



AGENDA

AUDIT COMMITTEE

November 14, 2024, 9:30 AM

ENGINEERING TRADITIONS COMMITTEE ROOM

Members

Councillor E. Spencer, Chair
Councillor J. Wyness, Vice-Chair
Councillor R. Pootmans
Councillor C. Walcott
Public Member K. Kim
Public Member C. McGillivray
Public Member J. Naicker
Mayor J. Gondek, Ex-Officio

SPECIAL NOTES:

Public are encouraged to follow Council and Committee Meetings using the live stream: www.calgary.ca/watchlive

Members may be participating remotely.

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
 - 4.1 Minutes of the Regular Meeting of the Audit Committee, 2024 October 17
5. CONSENT AGENDA
 - 5.1 DEFERRALS AND PROCEDURAL REQUESTS
None
6. POSTPONED REPORTS
(including related/supplemental reports)
None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Event Centre Governance Audit, AC2024-1220

7.2 City Auditor's Office 2025 Audit Plan and Data Analytics Priority Areas of Focus, AC2024-1231

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 External Auditor – Approval Request for Provision of Non-Audit Services, AC2024-1253
Held confidential pursuant to Sections 16 (Disclosure harmful to business interests of a third party), 24 (Advice from officials), and 25 (Disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2025 November 14

10.1.2 External Auditor (Verbal), AC2024-1229
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.3 Audit Committee Infrastructure Review Working Group Update (Verbal), AC2024-1235
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.4 Audit Forum (Verbal), AC2024-1228
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.5 City Auditor (Verbal), AC2024-1230
Held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

10.1.6 2023 - 2024 Audit Committee Self-Assessment Survey, AC2024-1227
Held confidential pursuant to Sections 19 (Confidential evaluations) and 24
(Advice from officials) of the *Freedom of Information and Protection of Privacy
Act*.

Review By: 2039 November 14

10.2 URGENT BUSINESS

11. BRIEFINGS
None

12. ADJOURNMENT



**MINUTES
AUDIT COMMITTEE**

**October 17, 2024, 9:30 AM
ENGINEERING TRADITIONS COMMITTEE ROOM**

PRESENT: Councillor E. Spencer, Chair
Councillor R. Pootmans, Vice-Chair
Councillor C. Walcott
Councillor J. Wyness
Public Member K. Kim
Public Member C. McGillivray
Public Member J. Naicker

ALSO PRESENT: A/Chief Financial Officer L. Tochor
City Auditor L. Ormsby
External Auditor H. Gill
Executive Advisor C. Smillie
A/City Clerk S. Lancashire
Legislative Advisor J. Booth

1. CALL TO ORDER

Councillor Spencer called the meeting to order at 9:31 a.m.

ROLL CALL

Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, Public Member Naicker, and Councillor Spencer

2. OPENING REMARKS

Councillor Spencer provided opening remarks and a traditional land acknowledgement.

3. CONFIRMATION OF AGENDA

Moved by Councillor Walcott

That the Agenda for the 2024 October 17 Regular Meeting of the Audit Committee be confirmed.

MOTION CARRIED

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Audit Committee, 2024 September 19

Moved by Public Member Kim

That the Minutes of the 2024 September 19 Regular Meeting of the Audit Committee be confirmed.

MOTION CARRIED

5. CONSENT AGENDA

5.1 DEFERRALS AND PROCEDURAL REQUESTS

None

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Corporate Risk Appetite and Tolerance Update, AC2024-0972

Moved by Councillor Pootmans

That with respect to Report AC2024-0972, the following be approved:

That the Audit Committee recommend that Council:

1. Receive this report and presentation for the Corporate Record; and
2. Direct that Attachment 3 be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2029 October 17.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

7.2 Annual Control Environment Assessment Report, AC2024-1031

Moved by Public Member Naicker

That with respect to Report AC2024-1031, the following be approved, **after amendment**:

That the Audit Committee direct that Attachment 4 be **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*, to be reviewed by 2026 January 01.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

7.3 City Auditor's Office 3rd Quarter 2024 Report, AC2024-1148

Moved by Public Member McGillivray

That with respect to Report AC2024-1148, 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: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

7.4 Audit Committee Infrastructure Review Working Group Update, AC2024-1127

Moved by Public Member Kim

That pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, Committee now move into Closed Meeting, at 10:46 a.m. in the Engineering Traditions Committee Room, to discuss confidential matters with respect to the following Items:

- 7.4 Audit Committee Infrastructure Review Working Group Update, AC2024-1127
- 10.1.1 External Auditor (Verbal), AC2024-1122
- 10.1.2 Audit Forum (Verbal), AC2024-1121
- 10.1.3 City Auditor (Verbal), AC2024-1123

And further, that the following be authorized to attend the Closed Meeting with respect to Item 10.1.1: Harman Gill, Sanjeev Rajani, Nicole Torgrimson, and Simona Milojevik, External Auditors (Deloitte LLP).

And further, that Committee suspend Section 78(2)(a) of the Procedure Bylaw to forego the lunch recess to complete the Agenda.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

Committee reconvened in public meeting at 11:43 a.m. with Councillor Spencer in the Chair.

ROLL CALL

Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, Public Member Naicker, and Councillor Spencer

Moved by Councillor Walcott

That Committee rise and report.

MOTION CARRIED

Administration in attendance during the Closed Meeting discussions with respect to Report AC2024-1127:

Clerks: S. Lancashire, J. Booth, and A. Gagliardi. Advice: L. Tochor, L. Ormsby, and C. Smillie.

