	Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing  Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing	Official Warning (Remains on file for 1 year)  Official Warning (Remains on file for 1 year)
2	Officer 1	Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing	Official Warning (Remains on file for 1 year)
3	Officer 1	Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing  Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Official Warning (Remains on file for 1 year)  Official Warning (Remains on file for 1 year)
4	Officer 1	Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing  Neglect Duty: h(vii) Fail to Disclose Evidence - Sustained- No Hearing  Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing	Official Warning (Remains on file for 1 year)
5	CPS	Failure to Provide Adequate Service or Deficient Policy (Police Act-Section 44) - Sustained- No Hearing	N/A
6	Officer 1	Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Official Warning (Remains on file for 1 year)
7	CPS	Failure to Provide Adequate Service or Deficient Policy (Police Act-Section 44) - Sustained- No Hearing  Failure to Provide Adequate Service or Deficient Policy (Police Act-Section 44) - Sustained- No Hearing  Failure to Provide Adequate Service or Deficient Policy (Police Act-Section 44) - Sustained- No Hearing	N/A
8	Officer 1	Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Official Warning (Remains on file for 1 year)
9	Officer 1	Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Official Warning (Remains on file for 1 year)



## COMPLAINT OVERSIGHT

INCIDENT	INVOLVED OFFICER(S)	COMPLAINT - EXTERNAL - ALLEGATIONS	DISCIPLINE
10	Officer 1  Officer 2	Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Agreed Reprimand (Remains on file for 2 Years)  Other Action Considered Appropriate
11	Officer 1	Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing	Official Warning (Remains on file for 1 year)
12	Officer 1  Officer 2	Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing Insubordination: g(ii) Breach Policy/Order/Directive - Dismissed-No Hearing PSR 19(1)(a)(i) Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing	Official Warning (Remains on file for 1 year) Official Warning (Remains on file for 1 year)
13	Officer 1	Discreditable: e(viii) Discredit the Reputation of the Service - Sustained- No Hearing Insubordination: g(ii) Breach Policy/Order/Directive - Sustained - No Hearing	Official Warning (Remains on file for 1 year)
14	Officer 1	Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing Insubordination: g(ii) Breach Policy/Order/Directive - Sustained- No Hearing	Agreed Forfeiture of 40 overtime hours (Remains on file for 3 years)
15	Officer 1	Discreditable: e(iii) Profane/Abusive Language - Sustained- No Hearing Discreditable: e(iii) Profane/Abusive Language - Sustained- No Hearing Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing	Agreed Reprimand (Remains on file for 2 years)
16	Officer 1	Neglect Duty: h(i) Fail to Promptly/Diligently Perform Duty - Sustained- No Hearing	Official Warning (Remains on file for 2 years)
17	Officer 1	UUEA: i(i) Unlawful/Unnecessary Exercise of Authority - Sustained- No Hearing	Other Action Considered Appropriate

## COMMISSION REPORTING

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The Calgary Police Commission has a mandate to provide independent citizen oversight of police in a way that upholds the high levels of trust and confidence the Calgary Police Service has earned from the community.

Given the significance of police oversight in ensuring police are accountable to the public, the workload and expectations of police Commissioners are high. Members can easily spend more than 30 hours each month attending meetings, preparing for meetings, participating in public and employee outreach activities, attending celebratory events at CPS, attending learning sessions about policing and governance, and sitting on affiliated boards. The Chair spends additional hours in her role as spokesperson and as a point of contact with CPS and the City.

In addition to the eight public meetings and 28 sub-committee meetings, members also participated in the following activities in 2020:

- Annual governance retreat
- Strategic priorities review
- Community Menorah Lighting (online)
- Tour of the new arrest processing facility
- Presentation to City's Standing Policy Committee on Community & Protective Services
- Presentation to Special Meeting of Council—CPS and Commission anti-racism action plans
- Canadian Association of Police Governance conference (CAPG)
- Alberta Association of Police Governance conference (AAPG)
- Participating on boards of CAPG, AAPG, ALERT, and the Calgary Police Youth Foundation
- Institute for Corporate Directors training programs
- FOIP orientation
- Spokesperson and media training
- Complaint oversight training
- Orientation to CPS budget and business planning
- Anti-racism & inclusive board leadership training
- Systemic racism in Canada workshop
- Public Safety Task Force meetings
- Meetings with City Councillors regarding safety priorities and CPS budget
- Debrief with City's expert panel members on anti-racism hearings
- New member orientation + onboarding
- Presentation to City Council during budget week (Nov)
- Research actioning workshop

The Commission believes the City is best served when the board is comprised of individuals who represent the diversity of our community alongside proven professional expertise. With this in mind, the Commission works with the City to support its selection of individuals with proven professional experience from a diverse cross-section of the City to fill vacant positions.

To find out more about how to become a citizen member, visit the City of Calgary: <http://bcconline.calgary.ca/publish/bcc.aspx?id=72>





## **CONTACT INFORMATION**

To learn more about the Calgary Police Commission,  
or to weigh in on policing in Calgary, contact us at:

### **CALGARY POLICE COMMISSION**

615- 650 MacLeod Trail SE

Calgary, AB T2G 4t8

Tel: 403 428-8914

Email: [cpced@calgarypolicecommission.ca](mailto:cpced@calgarypolicecommission.ca)

[www.calgarypolicecommission.ca](http://www.calgarypolicecommission.ca)







# 2021 CPS ANNUAL RISK REPORT (RISK PROFILE)

Author: Ho-Yin Li, Business Strategist

Bureau Resource Team

Prepared for: Amanda Welfare, Executive Director

Information & Risk Management Division

Katie McLellan, Deputy Chief,

Bureau of Service & Community Support

Publication Date: 2021 06 22

Subjects/Keywords: Integrated Risk Management, IRM,

Risk, Risk Management, Risk Profile, Corporate Risk



## CPS Annual Risk Report

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## Introduction

The Calgary Police Service (CPS) is currently implementing Integrated Risk Management (IRM) in the organization. This is the first time the CPS has created a corporate risk profile using risks identified at the Section level. Eight top organizational risks were identified during Phase 1 of the IRM project. Phase 2 will see further assessment, development and gap analysis of the risk strategies and treatments for the top risks identified, a full rollout of IRM methodology, as well as alignment and integration of IRM into operations and major management processes.

## Background

*“The Executive and Senior Leadership Team at the Calgary Police Service is committed to a robust risk management system as a key part of our governance and daily operations. We acknowledge that policing is inherently risky, and our members make split-second decisions every day to address countless risks. At an organizational level, having an integrated risk management system in place will formalize and provide consistency to how we identify and manage risk across the Service, informing our decision making and helping us to achieve our goals.”*

Every day, CPS members face situations that are inherently risky, and they respond to these risks with great care and proficiency. However, modern policing continues to increase in complexity and brings new and evolving risks to the organization, risks that require planning and long-term solutions. IRM is a different endeavour than the daily policing situational assessment and response as it treats risk with a systematic and comprehensive approach.

The CPS has utilized risk management in many ways in the organization – at the project level to assess risks to project completion; within management processes to help make better decisions, such as in the Body Worn Camera and Unified CAD projects; and in many core processes, like the four-year business planning and audit processes. However, there has been a lack of a coordinated, common approach to risk management. Different work areas apply different risk tools and assessment criteria. While risk is always a consideration in organizational decisions, there have also been gaps in where and how risk management has been applied.

This year, the CPS has been developing an IRM system to identify, assess and manage risks at all levels of the organization. The CPS created a risk profile using both a bottom-up and a top-down approach, with information that will serve as a baseline for future risk profiles. The CPS has developed a set of common tools with a set of risk assessment criteria established in consultation with all Bureaus and approved by the Executive and Senior Leadership Team. The CPS will also be aligning the IRM process with strategic

planning, budgeting, and major project management, and other core processes so that risk information will be truly integrated into decision-making.

IRM provides real benefits to the CPS as it improves decision-making and resource allocation; it enables the CPS to discuss, assess, and escalate risks using common language and tools; and it helps us to better articulate our key risks, causes and consequences to our stakeholders. Lastly, IRM allows us to track, monitor and be accountable for managing risks from the Section level through to the organizational level.

## **CPS IRM Methodology and Risk Prioritization**

A rigorous and objective IRM methodology and risk tools were developed in-house. The CPS Risk Profile was then developed by assessing CPS risks and the environmental risk context using this methodology and tools.

Risks were first identified and assessed at the Section level by involving the leaders and Bureau resource teams. The IRM Project Team then reviewed and analyzed the Section level risks, applying a set of prioritization criteria and methodology developed for determining risks with organizational impact. Division-level risks were identified through this analysis. This process was then repeated to determine Bureau-level and then Service-level risks.

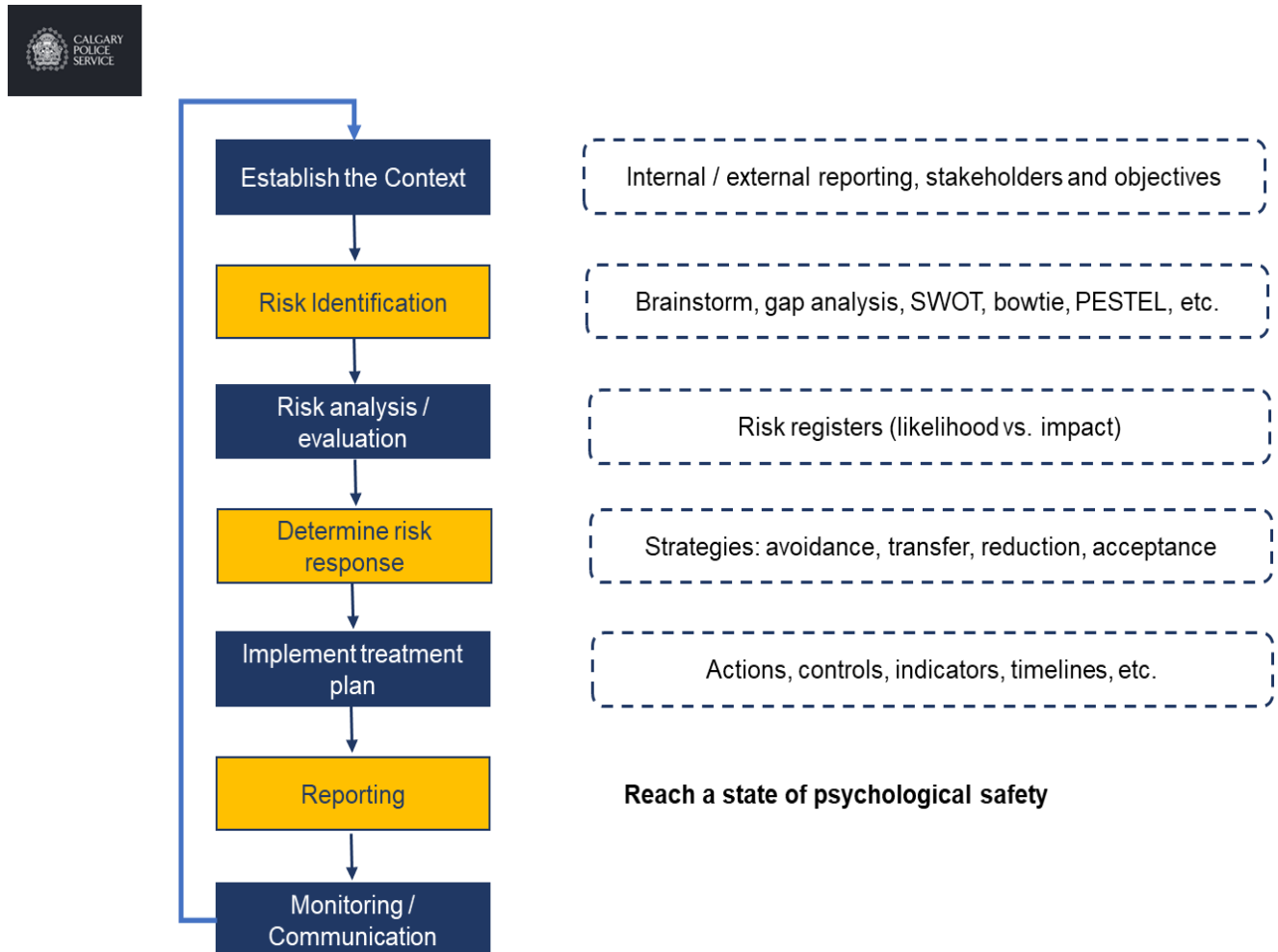
As risks were elevated, the risk statements were adjusted to reflect their impacts across the organization. After the Service-level risks were identified, the IRM Team applied prioritization criteria to rank the risks.

### *Criteria for Prioritization*

1. Risk Score (impact and likelihood) + Risk Escalation Table
2. Themes (frequency of risks identified across Sections, Divisions, Bureaus)
3. Impact – number of areas impacted by the risk, across the CPS, and the degree of impact
4. Environmental considerations/factors, such as anti-racism, COVID-19, etc.

Lastly, through our collective experience in Operations Audit and Strategic Planning, the IRM Team attempted to ensure that any gaps were considered and addressed. The top risks were then reviewed and approved by the Executive and Senior Leadership Team for presentation to the Calgary Police Commission.

## CPS Integrated Risk Management Process



### **Objectives of Integrated Risk Management at the CPS**

*To assist members and the Executive and Senior Leadership Team in making risk-informed decisions.*

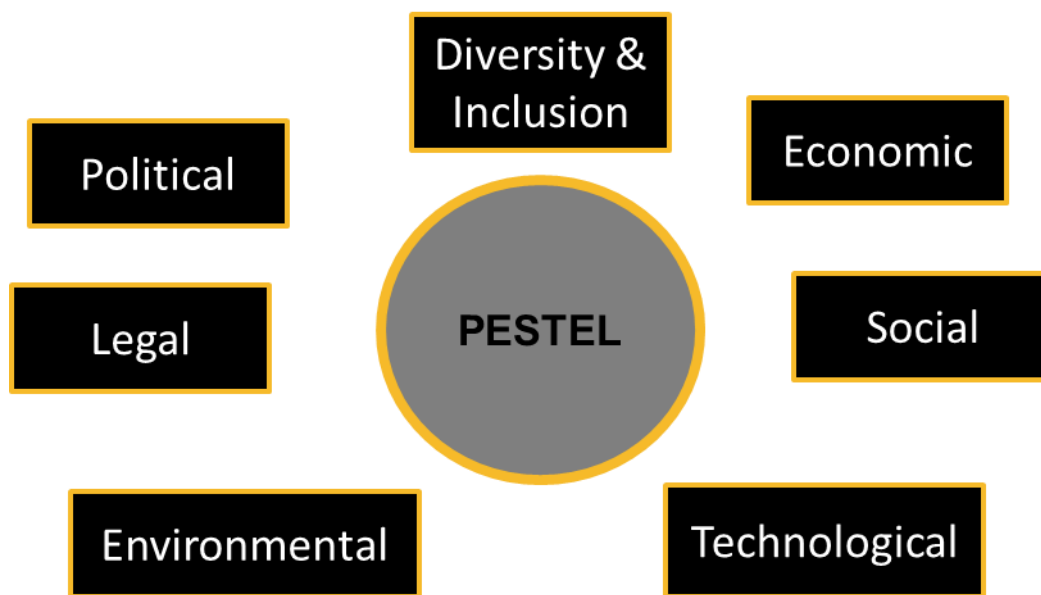
*To provide a systematic approach that will assist in dealing with potential event(s) or circumstances that may affect the ability of the organization to achieve its objectives.*

*Note: To reach a state of psychological safety refers to employees feeling that they are physically and psychologically safe from the potential risks and that the organization is aware and working to address the risks.*

## Environmental Context

### PESTEL Analysis

The Calgary Police Service adopted PESTEL (Political, Economic, Social, Technological, Environmental and Legal) Analysis to perform the external risk scan. Going forward, the external risk scanning will be merged with the environmental scanning analysis that is incorporated into the Executive Leadership Team's decision-making to determine the Service's strategic direction. The CPS recognizes that Equity, Diversity, and Inclusion factors are extremely important in policing and for that reason have been included in this methodology.



Using this methodology, the IRM team identified the following environmental factors:

#### Local Economy

Alberta's economy is heavily influenced by world oil prices and the state of the oil and gas industry, which underwent a significant downturn in recent years. Job losses and companies moving out of Calgary have resulted in high unemployment and a ripple effect on local businesses. Before the economy was able to recover, the COVID-19 pandemic was declared, which led to the shut down of businesses, greater job losses, and restricted ability to purchase goods. Many businesses, unable to sustain operations, have closed. The local economy is currently not expected to recover until 2023. Impacts on the local economy affects the CPS' ability to provide services to the community.



## **COVID-19 Pandemic**

In March 2020, a local state of emergency was enacted in Calgary when the World Health Organization (WHO) declared the COVID-19 pandemic. This has necessarily altered priorities, expectations, and service delivery for law enforcement. In response to COVID-19, the CPS made major operational changes, including new or altered service delivery models, new working practices (teleworking, in-service training, enforcement of health orders), intensive efforts to secure personal protective equipment (PPE)—a cost that the CPS has had to absorb, and reduced staffing throughout the organization as a result of positive COVID-19 cases from workplace and external exposures and self-isolation requirements for potential close contacts. The sustained impact of the pandemic will continue to challenge the CPS with respect to member health and well-being, training, workplace adaptations, service delivery, and public interactions.

## **Social Injustice – Anti-racism, Equity, Diversity and Inclusion**

2020 saw heightened community tensions and widespread public protests relating to racial inequity. The global demonstrations against police brutality and police misconduct (bias, excessive use of force) have had a profound impact on law enforcement and to the CPS' reputation. In addition to this, there were widespread public demands to defund the police around North America and here in Calgary.

City Council held public meetings, providing a forum where people could speak about their experience with discrimination and racism. The CPS responded by acknowledging that systemic racism existed in the organization and committed to working with the community to address issues of racism, equity, diversity and inclusion. The work is both external and internal and will require a sustained effort.

## **Legal Changes**

Changes within the Canadian legal framework can come from a variety of sources, often with limited notice, and may have a significant impact on police practices, which can create additional challenges for CPS operations. Federal and provincial legislative changes as well as significant court rulings may all require changes to how the CPS operates.

In 2019 and the first quarter of 2020, CPS continued to see the residual effects of previous Supreme Court of Canada decisions, such as *R. v. Jordan*. The legalization of cannabis in the fall of 2018 and then the enactment of Bill C-75 in Q4 2019 required new and/or revised procedures for CPS patrol operations and related administrative functions.

At the provincial level, proposed changes to the warrant application process at provincial courts will create additional risks to CPS information security, as well as operational and investigation processes. In 2019, the Alberta Court of Appeal ruled in *JH v. Alberta (Minister of Justice and Solicitor General)* (2019 ABCA 420) that parts of the *Mental*

*Health Act* were unconstitutional, and this led to a review of that Act. As with any legislative change, the current review is anticipated to require additional strategies and operating procedures to mitigate the risks of legislative non-compliance.

In addition, the pandemic necessitated the enactment of Provincial Health Orders and new municipal bylaws in an attempt to slow down the rate of transmission of COVID-19. This added additional enforcement duties for CPS.

One of the challenges is that police do not always have advanced notice of potential legislative changes and the level of consultation with law enforcement varies. The following are other examples of legislative changes that have also created additional work for the CPS:

- Clare's Law
- *Protecting Survivors of Human Trafficking Act*
- Bill 21 – the *Provincial Administrative Penalties Act* (the administrative penalties for impaired driving came into effect in December 2020, and broader changes to e-ticketing and traffic court procedures will come into effect December 2021).
- Potential *Police Act* Amendments

## Local Crime Trends

Measures to restrict social movement during the pandemic led to an overall decrease in calls for service in Calgary. Meanwhile, online offences, such as scams related to online shopping and government stimulus packages, are speculated to surge. Domestic conflict calls increased; however, domestic violence decreased suggesting people called the police before family stressors escalated to the criminal threshold.

The long-term impact of economic and social aspects of COVID-19 is less certain. However, it is speculated that sustained unemployment may lead to increases in crime in the short or long term. The long-term impact of COVID-19 on mental health may also lead to increased substance abuse and crime.

With the rollout of vaccines, changing daily patterns of movement, social behaviours and interactions (for example, working from home vs. commuting to offices) will likely continue to affect crime for the foreseeable future. Some crimes may rebound with the reopening of the economy, while others may decrease.

## Advances in Technology

Technological acceleration, such as advances in artificial intelligence and cyber-physical systems, presents both opportunities and challenges for law enforcement. On one hand, this technology could be used to transform policing, such as automation of processes, new forms of service delivery, and predictive crime analysis. It could also challenge law enforcement to keep pace with new and evolving types of crime and require innovation

of investigative techniques. Technological advances also need to be carefully evaluated in terms of their legal impact, for example with respect to potential Charter or privacy implications.

Keeping up with current technologies internally is also resource intensive, as technology companies continue to upgrade or replace products and services.

The widespread and pervasive nature of social media increases production, sharing and access to information quickly and broadly. There is an inherent risk of deliberate viral dissemination of misinformation to damage the reputation of the CPS and legitimacy of policing.

## **Mental Health**

Mental health is a factor for both CPS members and the public we serve. Sworn and civilian members of the CPS have challenging tasks that expose them to the risk and trauma inherent to policing on a regular basis. Furthermore, there has been a significant increase in the number of interactions between police and people with mental health concerns.

CPS members are also dealing with complex public order situations and an increasing number of public demonstrations, which is further complicated by pandemic health orders and restrictions.

Increased public scrutiny, combined with the toll of the pandemic and the inherent nature of police work have resulted in increased policing stressors and an elevated risk of compromised physical and psychological wellness and resiliency of CPS members.

## CPS Risk Profile + Heat Map

The CPS has identified the following areas of organizational risk for 2021 (presented in order of priority) and the current risk management strategies (major/priority projects and initiatives from the Annual Policing Plan) aligned to each risk:

### I. HR – Workplace Risks

Risk of negative impacts on CPS members\* and the organization due to heightening stressors – both within and external to the Service. Internal stressors may be caused by cumulative workplace pressures from increased workload, the mounting pace of change, insufficient training, and inadequate succession planning. External stressors result from the inherent nature of policing, involving repeated exposure to trauma, as well as shifting societal expectations of community policing. Taken together, these risks may have serious consequences for members' personal health and wellness, the Service's reputation, along with potential legal implications.

*\*members are both sworn and civilian employees*

*Risk Management Strategies: HR Modernization, Mental Health Strategy, Wittman, Annual Policing Plan (APP) 5.1, 5.2, 5.3, 5.4, 5.5, 5.7*

### II. Funding and Resource Prioritization

Risk of insufficient funding resulting in a negative impact on our capacity to maintain public safety for Calgarians. The economic downturn and resulting budget reductions may continue to challenge us to hire, train, equip and retain members in an ever-evolving environment, and to adequately ensure proper asset management, both of which can affect operations and result in unforeseen cost implications. These challenges may be further complicated by a lack of awareness and understanding of the Service's strategic direction on resource allocation, which has been in flux due to competing priorities, changing mandates and a lack of coordination.

*Risk Management Strategies: Shaping our Future, PMO, Functional Review, Operational Improvements, APP 2.4, 4.2, 4.8, 4.11, 4.12*

### III. Public Trust – Social Inequities

Risk that the CPS may not be adequately adjusting to social justice issues caused by historical power imbalances and the need to increase understanding and acceptance of Equity, Diversity, and Inclusion issues within the organization. Having a robust anti-racism and EDI approach and strategy embedded in

organizational decisions, practices and policies will result in racialized and marginalized communities receiving equitable service delivery, a police service more representative of its community, and increased member well-being and morale.

*Risk Management Strategies: EDI and Anti-Racism are both Major Projects, APP 3.1 through 3.6*

#### **IV. Management Systems and Controls**

Risk of inadequate management systems in place to ensure proper oversight of organizational controls. Strong management control systems are crucial to ensure compliance with policies, SOPs, and processes, which in turn, assures the organization's compliance with legislation. Supervision and controls are particularly important for some high-risk activities, such as driving behaviours and members' use of force.

The risk of absence of operational budget controls and integrated financial information within reporting tools, along with a lack of well-established and consistent processes may reduce the overall efficiency and optimization of the organization. This, in turn, may impact the services we provide to Calgarians.

*Risk Management Strategies: VFE & Code 700 Project & CCLC/Wittmann, APP 2.2, & 4.10.*

#### **V. Workforce Accountability**

Risk that complaints and allegations of misconduct are not investigated well or within reasonable timelines to instill public and member confidence, challenging our aspiration of being a transparent and accountable organization. Accountability concerns can be caused by delays due to capacity and changing processes, the time required for investigations, and coordination between multiple work areas. The perception of a lack of accountability may result in diminishing public trust and member morale.

*Risk Management Strategies: Professional Conduct Reform, EDI, APP 2.1, 3.1, 3.2, 3.3*

**VII. Security Breaches**

Risk of either accidental or deliberate organizational information and physical security breaches that could result in the public dissemination of information or disrupt the Service's ability to operate. This could have a negative impact on our reputation and/or public and member safety.

*Risk Management Strategies: CI Database, Information Security Classification*

**VIII. Social Media (Reputation)**

Risk of accidental or deliberate misuse of Service member social media accounts that could be damaging to the Service's reputation or have potential legal implications. Furthermore, the ever-increasing use of social media applications and technology that allows images and videos to be easily altered enables potential viral and deliberate spread of misinformation.

*Risk Management Strategies: APP 2.5, 5.7*

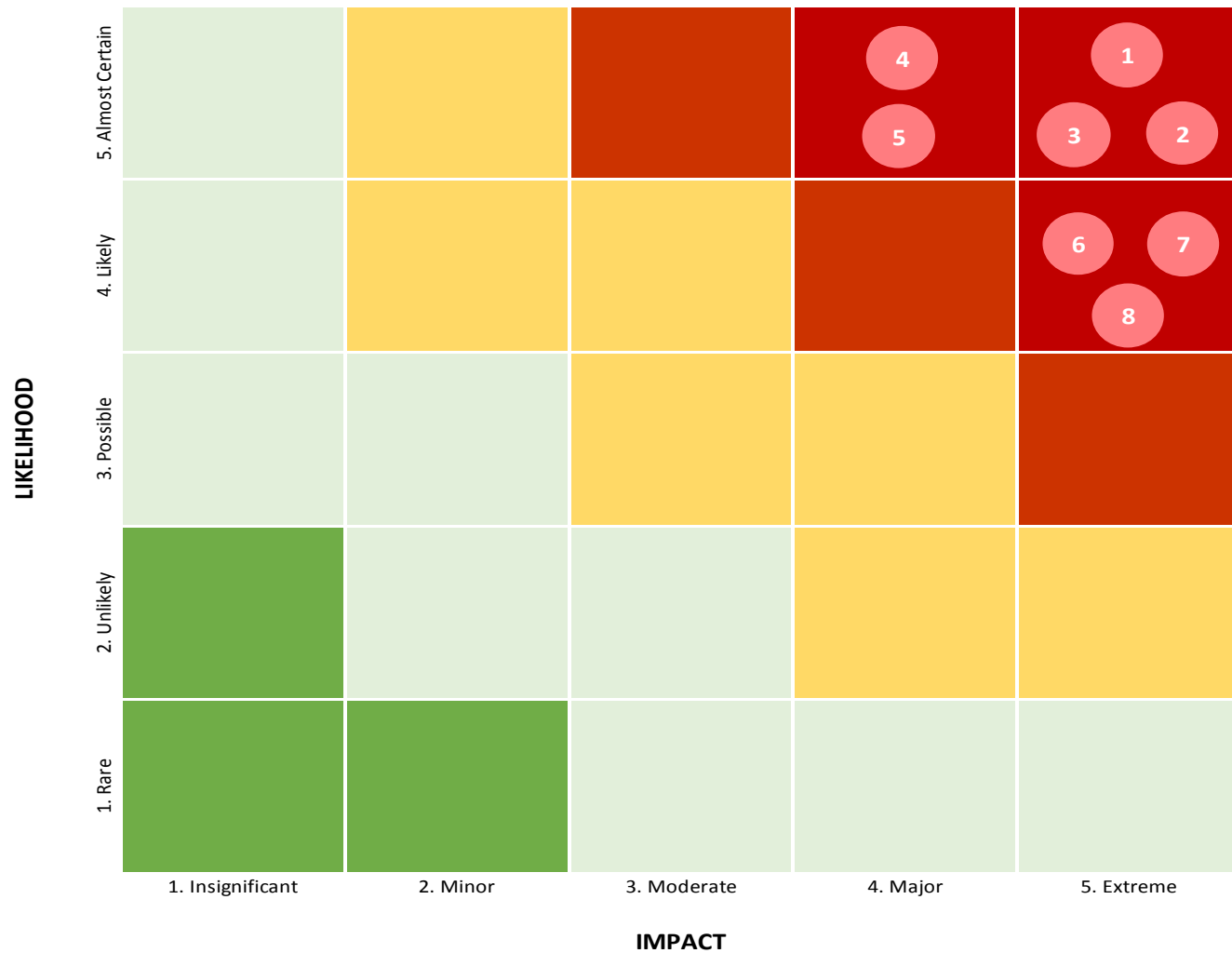
**IX. Business Continuity**

Risk of a lack of centralized coordination and management of Service-wide, long-term business continuity, which may be heightened by the COVID-19 pandemic. This may result in possibly inadequate response to disruptions in operations, damage or loss of assets, and potential safety impacts to members and the public.