Moved by Councillor Wyness

That with respect to Report AC2024-1127, the following be approved, **after amendment**:

That the Audit Committee:

1. Appoint an additional Public Member, Cheryl McGillivray, to the Audit Committee Infrastructure Review Working Group;
2. Approve the Working Group's Scope of Work (Confidential Attachment) for an external consultant to perform the Infrastructure Review;
3. Request the Working Group to return to the 2024 November 14 Meeting with a further update;
4. Recommend that Council receive Report AC2024-1127 and Confidential Attachment for the Corporate Record; and
5. **Direct** that the Confidential Attachment **and Closed Meeting discussions be held** confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2025 June 30.

For (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

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

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 External Auditor (Verbal), AC2024-1122

People in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-1122:

Clerks: S. Lancashire, J. Booth, and A. Gagliardi. Advice: L. Tochor, L. Ormsby, J. Bradley, and C. Smillie. External: H. Gill, S. Rajani, and S. Milojevik.

Moved by Public Member McGillivray

That with respect to Confidential Verbal Report AC2024-1122, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.2 Audit Forum (Verbal), AC2024-1121

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-1121:

Clerks: S. Lancashire, J. Booth, and A. Gagliardi. Advice: L. Tochor, L. Ormsby, J. Bradley, and C. Smillie.

Moved by Public Member Naicker

That with respect to Confidential Verbal Report AC2024-1121, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.1.3 City Auditor (Verbal), AC2024-1123

Administration in attendance during the Closed Meeting discussions with respect to Confidential Verbal Report AC2024-1123:

Clerks: S. Lancashire, J. Booth, and A. Gagliardi. Advice: L. Ormsby and C. Smillie.

Moved by Councillor Walcott

That with respect to Confidential Verbal Report AC2024-1123, the following be approved:

That the Audit Committee direct that the Closed Meeting discussions be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

For: (7): Councillor Spencer, Councillor Pootmans, Councillor Walcott, Councillor Wyness, Public Member Kim, Public Member McGillivray, and Public Member Naicker

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. BRIEFINGS

None

12. ADJOURNMENT

Moved by Councillor Wyness

That this meeting adjourn at 11:45 a.m.

MOTION CARRIED

The following Items have been forwarded to the 2024 October 29 Regular Meeting of Council:

CONSENT AGENDA

- Corporate Risk Appetite and Tolerance Update, AC2024-0972
- City Auditor's Office 3rd Quarter 2024 Report, AC2024-1148
- Audit Committee Infrastructure Review Working Group Update, AC2024-1127

The next Regular Meeting of the Audit Committee is scheduled to be held on 2024 November 14 at 9:30 a.m.

CONFIRMED BY COMMITTEE ON

CHAIR

CITY CLERK

UNCONFIRMED

Event Centre Governance Audit

PURPOSE

The purpose of this report is to communicate the outcome of the Event Centre Governance Audit, including Administration's response and corrective actions.

PREVIOUS COUNCIL DIRECTION

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.

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

- 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? The Event Centre is a key project that supports the City of Calgary's Greater Downtown Plan to encourage more people to visit and enjoy Calgary's downtown and its businesses. The project is being executed to enhance the emerging Culture + Entertainment District and continue to place Calgary as a tourist and entertainment hub.

RISK

Recommendations in this audit report support Administration in their on-going mitigation activities related to the Capital Infrastructure Principal Corporate Risk.

ATTACHMENTS

1. Event Centre Governance Audit – AC2024-1220 ATT

DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve
David Duckworth	Chief Administrative Officer	Inform
Stuart Dalgleish	Chief Operating Officer	Inform
Carla Male	Chief Financial Officer	Inform
Michael Thompson	General Manager - Infrastructure Services	Inform

Event Centre Governance Audit

Kerensa Fromherz	Director, Public Spaces Delivery	Inform
James McLaughlin	Manager, Event Centre Project Delivery, Public Spaces Delivery	Inform

Author: Chinedu Odunukwe, Senior Auditor, City Auditor's Office



Calgary

City Auditor's Office

Event Centre Governance Audit

October 28, 2024



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Audit Objective

The objective of this audit was to perform an operational audit of The City of Calgary (“The City’s”) governance of the Event Centre project. The objective was achieved by assessing the governance structures established for the Event Centre project to determine their alignment with the City of Calgary’s Corporate Project Management Framework (CPMF).

Why it Matters

The Event Centre is a key project that supports the City of Calgary’s Greater Downtown Plan to encourage more people to visit and enjoy Calgary’s downtown and its businesses. The project is being executed to enhance the emerging Culture + Entertainment District and continue to place Calgary as a tourist and entertainment hub.

Effective governance supports the delivery of the project within planned timeframes and budgets and to the specifications and quality expected.

What We Concluded

The City has established key governance structures and processes to support the execution and delivery of the Event Centre project. However, further enhancements to risk management and quality management processes are required to best support City oversight of this critical project.

Key structures and processes established align to best practice in project management as set out in The City’s CPMF. Team roles and responsibilities have been defined to establish the structure required to deliver the project. Minimum expectations of a Project Charter including the identification of the project manager and establishment of the project manager’s responsibilities and authorities, have been documented. There is a documented plan to manage key areas of the project execution including project scope, schedule, cost management, communication/reporting as well as project close-out activities. A formal plan has been established to manage and monitor project-related risks and a formal change order control process has been established to guide the identification, evaluation, and approval of changes to the scope, quality, schedule, and budget of the project. Monthly project reporting to the Project Committee and Steering Committee has been established.

However, enhancements to risk management and quality management processes are required to better support effective governance of the project. Key enhancements required include improving the assessment, monitoring and reporting of project risks, enhancing the quality management plan to demonstrate how expected project quality will be achieved, and enhancing the project closure plan to include key activities that will support the completion of all the work associated with the project will be completed as planned.

We raised three recommendations to support effective governance of the Event Centre project. The Event Centre Project Delivery team has agreed with our recommendations with plans to implement by January 31, 2025.

Background

The Event Centre is a new LEED certified, multipurpose, multi-level, state-of-the-art entertainment and sports gathering place for all Calgarians which uses include, but are not limited to, concerts, assemblies, festivals, professional and amateur sports that will serve as the home practice and competition venue of the NHL’s Calgary Flames, the American Hockey League’s Calgary Wranglers, the Western Hockey League’s Calgary Hitmen and the National Lacrosse League’s Calgary Roughnecks. In addition, the Event Centre will host multiple annual concerts of varying seat capacities, Calgary Stampede events during the annual Stampede Festival, family shows, eSports, Televised Award Shows, Community events, conference and other events consistent with this type of facility¹.

Agreements for the Event Centre project were signed on October 5, 2023, between The City of Calgary (The City), Calgary Sports & Entertainment Corporation (CSEC), the Province of Alberta (Province), and Calgary Stampede (CS). As part of the agreement, The City will own the Event Centre Block and its facilities. CSEC will operate and maintain the Event Centre over a 35-year term, which includes an annual lease payment made to The City to use the facilities. In addition, the Province is providing funding for infrastructure improvements in the Culture + Entertainment District, as well as half the cost of the community rink, and Calgary Stampede enabled land transactions that increased the size of the Event Centre Block by almost 40%.¹

As part of the agreements, a Development Manager was contracted to manage the project delivery. The Event Centre is expected to be completed by summer 2027 (ahead of the 2027/2028 NHL hockey season), and the specification of the project are outlined in Predesign Report.

The City requires that all large complex City projects with a budget of greater than \$5M must follow The City’s Corporate Project Management Framework (CPMF). The CPMF incorporates Standards which align with industry leading practices and build on the Project Management Institute’s (PMI®) Project Management Body of Knowledge Guide (PMBOK® Guide).

Scope & Approach

The audit approach was based on reviewing project documentation to assess the alignment of The City’s governance of the Event Centre project with the following CPMF Standards:

Scope Area	Applicable CPMF Standards
Definition of Team Roles and Responsibilities	Project Governance and Team Roles and Responsibilities Standard
	Project Charter Plan Standard
Risk Management	Project Management Plan Standard
	Project Risk Management Standard
	Project Change Control Standard
Progress Reporting	Progress Reporting Standard

¹The Event Centre agreement (calgary.ca)

The audit focused activities performed since the agreements were signed on October 5, 2023. Activities and work performed by contractors/consultants (including the Development Manager) were out of the scope of this audit, i.e., the audit did not include an assessment of the activities performed by external parties. The audit did not include activities related to previous Event Centre agreements and did not assess Council's decision making regarding the project. The audit scope focused on The City's governance of the Event Centre project: comprising the event centre itself, community rink and associated amenities. Governance of the activities related to the associated Culture + Entertainment District improvements were not included in the scope of this audit.

Results

We evaluated The City's governance of the Event Centre project by assessing the alignment of structures established with The City's CPMF. The results of our evaluation are set out below under the three scope headings: definition of team roles and responsibilities, risk management and progress reporting.

Definition of Team Roles and Responsibilities

The CPMF Team Roles and Responsibilities Standard requires establishment of a governance structure that will deliver a project and support:

- Directing and monitoring project performance,
- Managing interest parties and/or Indigenous peoples,
- Decision-making on escalated issues

Roles and responsibilities have been established to deliver the Event Centre project, including definition of accountabilities and limitations of authority of the various team members.