*Risk Management Strategies: COVID Incident Management Team*

## CPS Top Risks 2021: Illustrative Heat Map

ISC: Protected B

**Risk Areas/Themes:**

1. HR - Workplace Risk
2. Funding and Resource Prioritization
3. Public Trust - Social Inequities
4. Management Systems and Controls
5. Workforce Accountability
6. Security Breaches
7. Reputation - Social Media
8. Business Continuity

Dots represent risk #1 - risk #8

## Risk Management Strategies

There are four potential strategies to treat or manage risks identified through the IRM process.

1. Avoidance
2. Transfer
3. Reduction
4. Acceptance

The best solution is often made by considering the *cost vs. benefit relationship*. The cost means the resources required for the risk response and the benefit refers to the impact on achieving management objectives.



Risk arises from uncertainty. If uncertainty is eliminated, risks are avoided. The organization decides not to execute (to begin or to continue) the activity that gives rise to the risks. For example, the CPS will not launch a project, or will not conclude a contract. This way, the CPS will fully avoid the risk by eliminating the event.

Eliminating uncertainty can be achieved by:

Removing the cause:

- If the cause is a lack of information, obtain the information.
- If the cause is a lack of funding, secure the funding.
- If the cause is a lack of expertise, engage an expert.

Taking a different approach:

- If the cause is the current scope, expand or narrow the scope.
- If the cause is current technology limitations, encourage new approaches or innovation.



The organization offloads the risk, or a big portion of the risk to a third-party. The most frequent use of risk transference is insurance. Insurance is the financial transfer of risk; however, not all risks can be covered by insurance. The organization also needs additional mitigation solutions. For example, most employers transfer the risk of absence due to sickness to insurance.



In addition to considering cost-effectiveness (premium and any deductibles, limits, etc.), even when a risk has been transferred, there may still be consequences if something unexpected happens or something goes wrong. For example, even if using a fixed-price construction contract to transfer the risk of input cost increases to the contractor, there may still be reputational damage if the project falls significantly behind schedule.

### 3 Reduction

The purpose of risk mitigation is to reduce the severity of the risk to an acceptable level. This strategy limits the Service's exposure by taking some actions. The intention of these actions is to reduce the likelihood and/or impact of certain events. The strategy can also include other response types, such as avoidance or acceptance. Given limited resources, management may choose to action on reducing part of the risk and to accept the remaining part of the risk.

When developing risk mitigation activities, consider the following:

- What can be done to **prevent** the risk from happening in the first place?
- What can be done to **prepare** for the risk in case it happens anyway?
- What can be done to **effectively respond** when the risk does in fact happen?
- How can the ability to **recover** be improved after the risk is over?

### 4 Acceptance

Risk acceptance is employed when the organization is willing to accept the identified risk without any action. The decision to accept the risk should be determined by a **cost-benefit analysis**. The CPS may accept/retain the risk if the risk has low likelihood and low impact, or an informed risk decision indicates that it is worth it to take the risk in order to pursue an opportunity.

## Phase 2 of IRM Project

In Phase 1 of the IRM Project, the CPS identified and assessed risks across the organization, applying a methodology to prioritize the top eight organizational risks. Initial alignment with current priorities was completed.

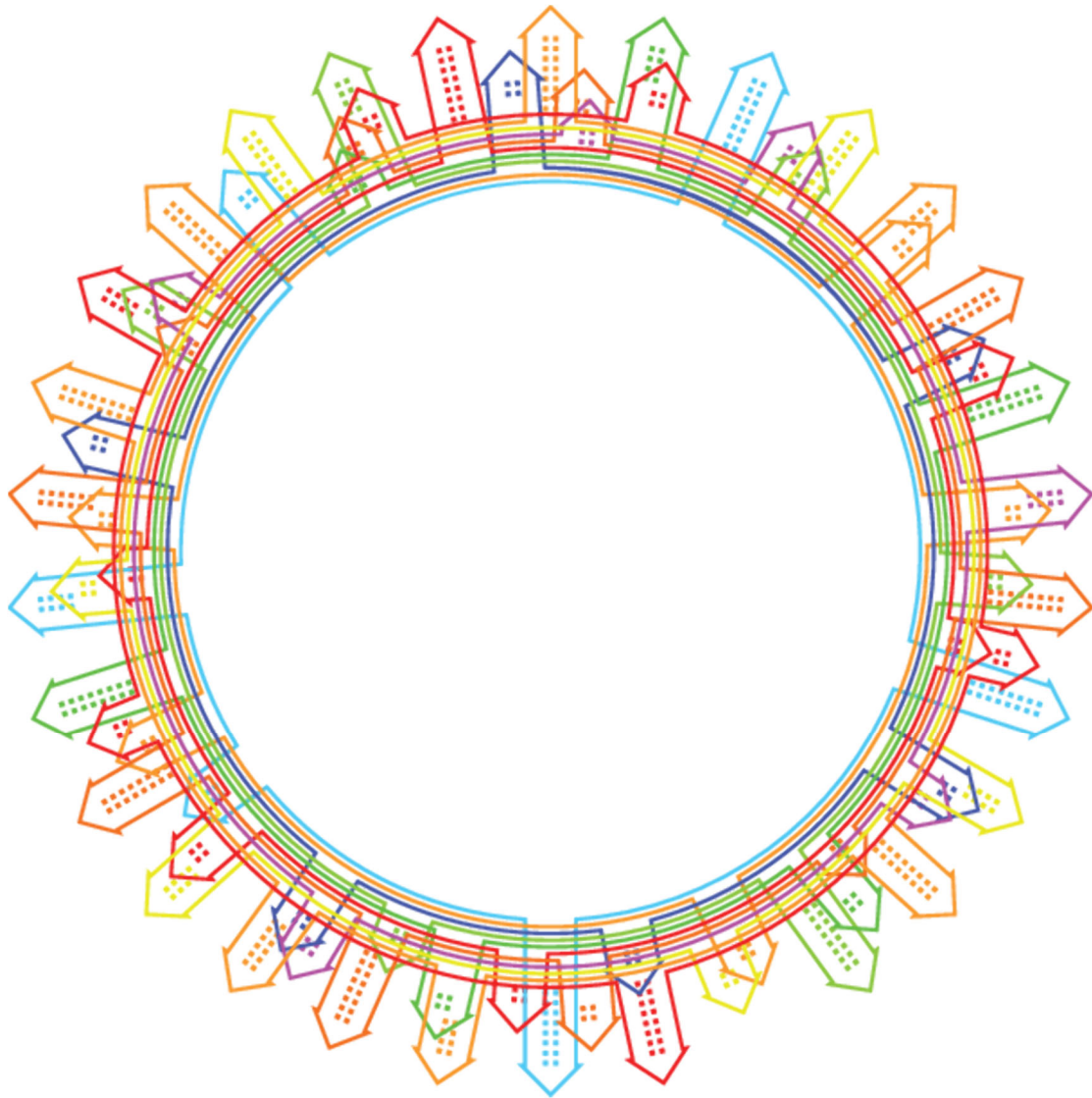
In Phase 2, the next steps are:

1. *Managing the top risks* – the CPS has the following major initiatives/projects underway to manage the risks identified in this report:
  - *HR Modernization*
  - *Mental Health Strategy*
  - *Independent Use of Force Review (Wittmann Recommendations)*
  - *Functional Review*
  - *Anti-Racism Engagement & Strategy*
  - *EDI Project*
  - *Shaping Our Future*
  - *Annual Policing Plan*
  - *Professional Conduct Reform*
  - *Vehicle Flight Events & Code 700 Project*
2. *Gap assessment* – Even with these initiatives/projects in place, there still may be gaps. One of the next steps will be to examine where these gaps are and to refine our risk management strategies and treatments to address them, and to develop indicators to monitor progress.
3. *Full implementation of IRM* – The CPS will continue to educate and train all members on the use and benefits of IRM, and fully implement IRM into management processes. There will be better alignment and integration into the strategic and annual planning, budgeting, audit, and project management processes.

## Conclusion

1. The CPS is in the process of implementing IRM, which is a more rigorous and consistent approach to identifying and assessing top organizational risks than was used in previous years. IRM becomes part of daily management processes, with annual cyclical reporting and accountability.
2. IRM differs from the day-to-day situational risks that officers face when responding to calls.
3. This comprehensive, integrated approach aligns risk management processes and information with strategic planning and resource prioritization, resulting in improved evidence-based decision making and better utilization of resources, and may have implications for existing organizational priorities (major projects and Annual Policing Plan).
4. The identification of risks through this integrated approach allows the CPS to develop appropriate risk management strategies and indicators and encourages risk ownership and accountability. The CPS can also better identify gaps in existing risk management strategies where the CPS can do more or do better.
5. Phase 2 for the CPS will be to: conduct gap assessments of the risk management strategies for each organizational risk, enhancing strategies where needed and developing indicators; rollout and implement IRM in the organization; and align and integrate IRM into major management processes.





## **Calgary Police Service**

### Report to the Finance and Audit Committee on the 2020 audit

May 12, 2021

May 5, 2021

The Finance and Audit Committee of the Calgary Police Commission

## Report on audited annual financial statements

Dear Finance and Audit Committee members:

We are pleased to submit this report on the status of our audit of Calgary Police Service (the "Service") for the 2020 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with management to complete the outstanding matters summarized on page 1 of this report.

As agreed in our confirmation of changes letter dated December 1, 2020, we have performed an audit of the financial statements of Calgary Police Service as of and for the year ended December 31, 2020, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated May 25, 2021.

Our audit has been conducted in accordance with the audit plan that was presented to the Finance and Audit Committee at the meeting on December 1, 2020.

This report is intended solely for the information and use of the Finance and Audit Committee, management and others within the Service and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants

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# Executive summary



## Audit scope and terms of engagement

We have been asked to perform an audit of the Service's financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2020. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the confirmation of changes letter. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.



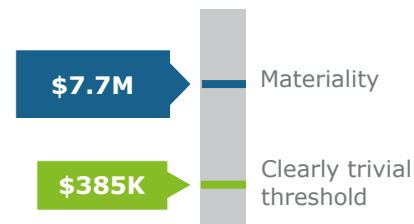
## Significant risks

- 1 Management override of controls
- 2 Revenue recognition
- ... Continued from prior year

## Status



## Materiality



Materiality levels are determined on the basis of total expenses. Our materiality for the year ended December 31, 2020 was \$7,700,000 (2019, \$7,700,000).



## Outstanding Matters & Next Steps

**Receipt** of signed management representation letter

**Receipt** of subsequent events update

**Completion** of minor documentation items

**Receipt** of legal confirmation



## Audit fees

Audit fees	2020	2019
Audit	\$50,500	\$50,000
Audit procedures applied to the adoption of the new accounting standard	-	\$600
Additional audit procedures due to the impact of COVID-19	-	-
<b>Total fees</b>	<b>\$50,500</b>	<b>\$50,600</b>



## Going Concern

Management has completed its assessment of the ability of the Service to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Service's ability to continue as a going concern. We agree with management's assessment.



## Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the Service for the year ended December 31, 2020 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Finance and Audit Committee.

# Significant audit risks, significant events and areas of focus

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

## Significant risk dashboard

### Legend



Significant level of management judgment involved



Minimal/No management judgment involved

**D+I:** Planned testing of the design and implementation of key controls


**OE:** Planned testing of the operating effectiveness of key controls

## Significant risks

### Management override of controls

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.
Analysis of risk		Audit response and results	
<ul style="list-style-type: none"> <li>Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.</li> <li>Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</li> </ul>		<ul style="list-style-type: none"> <li>We discussed fraud with management.</li> <li>We asked the Finance and Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Service and their role in the oversight of management's antifraud programs.</li> <li>We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.</li> <li>We evaluated the business rationale for any significant transactions.</li> <li>We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>	

## Revenue recognition

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.
<b>Analysis of risk</b>		<b>Audit response and results</b>	
<ul style="list-style-type: none"> <li>Assurance standards include the presumption of a fraud risk involving improper revenue recognition.</li> <li>There may be a risk of material misstatement relating to the occurrence and cutoff of the following revenue streams: government grants, sale of goods and services and fines and penalties.</li> </ul>		<ul style="list-style-type: none"> <li>We will make selections and perform tests of detail to verify whether it is appropriate to recognize revenue for each revenue stream.</li> <li>We will also make inquiries of management and test the design and implementation of control activities involving management's process for accounting for revenue transactions and determine when the revenue recognition criteria have been met.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>	

## Significant events

### COVID-19

#### Impact on our 2020 audit

Due to COVID-19, we have identified certain areas of our 2020 audit that were directly impacted in comparison to previous years. These changes have had an impact on our audit in terms of nature, timing and extent of audit procedures that we will be required to perform. We have outlined below the significant changes identified to date.

- Increased communication with management throughout the year to understand the impacts and implications of COVID-19.
- Updated our understanding of how COVID impacted processes and controls and applied audit procedures to any changes in processes and controls at the Service.
- Used alternative methods to obtain audit evidence (scanned copies, electronic versions, video calls to walk through controls, analyses and questions and screen sharing) due to remote work arrangements.
- Performed audit testing remotely as the Provincial government continues to require social distancing.

We also monitored the audit scope and timelines and adjusted accordingly to ensure we met reporting deadlines. As part of our investment into our valued relationship with the Service, we have internalized the costs related to additional effort resulting from procedures performed related to COVID-19.

## Areas of focus

### Accuracy, recording and presentation of accrued liabilities

Analysis	Audit response and results
<ul style="list-style-type: none"> <li>Completeness and accuracy of the recording and presentation of accrued liabilities.</li> <li>The recognition of reserves requires an increased level of management judgement.</li> <li>For the year ended December 31, 2019, Deloitte identified an error in the calculation related to the civilian employee benefit liability. This was subsequently corrected by the Service in 2020. The correcting entry will be subject to audit procedures for the year ended December 31, 2020.</li> </ul>	<ul style="list-style-type: none"> <li>We evaluated design and implementation of relevant controls and found them to be effective.</li> <li>We performed tests of details on accuracy and presentation of accrued liabilities.</li> <li>We performed tests of details on reserves recognized during the year to ensure they were complete and accurate.</li> <li>We identified an error in the current year related to the incorrect fringe benefits rates being used in the calculation of the accrued vacation and overtime liability.</li> <li>A summary of uncorrected financial statement misstatements are included in Appendix 4.</li> </ul>

### Accuracy and disclosure of pension liability (employee benefit obligations)

Analysis	Audit response and results
<ul style="list-style-type: none"> <li>The pension liability, including financial statement disclosures may not be accurately recorded.</li> <li>The pension obligation is determined based on various inputs and assumptions (including discount rates, inflation rates, mortality rates, termination rates, retirement rates, salary increases, etc). Underlying asset and/or obligation balances may be impacted due to the effects of the COVID-19 pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>We reviewed the pension plan balance recorded at year end and verified this balance through confirmation with the actuary.</li> <li>We reviewed the financial statement disclosure of the pension liability with the most recent actuarial valuation report prepared and ensured financial statement disclosures were in accordance with the relevant accounting standards.</li> <li>We considered the reasonableness and consistency of assumptions used by the actuary. In accordance with Canadian GAAS, we communicated with the actuary in writing regarding our use of and reliance on their report and we have assessed the qualification and independence of the actuary.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

# Significant accounting policies, judgements and estimates

The accounting policies described below are those that are most important and representative of the Service's financial condition and financial performance.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

We believe the Service's significant accounting policies to be:

- The estimates of useful lives, amortization and potential impairment of tangible capital assets
- Contingencies and accrued liabilities
- Employee benefit obligations

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of the Service.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. These judgements are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2020, management advised us that there were no significant changes in accounting estimates or in judgements relating to the application of the accounting policies.

# Appendix 1 – Communication requirements and other reportable matters

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
<b>Audit Service Plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Confirmation of changes letter
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	Audit plan communicated on December 1, 2020.
3. Significant transactions outside of the normal course of business, including related party transactions	Related party transactions are disclosed in Note 9 to the financial statements. Refer to Significant Risks section for further details on significant transactions outside the normal course of business.
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	We believe adequate internal controls exist to sufficiently mitigate the risk of management override of controls. Those charged with governance exercise oversight over management's process for identification and response to the risk of fraud by establishing and enforcing a code of conduct, establishing committees to govern various aspects of operations and engaging frequently with key management personnel.
5. Any known suspected or alleged fraud affecting the Service	We are not aware of any actual or suspected fraudulent events.

Required communication	Refer to this report or document described below
6. Whether the Service is in compliance with laws and regulations	<p>Management is responsible for ensuring that the Service's operations are conducted in accordance with the laws and regulations applicable to the Service in the jurisdictions in which it operates. The responsibility for preventing and detecting noncompliance rests with management. The auditor is not and cannot be held responsible for preventing noncompliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material noncompliance with laws and regulations by the Service.</p>
Year End Communication	
7. Fraud or possible fraud identified through the audit process	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting policies, judgements and estimates section of this document.
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting policies, judgements and estimates section of this document.
10. Matters related to going concern	Executive summary section of this document.
11. Consultation with other accountants	Management has informed us that the Service has not consulted with other accountants about auditing or accounting matters.
12. Management judgements and accounting estimates	Significant accounting policies, judgements and estimates section of this document.
13. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.
15. Material written communications between management and us, including management representation letters	Management representation letter
16. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report
17. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
18. Modifications to our opinion	We will issue an unmodified opinion.
19. Other significant matters discussed with management	Significant audit risks, significant events and areas of focus section of this document.



Required communication	Refer to this report or document described below
20. Matters involving noncompliance with laws and regulations that came to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention.	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
21. Litigation	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
23. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. Uncorrected misstatements and uncorrected disclosure misstatements.
24. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Finance and Audit Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
25. Concerns regarding management competence and integrity	We do not have any concerns regarding management's competency and integrity.
26. Disagreements with management	During the current audit, we did not have any disagreements with management.
27. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
28. Limitations when sending confirmations	Not applicable.
29. Other significant matters arising from the audit	No other significant matters to report.

# Appendix 2 – Draft version of our auditor’s report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

## Independent Auditor’s Report

To the Members of  
The Calgary Police Commission

### Opinion

We have audited the financial statements of Calgary Police Service (“the Service”), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at December 31, 2020, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (“PSAS”).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Service in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Service’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Service or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Service’s financial reporting process.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Service to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants  
May 25, 2021

# Appendix 3 – Draft independence

May 25, 2021

The Finance and Audit Committee  
Calgary Police Service

Dear Finance and Audit Committee members:

We have been engaged to audit the financial statements of Calgary Police Service (the "Service") for the year ended December 31, 2020.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Service, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 26, 2020, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the "Deloitte Entities") and the Service and its affiliates, or persons in financial reporting oversight roles at the Service and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from May 27, 2020 to May 25, 2021.

The total fees charged to the Service for audit services were \$54,035 (2019 - \$54,142) during the period covered by the financial statements.

We hereby confirm that we are independent with respect to the Service in accordance with the Rules of Professional Conduct of the applicable Chartered Professional Accountants of Alberta as of May 25, 2021.

This letter is intended solely for the information and use of the Finance and Audit Committee, management and others within the Service and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

# Appendix 4 – Draft management representation letter

## [Service letterhead]

May 25, 2021

Deloitte LLP  
700, 850 - 2 Street SW  
Calgary, AB T2P 0R8

Dear Sirs:

**Subject:** Financial statements of Calgary Police Service as at and for the year ended December 31, 2020

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of the Calgary Police Service (the "Service" or "we" or "us") for the year ended December 31, 2020, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Service in accordance with Public Sector Accounting Standards ("PSAS").

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries, as we considered necessary for the purpose of appropriately informing ourselves:

### Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the master services agreement between the Service and Deloitte dated November 14, 2018 and the confirmation of changes letter dated December 1, 2020 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Service as at December 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Service has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2020 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2020 and up to the date of this letter.
5. The Financial Statements are free of material errors and omissions.

We believe that the effects of any uncorrected Financial Statement misstatements pertaining to the current period presented, are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole. A list of the uncorrected misstatements aggregated by you is attached in Appendix A.

### **Internal Controls**

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

### **Information provided**

8. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
  - d. All minutes of the meetings of Commission members and committees of the Commission, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant commission and committee actions are included in the summaries.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Service.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies financial reporting practices. There are also no known or possible instances of noncompliance with the requirements or regulatory or governmental authorities.
13. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.

### **Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

14. Prior to the Service having any substantive employment conversations with a former or current Deloitte engagement team member, the Service has held discussions with Deloitte and obtained approval from the Finance and Audit Committee.
15. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Finance and Audit Committee in accordance with its established approval policies and procedures.

Except where otherwise stated below, immaterial matters less than \$385,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

16. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
17. The Service has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
18. There are no instances of identified or suspected noncompliance with laws and regulations.
19. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
20. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
21. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.



- 22. We have disclosed to you, and the Service has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
- 23. The Service has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

### **Managements Responsibilities**

- 24. All transactions and events have been carried out in accordance with law, regulation or other authority.

### **Adjusting Journal Entries**

- 25. We have reviewed the year-end adjusting entries and acknowledge our responsibility for their accuracy.

### **Accounting policies**

- 26. The accounting policies selected, and application of those policies are appropriate.
- 27. The Service's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2019.

### **Receivables**

- 28. The Service is responsible for determining the appropriate carrying amount of notes, loans and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

### **Employee future benefits**

- 29. Employee future benefit costs, assets and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains [losses] have been amortized to the liability [asset] and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group.
- 30. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
- 31. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.

### **Government Transfers**

- 32. We have disclosed to you all correspondence relating to government transfers that the Service has had with the funding body.
- 33. We have assessed the eligibility criteria and determined that the Service is an eligible recipient for the government transfers received.
- 34. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
- 35. All government transfers that have been recorded as deferred revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.

### **Tangible capital assets**

- 36. Tangible capital assets have been recorded properly and consistently according to the standards in Section PS 3150, *Tangible Capital Assets*.

37. Contributed tangible capital assets have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed tangible capital assets have been appropriately disclosed.
38. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets contribute to the Service's ability to provide goods and services and therefore do not require a write down.

### **Inter-entity transactions**

39. The Service has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with Section PS 3420, *Inter-entity transactions* ("PS 3420").
40. The Service, when it acts as a provider, reports all inter-entity revenues and expenses on a gross basis and, when it acts as a recipient, reports all expenses on a gross basis.
41. The Service has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in PS 3420.14-.22.
42. The Service has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with PS 2200.

### **Assets**

43. The Service has recognized all assets, which do not fall within the scope of other standards, only when the requirements in Section PS 3210, *Assets* ("PS 3210") have been met. For those assets, which do not meet the recognition criteria in PS 3210, the Service has appropriately disclosed details of such unrecognized assets in accordance with PS 3210, if applicable. There was no impact to the Service's financial statements upon adoption of PS 3210.

### **Contractual Rights**

44. The Service has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with Section PS 3380, *Contractual Rights*.

### **Restructuring transactions**

45. The Service has identified all restructuring transactions, as defined in Section PS 3430, *Restructuring Transactions*.

### **Contingent Assets**

46. The Service has identified all contingent assets in accordance with Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

Yours truly,  
Calgary Police Service

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Mark Neufeld, Chief of Police

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Blaine Hutchins, Executive Director

## Appendix A

### Calgary Police Service

#### Summary of uncorrected financial statement misstatements Year ended December 31, 2020

##### Uncorrected misstatements for the year ended December 31, 2020

	Assets DR (CR)	Liabilities DR (CR)	Opening Accumulated Surplus DR (CR)	Income DR (CR)
Current year misstatement – Net under accrual of employee benefit liability for sworn and civilian members due to incorrect fringe benefit rates used.		(490,778)		490,778
Current year impact of prior year misstatement - Carryover impact of 2019 reported uncorrected error relating to under-accrual of civilian employee benefit liability.			1,512,286	(1,512,286)
Current year impact of correction of prior years' error by The City of Calgary - Correction of 2017 understatement of work in progress related to tangible capital assets as a result of The City of Calgary undertaking corrections. The ending balance of tangible capital assets is correct for 2020, resulting in an opening accumulated surplus misstatement as the misstatement was corrected by management in the current year.			(458,923)	458,923
<b>Total</b>		<b>(490,778)</b>	<b>1,053,363</b>	<b>(562,585)</b>

**Calgary Police Service**  
**Financial Statements**  
December 31, 2020

## MANAGEMENT'S REPORT

May 25, 2021

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management, in accordance with Canadian public-sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

The Calgary Police Commission fulfills its responsibility for financial reporting through its Finance and Audit Committee. The Committee consists of Commission members who meet regularly to deal with financial and budget-related issues and to review financial control and reporting matters.

Deloitte LLP, Chartered Professional Accountants, have been appointed by the Calgary Police Commission to express an opinion on the Service's financial statements. Their report follows.

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Mark Neufeld  
Chief of Police

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Blaine Hutchins  
Executive Director

May 25, 2021  
Calgary, Canada

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Calgary Police Commission

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Calgary Police Service (the "Service"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at December 31, 2020, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public-sector accounting standards ("PSAS").

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Service in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Service or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Service's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Service to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*(To be signed Deloitte LLP)*

Chartered Professional Accountants  
May 25, 2021

## Statement of Financial Position

As at December 31 (in thousands of dollars)

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 43	\$ 13
Investments (Note 2)	1,047	992
Receivables		
Federal and Provincial governments	5,757	7,100
General	1,311	1,438
Due from The City of Calgary (Note 9 (a))	244,589	214,778
	<u>252,747</u>	<u>224,321</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable	32,223	25,301
Deferred revenue (Note 4)	9,179	8,686
Capital deposits (Note 5)	39,187	29,993
Employee benefit obligations (Note 6)	127,083	121,339
	<u>207,672</u>	<u>185,319</u>
<b>NET FINANCIAL ASSETS</b>	<u>45,075</u>	<u>39,002</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	243,447	248,807
Inventories of materials and supplies	3,496	2,376
Prepaid assets	3,269	3,195
	<u>250,212</u>	<u>254,378</u>
<b>ACCUMULATED SURPLUS (Note 7)</b>	<u>295,287</u>	<u>293,380</u>

Commitments and Contingencies (Note 10)  
See accompanying notes to the financial statements

Approved on behalf of the Calgary Police Commission

Chair

Vice-Chair



## Statement of Operations and Accumulated Surplus

For the year ended December 31 (in thousands of dollars)

	Budget 2020 (Note 1I)	2020	2019
<b>REVENUES</b>			
Government grants	\$ 33,771	\$ 34,036	\$ 33,956
Sale of goods and services	19,601	15,839	18,273
Fines and penalties	45,736	44,587	57,204
Miscellaneous revenue	1,510	298	879
	<u>100,618</u>	<u>94,760</u>	<u>110,312</u>
<b>EXPENSES</b>			
Salary, wages and benefits	442,268	431,790	429,372
Contracted and general services	31,644	30,799	32,979
Materials, equipment and supplies	32,729	35,900	38,932
Utilities	4,975	4,026	4,629
Internal recoveries (Note 9(a))	(2,600)	(6,077)	(7,816)
Amortization	-	19,400	18,905
Interest charges	50	61	57
	<u>509,066</u>	<u>515,899</u>	<u>517,058</u>
<b>DEFICIENCY OF EXPENSES OVER REVENUES BEFORE OTHER</b>	<u>(408,448)</u>	<u>(421,139)</u>	<u>(406,746)</u>
<b>OTHER</b>			
Reserve contributions	(5,905)	-	-
Mill Rate support (Note 11)	414,353	414,353	394,253
Capital transfers	-	8,693	26,374
	<u>408,448</u>	<u>423,046</u>	<u>420,627</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>-</u>	<u>1,907</u>	<u>13,881</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>-</u>	<u>293,380</u>	<u>279,499</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>-</u>	<u>295,287</u>	<u>293,380</u>

See accompanying notes to the financial statements

## Statement of Cash Flows

For the year ended December 31 (in thousands of dollars)

	2020	2019
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 1,907	\$ 13,881
Items not affecting cash		
Amortization	19,400	18,905
Loss on disposal of tangible capital assets	658	288
Change in non-cash items		
Receivables	1,470	319
Prepaid assets	(74)	37
Due from The City of Calgary	(29,811)	4,393
Accounts payable	6,922	(911)
Deferred revenue	493	384
Capital deposits	9,194	(2,497)
Employee benefit obligation	5,744	1,219
Inventories of materials and supplies	(1,120)	326
	<u>14,783</u>	<u>36,344</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(14,878)	(36,668)
Proceeds on disposal of tangible capital assets	180	341
	<u>(14,698)</u>	<u>(36,327)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	<u>(55)</u>	<u>(53)</u>
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	<b>30</b>	<b>(36)</b>
Cash, beginning of year	<u>13</u>	<u>49</u>
<b>CASH, END OF YEAR</b>	<b><u>43</u></b>	<b><u>13</u></b>

See accompanying notes to the financial statements

## Statement of Changes in Net Financial Assets

For the year ended December 31 (in thousands of dollars)

	Budget 2020 (Note 1I)	2020	2019
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ -	\$ 1,907	\$ 13,881
Amortization of tangible capital assets	-	19,400	18,905
Proceeds on disposal of tangible capital assets	-	180	341
Acquisition of supplies inventories	-	(251)	522
Use of supplies inventories	-	(869)	(196)
Prepaid assets	-	(74)	37
Loss on sale of tangible capital assets	-	658	288
Acquisition of tangible capital assets	(35,726)	(14,878)	(36,668)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(35,726)	6,073	(2,890)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	-	39,002	41,892
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	-	45,075	39,002

See accompanying notes to the financial statements

## Notes to Financial Statements

The Calgary Police Service ("CPS"), which operates under the provisions of the Police Act of the Province of Alberta, is a business unit of The City of Calgary ("The City") and is not a separate legal entity. The Police Act provides for public accountability of the CPS through the Calgary Police Commission. The Calgary Police Commission reports directly to Calgary City Council for budget matters relating to the CPS. CPS expenditures are primarily funded by mill rate support from The City. The City retains legal ownership and title to all land and property used by the CPS. The City also provides various corporate and administrative services, including the recognition and funding of liabilities relating to environmental and legal matters relating to the CPS, as discussed in Notes 9 and 10.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CPS are prepared by management in accordance with Canadian public-sector accounting standards ("PSAS").