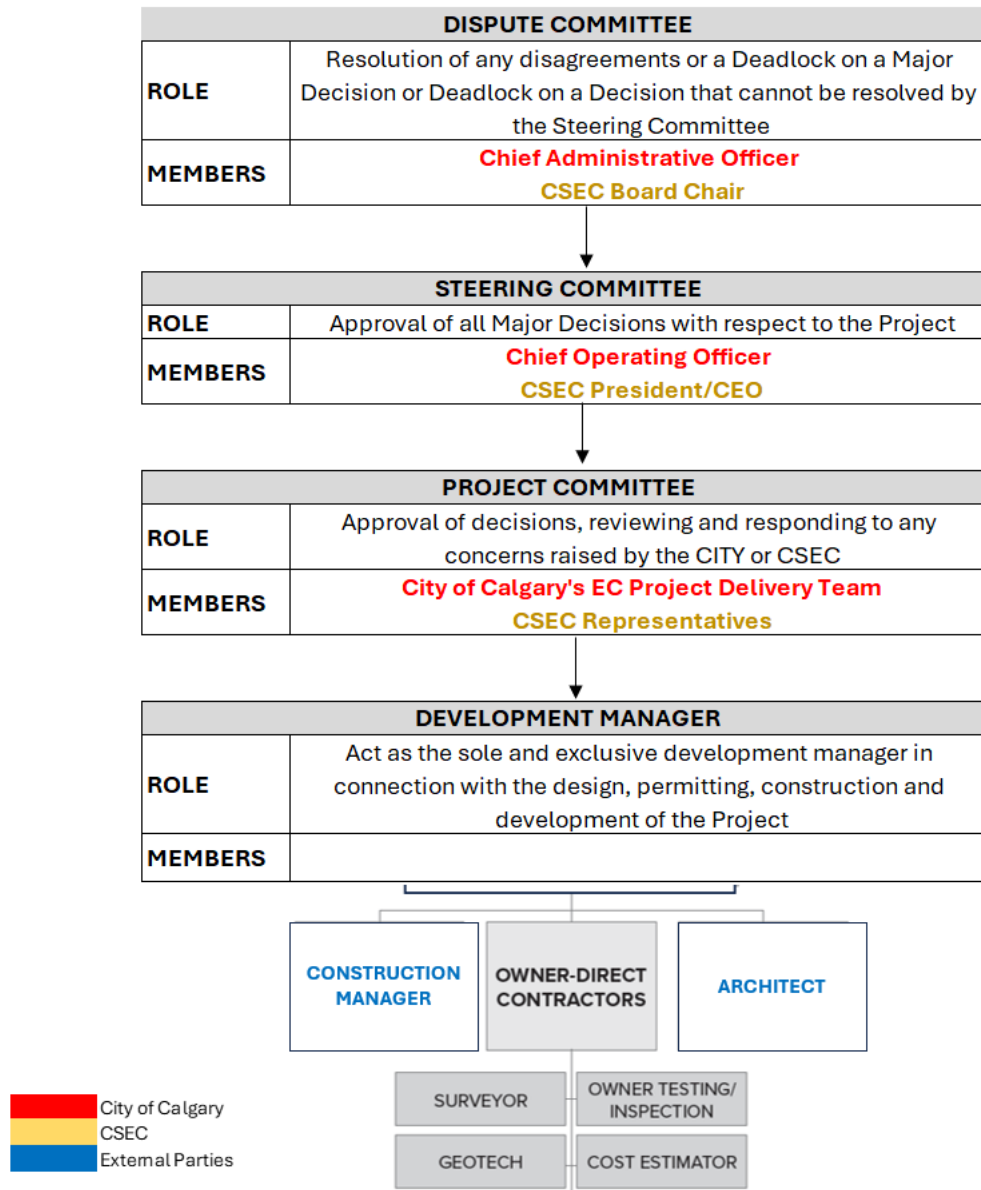


Figure 2. Source: The Event Centre Project Team Structure

- We concluded that this process was generally effective due to the following:
- An established project team directs, monitors, and executes the project. Each role has been identified with the relevant levels of authority and organized into a working/reporting structure.
 - The roles involved in decision-making and managing escalated issues have been defined and documented. This includes the Project Committee responsible for ensuring project performance and the Steering Committee responsible for making major decisions.
 - Interested parties and/or Indigenous peoples have been identified, and engagement plans have been developed as part of the project.

- A project charter has been documented to identify the project manager and establish the project manager’s responsibilities and authorities, supporting accountability and openness.

Risk Management

To assess the effectiveness of the City’s project risk management, we reviewed the alignment of processes and activities to the CPMF Project Risk Management Standard, Project Management Plan Standard, and Project Change Control Standard. In order for project management activities to be fully effective we determined that enhancements are required to the process of identifying, assessing, and managing risk; quality management; and project closure activities.

The City has established a formal risk mitigation plan to manage and monitor project-related risks and a process to provide the Project Committee and Steering Committee monthly updates on project risk via the risk register. The risk mitigation plan and the risk register include key components required by CPMF:

- Definition of roles and responsibility for managing project risks
- Risk Management method.
- Issues identification and escalation process; and
- Communication of risk update via the risk register including information on risk category, review date and risk mitigation status.

However, we identified gaps in risk management activities: a lack of a documentation on the approach to prioritize/rank risks and risk responses. (Recommendation 1).

The CPMF Project Management Plan Standard requires a documentation of the actions necessary to define, prepare, integrate and coordinate the various project activities. Additionally, the Standard requires a definition of how the project will be executed, monitored and controlled, and closed. Formal plans have been established to manage key aspects of project execution including project scope, schedule, cost management, communication/reporting as well as project close-out activities. However, there is a need to create a quality management plan to document and record how project quality management will be achieved (Recommendation 2) and to enhance the project closure plan to include key activities to ensure that all work associated with the Event Centre project will be completed as planned (Recommendation 3).

The CPMF Project Change Control Standard requires the development of a standard and consistent methodology for project change control that enables project change identification, evaluation, approval, and tracking and ensures only appropriately reviewed and approved project changes are implemented.

We noted that a change order control process has been established for the Event Centre project. The process requires a written change order to be submitted and follow this approval matrix:

1. Project Committee Approval must be obtained for “Required Changes” such as
 - a. Changes due to coordination issues, programming / scope changes or other arising adjustments to the design or development of the project
 - b. Changes required to comply with Applicable Laws or Permits, the requirements of any Governmental Authority or that are required for

-
- public safety or health reasons (as recommended by the Project Architect)
- c. Changes required or recommended by the Project Architect for the structural integrity or durability of the Event Centre, for the integrity or durability of the base building equipment, services or systems or which will materially improve the sustainability of the Event Centre
2. Steering Committee Approval must be obtained for
 - a. Changes initiated by the Project Committee
 - b. Changes initiated by the Development Manager that provides some other benefit to the project beyond the “Required Changes.”

We sampled 2 of the 5 changes completed as of May 2024, and reviewed the steps in executing the changes and we noted compliance with established process for communication and approval of the changes.

Progress Reporting

The CPMF Progress Reporting Standard requires all in-scope capital projects/programs to provide a progress report no less than once per month. The reporting is expected to include an overview of the project, current status, project schedule, project financials, risk and issues, and information on environmental health and safety (EHS) at the minimum.

Our review of documentation noted that progress on project execution is communicated via a monthly project report. This project report is provided to the Project Committee at its weekly meetings and monthly for the Steering Committee. The updates cover material developments pertaining to the design, permitting, construction and development of the project, as well as other information required by the Project Committee and the Steering Committee to make informed decisions concerning the Project.

We reviewed the monthly report for May 2024 and noted that it communicated updates on key project areas required by CPMF including:

- Project overview and status
- Project schedule
- Project financials
- Project risks and issues
- Environmental, Health and Safety
- Stage gate

While progress reporting is aligned to CPMF Standards, we identified an opportunity to further expand project reporting to communicate project performance over time in the executive summary of the monthly report, and shared this verbally with The City’s Manager, Event Centre Project Delivery.

Observations & Recommendations

#1: Project Risk Management	
OBSERVATION	RECOMMENDATION
<p>The Event Centre Project Committee and Steering Committee approved the Risk Mitigation Plan for the project and receive periodic risk reporting via the risk register. However, there are gaps in the risk management assessment, monitoring and reporting processes. These gaps limit the ability of The City to effectively identify and respond to emerging financial, schedule, quality, reputational and other project delivery risks in a timely manner.</p> <p>Risk Assessment The Risk Mitigation Plan describes an ongoing process to identify and assess risks related to the project. However, the plan does not include the criteria to assess each risk based on likelihood and impact. Consequently, there is no documented approach to prioritize or rank each risk.</p> <p>Risk Reporting</p> <ul style="list-style-type: none"> • There is no documented risk response (either positive or negative) for each risk reported in the risk register. • While the risk mitigation/status includes name/title of individuals who are currently acting on each risk, there is no detail on the specific individual responsible for monitoring and providing update on each risk. 	<p>1. The Manager, Event Centre Project Delivery to action</p> <ul style="list-style-type: none"> • Documenting the approach of assessing risk and rank/prioritize each risk accordingly. • Revisiting the risk identified in the business case presentation to Council and document how these risks will be assessed, monitored, and reported. • Development of a response for each risk being monitored and reported in the risk register and include the name of the individual responsible for monitoring and updating each risk. <p>MANAGEMENT RESPONSE Agreed.</p> <p>ACTION PLAN The Project Committee working with the Development Manager will develop and document criteria to assess and prioritize risks and document the risk management response. Individual(s) responsible for monitoring and updating each risk have been identified in the risk register shared with the Project Committee.</p> <p>LEAD The Manager, Event Centre Project Delivery</p> <p>SUPPORTED BY</p> <p>COMMITMENT DATE January 30, 2025</p>
#2: Quality Management Plan	
OBSERVATION	RECOMMENDATION
<p>There is no documented plan to monitor project quality and measure the successful completion of the project from a quality perspective. A lack of a documented project quality management plan can lead to inconsistent product delivery, defects requiring rework, reputational damage, and delays to the project.</p> <p>Per CPMF, all “level 3” funded Capital Projects at the City of Calgary must develop a plan for project quality</p>	<p>2. The Manager, Event Centre Project Delivery to action:</p> <ul style="list-style-type: none"> • Development of a Quality Management Plan • Oversee the process to ensure that the project Quality Management Plan is being followed.

<p>management to establish how successful project completion will be measured, how quality will be monitored and controlled, and how adjustments to project deliverables will be made to achieve success.</p> <p>The project team has established formal plans to manage project execution in key areas like project scope, schedule, cost management, communication/reporting as well as project close-out activities. However, there is no documented plan for Project Quality Management in the following areas:</p> <ul style="list-style-type: none"> • Project Success Criteria and Metrics - There is no documented description of how and when project objectives will be assessed. This process would typically involve the definition of the measurable success criteria which will be used to determine the success of the project, identification of the frequency of measurement, assessment as to whether the measurement is significant to the continuation of the project, and identification of the resources that are required to carry out the measurements. • Project Management Quality Assurance (PMQA) Review(s) - There is no documented planned assessment or checkpoint to provide assurance that adequate project management processes have been appropriately established. 	<p>MANAGEMENT RESPONSE Agreed.</p> <p>ACTION PLAN</p> <p>The Project Committee working with the Development Manager will confirm how metrics for the successful project completion will be measured and included in a quality management plan. Metrics from the owner’s project requirements and pre-design reports created in 2023 will be identified with evaluation criteria and a schedule of evaluation will be documented.</p> <p>LEAD The Manager, Event Centre Project Delivery</p> <p>COMMITMENT DATE January 30, 2025,</p>
<p>#3: Project Closure Plan</p>	
<p>OBSERVATION</p> <p>The project Closure Plan does not include key activities to ensure that all the work associated with the Event Centre project will be completed as planned. This may limit the effectiveness of the handover of the completed project to the project owner.</p> <p>The CPMF requires all capital projects to establish a plan for project closure which will set-out the minimum requirements for Project Closure including:</p> <ul style="list-style-type: none"> • Verification that deliverables of the project were completed and accepted. • A Lessons Learned session has been completed to influence future projects. • Formal closure and recognition to the project team so they can be released; and • Transition of the deliverables to operations. <p>The City, through the Development Management Agreement, has established a plan for close-out period services including supporting the opening events, training</p>	<p>RECOMMENDATION</p> <p>3. The Manager, Event Centre Project Delivery to action the development of a detailed plan for closing key activities beyond the close-out period services noted in the Development Management Agreement.</p> <p>MANAGEMENT RESPONSE Agreed.</p> <p>ACTION PLAN</p> <p>The Project Committee will work with the Development Manager to expedite and develop a plan specific to the Calgary Event Centre project for the Project Committee to review and approve by end of January 2025.</p> <p>LEAD The Manager, Event Centre Project Delivery</p>

<p>of the contributing parties, record management and close-out of the final project punch list.</p> <p>However, there is no documented plan for close-out activities to be performed in the following key areas:</p> <ul style="list-style-type: none">a. Reconciliation of the deliverables described in the plan and the final deliverables.b. Project schedule performance review and explanation for any differences between the approved and actual schedule dates.c. Financial performance review and explanation for any differences between the total approved budget and the actual budget expenditure.d. Risk Register review to close off identified risks that are resolved, release any contingency funds associated with closed risks, identify any risks or issues that remain unresolved, identify the individual responsible for the continued management of the risk or issue; and recommend a review date for the unresolved risk or issue.e. Project procurement review and reconciliation of contracts, invoices, work orders and purchase orders.	<p>COMMITMENT DATE January 30, 2025</p>
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Acknowledgements

The City Auditor’s Office conducts projects, including this audit, in conformance with the International Standards for the Professional Practice of Internal Auditing.

The City Auditor’s Office would like to thank staff from the Event Centre Project Delivery team for their cooperation and support during this audit.