#### a) Basis of Presentation

The financial statements of the CPS include and reflect all of the assets, liabilities, revenue and expenses except as indicated below and in Note 10, notwithstanding that The City retains legal title to all land and property of the CPS. Corporate and administrative services, including the recognition and funding of liabilities relating to environmental and legal matters, provided by The City at no cost, have not been fair valued and recorded in these financial statements, as discussed in Notes 9 and 10. These financial statements do not reflect all tangible capital assets owned by The City and used by the CPS.

#### b) Basis of Accounting

- i) Revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized in the period the goods and services are acquired and a liability is incurred, or transfers are due.
- ii) Government transfers and grants are recognized in the financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### c) Investments

Investments are managed for the CPS by The City, consistent with other City of Calgary business units.

Included in investments are temporary investments in money market instruments and portfolio investments such as fixed income bonds. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis.

#### d) Deferred Revenue

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts are recognized as revenue in the period when the related expenditures are incurred.

#### e) Capital Deposits

Capital deposits represent amounts received from third parties for specified capital projects. Deposits must be expended on projects for which they are designated and are recognized as revenue in the capital fund as expenditures are made.

#### f) Inventories of Materials and Supplies

Inventories are valued at the lower of cost, calculated on a weighted average basis, and replacement cost.

**g) Employee Benefit Obligations**

***Pension Benefits***

- i) Contributions to multi-employer plans are expensed when the contributions are due.
- ii) The cost of City-sponsored, registered defined benefit pension plans, non-registered defined benefit pension plans, and post-employment benefits are recognized when earned by the members. These costs are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Plan obligations are discounted using The City's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future.
- iii) CPS records the actuarially determined excess of the accrued benefit obligation over the market value of the plan assets for The City sponsored, registered defined benefit pension plans. For jointly sponsored plans, CPS records its proportionate share of that excess. For non-registered, defined benefit plans and other retirement benefit obligations, CPS records the estimated proportionate share of the actuarially determined accrued benefit obligation only. The City holds assets within its cash and investments to address these obligations. No obligations are recorded for multi-employer defined benefit pension plans administered by external parties as CPS' share of those obligations is not readily determinable.
- iv) Adjustments arising from experience gains and losses are amortized on a straight-line basis over the expected average remaining service period of active employees. Adjustments arising from prior service costs related to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs.

***Post-Employment Benefits***

- i) In addition to pension benefits, the CPS has various post-employment benefits and termination benefits obligations earned by employees and expected to be provided to them when they are no longer providing active service.
- ii) The City has recorded its total estimated obligations with respect to its post-employment benefits and termination benefits, a portion of which was recorded as an obligation to be funded from future years' revenues, as indicated in Note 6. Amounts attributable to the CPS have been recorded similarly.

***Obligations to be funded in future years***

The City has recorded its total estimated employee benefit obligations, a portion of which is recorded as an obligation to be funded from future years' revenues, as indicated in Note 6. Future obligations will be addressed through a portion of the CPS budget.

Employee benefit obligations include liabilities for pensions, other retirement benefits, vacation and overtime.

- i) For the defined benefit multi-employer plans, The City's contributions are expensed when they are due and payable. Thus, no obligations are recorded as the actuary for these plans does not attribute portions of the obligation to individual employers.
- ii) For City-sponsored registered defined-benefit pension plans, non-registered defined-benefit pension plans, other retirement benefits, vacation and overtime the costs are recognized when earned by plan members.

**h) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

**i) Accumulated Surplus**

Accumulated surplus represents the CPS' net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that CPS has net resources (financial and physical) that can be used to provide future services. An accumulated deficit would mean that liabilities are greater than assets.

**j) Tangible Capital Assets**

Tangible capital assets, including assets held under capital leases, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Interest charges are not capitalized.

Work in progress represents assets which are not available for use and therefore are not subject to amortization.

The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Buildings	10 - 75
Vehicles	2 - 15
Land improvements	5 - 40
Machinery and equipment	
Computer equipment	3 - 5
Boats	3 - 25
Furniture & equipment	5 - 25

**k) Equity in Non-Financial Assets**

Equity in non-financial assets represents the investment in non-financial assets, excluding prepaid assets, after deducting the portion of these assets that have been financed by long-term debt.

**l) Budget Figures**

The City of Calgary Council approved 2020 operating and capital budgets are reflected on the Statement of Operations and Accumulated Surplus and on the Statement of Changes in Net Financial Assets. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be incurred over one or more years and therefore may not be comparable with the current year's actual amounts.

**m) Financial Instruments, Related Risks and Fair Values**

CPS' financial instruments consist of cash, investments, receivables, due from The City and accounts payable. The carrying value of these financial instruments approximates their fair value due to their short period to maturity, except with respect to investments, as indicated in Note 2.

**Credit Risk**

CPS' credit risk is attributable to its receivables and due from The City and is considered low as these balances are due from the Federal and Provincial governments and The City.

**Liquidity Risk**

Liquidity risk is the risk that CPS will be unable to meet its contractual cash outflow obligations as they come due. CPS mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining availability of cash through cash on hand to meet its liquidity requirements.

The City and the CPS are exposed to the risk that arises from fluctuations in interest rates and exchange rates and the degree of volatility of these rates.

The City utilizes derivative financial instruments in order to reduce the impact of fluctuating interest rates on its short-term investments and fluctuating foreign currency exchange rates on anticipated future expenditures in foreign currencies. The City's policy is not to utilize derivative financial instruments for trading or speculative purposes. The City does not hold any derivatives related to CPS investments.

**n) Environmental Provisions**

The City has a formal environmental assessment and reclamation program in place to ensure it complies with environmental legislation. The City, on behalf of the CPS, provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured.

**o) Use of Estimates**

The preparation of financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Where estimation uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, accounts receivable collections, accrued liabilities, contingencies and employee benefit obligations are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

There are various uncertainties that have arisen from the COVID-19 pandemic. While CPS continues to monitor the impact of the pandemic on operations, including impact on its employees, customers, vendors and community, it is difficult to accurately predict the impact the pandemic will have on future results of its operations and financial position, as this is outside the control of CPS. The scope, duration, and magnitude of the direct and indirect effects of COVID-19 continue to evolve and in ways that are difficult or impossible to anticipate. This may cause uncertainties to accounting estimates. Due to these uncertainties, accounting estimates may change, as CPS' assessment of the impacts of the COVID-19 pandemic continues to evolve.

**p) Write-downs**

When conditions indicate that a tangible capital asset no longer contributes to a government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value. The write-downs of tangible capital assets would be accounted for as expenses on the Statement of Operations and Accumulated Surplus.

**q) Inter-entity Transactions**

Inter-entity Transactions ("PS 3420") specifically addresses the reporting of transactions between entities controlled by the government's reporting entity from both a provider and recipient perspective. Disclosure of this information is required whether or not the transaction is given accounting recognition. CPS does not recognize those transactions related to unallocated costs in the financial statements. Refer to Note 9 c) for further discussion of inter-entity transactions.

**r) Restructuring Transactions**

Restructuring Transactions ("PS 3430") establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. There were no transactions impacting the financial statements.

**s) Future Accounting Standards**

Standard effective for year ends beginning on or after April 1, 2022:

i) Asset Retirement Obligations

Asset Retirement Obligations ("PS 3280") provides guidance relating to obligations to retire tangible capital assets of a public-sector entity that are predictable and unavoidable.

Standard effective for year ends beginning on or after April 1, 2023:

ii) Revenue

Revenue ("PS 3400") provides guidance relating to the recognition of revenue that distinguishes between revenue arising from transactions that include performance obligations and from transactions that do not have performance obligations.

The Service is currently assessing the impact of future accounting standards on the financial statements.

**2. INVESTMENTS**

All the investments managed by The City, on behalf of the CPS, are held in fixed income securities. The total investments holdings have a value of \$1,047 (2019 - \$992) and a market value of \$1,084 (2019 - \$1,026).

The average yield on the cost of these investments during the year was 3.583% (2019 – 3.487%) per annum.



### 3. TANGIBLE CAPITAL ASSETS

#### 2020

		Opening Cost	Additions	Disposals	Closing Cost	Accumulated Amortization	Net book value
Land	\$	52,710	5	-	52,715	-	52,715
Land Improvements		6,655	-	-	6,655	3,551	3,104
Buildings		182,914	36,917	(11,197)	208,634	69,329	139,305
Machinery and equipment		70,404	30,792	(21,205)	79,991	56,989	23,002
Vehicles		42,434	4,354	(3,236)	43,552	23,182	20,370
		<u>355,117</u>	<u>72,068</u>	<u>(35,638)</u>	<u>391,547</u>	<u>153,051</u>	<u>238,496</u>
Work in Progress		33,501	2,578	(31,128)	4,951	-	4,951
Tangible Capital Assets	\$	<u>388,618</u>	<u>74,646</u>	<u>(66,766)</u>	<u>396,498</u>	<u>153,051</u>	<u>243,447</u>

#### 2019

		Opening Cost	Additions	Disposals	Closing Cost	Accumulated Amortization	Net book value
Land	\$	52,710	-	-	52,710	-	52,710
Land Improvements		6,655	-	-	6,655	3,165	3,490
Buildings		171,717	11,197	-	182,914	61,956	120,958
Machinery and equipment		71,400	3,321	(4,317)	70,404	53,189	17,215
Vehicles		39,234	5,345	(2,145)	42,434	21,501	20,933
		<u>341,716</u>	<u>19,863</u>	<u>(6,462)</u>	<u>355,117</u>	<u>139,811</u>	<u>215,306</u>
Work in Progress		16,688	24,432	(7,619)	33,501	-	33,501
Tangible Capital Assets	\$	<u>358,404</u>	<u>44,295</u>	<u>(14,081)</u>	<u>388,618</u>	<u>139,811</u>	<u>248,807</u>

#### 4. DEFERRED REVENUE

	2020	2019
Balance, beginning of year	\$ 8,686	\$ 8,302
Addition to deferred revenues	33,731	17,822
Revenue recognized	(33,238)	(17,438)
Balance, end of year	<u>\$ 9,179</u>	<u>\$ 8,686</u>

Deferred revenue is comprised of the following:

	2020	2019
Government transfers	\$ 8,701	\$ 8,351
Private contributions	446	278
Advanced Sales of Goods & Services	32	57
	<u>\$ 9,179</u>	<u>\$ 8,686</u>

#### 5. CAPITAL DEPOSITS

Capital deposits represent funds received for the Municipal Sustainability Initiative ("MSI") and for amounts received under the New Community Assessment program at The City. Deposits must be expended on projects for which they may be designated and are recognized as revenue when expenditures are made.

	2020	2019
Balance, beginning of year	\$ 29,993	\$ 32,490
Deposit - New Community Assessment	9,738	959
Deposit - MSI Provincial Grant	-	12,206
Withdrawal - New Community Assessment	(544)	(3,456)
Withdrawal - MSI Provincial Grant	-	(12,206)
Balance, end of year	<u>\$ 39,187</u>	<u>\$ 29,993</u>

## 6. EMPLOYEE BENEFIT OBLIGATIONS

CPS employees and elected officials qualify to belong to one or more multi-employer pension plans, defined-benefit pension plans, and other retirement benefit plans provided by The City. Employee benefit obligations are liabilities of the CPS, as part of The City, to its employees and retirees for benefits earned but not taken as of December 31.

The City has fully met its current year cash contribution obligations for employee benefit obligations at December 31, 2020. The City and its employees have an obligation to fund the unamortized net actuarial losses for its post-retirement benefits, registered and non-registered defined-benefit pension plans and for its share of the multi-employer plans. The losses are expected to be funded through future increases in contributions and future changes in actuarial assumptions. The concept of funding refers to amounts recorded in the CPS financial statements as described below:

	<b>2020 Funded</b>	<b>2019 Funded</b>
a) The Calgary Police Supplementary Pension Plan ("PSPP") – Registered Defined Benefit Pension Plans	\$ 1,562	\$ 1,553
b) City of Calgary Overcap Pension Plan ("OCP") for the Police Chief and Deputies – Non-registered Defined Benefit Pension Plans	715	2,435
c) Other retirement benefits	60,531	58,319
d) Vacation and overtime (undiscounted)	64,275	59,032
Total	<u>\$ 127,083</u>	<u>\$ 121,339</u>

### **Accounting Methodology**

Annual valuations for accounting purposes are completed for The City sponsored registered and non-registered defined-benefit pension plans and post-retirement benefits using the actuarial projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements.

The significant actuarial assumptions used for the valuations of the registered defined-benefit plans (Note 6a), non-registered defined-benefit pension plans (Note 6b) and other retirement benefits (Note 6c) are as follows:

Date of actuarial accounting valuation	Dec. 31, 2020	Dec. 31, 2019
Year-end obligation discount rate (%)	2.50	2.85
Inflation rate (%)	2.00	2.00
Long term rate of return on plan assets (%)	6.00	6.00
Rate of compensation increase	(included within each section)	

### **a) The Calgary Police Supplementary Pension Plan ("PSPP")**

The PSPP commenced on January 1, 1975 and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. Police officers who have retired after September 1, 1979 are covered under the Special Forces Pension Plan (Note 6e ii)).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007, the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. Since 2003, the liabilities associated with these continued benefits have been accounted for under the appropriate PSAS guidelines.

Sufficient funds are held with The City's investments to cover the liabilities as determined by the actuarial valuation as at December 31, 2020.

The significant actuarial assumptions used for the actuarial accounting valuations of the PSPP are as follows:

Date of actuarial accounting valuation	Dec. 31, 2020	Dec. 31, 2019
Year-end obligation discount rate (%)	2.50	2.85
Inflation rate (%)	2.00	2.00
Long term rate of return on plan assets (%)	6.00	6.00
Expected average remaining service life ("EARSL")	0.0	0.0

The results of, and significant assumptions utilized, in the most recent actuarial accounting valuations for registered plans include:

	2020	2019
Fair value of plan assets - beginning of year	\$ -	\$ -
Employer contributions	166	161
Less benefits paid	(166)	(161)
Fair value of plan assets - end of year	\$ -	\$ -
Accrued benefit obligation – beginning of year	\$ 1,553	\$ 1,632
Interest cost	42	50
Less benefits paid	(166)	(161)
Actuarial loss	133	32
Accrued benefit obligation - end of year	\$ 1,562	\$ 1,553
Funded status – plan deficit	\$ 1,562	\$ 1,553
Unamortized net actuarial loss	-	-
Accrued benefit liability	\$ 1,562	\$ 1,553
Interest costs	\$ 42	\$ 50
Amortization of actuarial losses	133	32
Total expense	\$ 175	\$ 82

Actuarial gains and losses are amortized over the expected average remaining service life ("EARSL") of the PSPP and commence in the period following the determination of the gain or loss.

#### b) City of Calgary Overcap Pension Plan ("OCP") for the Chief and Deputies

The OCP commenced on February 1, 2000. The plan is sponsored and administered by The City and provides supplementary pension benefits for management employees, the Police Chief and Deputies.

The OCP for management employees provides a coordinated benefit with the LAPP (Note 6e i)), and the SFPP, to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service since the later of January 1, 1992 and the date of hire with The City.

The significant actuarial assumptions used for the actuarial accounting valuations of The City of Calgary Police Chief and Deputies Overcap Pension Plan ("PCDOPP") are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Date of actuarial accounting valuation		
Year-end obligation discount rate (%)	2.50	2.85
Inflation rate (%)	2.00	2.00
Long term rate of return on plan assets (%)	N/A	N/A
Rate of compensation increase	1.50	1.50
Expected average remaining service life ("EARSL")	6.8	6.4

The results of, and significant assumptions utilized, in the December 31, 2020 actuarial accounting valuations for the PCDOPP of the Police Chief and Deputies is as follows:

	2020	2019
Accrued benefit obligation – beginning of year	\$ 5,919	\$ 7,029
Current service cost	51	163
Interest cost	135	184
Less benefits paid	(2,472)	(3,033)
Actuarial loss	425	1,576
Accrued benefit obligation - end of year	\$ 4,058	\$ 5,919
Funded status – plan deficit	\$ 4,058	\$ 5,919
Unamortized net actuarial (loss)	(3,343)	(3,484)
Accrued benefit liability	\$ 715	\$ 2,435
Current service costs	\$ 51	\$ 163
Interest costs	135	184
Amortization of actuarial losses	566	338
Total expense	\$ 752	\$ 685

Assets in the amount of \$715 (2019 - \$2,435) to satisfy the obligations under these plans are held within The City's investments.

Actuarial gains and losses are amortized over the expected average remaining service life (EARSL) of the PCDOPP for Police Chief and Deputies and commence in the period following the determination of the gain or loss.

### c) Other retirement benefits

The City sponsors post retirement benefits for extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Plan begins. After 10 years or age 65, the life insurance policy reduces to a paid-up death benefit based on the number of years of contributory service prior to retirement. The City and the retirees share equally in the cost of benefits. Due to the joint nature of the plan and the cost sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability. The City sponsors a non-contributory retiring allowance of up to 7 weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense as the employees provide service. The City also sponsors a supplementary compensation plan for employees that are disabled, or survivors of employees killed in the line of duty. The supplementary compensation plan is deemed a closed plan where employees are not actively accruing benefits.

Full actuarial valuations for other retirement benefits were (and will be) performed as stated below.

	<b>Latest Full Actuarial Valuation Date</b>	<b>Next Full Actuarial Valuation Date</b>
Post-Retirement Benefits	December 31, 2020	December 31, 2021
Retiring Allowance	December 31, 2020	December 31, 2021
Supplementary Compensation	December 31, 2020	December 31, 2021

The results of, and significant assumptions utilized, in the December 31, 2020 actuarial accounting valuations for other retirement benefits included:

	2020	2019
Accrued benefit obligation – beginning of year	\$ 45,530	\$ 41,270
Adjustment	1,173	2,998
Current service cost	2,978	2,844
Interest cost	1,382	1,489
Less benefits paid	(2,377)	(2,610)
Curtailment (gain)	-	(2,959)
Actuarial (gain) loss	(1,333)	2,498
Accrued benefit obligation - end of year	\$ 47,353	\$ 45,530
Funded status – plan deficit	\$ 47,353	\$ 45,530
Plan assets (1)	(744)	(698)
Unamortized net actuarial loss	13,922	13,487
Accrued benefit liability (2)	\$ 60,531	\$ 58,319
Current period benefit cost	\$ 2,978	\$ 2,844
Curtailment (gain)	-	(2,959)
Interest on accrued benefit obligations	1,382	\$ 1,489
Amortization of actuarial loss	(1,262)	(812)
Total expense	\$ 3,098	\$ 562

	<b>2020</b>	<b>2019</b>
Rate of compensation increase % (excluding merit & promotion) (3)	2.00%	1.00%
Annual increase in extended health care costs	7.33%	7.33%
Annual increase in dental costs	4.00%	4.00%
EARSL (4)	12.3 yr	12.4 yr

- (1) Plan Assets in the amount of \$744 (2019 - \$698) to satisfy future life claims are equal to fair market value.
- (2) Assets in the amount of \$60,531 (2019 - \$58,319) to satisfy the obligations under these plans are held within The City's investments.
- (3) Annual increases for police are: 2021: 2.00%; 2022 and thereafter: 2.00% per annum.
- (4) Actuarial gains and losses are amortized over the EARSL of the related employee group commencing in the period following the determination of the gain or loss.

**d) Vacation and overtime**

The vacation and overtime liability comprise the vacation and overtime that employees are deferring to future years. Employees who have deferred vacation or overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash or otherwise entitled within the next budgetary year. Assets in the amount of \$64,275 (2019 - \$59,032) to satisfy the obligations under these programs are held within The City's investments.

**e) Multi-employer pension plans**

Civic employees, with the exception of police officers, are members of the LAPP. Police officers are members of the SFPP. Both plans are multi-employer, defined-benefit pension plans jointly sponsored by employees and employers through the LAPP Corporation and administered by Alberta Pension Services ("APS").

Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans following the standards for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's current service contributions to the plan as determined by APS for the year and no obligation is recorded in The City's financial statements. As at December 31, 2019, both the LAPP and SFPP were in surplus positions.

**i) Local Authorities Pension Plan ("LAPP")**

The LAPP plan provides an annual retirement benefit of 1.4% of earnings up to the year's maximum pensionable earnings ("YMPE") and 2% of earnings over YMPE. Under the Alberta Public Sector Pension Plans Act, the CPS and members of the LAPP plan made the following contributions:

	<b>2020</b>		<b>2019</b>	
	<b>Employer</b>	<b>Members</b>	<b>Employer</b>	<b>Members</b>
Current service contributions	\$7,433	\$6,710	\$7,405	\$6,955
Contribution Rates (% of pensionable salaries)	9.39% of YMPE and 13.84% over YMPE	8.39% of YMPE and 12.84% over YMPE	9.39% of YMPE and 13.84% over YMPE	8.39% of YMPE and 12.84% over YMPE

The LAPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2019 of \$7.9 billion. More recent information for the 2020 year was not available at the time of preparing these financial statements. LAPP consists of over 167,162 active members. The City's plan membership is approximately 8.0% of which the CPS portion is approximately 0.42%. The LAPP Board did not change contribution rates in 2020 for members and employers. The City's 2020 contribution rates remained unchanged.

ii) Special Forces Pension Plan ("SFPP")

The SFPP provides an annual retirement benefit of 1.4% of pensionable earnings up to YMPE, 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the Income Tax Act (Canada). Under the *Alberta Public Sector Pension Plans Act*, The City and members of the SFPP plan made the following contributions:

	2020		2019	
	Employer	Members	Employer	Members
Current service contributions	\$36,729	\$33,736	\$35,342	\$33,785
Contribution Rates (% of pensionable salaries)	14.55%	13.45%	14.55%	13.45%

The SFPP reported a surplus (extrapolation results of the actuarial valuation) for the overall plan as at December 31, 2019 of \$185 million. More recent information for the 2020 year was not available at the time of preparing these financial statements. SFPP consists of 4,570 active members. The City's plan membership, which consists of primarily CPS members, is approximately 49%. The City's 2020 contribution rates did not change as a result of this surplus.

**7. ACCUMULATED SURPLUS**

	2020	2019
Equity in Non-Financial Assets	\$ 246,943	\$ 251,183
Capital Fund	(3,014)	(1,893)
Reserves (Note 8)	51,358	44,090
	<u>\$ 295,287</u>	<u>\$ 293,380</u>

**8. RESERVES**

Reserves consist of operating and capital reserves as follows:

	2020	2019
Vehicle capital financing	\$ 30,975	\$ 22,139
Red Light Camera	9,540	12,193
Court Fine Operating	4,000	4,000
Helicopter operating maintenance	3,294	2,236
Capital (Pay-As-You-Go)	2,500	2,500
Automated Fingerprint Identification System	1,047	992
Capital financing (Treasury interfund)	1	29
Lifecycle Maintenance Reserve	1	1
	<u>\$ 51,358</u>	<u>\$ 44,090</u>



## 9. RELATED PARTY TRANSACTIONS

- a) The CPS conducts transactions with The City in the normal course of business. Expenditures aggregate \$99,430 (2019 - \$102,271), and recoveries include \$6,077 (2019 - \$7,816) of transactions with The City. The CPS also receives Mill Rate Support from The City of \$414,353 (2019 - \$394,253) (Note 11) and has an amount due from The City of \$244,589 (2019 - \$214,778).
- b) The CPS conducts transactions with ENMAX Corporation ("ENMAX"), a wholly owned subsidiary of The City, in the normal course of business. Expenditures include \$3,229 (2019 - \$3,715), and recoveries include \$76 (2019 - \$Nil) of transactions with ENMAX. Of these amounts, \$76 (2019 - \$Nil) are included in general receivables and \$209 (2019 - \$376) are included in accounts payable.
- c) The City, consistent with its treatment of other business units, provides services to the CPS at no cost. These services include the provision of certain premises, payroll and some human resource functions, treasury functions, including investing, borrowing, banking, and cashiers, and finance functions such as accounts payable disbursements and accounts receivable administration. In addition to these services, the CPS utilizes The City's enterprise systems (PeopleSoft), along with available support, to complete day to day work. These PeopleSoft systems include supply management, accounts payable, accounts receivable, finance, budgets, and human resources. CPS has elected not to record these transactions related to unallocated costs in the financial statements.

## 10. COMMITMENTS AND CONTINGENCIES

- a) The Calgary Police Service has the following office space lease commitments for the years 2021 to 2044.

2021	481
2022	436
2023	294
2024	80
2025 and thereafter	835
	<hr/>
	\$ 2,126

- b) Capital commitments of \$1,302 (2019 - \$8,144) are not reflected in the financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2020, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year's capital budget of \$35,726 (2019 - \$60,275) and will be funded from reserves.
- c) In the ordinary course of business, various claims and lawsuits are brought against the CPS. The City, on behalf of the CPS, has recorded a provision for these claims and lawsuits. The costs associated with defending the lawsuits and any settlements arising from the claims and lawsuits are borne by The City and accordingly, no provision has been recorded in these financial statements with respect to the claims and lawsuits.
- d) The City, on behalf of the CPS, has recorded a provision for environmental liabilities. The costs associated with any environmental liabilities are borne by The City and accordingly, no provision has been recorded in these financial statements with respect to environmental liabilities.
- e) CPS provides funding of certain operating costs to the Calgary Police Youth Foundation, which commenced June 2014. Operating costs include but are not limited to administrative expenses and the salary for the Executive Director. The operating costs paid are determined annually based on budgeted figures.

- f) CPS provides funding of certain operating costs to YouthLink Calgary – The Calgary Police Service Interpretive Centre, which commenced March 2015. Operating costs include, but are not limited to administrative expenses, salaries, wages, fringe benefits, and the salary for the Executive Director. The operating costs paid are determined annually based on budgeted figures.

**11. MILL RATE SUPPORT FROM THE CITY OF CALGARY**

	<b>2020</b>		<b>2019</b>	
Approved Net Operating Budget Allocation	\$	414,353	\$	394,253
Total Mill Rate Support from The City of Calgary	\$	414,353	\$	394,253



**Calgary Police Commission  
Finance & Audit Committee  
Terms of Reference – 2021**

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**1. Purpose Statement**

On behalf of the Commission, this committee is the steward of the business planning and financial oversight process of the Calgary Police Service, as required in the Alberta Police Act.