**City Auditor's Report to
Audit Committee
2024 November 14**

**ISC: UNRESTRICTED
AC2024-1231**

City Auditor's Office 2025 Audit Plan and Data Analytics Priority Areas of Focus

PURPOSE

The purpose of this report is to communicate audit assurance activities to Audit Committee for approval through an annual audit plan as set out in Bylaw 30M2004 (as amended).

PREVIOUS COUNCIL DIRECTION

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 utilize a risk-based approach to communicate audit assurance activities to Audit Committee for approval through an annual audit plan.

The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 33M2020.

RECOMMENDATIONS:

That the Audit Committee:

1. Approve the City Auditor's Office 2025 Audit Plan and Data Analytics Priority Areas of Focus; and
2. Receive this report for the Corporate Record; and
3. Recommend that Council receive this report for the Corporate Record.

HIGHLIGHTS

- 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 2025 Audit Plan outlines the eleven audits the City Auditor's Office will deliver during 2025, and the 2025 Data Analytics Priority Areas of Focus outlines a further three projects that will extend and compliment this assurance. These plans have been developed to direct available audit resources to areas where an audit will provide the greatest value based on risk and level of recent assurance provided.

RISK

The activities of the City Auditor's Office support Administration in their on-going mitigation activities related to Principal Corporate Risks.

ATTACHMENTS

1. City Auditor's Office 2025 Audit Plan - AC2024-1231 ATT 1
2. City Auditor's Office 2025 Data Analytics Priority Areas of Focus - AC2024-1231 ATT 2

City Auditor's Report to
Audit Committee
2024 November 14

ISC: UNRESTRICTED
AC2024-1231

City Auditor's Office 2025 Audit Plan and Data Analytics Priority Areas of Focus

DEPARTMENT CIRCULATION

Name	Title, Department or Business Unit	Approve/Consult/Inform
Liz Ormsby	City Auditor	Approve
David Duckworth	Chief Administrative Officer	Inform
Stuart Dalglish	Chief Operating Officer	Inform
Chris Arthurs	General Manager, People, Innovation and Culture	Inform
Katie Black	General Manager, Community Services	Inform
Carla Male	Chief Financial Officer	Inform
Doug Morgan	General Manager, Operational Services	Inform
Michael Thompson	General Manager, Infrastructure Services	Inform
Debra Hamilton	General Manager, Planning & Development Services	Inform
Jill Floen	City Solicitor	Inform

Authors: Andre Cohen, Deputy City Auditor, Karl Hutchinson, Deputy City Auditor, and Ross Visscher, Audit Manager IT, City Auditor's Office



Calgary

City Auditor's Office

2025 Audit Plan

November 14, 2024



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**Audit Plan
Governance**

The mandate of the City Auditor's Office is to provide independent and objective assurance, advisory, and investigative services to add value to The City of Calgary (The City) and enhance public trust. The audits delivered by the City Auditor's Office as part of this assurance service are intended to assist Council, through Audit Committee, in its oversight of the Chief Administrative Officer's administration and accountability over public funds and achievement of value for money in City operations. Audits are intended to support The City in achieving objectives by supporting mitigation of Principal Corporate Risks, and act as a catalyst for improving The City's effectiveness and efficiency.

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 utilize a risk-based approach and communicate audit assurance activities to Audit Committee for approval through the development of an annual Audit Plan. The annual presentation of the City Auditor's Office Audit Plan outlines the details of the planned audit activities, which could include:

- Compliance Audits
Review the systems established to ensure compliance with policies, plans, procedures, ethical and business norms, as well as laws, regulations, and contracts which can have a significant impact on operations and reports and determining whether the organization is in compliance.
- IT Audits
Review and evaluation of automated information processing systems, related non-automated processes, and the interfaces among them to ensure business risks are minimized appropriately.
- Operational Audits
Utilizing a risk-based approach, review operations, services, processes, and/or systems to determine whether they are effective and implemented as planned to achieve their objectives. This type of audit may include assessing the efficiency with which resources are utilized.
- Follow-up Audits
Review the effectiveness of the corrective action implemented in response to previous audit recommendations to ensure the underlying risk was mitigated as intended to support achievement of the objective.

Bylaw 30M2004 (as amended) is aligned with The Institute of Internal Auditors' Global Internal Audit Standards (IIA Standards), which require the establishment of a risk-based planning approach to determine the priorities of the internal audit activity consistent with the organization's goals. The intent of the audit planning approach is to ensure that available audit resources are directed to areas where an audit will provide greatest value based on risk and level of coverage objectives.

**Audit Plan
Development**

The City Auditor's Office created a road map to guide future audit activity aligned to The City's Principal Corporate Risks with the intent of providing assurance over

mitigating activities related to an aspect of each Principal Corporate Risk on at least an annual basis.

The City Auditor’s Office follows IIA Standards taking a risk-based approach to the development of the Audit Plan, incorporating input from key contacts across The City, The City’s ERM analysis, and information on emerging risks from across the audit profession. The process followed to develop the 2025 Audit Plan from this road map is as follows:



The City Auditor’s Office prioritizes providing timely and value-added assurance in the development of the Audit Plan. Timely assurance equates to conducting an audit at a point in time where any recommendations will add value. Value add assurance equates to conducting our audit work with sufficient depth such that we not only provide assurance to Council, via Audit Committee, but additionally any recommendations support The City’s Administration with tangible improvement opportunities.

Resourcing

The development of the Audit Plan includes a full analysis of available resources. The 2025 Audit Plan is based on a full staffing complement of eight senior auditors conducting the audits, with the Audit Manager IT supervising IT audits, and two Deputy City Auditors supervising the remaining audits. In addition, Senior Data Analytics Auditors will provide data analytics support on audits where data collection and analysis are required. The calculation of available resources and associated development of the Audit Plan incorporates the calculation of productive work hours, as well as any known scheduling constraints impacting either the audit team or the relevant City of Calgary Business Units.