**2. Key Areas of Responsibility**

a) Business Plan & Budget Stewardship

- Oversee and provide guidance in the development of the service's multi-year budget and business plan.
- Oversee and provide guidance in the development of the service's annual budget adjustments, if any.
- Work with the Executive Director in the development of the commission's annual budget for approval to the Commission.

b) Financial Reporting and Monitoring

- Review and understand variances from budgets and understand any significant changes in financial risk exposures as well as CPS financial risk management strategies
- Review sourcing of other funds for CPS
- Review CPS reports regarding assigned staff vs authorized strength
- Monitor Commission budget, in consultation with Executive Director

c) Internal Audit

- Oversee and inform the development of internal operational audits
- Monitor the implementation of recommendations arising from operational audit reports, if any

d) External Audit

- Provide independent oversight of external audit reports.
- Oversee external financial audits of CPS activities including value-for-money audits.
- Monitor the implementation of recommendations arising from financial audit reports, if any.
- Recommend to the Commission the approval of the annual audited financial statements.

e) Information and Technology Management

- Oversee the service's use and management of its information, information systems, and technologies by understanding any threats or vulnerabilities within the IT environment that may affect CPS funding, security and privacy of information, or confidence in CPS.

f) General

- Review policies in response to audit findings and as part of regular mandated review, and make recommendations to the Commission regarding policies that provide for effective and efficient policing in accordance with section 31(1)(b) of the Act.

#### **4. Membership Appointment & Obligations**

- a) The commission determines the membership of the Finance & Audit Committee.
- b) Whenever possible, the majority of the committee will be comprised of members defined as 'independent' through the Commission's Independent Assessment Evaluation.
- c) The committee, once its members are appointed at the annual organizational meeting of the Commission, will elect the committee chair in accordance with the Calgary Police Commission Procedures.

#### **5. Decision Making Authority & Lines of Communication**

- a) The commission may delegate tasks and projects to the committee.
- b) The committee chair may appoint a designate.
- c) The committee must present its recommendations to the commission for approval.
- d) The commission chair may take action in urgent or time sensitive situations. An effort will be made to confer with all committee members where possible. Information regarding the issue, rationale and action taken must be provided to all commission members as soon as possible.
- e) The committee chair will ensure the commission chair is advised of significant committee activities in a timely fashion.
- f) The commission chair may designate the committee chair to speak to the media regarding deliberations of the committee.
- g) In accordance with the Commission communication policy, formal communication between the service and the Commission shall be conducted through the Executive Director and/or Chair and the Office of the Chief.

#### **6. Committee Decision Making**

- a) A quorum of the committee shall consist of three (3) members.
- b) When agreement of all members cannot be reached on a particular issue or item, the issue will be decided by a majority vote. In the event of a tie, the chair will cast the deciding vote.
- c) Members must unilaterally respect and must not publicly or privately discredit any final decision of the committee.



# **CALGARY POLICE SERVICE**

## **Annual Policing Plan**

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# **2021**

# SUMMARY

This Annual Policing Plan (APP) presents the yearly priorities and strategies of the Calgary Police Service (CPS). The APP supports effective decision-making, investments, improvements to organizational performance, and efficiency and effectiveness of the CPS.

## **Subjects/Keywords:**

Police, Annual Policing Plan, Service Plan, Work Plan,  
Business Plan, Action Plan, Performance Measures, Projects,  
Strategic Plan, Priorities

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# A message from the Chief and Executive Leadership Team



We are pleased to present the Calgary Police Service (CPS) Annual Policing Plan for 2021. The Plan outlines the main activities the CPS will undertake over the year to address the priorities identified in the Council-approved One Calgary: 2019-2022 Service Plans and Budgets and the goals of Our Strategy, the Service's long-term strategic plan. It will outline how the CPS will prioritize its resources to meet the expectations of Calgary's 1.3 million residents.

Together with our partners and community, we remain committed to early intervention, prevention and education, investigative excellence and enforcement to keep our community safe. The crime and call demands shifted in 2020, and many of these changes were directly related to COVID-19. Property crimes targeting people's homes and vehicles have dropped dramatically as residents were home more often. Calls related to non-violent domestic situations and disorder events have increased. The number of homicides and shootings have also increased.

This year promises to be a transformative one for the CPS. In 2020, we heard from our members that we must explore alternatives to the way we currently deploy our resources to address the demand on patrol. In our conversations with the community about systemic racism and equity, we heard that we must explore new and more effective ways to respond to Calgarians in crisis. With our partners, we have committed to the Community Safety Investment Framework, which will fund initiatives that better address crisis prevention and response in our city. Citizens expect us to find efficiencies while maintaining a high standard of service to address what Calgarians have voiced as their top concerns; drug-related offences, break and enter incidents, gang violence, theft (including theft of vehicles), and traffic violations.



The CPS has reported high levels of support from the community for many years; in 2020, 89 per cent of Calgarians were satisfied with the CPS. Despite the high satisfaction rate, the CPS cannot ignore the voices of those who do not feel we provide adequate policing. Trust and confidence in policing has been shaken by several high-profile incidents of police misconduct in North America and the worldwide protests against police brutality and systemic racism that followed. Black, Indigenous and People of Colour shared their lived experiences of racism and inequity at the July 2020 public consultations at City Council. We take these experiences seriously and have committed to working with our diverse communities on anti-racism, equity and inclusion to ensure we provide equitable service to all Calgarians. Every interaction we have with one another and with those we serve must be rooted in our values of respect, compassion, honesty, integrity, courage, fairness and accountability.

Our members are our most valued resource. With dedication and professionalism, CPS members continue to face challenges resulting from the COVID-19 pandemic, changing crime trends in our city, and evolving public expectations. The CPS Executive Leadership Team has heard calls to better engage with membership in the work that lies ahead. We are committed to the health and wellness of our employees by providing a safe, supportive work environment. We sincerely thank our members for their continued service to our community.

Chief  
Mark Neufeld

Deputy Chief  
Paul Cook

Deputy Chief  
Chad Tawfik

Deputy Chief  
Katie McLellan

Deputy Chief  
Raj Gill

# CPS Governance and Leadership



## Calgary Police Commission



**Chief Constable**



**Executive  
 Leadership Team  
 (ELT)  
 Chief & Deputies**



**Senior Leadership  
 Team (SLT)  
 Superintendents &  
 Executive Directors**



## Organization



The Calgary Police Commission (CPC) provides civilian oversight and governance to the CPS. Members of the CPC are citizen volunteers, appointed by Calgary City Council in accordance with the Alberta Police Act. There are ten citizen members and two City Councillors.

The Executive Leadership Team (ELT) is composed of the Chief Constable and four Deputy Chiefs. They are responsible for leadership on the strategic plan, delivery of the strategic goals, implementation of the Service Plan, and management of corporate risks. The ELT oversees decision-making for capital and operating expenditures, human resource planning, project prioritization, and allocation of resources. The ELT reports progress on the strategic and business plans to the CPC.

The Senior Leadership Team (SLT) is composed of division-level management, including Superintendents and Executive Directors. This cross-functional committee oversees work across Divisions, while ensuring alignment and deconfliction with other areas of the Service. They provide oversight to all corporate initiatives including strategies, programs, projects and audit recommendations. They are responsible for managing risks and issues that may affect CPS operations.

Through the “**One Team**” Charter, ELT and SLT members made a collective commitment towards building and maintaining a healthy, competent, professional, high performing Service. They are responsible for overall Service-wide leadership, business and operational results, and communicating clear and consistent strategic focus to employees and stakeholders.

# CPS Organizational Chart

## ● Calgary Police Commission

### ● Chief of Police

#### ○ The Office of the Chief

— Executive Office

— Legal & Regulatory Services Division

#### ○ Bureau of Investigative Support

— Resource Team

— Criminal Investigations Division

— Criminal Operations & Intelligence Division

#### ○ Bureau of Community Policing

— Resource Team

— Community Policing South Division

— Community Policing North Division

— Operational Support Division

#### ○ Bureau of Service & Community Support

— Resource Team

◦ Portfolio Management Office

— Finance & Fleet Division

— Information & Risk Management Division

— Information Technology & Infrastructure Division

— Strategic Planning & Partnerships Division

#### ○ Bureau of People & Organizational Development

— Resource Team

— Learning & Recruitment Division

— Human Resources Division

— Wellness & Resiliency Division



# Strategic and Service Plan Alignment

The Annual Policing Plan is a one-year plan that operationalizes Our Strategy, the CPS' long-term strategic direction that articulates our mission, vision, values, approach, and our five equally important long-term goals:

- **GOAL 1: Increased community safety & well-being**
- **GOAL 2: Increased public trust & confidence**
- **GOAL 3: Increased equity, diversity, & inclusion**
- **GOAL 4: Increased efficiency & effectiveness**
- **GOAL 5: Increased employee satisfaction & engagement**

This plan is intended to provide clarity to our membership and the community on direction and priority initiatives for the CPS in 2021, and to support the oversight and governance role of the Calgary Police Commission. It shows a line of sight between our work and strategic goals, toward achieving quality policing services and maximum value to Calgarians.

The Annual Policing Plan is guided by our commitments to Calgarians through the One Calgary: 2019–2022 Service Plans and Budgets, the City of Calgary's four-year budget and business plan.



# Our Services to the Community

Calgarians rely on a workforce of nearly 3,000 dedicated members to provide a variety of police services, for example:

## Responding to calls for service



Patrol officers receive approximately 565,000 calls for service per year, responding to them 24 hours a day, seven days a week. Police officers respond to safety concerns ranging from violent crime and property crime, domestic disputes, disorder events, and traffic offences. They carry out many policing functions, including investigations, traffic enforcement, offender management, crime prevention and community engagement.

The CPS partners with many agencies to deliver adequate response to safety concerns in the community. One example is the Police and Crisis Team (PACT), established in 2009 as a collaboration between the CPS and Alberta Health Services (AHS) to provide joint outreach to address incidents involving individuals or families experiencing a mental health, addiction or psychosocial crisis.

## Investigation and intelligence-led policing



Police officers and civilian employees across the Service are called upon to investigate a variety of crime events. We deliver criminal investigations, support victims of crime and their families, provide technical expertise, champion intelligence-led policing practices, and drive proactive policing initiatives.

Investigative capacity is supported by access to technology and resources such as the Forensic Firearms Lab that provides investigators access to firearms related intelligence within hours or days of an incident.

The Real Time Operations Centre (RTOC) is a 24/7 real-time command-based unit to mobilize and coordinate patrol and investigative police resources using the principles of operational command and control, intelligence-led policing, collaborative information sharing and timely communication flow.

## Traffic safety and education



Road safety and education is the responsibility of all Patrol officers and supporting areas. Members from the Residential Traffic Safety Unit engage with schools to educate on traffic and pedestrian safety, and deploy the Checkstop vehicle to address impaired driving. The unit engages with City departments, Alberta Infrastructure and other partners to proactively address traffic concerns utilizing collaborative problem-solving approaches.

The Alberta Motor Association (AMA) School Safety Patroller program introduces students to school zone and pedestrian safety. Every school year, more than 6,000 students participate in a fall training session delivered by the CPS in schools.

## Prevention, education and early intervention



The CPS works with many partners to provide resources to youth, vulnerable populations, and diverse communities. One example is the School Resource Officer (SRO) program. In operation since 1976, the program assists 450 Calgary schools by delivering youth mentorship and support to students who may be involved in conflict or are being victimized by their peers.

Together with its partners, the CPS also delivers several targeted prevention programs for vulnerable children and youth, including the Multi-Agency School Support Team (MASST), Youth at Risk Development (YARD) Program, Integrated School Support Program (ISSP), Start Smart Stay Safe (S4), and Powerplay.

## Major events management



The Major Events and Emergency Management Section (MEEMS) ensures public safety at more than 600 events per year through extensive risk assessment, planning, and collaboration with organizers. Events include small community gatherings, protests, and large-scale events such as the Calgary Stampede.

## Community presence and engagement



Patrol officers, Community Resource Officers, BEAT Officers, and Mountain Bike Unit Teams focus on community engagement and crime prevention.

The Diversity Resources Team (DRT) liaises with community members from culturally, racially, geographically, religious, sexually diverse, and varied ability/disability backgrounds. Their work is informed by the expertise of eight volunteer community-based Diversity Advisory Boards.

Police officers are supported by more than 750 civilian employees and volunteers that provide enabling services such as business operations, front counter services, fleet, facilities and infrastructure, information technology, human resources, legal services, crime analysis, strategic planning, and finance.





# GOAL 1

## Increased Community Safety and Wellbeing

The CPS engages in prevention, intervention, enforcement, investigation, and suppression activities to address crime, social disorder, and traffic safety in our city. Building on the previous Crime Reduction Strategy, the CPS determines crime and community safety priorities based on citizen engagement, community feedback, policing expertise, and analysis of crime trends, and aligns resources to address these priorities. Under the Crime and Community Safety Systems, the CPS will provide a unified “One Team” approach to community safety, focusing on the following priorities for 2021:

- Reducing gun violence
- Addressing drug-related harm
- Reducing property crimes, such as break and enter
- Protecting vulnerable people
- Increasing road safety

### Goal 1 Initiatives

#### 1.1 Crime and Community Safety System (A1)

Establish an internal business process to increase collaboration and coordination amongst all areas of the Service with prioritization of work, resourcing and evaluation of community safety efforts.

Q2

Establish structure, sequencing, terms of reference and decision-making methodology.

Establish action plan to address priority crimes.

Q4

Standardize reporting across all areas to enable effective prioritization and coordination.

#### Accountable

Bureau of  
Community Policing

Bureau of  
Investigative Support

Bureau of Service  
and Community  
Support

## 1.2 Integrated Offender Management (A1)

Maintain centralized intelligence-led, offender management approach with support at the district level to reduce violence, including gun and gang related crimes.

Q1

Evaluate the Firearms Investigative Team.

Q2

Explore firearms and gun crime action plan.

Contribute to a Provincial Threat Assessment.

Q3

Integrate focused offender management into the Crime and Community Safety System.

## 1.3 District Operations Teams (A1)

Expansion of District Operations Teams (DOT) across all patrol districts to increase investigative capacity, mentorship and skill development.

Q1

Establish mandate and function of the DOT.

Q2

Provide training and deploy teams based upon organizational capacity.

Q4

Complete the deployment and integration of all eight DOT within districts.

## 1.4 Crime Prevention Plan (A1)

As a part of the Crime and Community Safety System, develop and implement a Crime Prevention Plan with our partners to coordinate, integrate, and align crime prevention resources.

Q1

Complete and approve Crime Prevention Plan.

Q2

Supplement enforcement efforts with crime prevention tactics.

### Accountable

Criminal Operations  
& Intelligence  
Division

Bureau of  
Community Policing

Strategic Planning &  
Partnerships Division

## 1.5 Youth Programs (A3)

Enhance and deliver youth-centric prevention and early intervention programs.

Q1

Implement Youth Diversion smartphone decision-making app for officers.

Q4

Complete Youth Diversion training with all patrol members.

Complete evaluations of all existing youth programs to assess for viability and opportunities for enhancement.

## 1.6 Victims of Crime (A1)

Maintain trauma-informed approach to support victims of crime.

Q1

Incorporate the Sexual Assault Investigation Questionnaire into the CPS records management system to assist officers in gathering pertinent and relevant information to support victims and investigations.

Q2

Develop a comprehensive response to human trafficking and counter exploitation with our provincial partners.

Explore the establishment of a review committee for child abuse files closed without charges.

### Accountable

Strategic Planning & Partnerships Division

Bureau of Investigative Support



## 1.7 Domestic Violence (A1)

Implement requirements of Clare's Law (Bill 17), which provides those potentially at risk of domestic violence the option to request information about an intimate partner's violent past.

Q1

Develop internal processes for tracking information requests under Clare's Law.

Deliver training to officers, develop policy and communication plan, and put resources in place for operationalization in the Domestic Conflict Unit (DCU).

Q2

Monitor workload impact on staff of DCU following system implementation on April 1, 2021.

### Accountable

Criminal  
Investigations  
Division

### Goal 1 Indicators

	Target	Current
IND1.1 Per cent of citizens who agree that "Calgary is a safe place to live" (Somewhat to Strongly)	Maintain	95%
IND1.2 Crime Severity Index	Maintain	95.4
IND1.3 Number of calls for service attended by police	Maintain	376,374
IND1.4 Per cent of calls for services attended by officers	Maintain	71%
IND1.5 Number of homicides		
<b>Gun violence indicators</b>		
IND1.6 Number of seized firearms		
IND1.7 Number of shooting events		
<b>Drug-related and property crime indicators</b>		
IND1.8 Number of drug seizures		
IND1.9 Number of break and enter incidents		

	Target	Current
<b>Protecting vulnerable people</b>		
IND1.10 Number of domestic conflict incidents		
IND1.11 Number of domestic violence victims		
IND1.12 Number of child abuse casefiles		
IND1.13 Number of sexual assault victims		
IND1.14 Number of persons supported by Police and Crisis Team (PACT)		
IND1.15 Number of Form 10 Apprehensions		
IND1.16 Number of individuals supported by Victims Assistance Support Unit		
IND1.17 Number of Clare’s Law applications (domestic partner violence history)		
IND1.18 Per cent of Clare’s Law disclosures where risk factors present (application and proactive notifications)		
IND1.19 Number of offenders managed		
<b>Traffic</b>		
IND1.20 Number of Immediate Roadside Sanctions (IRS) Fail		
IND1.21 Number of reportable fatal collisions		
IND1.22 Rate of reportable injury collisions per 100,000 population		
IND1.23 Rate of total pedestrian collisions per 100,000 population		
IND1.24 Number of Traffic Service Requests		



# GOAL 2

## Increased Public Trust and Confidence

Building strong relationships with our community is a priority for all areas of CPS. We will continue working with partners to explore ways to improve the service we provide to Calgarians and respond to the public's concerns related to crime, public safety, police conduct, and systemic racism. In 2021, we will continue to follow through with our commitments to:

- **Respond to the recommendations of the 2018 Use of Force Review**
- **Improve our communication to citizens**
- **Support community programs that build strong relationships and provide positive outcomes for citizens**

### Goal 2 Initiatives

#### 2.1 Professional Standards Modernization (B2)

Establish new Professional Standards Section (PSS) organizational structure to support timely and effective investigations, file continuity, and addition of civilian members.

Q3  
Complete PSS reorganization.

#### Accountable

Professional Standards Section



## 2.2 2018 Wittmann Use of Force in the Calgary Police Service Report (B2)

Complete selected recommendations from the 2018 Wittmann Use of Force in the Calgary Police Service Report.

Q2

A Use of Force Committee has been established with finalized terms of reference.

Enhance the Early Intervention Program and develop outcome based metrics. The Early Intervention Program is a non-punitive, voluntary program established to enhance employee wellness and performance by supporting supervisors in managing risk and improve performance to achieve individual and organizational success.

Establish the new De-escalation and Use of Force Policy.

Devote resources to expand the Police and Crisis Team (PACT) program.

Q3

Implement improvements to training related to de-escalation and use of force.

Q4

Resource and implement a re-design of the Patrol Training Officer (PTO) Program to ensure robust training and continuous performance improvement of patrol members.

## 2.3 Prevention Partnerships (A3)

Build positive relationships between police and young people, toward the prevention of future offending.

Q1

Establish a Youth Advisory Board with terms of reference, expected outcomes and evaluation.

Q2

Enhance partnership with Calgary Youth Justice Society to increase diversion opportunities for young persons involved in the judicial system.

### Accountable

Bureau of People & Organizational Development

Strategic Planning & Partnerships Division

Strategic Planning & Partnerships Division

## 2.4 Business Intelligence (C1)

Integrate financial, time, and attendance information into business intelligence system toward elevating financial acumen for the Service.

Q2

Complete finance and scheduling system updates and integration.

## 2.5 Social Media Expansion Strategy (C2)

Strategically improve Service's use of social media to enhance open and transparent communication with the public.

Q2

Complete Social Media Expansion Strategy.

### Accountable

Finance & Fleet  
Division

Strategic  
Communications

### Goal 2 Indicators

	Target	Current
IND2.1 Per cent of citizens that reported the police treat people with respect	Maintain	86%
IND2.2 Per cent of citizens that reported the police in this city are doing a good job (excellent & good)	Maintain	80%
IND2.3 Per cent of citizens who are satisfied and very satisfied with the services provided by the CPS	Maintain	89%
IND2.4 Number of social media accounts launched		
IND2.5 Per cent of formal Professional Standards investigations open and closed within the same year		
IND2.6 Number of officer compliments received		
IND2.7 Per cent of external complaints processed to resolution or advanced to investigations within 60 days		
IND2.8 Number of officers trained in youth diversion options		
IND2.9 Number of youths diverted from court by CPS members		
IND2.10 Number of reported incidents involving use of force		
IND2.11 Number of officers requalified in de-escalation		
IND2.12 Number of Patrol Training Officer Courses		
IND2.13 Number of officer coaches under the new PTO Program		



# GOAL 3

## Increased Equity, Diversity and Inclusion

In September 2020, the CPS made a commitment to Calgarians to address systemic racism. Our vision today is to lead all police services in dismantling systems of inequity by working to eliminate systemic racism and achieve equity, diversity, and inclusion (EDI) in our organization. In 2021, we will:

- **Action our commitments to anti-racism, equity, diversity and inclusion through an integrated, service-wide approach**

### Goal 3 Initiatives

#### 3.1 Anti-Racism Strategy

Deliver a Community Engagement and Governance Model and an Anti-Racism Strategy.

Q1

Establish the Anti-Racism Action Committee.

Q2

Establish Community Engagement and Governance Model.

Hire an Anti-Racism Consultant.

Q3

Complete Anti-Racism Benchmark Report.

#### Accountable

Bureau of Service &  
Community Support

### 3.2 Equity, Diversity & Inclusion Tool (B2)

Develop and implement EDI Tool that can be applied to all CPS policy, procedures and programs.

Q2

Develop and apply EDI Tool to selected pilot sites.

Q3

Finalize and report on the EDI Tool application in the selected pilot sites.

Q4

Deliver a long-term plan for the Service-wide use of the EDI Tool.

### 3.3 CPS Reallocation

Reallocate \$8 million from CPS' budget for internal and external investments in enhancing partnership and service delivery, as part of our commitment to the anti-racism.

Q1

Establish a Reallocation Committee to oversee the intake and selection of projects.

Q2

Select and prioritize initiatives that meet funding requirements.

Implement and monitor progress of initiatives.

Report to City Council's Priorities and Finance Committee.

Identify and stage funding to achieve outcomes under the Community Safety Investment Framework with The City of Calgary to better support all vulnerable persons experiencing crises.

Q4

Report on the outcomes of the funded initiatives.

#### Accountable

Bureau of People  
and Organizational  
Development

Bureau of Service &  
Community Support

### 3.4 Race-based Data

Collect disaggregated race-based data.

Q1

Review public complaints related to allegations of racism/discrimination received.

Develop standard operation procedures for CPS race data collection and reporting.

Q2

Incorporate race-based data into monthly and annual reports.

Q3

Engage Statistics Canada for alignment of race data collection and reporting.

### 3.5 Community Partnerships (A3)

Deliver community initiatives to address equity, diversity and inclusion together with partners.

Q1

Implement the Police and Community Engagement (PACE) program, a voluntary employee program to assist the Diversity Resource Team in attending community events throughout the city.

Q4

Develop revised Diversity Training Program for recruits and members.

Advance the Indigenous Roadmap and engagement by completing the Indigenous Sacred Space project.

#### Accountable

Bureau of Service & Community Support

Strategic Planning & Partnerships Division

### 3.6 School Resource Officer (SRO) Program (A3)

Evaluate the School Resource Officer (SRO) Program using an independent external evaluator.

Q2  
 Deliver evaluation report.

Q3  
 Develop action plan in response to evaluation recommendations.

Accountable

Strategic Planning & Partnerships Division

Goal 3 Indicators	Target	Current
IND3.1 Per cent of public complaints from racialized populations.	In development	In development
IND3.2 Total CPS investment in Anti-Racism, Equity, Diversity & Inclusion work (cash, time, in-kind investment).		
IND3.3 Number of CPS initiatives, policies and processes reviewed using the EDI Tool.		

# GOAL 4

## Increased Efficiency and Effectiveness

We will continue to explore ways to ensure the most effective and efficient use of our resources using an evidence-informed approach, aligning them with priorities that are important to Calgarians based on citizen and employee engagement, and our long-term strategic goals. As One Team, we will ensure that the right people are doing the right tasks, properly led, equipped, and supported. In 2021, we will focus on:

- **Implementing prioritized recommendations from existing reviews (e.g., Service Optimization Review (SOR), Functional Review) and audits**
- **Exploring, implementing, and evaluating innovations in technology to improve operations**
- **Systematically addressing organizational risk**

### Goal 4 Initiatives

#### 4.1 SOR Patrol Recommendations (A1)

Prioritize and implement patrol recommendations from the SOR.

Q1

Present recommendations from the SOR that will be implemented in 2021.

Q3

Report on SOR to the CPC.

#### Accountable

Bureau of  
Community Policing

## 4.2 SOR Infrastructure Recommendations (C3)

Prioritize and implement the infrastructure recommendations of the Service Optimization Review (SOR).

Q3

Complete governance framework.

Complete Facility Maintenance Plan.

Develop partnership process.

Complete acquisition and implementation plan for facility and space management software.

Report on SOR to the CPC.

Q4

Deliver optimized space planning report.

## 4.3 Unified Computer Assisted Dispatch (C2)

Continue the Unified Computer Assisted Dispatch (U-CAD) project to expand mobile capability, support officer safety and improve interoperability with other agencies.

Q1

Complete User Acceptance Test.

Q2

Complete governance framework, training and communication plan.

Q3

Implement new CAD software and hardware infrastructure for all members.

Q4

Set up stabilization plan to support members using the new CAD system.

### Accountable

Information  
Technology &  
Infrastructure  
Division

Information  
Technology &  
Infrastructure  
Division

#### 4.4 Integrated Risk Management (C1)

Implement Integrated Risk Management in the CPS.

Q2

Deliver annual CPS Risk Profile.

Q4

Risk tools and practices are applied in strategic plans and business decisions.

#### 4.5 Alarm Bylaw Review Project (C2)

Launch an online alarm management system and reduce alarm calls for service.

Q1

Launch customer online platform.

Q4

Provide Calgary 9-1-1 with access to the alarm management system to reduce attendance to alarm calls.

#### 4.6 Provincial Policing Standards Audit (C1)

Complete the Provincial Policing Standards Audit to ensure compliance.

Q4

Complete audit and action plan to implement recommendations.

#### 4.7 Body-Worn Camera and In-Car Digital Video (C2)

Evaluate the effectiveness of body-worn camera and in-car digital video and implement recommendations.

Q1

Deliver evaluation reports and develop action plan to implement recommendations.

Q4

Develop implementation plan to address high- and medium-risk recommendations.

#### Accountable

Information &  
Risk Management  
Division

Information &  
Risk Management  
Division

Information &  
Risk Management  
Division

Information &  
Risk Management  
Division

#### 4.8 Digital Evidence Management (DEM) (C2)

Explore and improve DEM.

Q4

Complete gap assessment and solution analysis and plan for 2022 implementation.

#### 4.9 E-Notebooks (C2)

Improve the management of electronic notebooks.

Q4

Complete gap assessment and solution analysis and plan for 2022 implementation.

#### 4.10 Driving Penalties and Traffic Tickets (A2)

Reduce patrol administrative demands and increase capacity by implementing changes to driving penalties and handling of traffic ticket disputes (Bill-21) in conjunction with the provincial Justice Transformation Initiative and Administrative Penalty Information System (APIS).

Q2

Acquire hardware to enable printing in patrol vehicles.

Q3

Install printers in all patrol vehicles.

Q4

Develop e-learning for officers on the use of APIS.

Implement APIS for all Traffic Safety Act.

#### Accountable

Information &  
Risk Management  
Division

Information &  
Risk Management  
Division

Bureau of  
Community Policing

Bureau of Service &  
Community Support





#### 4.11 Leverage Technology to Improve Operations (C2)

Use technology to create added value to policing operations.

Q2

Implementation of the SENTRY Universal App. The Universal App will replace the desktop and mobile applications, allowing for more streamlined maintenance processes and an improved user interface.

Q3

Complete upgrade to CPS radio network.

Implement Direct Data Entry (DDE) with investigative units.

Q4

Procure Automated Fingerprint Information System (AFIS) as part of its lifecycle replacement.

#### 4.12 Fleet Review (C3)

Review fleet utilisation and validation of operational requirements to optimize fleet composition and provide clear governance rules over vehicle requests and inventory management for future efficiencies.

Q2

Complete Fleet Review.

Q4

Complete long-term Fleet Strategy and implementation plan.

#### Accountable

Information  
Technology &  
Infrastructure  
Division

Bureau of Service &  
Community Support

Bureau of  
Investigative Support

Finance & Fleet  
Division

Goal 4 Indicators	Target	Current
IND4.1 Cost per capita of policing in Calgary	budgeted	\$393
IND4.2 Population served per police officer	Maintain	638
IND4.3 Clearance rate (weighted total)	Maintain	26.4
IND4.4 Per cent of Priority 1 calls responded within 7 minutes	Maintain	55%
<b>Operating Spent</b>		
IND4.5 Revenue		
IND4.6 Expenditure		
IND4.7 Net Program		
IND4.8 Number of calls for service and online reports		
IND4.9 Per cent of online citizen reports		
IND4.10 Per cent of walk-in reports		
<b>Patrol Officer Time Allocation</b>		
IND4.11 Per cent of officer proactive time		
IND4.12 Per cent of time responding to calls for service		
IND4.13 Per cent of time on administrative duties		
<b>Non-criminal Business Operations</b>		
IND4.14 Number of Police Information Checks processed		
IND4.15 Per cent of false alarm calls for service		
IND4.16 Per cent annual change in number of fleet vehicles		
<b>Major Projects</b>		
IND4.17 Per cent of projects on scope		
IND4.18 Per cent of projects with adequate resources		
IND4.19 Per cent of projects on schedule		
IND4.20 Number of Innovation Proposals		

# GOAL 5

## Increased Employee Satisfaction and Engagement

We are dedicated to supporting and developing our members throughout the course of their career to ensure they work in a positive and inclusive environment, in which they can deliver high quality service to the community. In 2021, we commit to:

- Ensuring fairness, accessibility, inclusion, and transparency for our members
- Ensuring our policies and practices are rooted in our values and that all employees feel safe and appreciated for their contributions to the CPS
- Maintaining consistency in process, which will increase trust and confidence in our workplace and within the community

### Goal 5 Initiatives

#### 5.1 People Plan (B2)

Develop a People Plan that comprehensively addresses commitments to supporting and training our people to deliver service to the community.

Q2

Develop and communicate the CPS People Plan.

#### Accountable

Bureau of People  
& Organizational  
Development

### 5.2 Human Resources Modernization (B2)

Improve Human Resource processes, practices and policies to ensure high quality member services that are consistent and transparent.

Q1  
 Refine workplace investigation and conflict management processes to reflect best practices and better integrate Police Act requirements.

Finalize and implement the Re-integration Program, which supports members re-entry into the workplace after leaves or traumatic incidents.

Q2  
 Fully implement the HR Business Partner model, which strengthens HR expertise and support to all areas of the Service.

Solidify and strengthen the Senior Leadership Team by hiring specialized and experienced civilian Executive Director positions in the Bureau of People and Organizational Development. In alignment with the CPS Functional Review, these positions will support the advancement of member wellness, learning and human resource services.

Q4  
 Review and advance improvements to the promotional process to identify and address barriers, while also incorporating industry best practice research.

Develop and build capacity for a Disability Management Program that refines claim management, reporting and support to members to successfully return to work.

Develop a HR Data Management Strategy to improve efficiency and effectiveness of HR service delivery. The strategy would include data governance, transparent Standard Operating Procedures, digitization and automation.

### 5.3 Occupational Health and Safety (B2)

Complete the implementation of requirements of the Alberta Occupational Health and Safety (OH&S) legislation through the delivery of a comprehensive OH&S program.

#### Accountable

Human Resources Division

Wellness & Resiliency Division

Q1

Complete the Mental Health Strategy.

Q2

Finalize and communicate the new CPS OH&S Policy.

Q3

Deliver mandatory OH&S supervisor training.

Q4

Implement a Safety Management System Program with updated processes and procedures.

#### 5.4 Wellness Support (B2)

Continue to develop and deliver innovative and evidence-based wellness supports that meet the needs of our members and ensure legislative compliance.

Q1

Launch monthly wellness livestreams accessible to all members with mental health and wellness subject matter experts.

Q2

Develop and deliver the new Health Surveillance Program.

Q3

Refine and deliver the health checks clinic model.

Rebrand the Respectful Workplace Office to focus on the supports available for conflict prevention and management to ensure member awareness and accessibility.

#### 5.5 Training and Innovation (B1)

Increase investigative knowledge and expertise through training and innovation.

Q4

Deliver training to enhance cybercrime investigative capacity to members throughout CPS.

Reinstate the Investigative Development Program 100 Level that matches officers with experienced investigative mentors.

### Accountable

Bureau of People  
& Organizational  
Development

Bureau of  
Investigative Support

### 5.6 Patrol Engagement (B1)

Provide role clarity for patrol and identify opportunities for investigative development as outlined in the Service Optimization Review.

Q2  
 Define mandate and structure of District Operations Teams, as well as General Investigative Units, Community Resource Officers, BEAT units, and Mountain Bike Unit Teams.

Q4  
 Establish performance measures for patrol operations.

Evaluate and improve the Executive Liaison Officer (ELO) secondment position to share experiences and perspectives from patrol and senior leadership.

### 5.7 Recruitment and Recruit Training (B1)

Use inclusive and responsive approaches to hire and support the training of recruits.

Q1  
 Develop a 2021 Recruiting and Marketing Plan.

Q4  
 Hire 132 new officers that will include up to 24 Direct Entry officers as per the 2021 recruiting and recruit training schedule.

Implement software solutions to ensure the effectiveness and efficiency of training scheduling. This will also help address challenges of training during the COVID-19 pandemic.

### 5.8 Internal Communication (B2)

Improve communication with members.

Q3  
 Enhance livestream technology and recording studio.

Implement CPS Branding Strategy.

## Accountable

Bureau of  
 Community Policing

Learning &  
 Recruitment Division

Strategic  
 Communications

## Goal 5 Indicators

	Target	Current
IND5.1 Per cent of employees with moderate to high Employee Engagement Index	Maintain	62%
IND5.2 Per cent of employees satisfied with the training available to do job (moderate to strong agreement)	Maintain	51%
IND5.3 Per cent of employees who agree that CPS practices are applied equally and fairly to all employees (moderate to strong agreement)	Increase	36%
IND5.4 Number of police officers hired		
IND5.5 Number of civilians hired		
IND5.6 Per cent of CPS members that know how to access the different health and wellness services offered by the CPS.		
IND5.7 Per cent of CPS supervisors that completed OH&S training		
IND5.8 Per cent of employees satisfied with their current job (moderate to strong agreement)		
IND5.9 Per cent of employees satisfied with internal communication		
IND5.10 Completion rate of employee assessment PEAKS (Pathways Enhancing Assets Knowledge and Skills)		
IND5.11 Diversity of applicants (in development)		
IND5.12 Number of applicants in the recruitment process		
IND5.13 Per cent of clients satisfied with HR Business Partner Model		
IND5.14 Number of sworn officers (authorized strength)		
IND5.15 Number of civilian employees (authorized strength)		
IND5.16 Total authorized strength		
IND5.17 Ratio of police officer actual to authorized strength		
IND5.18 Number of police officers (actual)		



# How We Monitor Progress

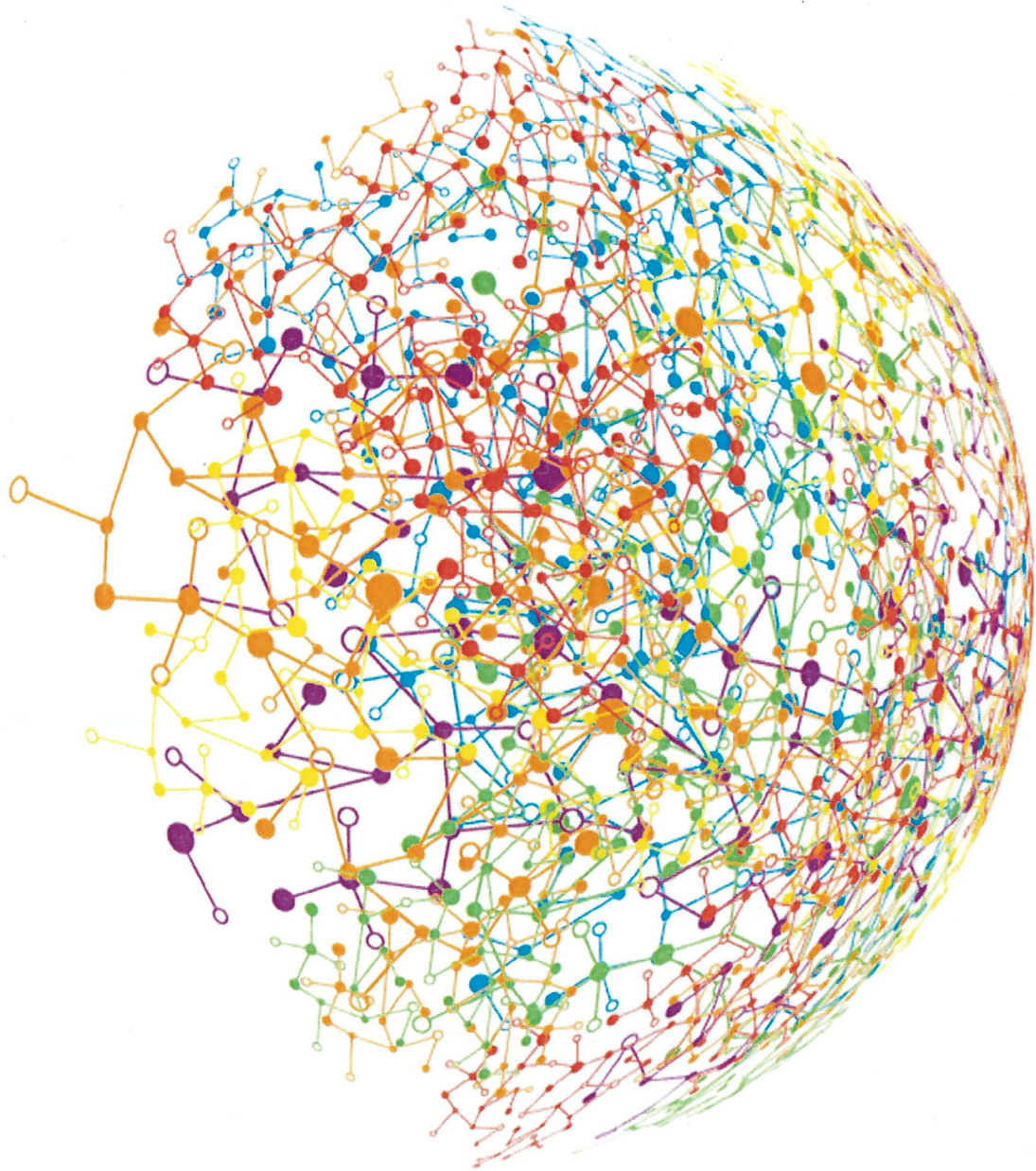
The CPS strives continuously to improve its operations to provide better value to Calgarians. We monitor indicators to assess our progress toward our goals and annual priorities. We use this data to inform changes to our operational and strategic priorities and mitigate risks. The indicators identified above will be reported to the CPC and the public. There is a combination of different types of indicators. Some are reported quarterly, such as the crime statistics, and others are reported annually, such as the population and employee survey results. Many of the headline indicators were approved by City Council from the One Calgary: 2019–2022 Service Plan and are highlighted in this document to ensure continuity of reporting and alignment with our Service Plan strategies.

The CPS publishes Calgary Crime Statistical Reports monthly and quarterly on [Calgary.ca](https://calgary.ca). These statistical reports provide information on person and property crimes, other Criminal Code incidents (including traffic), domestic-related conflict, drugs, weapons, youth, missing persons, disorder and calls for service.









## **Calgary Police Service** 2020 Audit service plan

For the year ending December 31, 2020  
Presented to the Finance and Audit Committee  
December 1, 2020



Deloitte LLP  
700, 850 2 Street SW  
Calgary, AB T2P 0R8  
Canada

Tel: 403-267-1700  
Fax: 403-213-5791  
[www.deloitte.ca](http://www.deloitte.ca)

November 24, 2020

The Finance and Audit Committee of the Calgary Police Commission

**2020 Audit service plan**

Dear Finance and Audit Committee members:

We are pleased to provide you with our audit service plan for Calgary Police Service (the "Service") for the year ending December 31, 2020. This document describes the key features of our plan including our audit scope and approach, our planned communications with you and an estimate of our fees.

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by companies like the Service. At Deloitte, we are committed to helping the Service grow and successfully achieve its business objectives in today's ever-changing economy.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants

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# Executive summary

## Audit scope and terms of engagement

We have been asked to perform an audit of the Service's financial statements (the "financial statements") prepared in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ending December 31, 2020. Our audit will be conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated November 14, 2018 and the draft confirmation of changes letter, which is included in Appendix 4. Our confirmation of changes letter should be signed on behalf of the Finance and Audit Committee and management.

## Significant risks

### Status

1 Management override of controls



2 Revenue recognition



New from prior year



Continued from prior year



Removed from prior year



## Materiality

\$7.7M

Preliminary materiality

\$385K

Clearly trivial threshold

Our preliminary estimate of materiality for the year ending December 31, 2020 has been set at \$7,700,000 (2019, \$7,700,000) on the basis of total expenses. We will report to you any uncorrected misstatements greater than our current year clearly trivial amount of \$385,000 (2019, \$385,000). As part of our year-end audit procedures, we will revise materiality based on total expenses.



## Fraud risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Asking people involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from management's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to management estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask the Finance and Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Service and their role in the oversight of management's antifraud programs.

If we suspect fraud involving management, we will immediately inform the Finance and Audit Committee of our suspicions and discuss the nature, timing and extent of audit procedures necessary to complete the audit.



**Audit fees**

<b>Audit fees</b>	<b>2020</b>	<b>2019</b>
Audit	\$50,500	\$50,000
Audit procedures applied to the adoption of the new accounting standard	-	\$600
Additional audit procedures due to the impact of COVID-19*	\$TBD	-
<b>Total fees</b>	<b>\$50,500</b>	<b>\$50,600</b>

\* Based on discussions with management, the full impact of COVID-19 as at December 31, 2020 on the Service's operations and financial results cannot be determined as at the date of issuance of this report. As such, once we have determined the full extent of the impact of COVID-19 on the 2020 audit, we will provide a fee estimate for any additional procedures required.

# Areas of audit focus



## Focus areas

### Accuracy, recording and presentation of accrued liabilities

Completeness and accuracy of the recording and presentation of accrued liabilities.

### Accuracy and disclosure of pension liability (employee benefit obligations)

The pension liability, including financial statement disclosures may not be accurately recorded.



## Why do these factors create complexity?

The recognition of reserves requires an increased level of management judgement. For the year ended December 31, 2019, Deloitte identified an error in the calculation related to the the civilian employee benefit liability. This was subsequently corrected by the Service in 2020. The correcting entry will be subject to audit procedures for the year ended December 31, 2020.

The pension obligation is determined based on various inputs and assumptions (including discount rates, inflation rates, mortality rates, termination rates, retirement rates, salary increases, etc). Underlying asset and/or obligation balances may be impacted due to the effects of the COVID-19 pandemic.

The above noted areas of focus have been identified as of the date of issuance of this report. As we perform our audit procedures, we will inform you of any significant changes to the areas discussed above and the reasons for those changes.

# Significant audit risks

During our risk assessment, we identified some significant audit risks that will require special audit consideration. These risks, together with our planned responses, are described below. In performing our risk assessment, we have considered the risks identified by management in performing their risk assessment.

The following tables set out the significant audit risks that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of the Service.

## Significant risk dashboard

### Legend



Significant level of management judgment involved



Minimal/No management judgment involved

**D+I:** Planned testing of the design and implementation of key controls


**OE:** Planned testing of the operating effectiveness of key controls

### Management override of controls

Fraud Risk	YES	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> <li>Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.</li> <li>Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</li> <li>This represents a fraud risk for the 2020 audit.</li> </ul>	<ul style="list-style-type: none"> <li>We will discuss fraud with management.</li> <li>We will ask the Finance and Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Service and their role in the oversight of management's antifraud programs.</li> <li>We will test a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.</li> <li>We will evaluate the business rationale for any significant unusual transactions.</li> <li>We will determine whether the judgments and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.</li> </ul>
Level of management judgement			
Specialist, Expert or Innovation Involvement	Not applicable		



## Revenue recognition

Fraud Risk	YES	Analysis of risk	Planned audit response
<b>Control Testing Planned</b>	<b>D+I</b>	<ul style="list-style-type: none"> <li>Assurance standards include the presumption of a fraud risk involving improper revenue recognition.</li> <li>There may be a risk of material misstatement relating to the occurrence and cutoff of the following revenue streams: government grants, sale of goods and services and fines and penalties</li> <li>This represents a fraud risk for the 2020 audit.</li> </ul>	<ul style="list-style-type: none"> <li>We will make selections and perform tests of detail to verify whether it is appropriate to recognize revenue for each revenue stream.</li> <li>We will also make inquiries of management and test the design and implementation of control activities involving management's process for accounting for revenue transactions and determine when the revenue recognition criteria have been met.</li> </ul>
<b>Level of management judgement</b>			
<b>Specialist, Expert or Innovation Involvement</b>	Not applicable.		

# COVID-19 impact on the 2020 audit

Due to COVID-19, we have identified certain areas of our 2020 audit that will be directly impacted in comparison to previous years. These changes will have an impact to our audit in terms of nature, timing and extent of audit procedures that we will be required to perform. We have outlined below the significant changes identified to date; however, as the full impact of COVID-19 on the operations and financial results of the Service cannot be determined at this time, this list is not all inclusive and will continue to evolve as we progress through the 2020 audit.

- Identify audit risks specific to COVID-19 and plan audit procedures to address these risks.
- Increase communication with management throughout the year to understand the impacts and implications of COVID-19.
- Understand and apply audit procedures to any changes in processes and controls at the Service.
- Consider alternative methods to obtain audit evidence (scanned copies, electronic versions, video calls to walk through controls, analyses and questions) due to remote work arrangements.
- In the event that the governments continue to require social distancing, consider and plan to perform audit testing remotely, as required.

Throughout the year, we will work with management and continue to monitor for emerging risks as they occur and incorporate newly identified risks into our risk assessment process, if required. We will also monitor audit scope and timelines and adjust accordingly to ensure we meet reporting deadlines. We will inform the Finance and Audit Committee of any significant changes to our risk assessment.

# Revised CAS 540, Auditing Accounting Estimates and Related Disclosures

Effective for audits of financial statements for periods beginning on or after December 15, 2019.

## Drivers for the Revised Standard

- Changes in financial reporting frameworks and standards include a greater focus on complex accounting estimates, which highlights the importance of fostering professional skepticism.
- Need to improve communication and transparency between auditors and those charged with governance on complex accounting estimates.



## What can you expect from your auditor?

### Management

- Greater focus in assessing how management understands the nature, extent, risks and controls associated with accounting estimates.
- Varying audit procedures to drive work efforts based on assessed risk levels including consideration to adopt a control reliance approach to auditing accounting estimates.
- More interaction with management's experts.
- Specific written management representations.

### Communication with the Finance and Audit Committee

- The Finance and Audit Committee can expect to have enhanced dialogue on accounting estimates. This may include the auditor's views and assessment of:
  - Significant qualitative aspects of the entity's accounting practices relating to accounting estimates and related disclosures.
  - Indicators of management bias.
  - Appropriateness of management's methods, assumptions and data used.
  - Significant deficiencies in internal controls around accounting estimates.

# Appendix 1 – Audit approach

Deloitte’s audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing the Service.

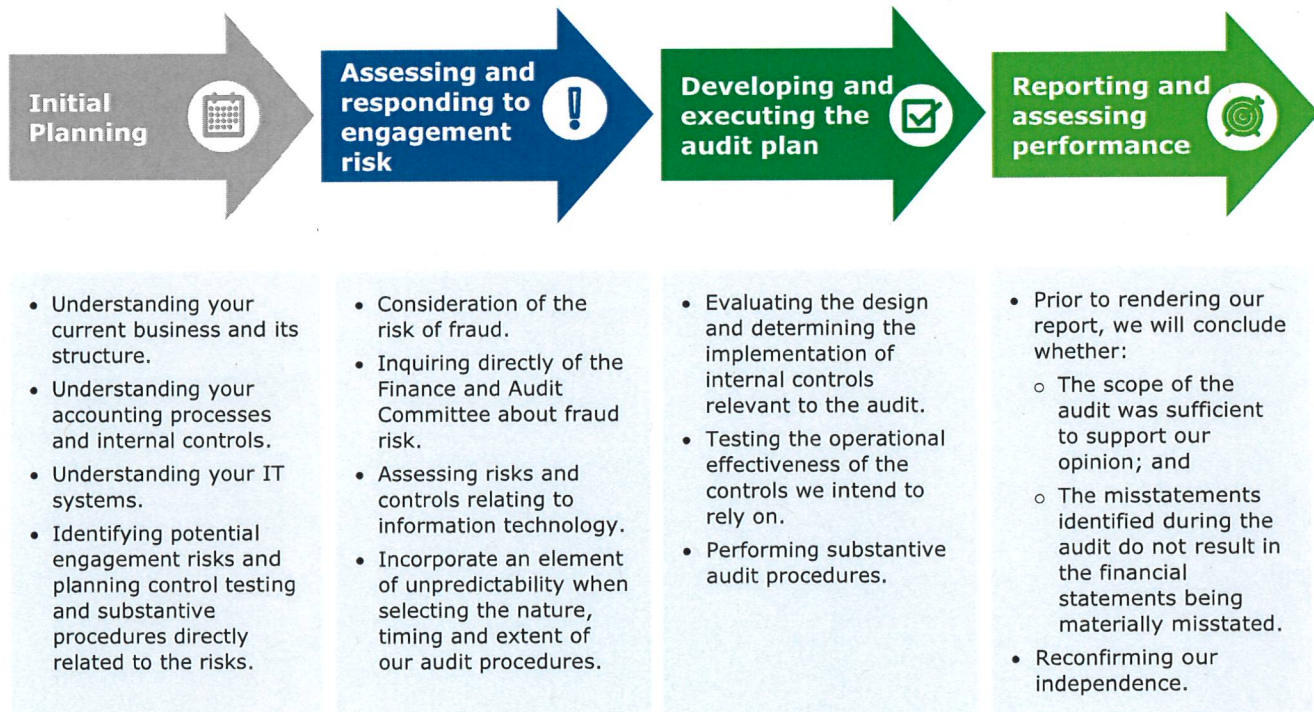


## Delivering professional excellence

### Focus area

<b>Risk based audit</b>	<ul style="list-style-type: none"> <li>• Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to the Service.</li> </ul>
<b>Confidential Information</b>	<ul style="list-style-type: none"> <li>• Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day.</li> <li>• Deloitte employs technical, physical and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during and after the course of the engagement.</li> </ul>
<b>Professional skepticism</b>	<ul style="list-style-type: none"> <li>• Obtain a thorough understanding of the relevant facts and information available concerning new significant transactions or events, analyze reasonable alternatives, apply a questioning mindset and challenge management’s assumptions.</li> <li>• Perform a rigorous review of potential contradictory evidence concerning new significant transactions or events.</li> </ul>
<b>Consultations</b>	<ul style="list-style-type: none"> <li>• Consult with technical resources concerning new significant transactions or events, as necessary.</li> </ul>





### Focus area

#### Audit technology

- Deloitte Connect – Use Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and the Service team to effectively manage engagement coordination and provide greater transparency allowing both management and auditor visibility over client request status.

### Focus area

#### Processes

- Project management** - Enhance project management oversight and effective communications between the audit team and management.

#### The Finance and Audit Committee reporting

- The Finance and Audit Committee communications** – Harman Gill and Ivana Cvitanusic to meet with the Finance and Audit Committee to present the Audit Service Plan and the results of the audit.

# Appendix 2 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS.

Required communication	
Audit Service Plan	
1.	Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements.
2.	An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit; and</li> <li>b. Significant risks, including fraud risks.</li> </ul>
3.	Significant transactions outside of the normal course of business, including related party transactions.
Enquiries of those charged with governance	
4.	How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks.
5.	Any known suspected or alleged fraud affecting the Service.
6.	Whether the Service is in compliance with laws and regulations.
Year-end communication	
7.	Modification to our audit plan and strategy.
8.	Fraud or possible fraud identified through the audit process.
9.	Significant accounting policies, practices, unusual transactions and our related conclusions.
10.	Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period.
11.	Matters related to going concern.
12.	Management judgments and accounting estimates.
13.	Significant difficulties, if any, encountered during the audit.
14.	Material written communications between management and us, including management representation letters.
15.	Circumstances that affect the form and the content of the auditor's report.
16.	Modifications to our opinion.
17.	Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns.

18. Significant matters discussed with management.
19. Matters involving noncompliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention.
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements.
21. Uncorrected misstatements and disclosure items.
22. Any significant matters arising during the audit in connection with the Service's related parties.



# Appendix 3 – 2020 Summary audit timeline

This estimated timeline indicates our various procedures and release of our communications as planned throughout the year:

	Estimated to begin	Targeted for completion
<b>Audit performance</b>		
Planning audit procedures	December 14, 2020	December 18, 2020
Final audit procedures	March 15, 2021	April 2, 2021
<b>Auditor's communications</b>		
Discuss audit planning, scope, risks of fraud, and fees		December 1, 2020
Review the results of our audit and provide audit report		May 2021
Review of business insights with management		May 2021

# Appendix 4 – Draft confirmation of changes letter

December 1, 2020

## Private and confidential

Ms. Theresa Roessel, Chair of the Finance and Audit Committee  
The Finance and Audit Committee of the Calgary Police Commission  
650, 615 Macleod Trail SE  
Calgary, AB T2G 4T8

Mr. Blaine Hutchins, Executive Director  
Calgary Police Service  
5111 - 47 Street NE  
Calgary, AB T2J 3R2

## Re: Confirmation of Changes to Fees and Updates to the General Business Terms

Dear Sirs/Mesdames:

This letter is issued to you further to the master services agreement ("MSA") between Calgary Police Service (the "Service") and Deloitte LLP ("Deloitte") dated November 14, 2018. This letter is subject to the terms of the MSA, the appendices to the MSA the general business terms that form part of the MSA, any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time.

The purpose of this letter is to confirm our mutual understanding of the changes to the fees and updates to the general business terms.

### Changes to fees

The MSA, and any confirmation letters subsequently issued under the MSA, set out the entities we will serve and the nature of the services and our fees.

For the current year, the chart below sets out the entities and the services we will provide to them in respect of their year ends. The chart also sets out an estimate of our professional fees. In addition to the professional fees, you will reimburse us for reasonable expenses and pay an administrative charge of 7% of professional fees, and applicable taxes.

---

Calgary Police Service	Fee
<i>Year ending December 31, 2020</i>	
Financial Statement Audit	\$50,500
Additional audit procedures due to the impacts of COVID-19	\$TBD

---

## Update of General Business Terms

Calgary Police Service (the “Client”) and Deloitte agree to the following new or modified general business terms being added to the general business terms of the Agreement.

**10. Limitation on liability** – The Client and Deloitte agree to the following with respect to Deloitte’s liability to the Client:

- a. The Client agrees that Deloitte shall not be liable to the Client for any claims, liabilities, or expenses relating to this Agreement and any Services for an aggregate amount in excess of three times the fees paid by the Client to Deloitte in the twelve months preceding the incident giving rise to the claim.
- b. In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Agreement or any Services for any loss of revenue or profit, loss of opportunity, loss of data, or any other commercial or economic loss or failure to realize expected savings.
- c. In any action, claim, loss or damage arising out of this Agreement and any Services, the Client agrees that Deloitte’s liability will be several and not joint and several and the Client may only claim payment from Deloitte of Deloitte’s proportionate share of the total liability based on the degree of fault of Deloitte.

The provisions of this section shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This section shall survive termination or expiry of the Agreement. The provisions of this section and any other limitations of liability contained in this Agreement shall not apply to any liability which by the governing law of the Agreement is unlawful to limit or exclude. In furtherance of the foregoing, from time to time, Deloitte may have individual partners and employees performing the Services within the Province of Quebec who are members of the Ordre des comptables professionnels agréés du Québec. The limitations outlined in this section as well any limitations of liability contained in this Agreement shall not apply to limit the personal civil liability of members of the Ordre des comptables professionnels agréés du Québec performing professional Services hereunder (and with respect to such members, such limitations shall be deemed not to be included in this Agreement). For purposes of this section, “Deloitte” shall mean Deloitte LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing Services, any Deloitte Entities and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee. The Client agrees that any claims that may arise out of this Agreement or any Services will be brought solely against Deloitte as the contracting party and not against any other Deloitte Entities.