Contract audit resources will be utilized where appropriate to support gaps in staffing which arise due to vacancies, and the City Auditor's Office has an active contract with a provider of experienced audit resources to support timely utilization.

In delivering the audits in the Audit Plan, the City Auditor considers the technical skills available within the team and utilizes external subject matter expertise where required to ensure that appropriate depth of assurance is provided.

The City Auditor's Office approved 2025 budget is sufficient to deliver the proposed 2025 Audit Plan and incorporates funding to support the use of external subject matter expertise as well as funding for appropriate technology and training to support the efficient and effective delivery of audits by City Auditor's Office staff members.

The City Auditor's Office does not typically place reliance on other providers of assurance. Rather, the City Auditor and Deputy City Auditors meet regularly with other providers of assurance, particularly the City of Calgary's External Auditors, to support coordination of assurance activities and avoidance of duplication. Where reliance is to be placed on another provider of assurance, the City Auditor will, in conformance with IIA Standards, evaluate the providers' roles, responsibilities, organizational independence, competency, and objectivity, as well as the due professional care applied to their work, and understand the objectives, scope, and results of the work performed.

Advisory Services

The City Auditor's Office provides independent and objective advisory services on an issue or project-specific basis as requested by Administration, if resources are available, and where an issue/project is a significant priority to Administration. Requests for advisory services are responsive and are therefore not typically included within the proposed Audit Plan. Each request received is reviewed and assessed by the City Auditor's Office audit leaders to determine priority and available resourcing before a decision is made by the City Auditor as to whether to provide the service.

City of Calgary Administration have requested that during 2025 the Audit Manager IT provides advisory input to the development of The City's AI governance model. Given the importance of this topic to The City, this will be treated as a priority. Where input is provided, care will be taken to ensure that advisory services provided do not impede our ability to conduct objective audits of this topic in a future year.

**Audit Plan
Execution and
Monitoring**

The City Auditor's Office audit process utilizes a risk-based approach throughout all phases of the audit. In particular, the planning phase includes a detailed risk identification and assessment phase. The purpose of this phase is to identify the most significant risks within the area and focus the allocated audit resources on those areas. The result is an audit project that does not address all risks but focuses on the most significant risks that could impact the achievement of City objectives. In line with the IIA Standards, the planning of an audit considers (dependent on the audit topic) the risks to achievement of the organization's strategic objectives; reliability and integrity of financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures, and contracts.

The City Auditor will monitor progress against the approved 2025 Audit Plan and re-assess risk pertaining to individual project scope and emerging issue requests within the approved Audit Plan. The City Auditor is committed to supporting an agile team that can re-prioritize assurance activities.

The ability of the City Auditor's Office to deliver the 2025 Audit Plan could be impacted by a number of risks including Administration's capacity, vacant audit positions, and any future direction from Audit Committee to complete additional projects in response to emerging risks.

In accordance with Schedule A of Bylaw 30M2004 (as amended), the City Auditor provides a quarterly report to Audit Committee that includes the status of deliverables against the approved annual plan. Under Bylaw 33M2020, Audit Committee reviews and forwards these reports to Council for information. Where a significant change is required to be made to the approved annual plan (defined as the cancellation or postponement to a future year of an audit included in the approved annual plan), the City Auditor will communicate this change verbally to Audit Committee at the next available meeting, and through a written update in the next quarterly report. Where an audit is cancelled or postponed, a "reserve" audit (see Appendix) will be initiated.

Appendix - 2025 Audit Plan

City Auditor's Office 2025 Audit Plan			
#	Title	Description	Report Target
2024 In-progress Audits			
1	Partnerships - Neighbourhood Partnership	An operational audit of the Neighbourhood Partnership Coordinator Team's Community Association support. <i>Principal Corporate Risk: Service Delivery</i>	Q1 2025
2	Corporate Security – Cyber Security	An IT audit to assess the effectiveness of activities to detect the occurrence of cyber security events within The City's IT environment. <i>Principal Corporate Risk: Technological Disruption</i>	Q1 2025
3	Community Planning - Local Area Plan Process	An operational audit to assess the effectiveness of engagement in the Local Area Plan Process. <i>Principal Corporate Risk: Reputation</i>	Q2 2025
4	Utilities Delivery - Project Management	An operational audit assessing the effectiveness of the project management of the Deer Run Sanitary Lift Station. <i>Principal Corporate Risk: Capital Infrastructure</i>	Q2 2025
5	Supply Management - Corporate Supply Chain Resilience Strategy	An operational audit of Supply Management's processes that support the Corporate Supply Chain Resilience Strategy. <i>Principal Corporate Risk: Capital Infrastructure</i>	Q2 2025
2025 Audit Plan			
1	Pension Compliance	A compliance audit as required by Alberta Pension Services providing independent triennial assurance over three City pension plans (LAPP, LAPP Fire and SFPP). <i>Principal Corporate Risk: Employee Experience</i>	Q2 2025 ¹

¹ Report to Alberta Pensions Services on June 30, 2025

City Auditor's Office 2025 Audit Plan			
#	Title	Description	Report Target
2	Transit Safety	An operational audit to assess the effectiveness of the implementation of The City of Calgary's Public Transit Safety Strategy. <i>Principal Corporate Risk: Social Wellbeing</i>	Q2 2025
3	2025 Municipal Election	An operational audit assessing readiness to deliver the 2025 Municipal Election. <i>Principal Corporate Risk: Reputation</i>	Q3 2025
4	Asset Maintenance - Bridges	An operational audit of The City's maintenance of bridges. <i>Principal Corporate Risk: Capital Infrastructure</i>	Q3 2025
5	Home is Here	An operational audit of The City's implementation of Objective 1a of Home is Here, The City of Calgary's Housing Strategy 2024-2030: making more City-owned real property assets available for housing in all communities. <i>Principal Corporate Risk: Social Wellbeing</i>	Q4 2025
6	Equity, Diversity, Inclusion and Belonging (EDIB) Work Plans	An operational audit of the development and implementation of EDIB Work Plans supporting The City of Calgary's EDIB Framework and Strategy. <i>Principal Corporate Risk: Employee Experience</i>	Q4 2025
7	Business Licenses	An operational audit of The City's business license process. <i>Principal Corporate Risk: Service Delivery</i>	Q4 2025
8	Climate Retrofitting	An operational audit of The City of Calgary's Facilities Climate Retrofitting initiative. <i>Principal Corporate Risk: Sustainable City</i>	Q1 2026

City Auditor's Office 2025 Audit Plan			
#	Title	Description	Report Target
9	Data Governance	An operational audit to assess the effectiveness of The City of Calgary's data governance focused on data management policies and practices. <i>Principal Corporate Risks: Service Delivery, Technological Disruption</i>	Q1 2026
10	Cyber Security Governance	An IT audit to assess The City's cyber security governance against key outcomes in the NIST Cybersecurity framework. <i>Principal Corporate Risk: Technological Disruption</i>	Q1 2026
11	Follow-up: Bearspaw South Feeder Main Recommendations	A follow-up audit assessing the implementation of recommendations arising from the independent review of the Bearspaw South Feeder Main break. <i>Principal Corporate Risk: Capital Infrastructure</i>	TBD dependent on recommendations arising from the independent review

We recognize the importance of adaptability and flexibility in responding to challenges that may arise during the duration of the Audit Plan. To ensure the continued effective allocation of our audit resources, we have identified two 'reserve' audits which can be conducted if we are unable to perform other planned audits, and resources are available. The 'reserve' audits that we will consider initiating in the second half of 2025 if this circumstance arises are:

- Hybrid Work Environment
- Climate Data

If we do not initiate these audits later in 2025, we will consider the topics for inclusion in the 2026 Audit Plan on a risk basis.



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City Auditor's Office

2025 Data Analytics Priority Areas of Focus

November 14, 2024



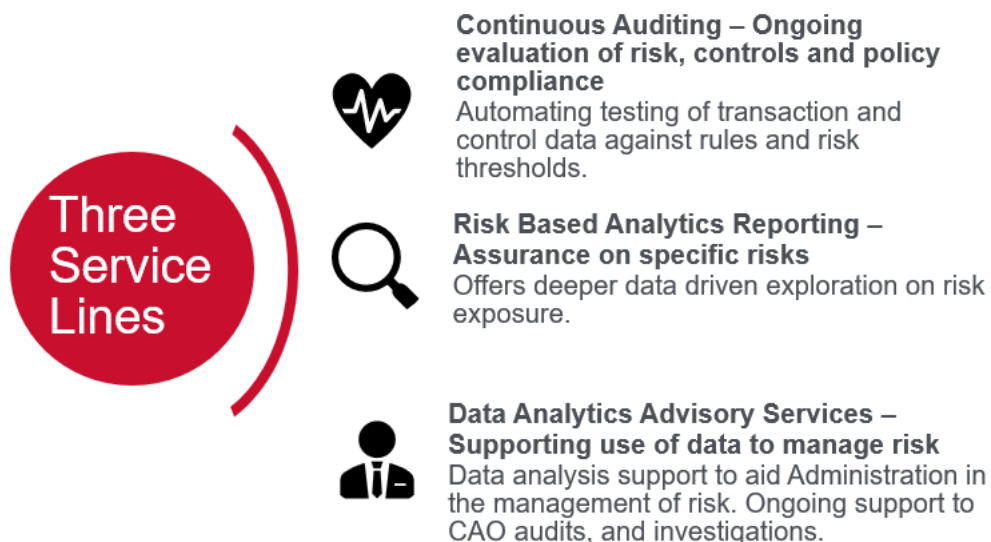
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Our Data Analytics Program

The City Auditor’s Office Data Analytics Program complements, supports, and extends assurance in the 2025 Audit Plan by assessing risk and controls through data analytics.

It consists of the three service lines shown below.



Purpose and Development - Data Analytics Priority Areas of Focus

Priority Areas of Focus provide a planned medium-term vision for Continuous Auditing and Risk Based Analytics activities aligned with organizational goals.

We identified Priority Areas of Focus through:





- Stakeholder engagement
- Availability of data
- Analysis of risk exposure

Coverage was considered in conjunction with the development of the 2025 Audit Plan. Three Priority Areas of Focus were identified for 2025 and discussed with Administration leaders. An additional project will be conducted as a joint audit/analytics project where data analytics will play a key role in determining process efficiency and effectiveness.

Advisory Services remain a key priority for the data analytics team, supporting Administration requests, Whistle-blower Program investigations and City Auditor’s Office audits as needed. The ability to respond in a timely manner to such requests supports responsiveness and risk reduction.

In addition to prioritizing such requests, the data analytics team will conduct analysis into systems feeding into PeopleSoft Financials and Supply Chain Management (FSCM - The City’s financial management solution) to support prioritizing future data analytics project(s) focused on controls supporting the completeness and accuracy of data flowing into FSCM.

2025 Data Analytics Priority Areas of Focus

#	Title	Description
1	Employee Expenses 	Data analytics review of expenses for policy compliance. <i>Principal Corporate Risk: Employee Experience</i>
2	Fleet Maintenance 	Data analytics project focused on an area of fleet maintenance data. <i>Principal Corporate Risk: Service Delivery</i>
3	Management of Mobile Devices 	Data analytics project focused on mobile endpoint devices including inventory completeness, device compliance and time to patch. <i>Principal Corporate Risk: Technological Disruption</i>
4	Business Licenses 	Joint audit/data analytics project focused on The City's business license process (see ATT1, City Auditor's Office 2025 Audit Plan). <i>Principal Corporate Risk: Service Delivery</i>