When Deloitte is performing audit, review or attest/assurance services that are subject to the US Public Company Accounting Oversight Board (“PCAOB”) and/or US Securities and Exchange Commission (“SEC”) rules or professional standards, any clauses that result in a limitation of Deloitte’s liability do not apply.

- 21. Force Majeure** – No party shall be deemed to be in breach of the engagement as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, any law, order or requirement of any governmental agency or authority, or pandemics (including, without limitation, COVID-19 and any such restrictions or conditions on working practices in response to such a threat). For greater certainty, Deloitte shall have no liability for any failure or delay to perform its obligations related to the Services, to the extent caused and/or contributed to by the spread of COVID-19 and its associated impacts.

This confirmation letter (including any appendices and documents incorporated by reference) will continue in force for future services provided by us to you unless amended.

Please sign and return the attached copy of this letter to indicate your acknowledgement that it is in accordance with your understanding of the arrangements for our engagement for fiscal year 2020.

Yours truly,

Chartered Professional Accountants

Enclosure

The services and terms set forth in and incorporated into this letter are acknowledged and approved by the Finance and Audit Committee of Calgary Police Service:

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Signature

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Title

The services and terms set forth in and incorporated into this letter are accepted and agreed to by Calgary Police Service management:

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Signature

---

Title

# Appendix 5 – New and Revised Accounting and Auditing Standards

The following is a summary of certain new standards, amendments and proposals that will become effective in 2021 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard section of iasplus.com](https://www.iasplus.com).

Title	Description	Effective Date
Section PS 3280, <i>Asset retirement obligations</i>	This Section establishes standards on how to account for and report a liability for asset retirement obligations.	Effective April 1, 2022, earlier application is permitted.
Section PS 3400, <i>Revenue</i>	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. The Section may be applied retroactively or prospectively.

**Audit Resource Management Report to  
Audit Committee  
2021 July 22**

**ISC: UNRESTRICTED  
AC2021-1062  
Page 1 of 1**

**External Auditor Management Letter for Off-Site Levy Balances Audit**

**RECOMMENDATION(S):**

That Audit Committee recommends that Council receives this Report and Attachment for the Corporate Record.

**HIGHLIGHTS**

- The External Auditor (Deloitte LLP) is providing the management letter related to the audited annual off-site levy balances undertaken with respect to their Council directed engagement with the Off-Site Levy Governance Committee and industry representatives.
- What does this mean to Calgarians? Calgarians are provided with assurance that recommendations made by the external auditor are transparent and that Administration have considered these recommendations.
- Why does this matter? This provides citizens with transparency on Administration's efforts to mitigate any potential risk and gives assurance that recommended changes are considered and implemented as deemed necessary.
- Report AC2021-0901, External Auditor Audit on Annual Off-Site Levy Balances was presented to Audit Committee on 2021 June 24 and received for the Corporate Record by Council on 2021 July 5.
- The City collects off-site levies from developers to fund Calgary's growth-related infrastructure costs and Administration is reviewing the off-site levy bylaw with plans to bring a new bylaw to Council in 2022. Industry representatives had expressed concerns with respect to off-site levy stewardship, governance, accounting and project management.
- The Attachment contains Deloitte's LLP identified findings and recommendations concerning their audit of the off-site levy balances together with Administration responses to each recommendation.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Audit Committee was directed by Council, in Motion Arising PFC2021-0035, to engage with the Off-Site Levy Governance Committee and for the external auditor to evaluate the concerns raised by stakeholders. At the January 28, 2021 meeting Audit Committee directed the External Auditor to engage with the Off-Site Levy Governance Committee and stakeholders to understand and evaluate concerns, including those raised by industry representatives. The External Auditor completed their audit of the annual off-site levy balances and their report presented to Audit Committee 2021 June 24.

**ATTACHMENT(S)**

Deloitte LLP Management Letter

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Councillor E. Woolley	Chair of Audit Committee	Approve





Deloitte LLP  
700, 850 2 Street SW  
Calgary, AB T2P 0R8  
Canada

Tel: 403-267-1700  
Fax: 403-213-5791  
www.deloitte.ca

July 12, 2021

Ms. Carla Male, Chief Financial Officer  
The City of Calgary  
800 MacLeod Trail SE  
Calgary, AB T2P 2M5

Dear Ms. Male:

We have recently completed our audits of the off-site levy ("OSL") schedule of The City of Calgary ("The City") as at and for the years ended December 31, 2016, 2017, 2018, 2019 and 2020.

We examined the accounting procedures and systems of internal control employed by The City relating to OSL. Our examination would not necessarily disclose all weaknesses in the systems of internal control as these examinations are based on selective tests of the accounting records and related data. Furthermore, this letter does not necessarily include all those comments of an accounting, internal control or computer systems nature which a more extensive or special examination of these areas might disclose.

During the course of our OSL audits, we identified certain matters that may be of interest to Administration which have been summarized in this letter. These matters were not significant or material in nature in the context of the schedule taken as a whole and did not impact our ability to issue our audit report. The observations are included in Appendix A attached to this letter.

The following summarizes the management letter points included in Appendix A:

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Year Identified	Title of Observation	Infrastructure Type <sup>(1)</sup>
2016-2020	Off-site levies are not tracked within PeopleSoft based on source jobs - Development Agreement, Development Obligation Estimate or Centre City Levy	All
2016-2020	Manual process of tracking and reporting on off-site levy	All
2016-2020	Business Unit involvement in future projects and allocation of funding to existing projects	All
2016-2020	Signed contracts for Developer Obligation Estimate and Developer Agreement amendments	All

(1) "All" is in reference to the infrastructure type for which levies are collected and spent; specifically, these are Transportation, Water/Utilities, Community Services and Police.

The objective of a CAS 805 audit of a single financial statement item conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") is to express an opinion on the presentation, in all material respects, of The City's OSL schedule and notes to the schedule as at and for the years ended December 31, 2016, 2017, 2018, 2019 and 2020 in accordance with Canadian



public sector accounting standards ("PSAS") and is not designed to identify all matters that may be of interest to Administration. Accordingly, an audit would not usually identify all such matters. This letter has been prepared to summarize our observations and recommendations regarding business issues, potential efficiencies and internal controls.

We designed our audits to provide reasonable, but not absolute, assurance of detecting material misstatements whether caused by error or fraud. As part of our examination, we reviewed and evaluated certain aspects of the systems of internal control over OSL financial reporting to the extent we considered necessary in accordance with Canadian GAAS. The main purpose of our review was to assist in determining the nature, extent and timing of our audit tests and to establish the degree of reliance that we could place on selected controls. It was not to determine whether internal controls were adequate for Administration's purposes or to provide assurance on the design or operational effectiveness of internal control over financial reporting of OSL.

The identification of weaknesses in internal control in an audit is influenced by matters such as our assessment of materiality, our preliminary assessment of the risk of material misstatement, the audit approach used and the nature, timing and extent of the auditing procedures conducted. For example, where we use a substantive approach for a particular financial statement assertion, we do not generally perform tests of controls, and where we do perform tests of controls we may vary the nature, timing and extent of our control testing from year to year. Accordingly, our understanding of The City's controls relating to OSL is limited in nature.

Had we been requested to extend our testing of controls to additional financial statement assertions or to perform additional substantive testing beyond what we have judged to be necessary to obtain sufficient and appropriate evidence to support the content of our auditor's report, other matters of interest to Administration may have come to our attention. Accordingly, our audits should not be relied upon to identify all significant deficiencies. A significant deficiency is defined in Canadian Auditing Standard Section 265 as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

This communication is prepared solely for the information and use of, as applicable, Administration, the Audit Committee, members of City Council and others within The City. Further, this communication is not intended to be and should not be used by anyone other than these specified parties or summarized, quoted from, or otherwise referenced in another "document" or "public oral statement". We accept no responsibility to a third party who uses this communication.

We wish to express our appreciation for the courtesies and cooperation extended to your representatives during our work. We would be pleased to discuss and/or clarify the matters included herein with you further should you wish to do so.

Yours truly,

The signature is written in a cursive, handwritten style. It reads "Deloitte" followed by "LLP". The letters are connected and fluid.

Chartered Professional Accountants

cc: The Audit Committee of The City of Calgary

## Appendix A - December 31, 2016 to 2020 observations

### **1. Off-site levies are not tracked within PeopleSoft based on source jobs - Development Agreement, Development Obligation Estimate or Centre City Levy**

Years identified – 2016 to 2020

#### **Observation:**

We observed that The Off-site Levy Bylaw (2M2016) (the “bylaw”) does not require The City to track levies collected and spent on an individual Development Agreement (“DA”), Development Obligation Estimate (“DOE”) or Centre City Levy (“CCL”) basis. When levies are collected, they are pooled and then spent on an eligible project as defined in the bylaw. While there is no requirement for The City to track or report levies on an individual DA basis, we note that this would provide beneficial information to users of the external OSL schedules. This would also allow The City to better understand the relationship between levies collected and spent. Specifically, it would allow The City to understand and track which collection period levies collected pertain to and which infrastructure types are utilizing the funds more quickly as compared to others. These insights could provide more fulsome and timely information regarding the effectiveness of the bylaw and an ability to make amendments that better reflect the capital needs of The City and the stakeholders.

#### **Recommendation:**

We recommend the following:

- Administration should consider whether a comprehensive system is required for OSL that is able to track activity by infrastructure type, project and DA that allows for more timely reporting and analysis of the underlying data.
- Administration should consider holding and tracking OSL funds in a separate investment account distinct and separate from other investments of The City, to allow for better tracking and reporting of investment income earned on OSL amounts invested.

#### **Administration’s response:**

- Administration has considered the recommendations above and deems the current process sufficient and in compliance with legislation.
- The City is required to provide full and open disclosure of all off-site levy costs and there is no legislated requirement to provide OSL activity by infrastructure type, project and DA. The nature of how funds are collected adds to the complexity of tracking such activity. The City invoices the Developer over a 3 year term (Year 1: 30%, Year 2: 30% and Year 3: 40%). The initial payment pays for Water Resources infrastructure principal and interest cost. Subsequent invoices are then allocated to Transportation and Community Services where OSL funds are a partial funding source for the project. Overall, the City ensures it is compliant, that OSL is only spent on OSL eligible capital projects and deems the risk of not tracking activity by infrastructure type, project and DA low. Implementation of the first recommendation would require additional staff resourcing and costs. Administration will continue to find ways to enhance reports and control for these transactions.

- Administration agrees that improvement can be made that allow for better tracking and reporting of investment income earned on OSL amounts invested. OSL assets are pooled to achieve economies of scale and to open the opportunity set of investments. Implementation of holding funds in a separate account would be inefficient and could reduce the investment income return on OSL balances (OSL would lose the benefit of the broader City structure). The City's Treasury division has recently moved to a notional separation of assets; OSL has its own asset mix that Administration can point to in a policy and track to underlying investments. In 2020, Administration created an OSL investment income general ledger account to separately track amounts allocated to OSL. Administration believes these recent changes address the recommendation appropriately.

## ***2. Manual process of tracking and reporting on off-site levy***

Years identified – 2016 to 2020

### **Observation:**

We observed that the current method of tracking and reporting OSL information is largely manual. This increases the risk of human error in schedules and calculations, potentially leading to incorrect reporting of OSL balances. In addition, the reporting of OSL is decentralized, where numerous business units and departments utilize different processes and schedules to track various information, increasing the risk that schedules are inconsistent with one another and that OSL balances are reported incorrectly.

This was further evidenced by the following matters identified during our audit procedures:

- a. Finance continuity schedules: We observed that the current method of tracking and reporting OSL financial information requires manual spreadsheets. Specifically, we noted that the OSL tracking workbooks used by the business units to calculate the OSL balances are manually updated as are the OSL continuity schedules used by each of the business units. This increases the risk of human error in schedules and calculations, potentially leading to incorrect reporting of OSL balances. In addition, the tracking of OSL is decentralized where each business unit utilizes different schedules to track the movement in the OSL balances and prepare the necessary journal entries. This increases the risk that the schedules are inconsistent with one another and that the OSL balances reported are incorrect. Lastly, the reports required to audit the utilization and spend activity of OSL balances were not available and had to be recreated at the time of the audit by the Water/Utilities and Transportation business units. This increased the risk that the business units are not reconciling OSL activity on a regular basis.
- b. UDBIS system: We observed that there were cases relating to DAs prior to 2016 where the invoice line description outlining the levy amount and percentage billed were incorrect, but the actual amount billed was correct. This was limited to the UDBIS system that was used prior to 2016. The process required the user to manually update the UDBIS system, including hectares billed and the line item description on the invoice. In limited instances the line item description was not updated correctly. We note that while the description was incorrect, all invoices were billed and collected in accordance with the underlying agreed upon rates and as such this does not result in a misstatement.

- c. Urban Development Online ("UDO") system: We observed that there were cases where the assessable hectares changed between the Interim Indemnity Agreement ("IIA") and the Special Clauses Agreement ("SCA") for DAs prior to 2020, but the credit and re-bill for the updated assessable hectares was not completed by the Strategist. We note that it is not unusual for there to be changes in assessable hectares between the IIA and the SCA as more precise information is obtained once the project is closer to completion. However, this update is made through a manual input of the assessable hectares in UDO. When this change occurs in UDO, the Developer is issued a new invoice or credit note to reflect the correct levy based on updated hectares. We have identified a reportable misstatement of \$173,000 where The City has under collected levies based on incorrect hectares used. We noted that due to the informal and manual nature of the process, erroneous billings could be processed resulting in misstatements to OSL.
- d. Investment income allocation: We observed that the blended yield rate calculation which is used to calculate the investment income is a manual process that can be subject to transposition and formula errors. Additionally, we observed there were timing differences between when the transactions were captured in the third-party investment reports, which are a key input used in the calculation, and when they were included in the blended yield calculation. While this did not result in a reportable misstatement, there is a potential that it could lead to a material misstatement in investment income.

### **Recommendation:**

We recommend the following:

#### *Finance continuity schedules:*

- Administration reviews the processes followed by each department and business unit to ensure OSL activity is tracked and reported consistently. Administration should also evaluate whether all relevant departments and business units are involved in management of OSL.

#### *UDBIS System:*

- We note that the UDBIS system is no longer used after the 2016 system upgrade to the UDO system. As such, no further action is required.

#### *UDO System:*

- It is recommended that all users are properly trained on the required processes to ensure accurate billing.
- Any variances between the hectares in the assessments tab within UDO and the hectares billed should be reviewed on a periodic basis and investigated.
- The assessable hectare changes in the IIA and SCAs should be reviewed on a periodic basis to ensure that the appropriate hectares are invoiced and any credit and/or re-bills are issued in a timely manner.
- Administration performs routine spot-checks within UDO and compares the information to the corresponding agreements to ensure that billing is accurate and complete. Additional consideration should be made to add preventative controls in place to omit this from occurring.

#### *Investment income allocation:*

- Consistent with the first observation, we recommend that Administration considers the use of more sophisticated software to calculate and track the blended yield rate calculation to ensure that correct inputs are being used to calculate the blended yield rate. We further recommend that individuals with appropriate knowledge of the underlying spreadsheets review the documentation for consistency, completeness and accuracy.

### **Administration's response:**

- Administration agrees with the finance continuity schedule recommendation. Administration has completed numerous process and reporting improvements based on the City Auditor Off-site Levy Annual Reporting Audit – AC2019-1241 which includes creating policies and procedures, setting up specific balance sheet accounts, analyzing, reconciling and segregating OSL & Non-OSL items, developed procedures for maximum OSL spend, developed procedures for interest earned, developed a consistent approach for OSL reporting, etc. from December 1, 2020 through to 2021 which would not have yet been applied during the period of the audit from 2016-2020. Administration will strive to continue to improve consistent tracking of OSL activity and reporting. In addition, overall OSL management will be addressed through the committees that have been created in 2020.
- Administration agrees with the UDO System recommendation. Administration will create a monitoring control to detect misalignments between hectares on the master UDO job and the hectares used on assessment billings. This will be done in a business unit dashboard and monitored and reviewed on a quarterly basis. Time to be implemented and complete by Q4 2021.
- Administration agrees with the investment income allocation. Administration will investigate solutions to ensure the blended rate yield is calculated in an accurate and consistent manner. Options may include dedicated software, if available and/or automation of the process to eliminate some of the manual entries where transposition and formula errors could occur. Investigation will occur by Q4 2021.
- Administration will be implementing a more rigorous spreadsheet review process to ensure consistency, completeness and accuracy. To be completed by Q4 2021.

### **3. Business Unit involvement in future projects and allocation of financing to existing projects**

Years identified – 2016 to 2020

#### **Observation:**

We observed that the process of allocating financing sources to projects was decentralized and inconsistent amongst infrastructure types. Specifically, if there were multiple financing sources available for a project (such as OSL, grants or internal sources), there is lack of formal process to dictate which sources should be utilized and how much should be utilized from each source. Each business unit has developed their own process to prioritize and allocate financing. We note that we found no misstatements related to the use and allocation of funds.

We also observed that there were significant unspent amounts in the OSL balance for Community Services and Police. Some of these amounts were collected prior to 2013.

- a. Community Services: There is \$16.5M in unspent OSL funds that were collected prior to 2013 as at December 31, 2020.
- b. Police: There is \$10.9M in unspent OSL funds that were collected prior to 2013 as at December 31, 2020.

**Recommendation:**

We recommend the following:

- A formal process should be established for financing sources to projects. We also recommend that this process allow for Administration to adjust as excess financing becomes available from any financing source.
- Administration should ensure OSL projects are identified and approved in a timely manner and that projects are using the most efficient financing model by ensuring OSL is spent first.
- Administration should consider if the underlying assumptions driving the levy rates are appropriate or need to be reassessed based on historical collections and usage of levies relative to other financing sources.
- Administration should perform analysis to ensure the maximum potential OSL eligible amounts for each project are being utilized.
- Administration should review the application of financing for projects and if other financing sources are not readily available to consider fully financing the project from OSL, if allowable under the Bylaw.
- While these recommendations are for the organization as a whole, we understand that consideration may need to be given to the application of these recommendations to each Business Unit as there may be different processes in place at each Business Unit based on the nature and timing of the financing sources.

**Administration's response:**

Finance agrees with the recommendations above. Finance follows Capital Infrastructure Investment Principles to optimize financing sources. The financing process is the order of application of the funding. The development of a fiscally sustainable corporate approach (where possible) to financing will maximize The City's opportunity to provide capital investments that support service delivery. Finance will review the current financing process across departments and develop more detailed eligibility criteria that are consistent and efficient. This will be completed after the Corporate realignment and as part of 2022 OSL By-law.

**4. Signed contracts for Developer Obligation Estimate and Developer Agreement amendments**

Years identified – 2016 to 2019

**Observation:**

We observed the following matters during our audit procedures:

- a. Signed contract amendments for changes to the SCA: We observed that there were cases where there was a difference in hectares billed on the invoice as compared to assessable hectares included in the SCA. This situation occurs when the assessable hectares are updated for a variety of reasons after there is a signed SCA agreement. Our audit procedures performed noted that Developers are informed of these changes and are invoiced based on the correct hectares; however, a new SCA or contract amendment with the updated hectares is not created.

- b. Development Obligation Estimate process: We observed that there were situations where the payment of OSL occurred before an invoice was issued. This related to instances of DOE projects. DOE projects occur when a Developer is seeking to develop a single lot (as an example, remove the current dwelling and add a new dwelling). The Developer requires a development permit which includes a condition to pay OSL for established areas (which are in accordance with the rates per the bylaw). Based on the details of the development permit, a levy calculation is prepared in UDO and the estimate is provided to the Developer. The noted levy amount in the estimate is required to be paid or the developer must enter into an OSL Agreement to defer payment prior to the release of the Development Permit (including conditions of the Development Permit being satisfied). Once the Developer pays the estimated amount, The City issues an invoice in replace of a receipt. In addition, we observed that there are no signed agreements for DOE projects. While we recognize that the Developer has accepted the levy amount through payment of the DOE estimate provided, we note that lack of DOE contracts could result in incorrect amounts being billed and collected.

### **Recommendation:**

We recommend the following:

- Any changes made to the final SCA require a contract amendment that is signed by The City and the Developer to ensure accuracy of the assessable hectares. It should be noted that as of 2020 the process has been updated whereas there is only one DA required which is finalized and signed by all parties before invoicing. However, if the situation arises where an amendment to this agreement is required, we recommend that a contract amendment is prepared and signed by both parties.
- The process should be updated so that there is a signed agreement for all levies collected, including DOE projects. While a signed agreement is the best evidence of Developer acceptance, alternative methods are suitable so long as proof of Developer acceptance is formally tracked and maintained. We recommend that this Developer acceptance occur at the time the permit is negotiated and issued. In addition, it is recommended that The City provide an invoice prior to payment to ensure that the correct amount is being paid by the Developer.

### **Administration's response:**

Administration agrees with any changes made to the final SCA require a contract amendment that is signed by The City and the Developer to ensure accuracy of the assessable hectares. Administration will add process/tools in UDO to more completely document and report on any area changes that require a credit/rebilling if invoicing has already occurred. A template will be developed to note the changes (area before and after) and will be regarded as an addendum to the final agreement (SCA for 2019 and older jobs and DA for 2020 and newer jobs). Time frame: Q4 2021.

Administration has considered the recommendation for DOE projects and deems the current process sufficient. It is important to note that this observation did not result in a misstatement of the OSL schedules and the risk of misstatement is low. Currently, Administration has followed the principal that the Development Permit (DP) serves as the binding contract. With completion of the review of the DP and associated calculation of levy owing, the customer is provided with a detailed report showing exact calculations and area/units and this is held as the binding amount. For those complex DP jobs that may change through the DP review, the Public Infrastructure team will complete a final review of the job and determine if changes to levy owing are required and if so provide this update to the developer. If the customer would like to delay payment of the off-site levies (if owing) then the customer can request an Off-Site Levy Agreement be put in place.

**Audit Resource Management Report to  
Audit Committee  
2021 July 22**

**ISC: UNRESTRICTED  
AC2021-1048  
Page 1 of 1**

**External Auditor 2021 Audit Service Plan**

**RECOMMENDATIONS:**

That the Audit Committee:

1. Reviews and approves the Deloitte 2021 Audit Service Plan (Attachment); and
2. Recommends that Council receive this Report and the Attachment for the Corporate Record.

**HIGHLIGHTS**

- This report seeks the Audit Committee's approval with respect to External Auditor, Deloitte LLP's proposed 2021 Audit Service Plan (Attachment) for the audit of the 2021 consolidated financial statements of The City of Calgary.
- What does this mean to Calgarians? They receive assurance that the annual consolidated financial statements accurately the financial position of The City of Calgary.
- Why does it matter? Calgarians receive reasonable assurance that the financial statements, as a whole, are free of any material misstatement, whether due to fraud or error.
- The 2021 Audit Service Plan includes an overview of the audit scope, related parties and other audits, planned communications, audit engagement team, key considerations affecting the 2021 Audit and an estimate of the fees. The audit is designed to enable Deloitte to express an opinion on the 2021 December 31 consolidated financial statements of the City of Calgary.
- Fees for the consolidated audit, related parties and other audits are included on in the Service Plan. Additional audit procedures due to the impact of Covid-19 will be determined and estimated fees provided if required.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- The Audit Committee Bylaw 33M2020 states in Section 5 that "The Audit Committee is authorized to:
  - (f) pre-approve all audit and non-audit services performed by the External Auditor..." and further, in Schedule B of Bylaw 33M2020, it states "The Audit Committee:
    - (a) prior to the commencement of the annual external financial audit, reviews the audit plan and estimated audit fees with the External Auditor and discusses the timing and extent of audit procedures, materiality, significant audit risks and areas of audit focus and overall audit strategy. The audit plan is forwarded to Council for information;"

**ATTACHMENT**

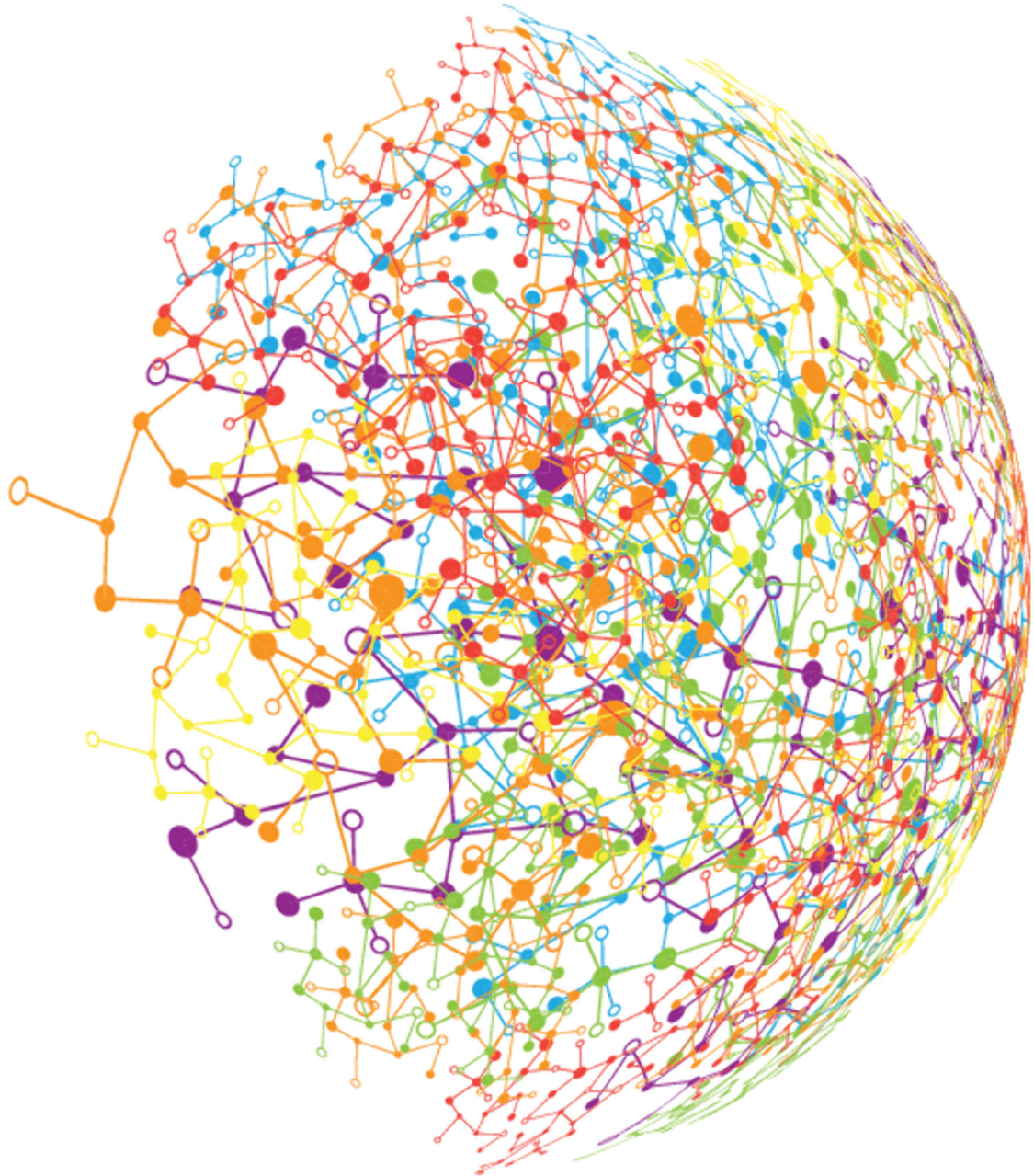
Deloitte – The City of Calgary 2021 Audit Service Plan

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Councillor E. Woolley	Chair of Audit Committee	Approve







## **The City of Calgary** 2021 Audit service plan

For the year ending December 31, 2021  
Presented to the Audit Committee  
July 22, 2021

July 12, 2021

The Audit Committee of The City Council of The City of Calgary

## 2021 Audit service plan

Dear Audit Committee members:

We are pleased to provide you with our audit service plan for The City of Calgary ("The City") for the year ending December 31, 2021. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, our team and an estimate of our fees.

Our engagement will include audits of the following:

- The City's consolidated financial statements as at and for the year ending December 31, 2021
- The Municipal Information Return for the year ending December 31, 2021
- The Funds Held in Trust by The City for the year ending December 31, 2021

(Collectively, the "financial statements").

Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by companies like The City. At Deloitte, we are committed to helping The City grow and successfully achieve its business objectives in today's ever-changing economy.

We are providing this audit service plan to the Audit Committee on a confidential basis. It is intended solely for the use of the Audit Committee to assist in discharging its responsibilities with respect to the financial statements for the year ending December 31, 2021 and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,

*Deloitte LLP*

Chartered Professional Accountants

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# Executive summary

## Audit scope and terms of engagement

We have been asked to perform an audit of The City's financial statements prepared in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ending December 31, 2021. Our audit will be conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement ("MSA") dated July 25, 2018, and the draft confirmation of changes letter included in Appendix 8, and any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time. Our confirmation of changes letter should be signed on behalf of City Council and Administration.

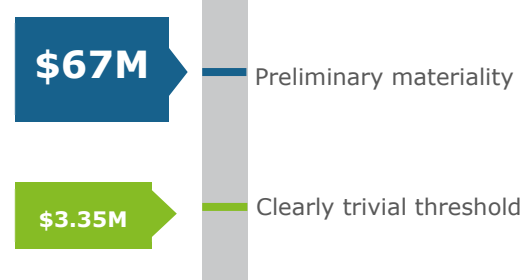
## Significant risks

### Status

1	Administration override of controls	...
2	Capital deposits - revenue recognition	...
3	Tangible Capital Assets	...

... Continued from prior year

## Materiality



Our preliminary estimate of materiality for the year ending December 31, 2021 has been set at \$67,000,000 (2020, \$65,000,000) on the basis of consolidated budgeted operating expenses and other qualitative factors. We will report to you any uncorrected misstatements greater than our current year clearly trivial amount of \$3,350,000 (2020, \$3,250,000).

## Fraud risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Asking people involved in the financial reporting process about inappropriate or unusual activity.
2. Testing material consolidation entries and adjustments at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from Administration's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to Administration estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting The City and their role in the oversight of Administration's antifraud programs.

If we suspect fraud involving Administration, we will immediately inform the Audit Committee of our suspicions and discuss the nature, timing and extent of audit procedures necessary to complete the audit.

# Significant audit risks, significant events and areas of focus

During our risk assessment, we identified some significant audit risks that will require special audit consideration. These risks, together with our planned responses, are described below.

The following tables set out the significant audit risks that we identified during our preliminary planning activities, including our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of The City.

## Significant risk dashboard

### Legend


 Significant level of Administration judgement involved

 Minimal/No Administration judgement involved


**D+I:** Planned testing of the design and implementation of key controls

**OE:** Planned testing of the operating effectiveness of key controls


### Administration override of controls

Fraud Risk	YES	Analysis of risk	Planned audit response
<b>Control Testing Planned</b>	<b>D+I</b>	<ul style="list-style-type: none"> <li>Under Canadian Auditing Standards, it is the responsibility of Administration, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.</li> <li>Administration override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess the design and implementation of relevant controls.</li> <li>We will engage in periodic fraud discussions with certain members of Administration and others, including The City Auditor, City Manager and the Audit Committee.</li> <li>We will consider the potential for bias in judgements and estimates, including performing retrospective analysis of significant accounting estimates.</li> <li>We will evaluate the business rationale for any significant unusual transactions.</li> <li>We will evaluate The City's fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process.</li> <li>We will test manual consolidation entries as well as entries in December 2021 that exhibit characteristics of possible Administration override of controls identified.</li> </ul>
<b>Level of Administration judgement</b>			
<b>Specialist, Expert or Innovation Involvement</b>	Excel Analytics will be used to perform journal entry testing.		

## Capital deposits - Revenue recognition

Fraud Risk	YES	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> <li>Capital revenue relating to government funding and private contributions is not recognized in the correct period, as expenditures are incurred.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess the design and implementation of relevant controls.</li> <li>We will apply audit procedures to revenue recognition of capital deposits relating to both government funding and private contributions. Our testing will include, on a sample basis, reviewing amounts included in the current year transactions to ensure only amounts that meet the revenue recognition criteria under PSAS are recognized as revenue.</li> <li>We will obtain capital deposit contracts to ensure that the revenue recorded aligns with the stipulations in the contract.</li> <li>We will apply audit procedures to test the completeness of revenue by reviewing the carry-forward forms for financing deficits as at December 31 to determine if grant funding has been applied in the appropriate period.</li> <li>We will apply audit procedures to off-site levies, on a sample basis, on the following areas: <ul style="list-style-type: none"> <li>Signed agreements in the year</li> <li>Debt acquired for off-site levy projects</li> <li>Amounts recognized into revenue in the year</li> <li>Deferred revenue recognized into revenue in the year</li> </ul> </li> </ul>
Level of Administration judgement			
Specialist, Expert or Innovation Involvement	Data Analytics will be performed on property tax revenue.		

## Tangible Capital Assets

Fraud Risk	YES	Analysis of risk	Planned audit response
Control Testing Planned	D+I	<ul style="list-style-type: none"> <li>Completeness, existence and valuation of Tangible Capital Assets ("TCA") work in progress ("WIP") and fund 40 expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess the design and implementation of relevant controls.</li> <li>On a sampling basis, we will test TCA WIP additions to ensure these WIP additions were appropriately capitalized and accounted for as WIP.</li> <li>On a sampling basis, we will test TCA WIP transfers to ensure these WIP projects were appropriately transferred out of WIP and into the correct asset class at project completion.</li> <li>On a sampling basis, we will test fund 40 expenditures to ensure these costs were appropriately expensed or capitalized to TCA.</li> </ul>
Level of Administration judgement			
Specialist, Expert or Innovation Involvement	Not applicable.		

## Significant events

### COVID-19

#### Impact on our 2021 audit

Due to COVID-19, we have identified certain areas of our 2021 audit that will be directly impacted. These changes will be similar to the impact on the 2020 audit in terms of nature, timing and extent of audit procedures that we will perform. We have outlined below the significant changes identified to date.

- Identify audit risks specific to COVID-19 and plan audit procedures to address these risks.
- Continued increase of communication with Administration throughout the year to understand COVID-19 impacts and implications.
- Understand and apply audit procedures to any changes in processes and controls at The City.
- Continue to consider alternative methods to obtain audit evidence (scanned copies, electronic versions, video calls to walk through controls, analyses and questions) due to remote work arrangements.
- Continued increase of communication with related authorities/subsidiaries throughout the year to understand COVID-19 impacts and implications.
- In the event that the government continues to require social distancing, consider and plan to perform audit testing remotely, as required.

Throughout the year, we will work with Administration and continue to monitor for emerging risks as they occur and incorporate newly identified risks into our risk assessment process, if required. We will also monitor audit scope and timelines and adjust accordingly to ensure we meet reporting deadlines. We will inform the Audit Committee of any significant changes to our risk assessment.

## Areas of focus

### Related parties (authorities/subsidiaries/civic partners)

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>• Completeness and disclosure of the accounting for organizations included in the government reporting entity (related authorities or subsidiaries).</li> </ul>	<ul style="list-style-type: none"> <li>• We will review The City's accounting policies and any changes therein related to its related parties.</li> <li>• We will verify that the related parties have been accounted for and disclosed in accordance with The City's accounting policies and PSAS and perform separate audits of significant related parties.</li> <li>• We will audit all material balances relating to the related parties.</li> <li>• We will apply audit procedures to entities identified by Administration in 2021 as possibly meeting the criteria for consolidation under PSAS guidance, if any.</li> </ul>

### Litigation accruals and contingencies

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>• Completeness and accuracy of claims and litigation matters of The City and its related authorities.</li> </ul>	<ul style="list-style-type: none"> <li>• We will enquire with The City's legal department and The City Solicitor to determine the status of outstanding legal matters.</li> <li>• We will review legal correspondence from The City Solicitor and external legal counsel (if applicable) and discussed the status of outstanding legal matters with Administration and others, as necessary.</li> <li>• We will assess the appropriateness of any contingent liabilities and financial statement disclosures.</li> </ul>



### Property tax revenue

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Completeness and accuracy of the accounting for property tax revenue.</li> </ul>	<ul style="list-style-type: none"> <li>We will perform reasonability tests on property tax revenue balances.</li> <li>We will review and test the property tax revenue business cycle process controls.</li> <li>We will complete data analytical testing on the property tax revenues for the year ending December 31, 2021.</li> </ul>

### Government grants and transfers

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Accounting and disclosure of government grants and transfers.</li> </ul>	<ul style="list-style-type: none"> <li>We will test a sample of funding agreements to determine if the contract required financial statement disclosure.</li> <li>We will test a sample of federal and provincial transfer payments received during the year to fund specific projects.</li> <li>We will review the related funding agreements to ensure funds were used for their intended purpose and that revenue was recognized in the appropriate period, including the deferred revenue.</li> <li>We will review deferred revenue for compliance with the applicable PSAS guidance.</li> <li>We will test expenditures and ensure that the corresponding revenue has been recognized.</li> </ul>

### Reserves

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Completeness and accuracy of the recording and presentation of reserves.</li> </ul>	<ul style="list-style-type: none"> <li>We will test expenditures charged to each reserve and vouch a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by City Council.</li> <li>We will also test a sample of transfers between reserves, if any, to verify that the transfer was approved by City Council.</li> <li>We will review the completeness and accuracy of the financial statement disclosures relating to reserves.</li> </ul>

### Commitments and contractual obligations

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Disclosure and completeness of commitments and contractual obligations.</li> </ul>	<ul style="list-style-type: none"> <li>We will review the completeness and accuracy of the financial statement disclosures relating to The City's commitments and contractual obligations.</li> <li>We will ensure that these disclosures were in accordance with PSAS guidance.</li> </ul>

### Allowance for property taxes receivable\*

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>The allowance for property taxes receivable is a significant estimate determined by Administration. Due to expected significant impacts of COVID-19, there is a risk that the allowance has not been appropriately adjusted for the impacts of COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>We will review Administration's methodology and assessment of uncollectible property taxes receivable balances.</li> <li>We will also review the allowance for property taxes receivable which was assessed based on specific properties identified as being uncollectible. We will hold discussions with the appropriate individuals to understand the process for identifying specific properties and the methods used to pursue collection of payment.</li> </ul>

### Valuation of land inventory\*

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Land inventories are measured at the lower of cost and net realizable value. There is a risk that certain land inventories may be carried at a cost that is higher than net realizable value due to poor market conditions resulting from COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>We will review Administration's assessment of net realizable value of land inventories.</li> <li>We will test a sample of land inventories to determine if the net realizable value is less than cost and a write-down is required.</li> </ul>

### Valuation of registered defined benefit pension plans' pension assets and obligation\*

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>The pension assets are based on actual market values as at October 31, projected to December 31, based on expected contributions, benefits payments and return on assets.</li> <li>The pension obligation is determined based on various inputs and assumptions (including discount rates, inflation rates, mortality rates, termination rates, retirement rates, salary increases, etc).</li> <li>Due to the significant impact of COVID-19, there is a risk that the valuation of the defined benefit pension plan's pension asset and obligation are inaccurate as they have not been appropriately updated for significant changes in the underlying inputs and assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess the reasonability of the projected pension assets.</li> <li>We will review the various inputs and assumptions used in the calculation of the pension obligation and assessed their reasonableness.</li> <li>We will perform testing on a sample of the inputs that were provided to the actuary.</li> <li>We will review and test the pension asset and obligation business cycle process controls to ensure the controls surrounding the review of the inputs and assumptions were designed and implemented properly.</li> </ul>

### Allowance for off-site levy receivables\*

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Due to the significant impact of COVID-19, there is a risk of off-site levy receivable balances being uncollectible due to entities being unable to pay.</li> </ul>	<ul style="list-style-type: none"> <li>We will review Administration's assessment of uncollectible off-site levy receivable balances.</li> <li>We will test a sample of off-site levy payments received during the year and after year-end to assess collectability.</li> </ul>

### Valuation of investments\*

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>Investments are measured at the lower of cost and fair value. Fair values have fluctuated significantly due to COVID-19, and therefore, there is a risk that the fair value of investments is less than the cost and write-offs are required.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess the design and implementation of relevant controls.</li> <li>We will review The City's assessment of the fair value of investments, including the valuation techniques and inputs used.</li> <li>We will assess if any write-downs were required on the investments.</li> </ul>

### Adoption of upcoming accounting standards

Analysis	Planned audit response
<ul style="list-style-type: none"> <li>There are various new accounting standards as outlined in Appendix 7 that will be effective for 2023 and 2024. Some of these accounting standards are complex and time-consuming to implement. There is a risk that the application of these standards is not consistent with the guidance provided in the accounting standards.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to engage with Administration on their timeline for the implementation of the upcoming accounting standards.</li> <li>We will review and assess The City's analysis, including the methodology, assumptions and estimates, as the information becomes available to us.</li> </ul>

\* During our risk assessment, we identified these areas of focus due to the expected impact of COVID-19 on the financial results of The City.

# Appendix 1 – Audit approach

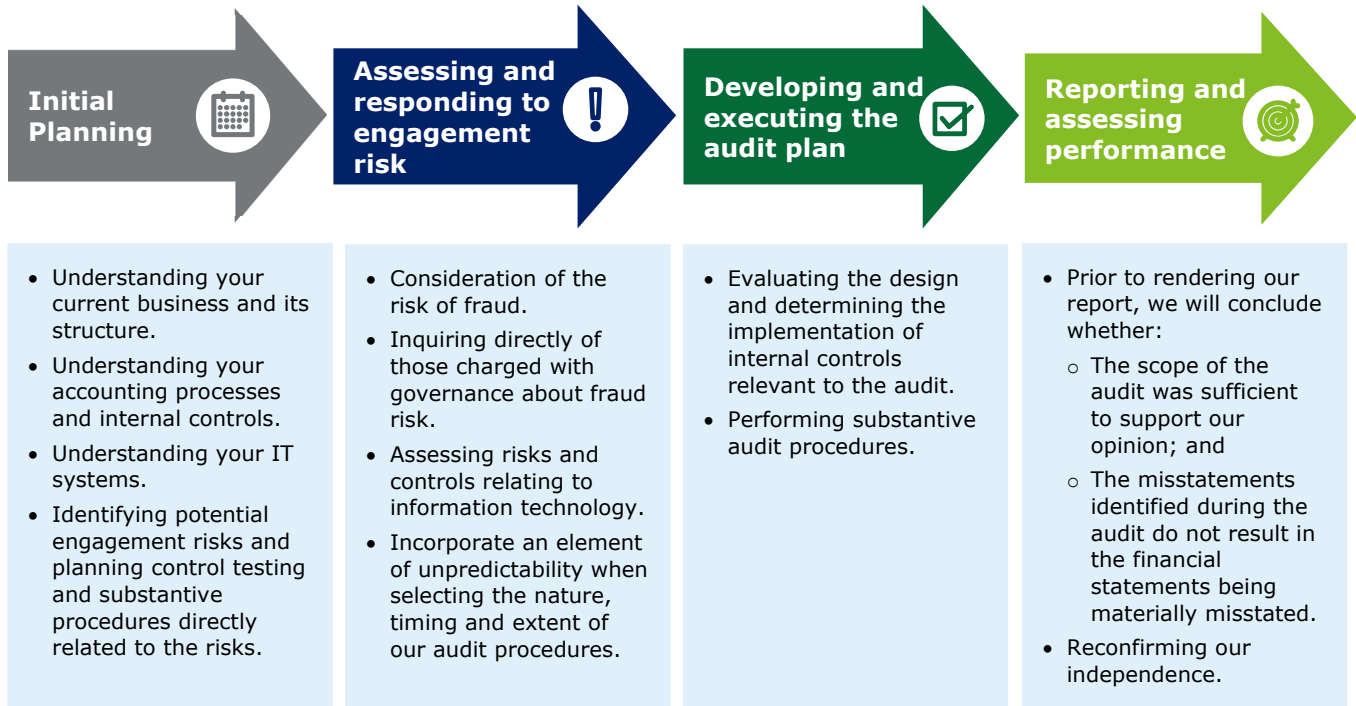
Deloitte’s audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing The City.



## Delivering professional excellence

### Focus area

<b>Risk based audit</b>	<ul style="list-style-type: none"> <li>Deliver a customized risk assessment, focusing our attention and resources on the audit areas that are most relevant to The City, including those identified above in the Significant audit risks, significant events and areas of focus section.</li> </ul>
<b>Confidential Information</b>	<ul style="list-style-type: none"> <li>Protecting the privacy and confidentiality of our clients and the firm is a cornerstone of the professional standards every Deloitte partner and practitioner commits to upholding every day.</li> <li>Deloitte employs technical, physical, and procedural safeguards, including our Confidential Information Program, to appropriately safeguard your data before, during, and after the course of the engagement.</li> </ul>
<b>Professional skepticism</b>	<ul style="list-style-type: none"> <li>Obtain a thorough understanding of the relevant facts and information available during our audit testing, analyze reasonable alternatives, apply a questioning mindset and challenge Administration’s assumptions.</li> <li>Perform a rigorous review of potential contradictory evidence.</li> </ul>
<b>Consultations</b>	<ul style="list-style-type: none"> <li>Involve additional resources or consult with technical resources where required.</li> </ul>



## When general IT controls (GITCs) may be relevant?

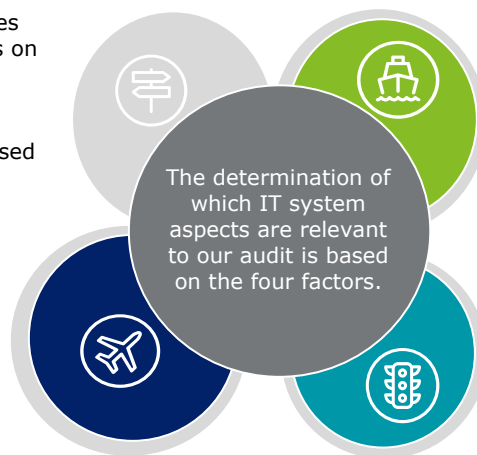
### Factor #1 Data

For example:

A billing system that performs many functions (such as processing orders, generating invoices, and tracking financial balances) and it processes and houses data. The entity relies on the functionality and the data processed by the system. Additionally, the volume and complexity of transactions processed by system is considered high. Therefore the billing system is relevant to the audit.

### Factor #3 System Generated Reports

For example, a system-generated A/R aging report from the financial reporting application is used to determine the allowance for doubtful accounts.



### Factor #2 Automated Controls

For example:

- 3-way match of the purchase order, goods receipt and invoice prior to payment
- The calculation of depreciation expense
- Access is restricted to update inventory quantity

### Factor #4 Analytics

For example, data from the property tax system (PTWeb) can be compared to the expected property tax revenue based on the current property tax levy and assessed property values. This can provide insight if any discrepancies are identified in the property tax levy applied. Therefore, the PTWeb system is relevant for the audit.



## Innovating our audit approach

### Focus area

#### Audit technology

- **Deloitte Connect** – Use Deloitte’s secure, online collaboration site to facilitate a two-way dialogue between the Deloitte team and The City team to effectively manage engagement coordination and provide greater transparency allowing both Administration and auditor visibility over client request status.
- **Excel Analytics** - Use this proprietary tool to analyze data and test journal entries, identify risks and anomalies more quickly and hone in on items of interest.

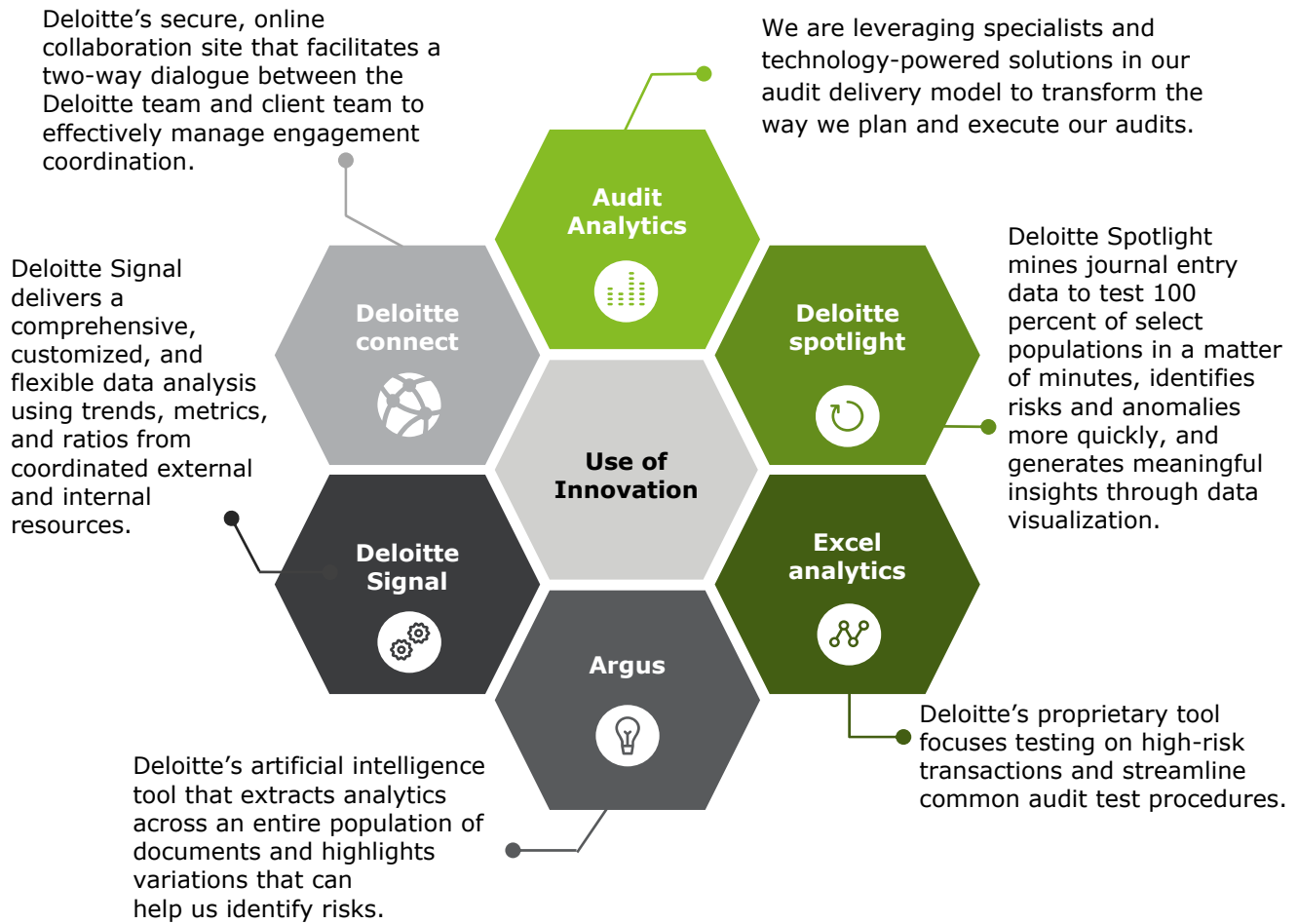
### Focus area

#### Processes

- **Optimizing interim** - Proactively shift work forward from peak periods to our interim visits, including audit planning, assessing the design and implementation of internal controls and substantive testing of expenditures, payroll, TCA additions and capital deposits.
- **Project management** - Enhance project management oversight and effective communications between the audit team and Administration.

#### the Audit Committee reporting

- **the Audit Committee communications** – Harman Gill and Ivana Cvitanusic to meet with Administration and those charged with governance at the completion of the FY2021 audit.



# Appendix 2 – Audit fees

We focus our activities and make every effort to optimize the efficiency of our audit.

We recognize and are sensitive to your concerns about managing costs. Therefore, we will maximize the efficiency of our audit by focusing on risk areas and coordinating our activities with Administration. Furthermore, our current audit plan builds upon the successes achieved in the 2020 year-end audit.

The following fee estimate is preliminary and may be adjusted based on the final scope of our audit and our final determination of the audit procedures that we consider necessary to enable us to express an opinion on the financial statements. Our anticipated level of work and the associated fee estimate do not include the effect of any regulatory or other changes to existing auditing and accounting standards yet to be issued. We will seek the Audit Committee's pre-approval before commencing the additional procedures arising from these unexpected changes. Fees outlined below are for base audit fees only and do not include any one-time requests or additional services that The City may seek from time to time.

The 2021 estimated audit fees are as follows:	2021*	2020*
The City of Calgary consolidated financial statement audit	\$291,610	\$293,400
Municipal Information Return	\$4,640	\$4,600
Funds Held in Trust Audit	\$1,810	\$1,800
Newspaper insert (summarization of The City's financial information)**	-	Included in The City of Calgary Audit fee
Audit of off-site levy interest income allocation misstatement	-	\$30,000
Additional audit procedures related to the Event Centre	-	\$10,000
Additional audits as requested by Administration and the Audit Committee up to approval limit***	\$50,000	\$50,000
Additional audit procedures due to the impact of COVID-19****	\$TBD	\$25,000
<b>Total</b>	<b>\$348,060</b>	<b>\$414,800</b>

\* These fees are subject to a 7% administrative charge and applicable GST.

\*\* The newspaper insert is to be discontinued in 2021 and therefore has been removed from the audit fee.

\*\*\* The approval limit changed from \$25,000 to \$50,000 as part of Bylaw 33M2020 which came into effect in fiscal 2020.

\*\*\*\* Based on discussions with Administration and as discussed on page 4 of our report, the full impact of COVID-19 on The City's operations and financial results cannot be determined as at the date of issuance of this report. As such, once we have determined the full extent of the impact of COVID-19 on the 2021 audit, we will provide a fee estimate for the additional time incurred, if any.



# Appendix 3 – Related parties and other audits

Summary of engagement timing and estimated fees for the year ending December 31, 2021. These fees include only the base audit fee for each entity. To the extent other non-audit or audit-related services are provided to the entities below, these would follow appropriate approval policies and would be communicated to the Audit Committee in accordance with The City's policies. As the 2021 audit planning for related party and other audits will be completed at later date, these fees are subject to change based on the impact of COVID-19 and any other operational changes at each entity.

Entity	Reporting entity relationship	Estimated audit completion	Estimated 2021 base audit fee**	2020 base audit fee**
The City of Calgary consolidated	City of Calgary Audit Committee	April 2022	\$291,610	\$293,400
Calgary Municipal Land Corporation	Calgary Municipal Land Corporation Audit Committee	April 2022	\$76,760	\$76,000
Calgary Parking Authority	Calgary Parking Authority Audit Committee	March 2022	\$86,550	\$85,700
Calgary Public Library	Calgary Public Library Finance and Audit Committee	March 2022	\$40,900	\$40,500
Calhome Properties Ltd.	Calhome Properties Ltd. Audit Committee	March 2022	\$84,950	\$84,150
Calgary Police Service	Calgary Police Commission	May 2022*	\$51,000	\$50,500
TELUS Convention Centre	TELUS Convention Centre Audit Committee	May 2022*	\$42,750	\$42,320
ENMAX Corporation	ENMAX Audit Committee	March 2022	\$370,165	\$366,500
Elected Officials Pension Plan	Pension Governance Committee	April 2022	\$7,575	\$7,500
Supplementary Pension Plan	Pension Governance Committee	April 2022	\$14,240	\$14,100
Municipal Employees Benefits Association of Calgary	Executive Committee of Municipal Employees Benefits Association of Calgary	April 2022	\$28,300	\$28,040
Family & Community Support Services	City of Calgary Administration	April 2022	\$20,500	\$20,300
Municipal Information Return	City of Calgary Administration	April 2022	\$4,640	\$4,600

Entity	Reporting entity relationship	Estimated audit completion	Estimated 2021 base audit fee**	2020 base audit fee**
Funds Held in Trust	City of Calgary Administration	April 2022	\$1,810	\$1,800
Core Benefit Plan		2023	-	-
<b>Total</b>			<b>\$1,121,750</b>	<b>\$1,115,410</b>

\*Fieldwork will be completed by March 2022.

\*\*The fee estimate is per the agreed upon rates in the 2018 Request for Proposal and external audit contract, which is a 1% increase over the prior year amount for base audit fees. This is a preliminary estimate and these fees are subject to review for changes in accounting and/or auditing standards, operational changes and impact of COVID-19 on financial results which may impact the audit effort and final fees. The fees are subject to 7% Administrative charge and GST.

### Consolidation

For the purposes of The City's consolidated financial statements, each reporting entity is required to provide their final internal financial statements to Administration prior to completion of the consolidated audit. The timing of our audit procedures is planned for completion prior to the anticipated final auditor's report for The City. Our final auditor's reports are presented to each reporting entity at their respective Audit Committee meetings.

### Group audit

The audit of The City is considered to be a group audit and therefore, we are also required to determine the scope of work required for each related authority. We are auditors of all related authorities and issue an audit opinion on the standalone financial statements of each entity, with the exception of Attainable Homes Calgary Corporation, Calgary Economic Development Ltd. and Calgary Arts Development Authority Ltd. For the three entities not audited by Deloitte LLP, we apply audit procedures based on The City's consolidated materiality.

# Appendix 4 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS.

<b>Required communication</b>
<b>Audit Service Plan</b>
<ol style="list-style-type: none"> <li>1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements</li> <li>2. An overview of the overall audit strategy, addressing: <ol style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> </ol> </li> <li>3. Significant transactions outside of the normal course of business, including related party transactions</li> </ol>
<b>Enquiries of those charged with governance</b>
<ol style="list-style-type: none"> <li>4. How those charged with governance exercise oversight over Administration's process for identifying and responding to the risk of fraud and the internal control that Administration has established to mitigate these risks</li> <li>5. Any known suspected or alleged fraud affecting The City</li> <li>6. Whether The City is in compliance with laws and regulations</li> </ol>
<b>Year-end communication</b>
<ol style="list-style-type: none"> <li>7. Modification to our audit plan and strategy</li> <li>8. Fraud or possible fraud identified through the audit process</li> <li>9. Significant accounting policies, practices, unusual transactions, and our related conclusions</li> <li>10. Alternative treatments for accounting policies and practices that have been discussed with Administration during the current audit period</li> <li>11. Matters related to going concern</li> <li>12. Administration judgements and accounting estimates</li> <li>13. Significant difficulties, if any, encountered during the audit</li> <li>14. Material written communications between Administration and us, including Administration representation letters</li> <li>15. Circumstances that affect the form and the content of the auditor's report</li> <li>16. Modifications to our opinion(s)</li> <li>17. Our views of significant accounting or auditing matters for which Administration consulted with other accountants and about which we have concerns</li> <li>18. Significant matters discussed with Administration</li> </ol>

19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements
21. Uncorrected misstatements and disclosure items
22. Any significant matters arising during the audit in connection with The City's related parties

# Appendix 5 – Audit team

## Main Engagement Team

<b>Lead Client Service Partner</b>	<b>Harman Gill</b> <a href="mailto:hgill@deloitte.ca">hgill@deloitte.ca</a> +1-403-267-1850	<b>Audit Partner</b>	<b>Ivana Cvitanusic</b> <a href="mailto:icvitanusic@deloitte.ca">icvitanusic@deloitte.ca</a> +1-403-648-3242
<b>Audit Senior Manager</b>	<b>Erica Vervoort</b> <a href="mailto:evervoort@deloitte.ca">evervoort@deloitte.ca</a> +1-416-643-6984	<b>Audit Manager</b>	<b>Daksha Mulay</b> <a href="mailto:damulay@deloitte.ca">damulay@deloitte.ca</a> +1-587-293-3251

## Advisory

<b>Advisory Partner</b>	<b>Trevor Nakka</b> <a href="mailto:tnakka@deloitte.ca">tnakka@deloitte.ca</a> +1-416-775-8835
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## Specialists

<b>Quality Assurance Partner</b>	<b>Rohini Halli</b> <a href="mailto:rhalli@deloitte.ca">rhalli@deloitte.ca</a> +1-204-944-3544	<b>Control Assurance Partner</b>	<b>Karen O'Brien</b> <a href="mailto:kaobrien@deloitte.ca">kaobrien@deloitte.ca</a> +1-306-565-5208
		<b>Control Assurance Manager</b>	<b>Berenice Rosales Amezcua</b> <a href="mailto:berosales@deloitte.ca">berosales@deloitte.ca</a> +1-416-643-6925

# Appendix 6 – 2021 Summary audit timeline

This calendar indicates our various procedures and meetings as planned throughout the year:

	July	August	September	October	November	December	January	February	March	April	May	June
<b>Procedures:</b>												
Audit planning including scope, risks of fraud and fees	•	•										
Audit procedures performed on areas of risks, areas of focus and significant and complex transactions		•			•				•			
August 2021: First interim visit. We will perform the following procedure during our first interim: <ul style="list-style-type: none"> <li>Audit planning</li> <li>Design and implementation testing of internal controls</li> </ul>		•										
November 2021: Second interim visit. We will perform the following procedures during our second interim: <ul style="list-style-type: none"> <li>Substantive testing of expenditures, payroll, TCA additions and capital deposits</li> <li>Design and implementation testing of internal controls</li> </ul>					•							
Final audit procedures related to the financial statements									•	•		
Communicate the status of our audit against our plan and any major difficulties encountered										•		
Review the results of our audit and provide audit report										•		
Review of the annual report to citizens										•		
Release of audit report										•		
Update to External Auditor 2020 Management Letter							•					
Present External Auditor 2021 Management Letter												•

# Appendix 7 – New and revised accounting and auditing standards

The following is a summary of certain new standards and amendments that are likely to impact The City's financial reporting and audit, which will become effective in 2021 and beyond.

To review all recent amendments that will impact your organization in the foreseeable future, we invite you to review our revamped [Standard section of iasplus.com](https://www.iasplus.com).

## Public Sector Accounting Standards

Title	Description	Effective Date
Section PS 1201, <i>Financial Statement Presentation</i>	This Section establishes general reporting principles and standards for the disclosure of information in government financial statements.	Effective in the period that Section PS 2601, <i>Foreign Currency Translation</i> , and Section PS 3450, <i>Financial Instruments</i> are adopted.
Section PS 2601, <i>Foreign Currency Translation</i>	This Section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	Effective for (i) Government organizations – April 1, 2012; and (ii) Governments – April 1, 2022. Earlier adoption is permitted.
Section PS 3041, <i>Portfolio investments</i>	This Section establishes standards on how to account for and report portfolio investments in government financial statements.	Effective in the period that Section PS 2601, <i>Foreign Currency Translation</i> , and Section PS 3450, <i>Financial Instruments</i> , are adopted.
Section PS 3280, <i>Asset retirement obligations</i>	This Section establishes standards on how to account for and report a liability for asset retirement obligations.	Effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
Section PS 3400, <i>Revenue</i>	This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. The Section may be applied retroactively or prospectively.
Section PS 3450, <i>Financial Instruments</i>	This Section establishes standards on how to account for and report all types of financial instruments including derivatives.	This section is effective for: (i) Government organizations – April 1, 2012 (ii) Governments – April 1, 2022. Earlier adoption is permitted.

Title	Description	Effective Date
Guideline PSG 8, <i>Purchased intangibles</i>	This Guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000.	Effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.
Section PS 1000, <i>Financial statement concepts</i>	This Section describes the concepts underlying the development and use of accounting principles in government financial statements. Such financial statements are designed to meet the common information needs of external users of financial information about a government.	Effective April 1, 2005. The amendments are effective for fiscal years beginning on or after April 1, 2023, with earlier application permitted. Retroactive or prospective application is allowed.

## Assurance

Title	Description	Effective Date
CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>	CAS 315 deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements, through understanding the entity and its environment, including the entity's internal control.	Effective for audits of financial statements for periods ending on or after December 15, 2013. The revisions to CAS 315 are effective for audits of financial statements for periods ending on or after December 15, 2021. Earlier application is permitted.



# Appendix 8 – Draft confirmation of changes letter

July 22, 2021

## **Private and confidential**

The Audit Committee of The City of Calgary  
Councillor Evan Woolley, Audit Committee Chair  
The City of Calgary  
PO Box 2100, Station M  
Calgary, AB T2P 2M5

Ms. Carla Male, Chief Financial Officer  
The City of Calgary  
PO Box 2100, Station M  
Calgary, AB T2P 2M5

## **Re: Confirmation of Changes to Fees**

Dear Sir/Madam:

This letter is issued to you further to the master services agreement ("MSA") between The City of Calgary (the "City") and Deloitte LLP ("Deloitte") dated July 25, 2018. This letter is subject to the terms of the MSA, the appendices to the MSA the general business terms that form part of the MSA, any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time.

The purpose of this letter is to confirm our mutual understanding of the changes to fees.

## **Changes to fees**

The MSA, and any confirmation letters subsequently issued under the MSA, set out the entities we will serve and the nature of the services and our fees.

For the current year, the chart below sets out the entities and the services we will provide to them in respect of their year ends. The chart also sets out an estimate of our professional fees. In addition to the professional fees, you will reimburse us for reasonable expenses and pay an administrative charge of 7% of professional fees, and applicable taxes.

<b>The City of Calgary</b>	<b>Fee</b>
<i>Year ending December 31, 2021</i>	
Consolidated financial statement audit	\$291,610
Funds Held in Trust	\$1,810
Municipal Information Return	\$4,640
Additional audits as requested by Administration and the Audit Committee up to approval limit	\$50,000
Additional audit procedures due to the impact of COVID-19	\$TBD
<b>Total</b>	<b>\$348,060</b>

This confirmation letter (including any appendices and documents incorporated by reference) will continue in force for future services provided by us to you unless amended.

Please sign and return the attached copy of this letter to indicate your acknowledgement that it is in accordance with your understanding of the arrangements for our engagement for fiscal year 2021.

Yours truly,

Chartered Professional Accountants

Enclosure

The services and terms set forth in and incorporated into this letter are acknowledged and approved by the Audit Committee of The City of Calgary:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

The services and terms set forth in and incorporated into this letter are accepted and agreed to by  
The City of Calgary Administration:

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Signature

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Title

## City Auditor's Office 2nd Quarter 2021 Report

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### 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. Schedule A of Bylaw 30M2004 (as amended) requires the City Auditor to provide a quarterly report to Audit Committee that includes:
  - Trending and achievement of City Auditor's performance measures as established to reflect effective delivery of the City Auditor's mandate;
  - Status of Administration action on the current recommended action plan commitments agreed upon in previous audit reports; and
  - Status of deliverables against the approved annual audit plan.

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

- What does it mean to Calgarians? The City Auditor's Office provides effective independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust.
- Why does it matter? The City Auditor provides open and transparent reporting on key activities on a quarterly basis.
- Strategic alignment to Citizen Priorities – A Well-Run City.

### ATTACHMENT

1. City Auditor's Office 2<sup>nd</sup> Quarter 2021 Report - AC2021-1100 Attachment

### DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	Acting City Auditor	Approve





**Calgary**

City Auditor's Office

# **2nd Quarter 2021 Report April 1, 2021 – June 30, 2021**

**July 22, 2021**

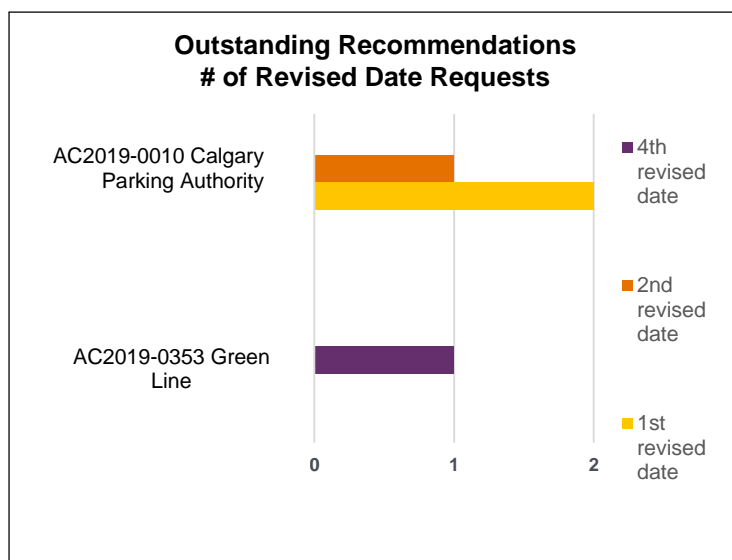
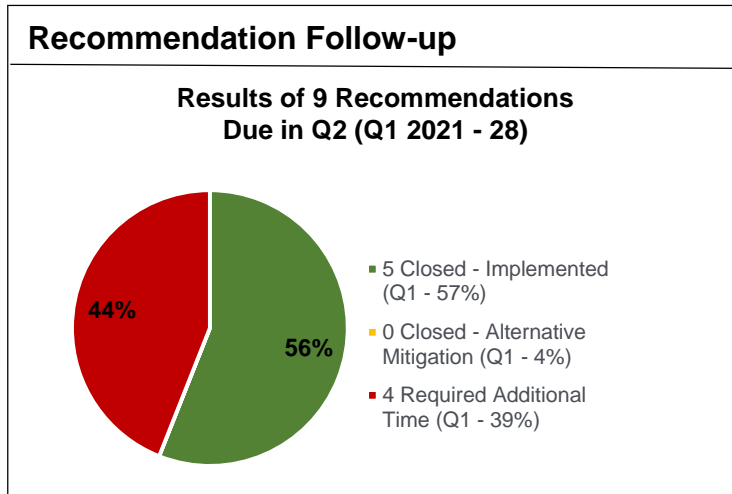
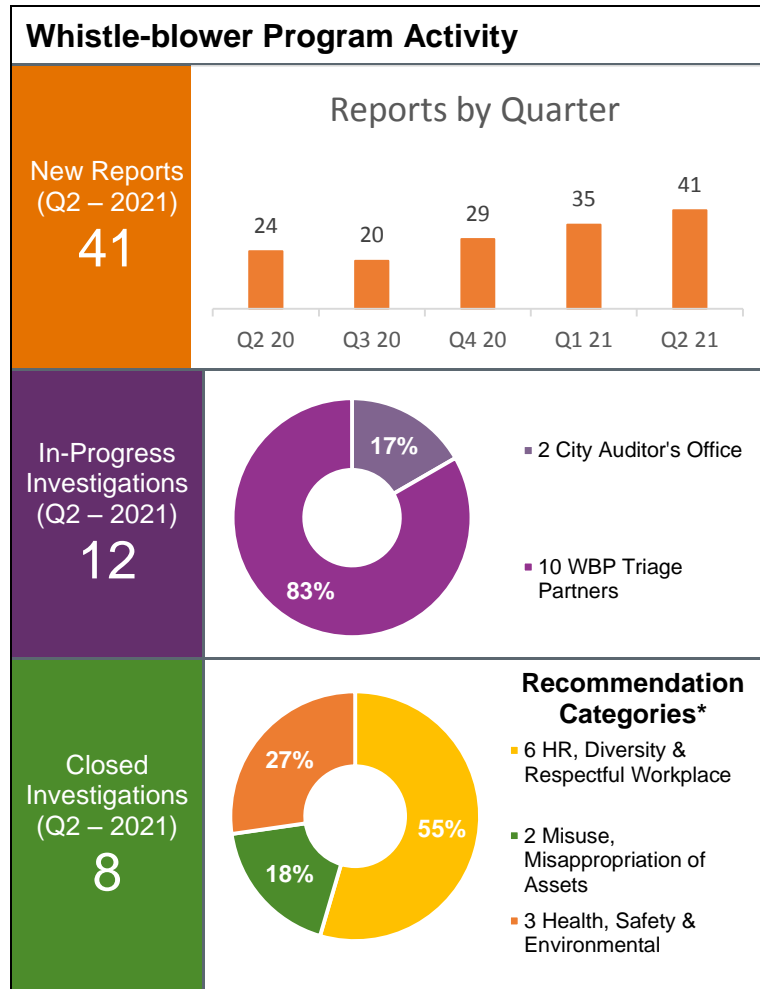
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# 1. Status Update

Key Performance Indicators				
Measure Area	Performance Indicator	Target	Q1 2021	Q2 2021
Efficiency	On Track to Annual Plan	Q1-17% Q2-36%	17%	32%
Effectiveness	Timely Implementation of Audit Rec.	65%	52%	0%
Quality	Client Satisfaction	85%	N/A*	100%
Staff	Training Plan Achieved	90%	100%	95%

\*No Responses Received in Q1

Budget (\$'000's)				
Category	2021 Annual Budget	Q2 Cumulative Budget	Actual to Date	Variance
Salary	2,802	1,380	1,172	(208)
Tools & Technology	130	47	71	24
Training	56	27	13	(14)
Professional Memberships	18	9	10	1
Contracted Services	7	7	25	18
Employee Recognition	3	2	0	(2)
Operating Costs	47	34	28	(6)
Total	3,063	1,506	1,319	(187)



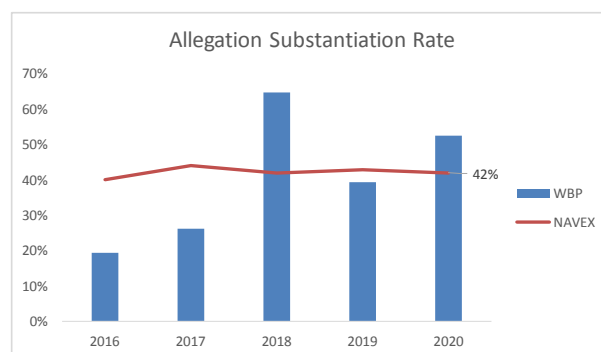
\*Each investigation could result in any number of recommendations.  
 \*Recommendations/Corrective Actions are published at [www.calgary.ca/whistle](http://www.calgary.ca/whistle)



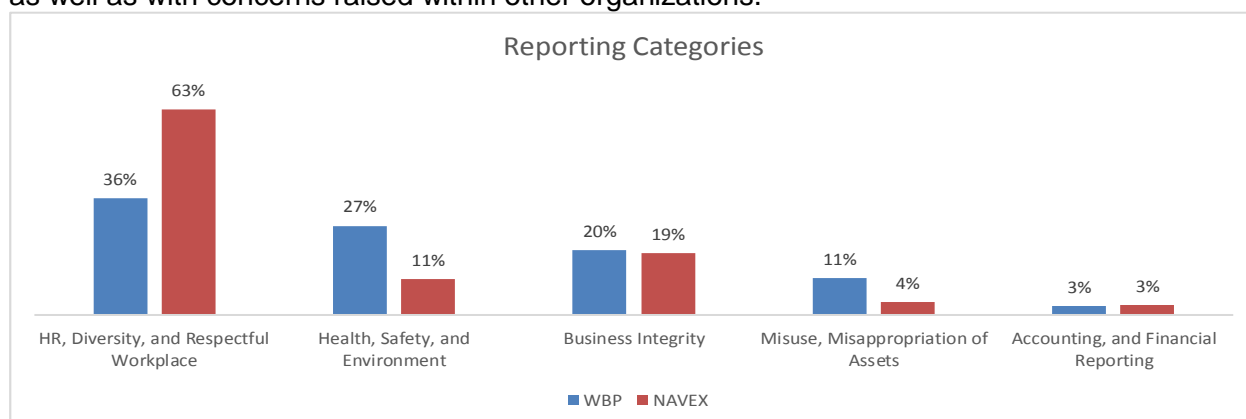
## 2. Initiative Briefing: 2020 Whistle-blower Program Benchmarks

Whistle-blower Program (WBP) data is regularly analyzed and compared annually to external hotline data compiled by NAVEX Global<sup>1</sup> to better gauge the program's performance, effectiveness, and value, and to identify areas for improvement. Three key benchmarks from our analysis are as follows:

*Substantiation rate remains high* - At least one allegation was substantiated in 53% of all investigations concluded in 2020, above the 5-year WBP average (40%) and above the NAVEX average for 2020 (42%). A high substantiation rate reflects a positive combination of awareness of City policies, timely reporting and investigation of concerns, and effective investigation practices, among other factors.

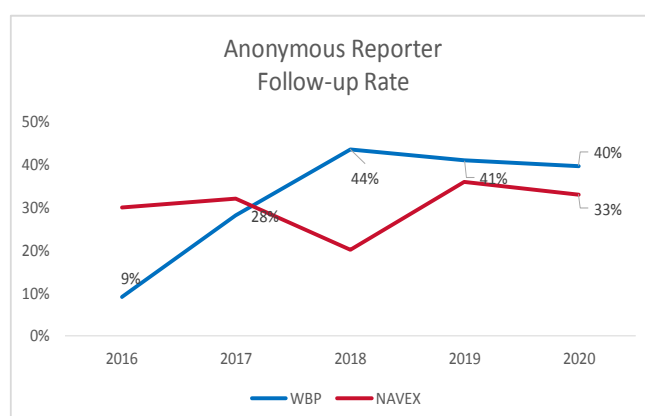


*Concerns reported align with other organizations* - The categorization of allegations received can provide insight and potential 'hot spots' identified are shared with Administration. In 2020, the nature and frequency of reports submitted to the WBP remained consistent with prior years as well as with concerns raised within other organizations.



*Anonymous reporters remain engaged* – Supporting anonymity and encouraging individuals to remain involved is essential. Sixty-nine percent of reports received in 2020 were from anonymous sources, 40% of whom remained engaged through to the conclusion of their concerns, including following up on the status of their report, and/or responding to investigator requests.

Utilization and operational data suggests that the WBP is operating in general alignment with hotlines from other organizations.



<sup>1</sup> The NAVEX Global 2021 Risk & Compliance Incident Management Benchmark Report comprises data from over 1.3 million individual reports disclosed by 3,027 organizations (with more than 10 reports), representing over 54 million employees globally.

## 2021 Audit Plan – Status as at June 30, 2021

2021 Audit Plan				
#	Title	Description	Report Target	Status
2020 Audit Plan Carry Forward				
1	Cyber Security Incident Response Follow-up	A follow-up audit to review action plans implemented in response to the 2018 Cyber Security Incident Response Audit (AC2018-0410).  <i>Citizen Priority – A Well-Run City</i>	Q1	Complete/ reported 3/18/2021
2	Integrated Risk Management	An operational audit assessing the effectiveness of the Integrated Risk Management Framework, which is a recurring audit (AC2014-0295) required under The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.  <i>Citizen Priority – A Well-Run City</i>	Q2	Complete/ reported 5/20/2021
3	311 Response	A City-wide operational audit assessing the effectiveness of processes to respond to citizen concerns received through 311.  <i>Citizen Priority – A Well-Run City</i>	Q2	Complete/ reported 6/24/2021
2021 Audit Plan				
1	Green Line Program Governance Follow-Up	A follow-up audit to assess the effectiveness of actions implemented in response to the 2019 Green Line Project Governance Audit (AC2019-0353).  <i>Citizen Priority – A City that Moves</i>	Q2	Complete/ reported 6/24/2021
2	Industrial Control Systems Security	A technology and governance audit of the complex industrial control systems that support critical infrastructure in the Water and Transit business units.  <i>Citizen Priority – A Well-Run City</i>	Q3	Reporting
3	2021 Municipal Election	An operational audit assessing readiness to deliver the 2021 Municipal Election.  <i>Citizen Priority – A Well-Run City</i>	Q3	Fieldwork

2021 Audit Plan				
#	Title	Description	Report Target	Status
4	Acquisition of Goods and Services Under SOLE	A City-wide operational audit on the effectiveness of processes supporting the acquisition of goods and services during the State of Local Emergency (COVID-19 Pandemic).  <i>Citizen Priority – A Well-Run City</i>	Q4	Planning
5	Fleet Services – CFOS	An operational audit of the reliability of Fleet Services' Corporate Fleet Operating System to meet fleet utilization analysis and reporting requirements.  <i>Citizen Priority – A Well-Run City</i>	Q4	Planning
6	Hyperion Systems Governance	An operational audit of the effectiveness of governance related to the Hyperion system.  <i>Citizen Priority – A Well-Run City</i>	Q4	Planning
7	Recreation Infrastructure Investments	An operational audit assessing the effectiveness of processes implemented by Calgary Recreation to support equitable infrastructure investments.  <i>Citizen Priority – A Healthy and Green City</i>	Q1 2022	Not Started
8	Transportation Infrastructure – Construction Project	An operational audit of a project under the Main Streets Program.  <i>Citizen Priority – A City that Moves</i>	Q1 2022	Not Started
9	Recruitment Processes	An operational audit of the effectiveness of the alignment of recruitment processes with The City's diversity objectives.  <i>Citizen Priority – A Well-Run City</i>	Q2 2022	Not Started
10	Safety Management	An operational audit assessing Administration's effective utilization of the Occupational Health and Safety Management Systems and related tools that support The City's objectives of a safe and healthy workplace for City employees.  <i>Citizen Priority – A Well-Run City</i>	Q2 2022	Not Started

## Q2 2021 Recommendation Follow-up– In-Progress Action Plans

Q2 2021 ACTION PLANS REQUIRING ADDITIONAL TIME TO IMPLEMENT			
Report # & Title	# of Revisions	New Revised Date	Recommendation
AC2019- 0010 Calgary Parking Authority Asset Management	1	December 31, 2021	#1b)- The General Manager consult with the Parking Committee to clarify and document the purpose of the Replacement Fund including expectation of partial funding, and: <ul style="list-style-type: none"> <li>• Set a target fund balance based on Lifecycle Strategies;</li> <li>• Evaluate fund sufficiency and frequency of the evaluation;</li> <li>• Develop corresponding plans to ensure an appropriate fund balance is achieved; and</li> <li>• Review and update Replacement Fund assumptions to ensure alignment with Lifecycle Strategies.</li> </ul>
AC2019- 0010 Calgary Parking Authority Asset Management	1	December 31, 2021	#5- Once a Lifecycle Strategy is developed, the Operations & Facilities Manager: <ol style="list-style-type: none"> <li>a. Confirm the criteria currently utilized for prioritizing projects on the capital plan and ensure the criteria aligns to the Lifecycle Strategy.</li> <li>b. Revise the long-term capital plan as needed, to support parkade preventative and capital lifecycle maintenance repairs in alignment to the Lifecycle Strategy.</li> </ol>
AC2019- 0010 Calgary Parking Authority Asset Management	2	December 31, 2021	#6- The General Manager: <ol style="list-style-type: none"> <li>a. Ensure Facilities and Finance staff document procedures for key asset management processes and review periodically to ensure they are still appropriate; and</li> <li>b. Establish asset management documentation retention requirements.</li> </ol>
AC2019-0353 Green Line Governance <sup>2</sup>	4	December 31, 2021	#1- The Acting Managing Director of Green Line implement an updated Project governance framework, including defined and communicated roles, responsibilities and accountabilities, accompanying project organization structure, documented decision-making framework, and defined risk and issues management framework that supports achievement of Project objectives.

<sup>2</sup> The City Auditor's Office conducted a Green Line Governance Follow-up Audit in 2021 on the status of Recommendations 1 and 2 from the Green Line Governance Audit. The audit report, which was presented to Audit Committee June 24, 2021, provided further detail on the status of this in-progress recommendation.



## Industrial Control Systems Security Audit

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### RECOMMENDATIONS:

That the Audit Committee:

1. Receive this report for the Corporate Record;
2. Recommend that Council receive this report for the Corporate Record; and
3. Recommend that Attachment 1 to Report AC2021-1099 remain confidential pursuant to Section 20 (Disclosure harmful to law enforcement) of the *Freedom of Information and Protection of Privacy Act* to be reviewed by July 22, 2036.

### 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.
- We are recommending Attachment 1 remain confidential based on Section 20(1) of The Freedom of Information and Protection of Privacy Act, which states:  
"The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to:  
(k) facilitate the commission of an unlawful act or hamper the control of crime,  
(m) harm the security of any property or system, including a building, a vehicle, a computer system or a communications system."
- What does this mean to Calgarians? The City Auditor's Office provides independent and objective audit assurance services to add value to The City of Calgary and enhance public trust.
- Why does it matter? In keeping with the evolution of technology, The City has increasingly adopted an environment in which physical processes moved away from isolated, manually controlled operational technology systems (used to monitor and control industrial processes) to interconnected controlled equipment. We included an Industrial Control Systems Security audit in the 2021 Annual Audit Plan since operational technology systems are potentially vulnerable to the types of security challenges more common to information technology systems, including malicious hacking.
- Strategic alignment: Citizen Priority – A Well-Run City.

### ATTACHMENTS

1. CONFIDENTIAL – Attachment 1 – Industrial Control Systems Security Audit - AC2021-1099 ATT1
2. Attachment 2 - Industrial Control Systems Security Audit Presentation Slide - AC2021- 1099 ATT2

**Industrial Control Systems Security Audit**

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**DEPARTMENT CIRCULATION**

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	Acting City Auditor	Approve
David Duckworth	City Manager	Inform
Carla Male	Chief Financial Officer	Inform
Brad Labrenz	Acting Chief Security Officer	Inform
Doug Morgan	General Manager, Transportation	Inform
Michael Thompson	General Manager, Utilities & Environmental Protection	Inform



**Calgary**

City Auditor's Office

ISC: Unrestricted  
AC2021-1099 ATT2

# Industrial Control Systems Security Audit

## Why we did this

- The City has increasingly adopted an environment in which physical processes moved away from isolated, manually controlled operational technology systems to interconnected controlled equipment. Industrial Control Systems (ICS), which are used to monitor and control industrial processes, are a major segment within the operational technology sector.
- Operational technology systems are potentially vulnerable to the types of security challenges more common to information technology systems, including malicious hacking.

## What we concluded

- The City has taken initial steps in implementing ICS security organizational controls.
- We identified areas of improvement and provided seven recommendations to further strengthen The City's ICS cybersecurity capabilities.

## Why it matters

- ICS systems are critical components behind the delivery of safe services for Calgarians.