AGENDA

AUDIT COMMITTEE

March 22, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

<u>Members</u>

Councillor E. Woolley, Chair
Councillor J. Gondek, Vice-Chair
Councillor G-C. Carra
Councillor J. Farkas
Citizen Representative L. Caltagirone
Citizen Representative M. Dalton
Citizen Representative M. Lambert
Mayor N. Nenshi, Ex-Officio

1.   <u>CALL TO ORDER</u>

2.   <u>OPENING REMARKS</u>

3.   <u>CONFIRMATION OF AGENDA</u>

4.   <u>CONFIRMATION OF MINUTES</u>

     4.1   Minutes of the Regular Meeting of the Audit Committee, 2019 February 28

5.   <u>POSTPONED REPORTS</u>
     (including related/supplemental reports)

     None

6.   <u>ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES</u>

     6.1   Code of Conduct Annual Report, AC2019-0307

     6.2   Human Resources Challenges and Opportunities, AC2019-0308

     6.3   Calgary Community Standards - Livery Transport Services Audit, AC2019-0278

     6.4   Green Line Project Governance Audit, AC2019-0353

     6.5   Audit Committee Bylaw 48M2012 Review, AC2019-0290

6.6   Rescheduling of 2019 September and July Audit Committee Meetings (Verbal), AC2019-0375

7.   ITEMS DIRECTLY TO COMMITTEE

  7.1   REFERRED REPORTS
          None

  7.2   NOTICE(S) OF MOTION
          None

8.   URGENT BUSINESS

9.   CONFIDENTIAL ITEMS

  9.1   ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

          9.1.1   Audit Forum (Verbal), AC2019-0314

          9.1.2   External Auditor (Verbal), AC2019-0315

          9.1.3   City Auditor (Verbal), AC2019-0316

          9.1.4   Progress Update on 2018 City of Calgary Annual Report (Verbal), AC2019-0313

  9.2   URGENT BUSINESS

10.   ADJOURNMENT

![Calgary logo]

MINUTES

AUDIT COMMITTEE

February 28, 2019, 9:30 AM
IN THE COUNCIL CHAMBER

PRESENT: Councillor E. Woolley, Chair
                                      Councillor J. Gondek, Vice-Chair
                                      Councillor G-C. Carra
                                      Councillor J. Farkas
                                      Citizen Representative M. Dalton
                                      Citizen Representative M. Lambert
                                      Executive Assistant C. Smillie
ALSO PRESENT: Acting Chief Financial Officer, C. Male
                                        Legislative Assistant J. Dubetz
                                        Acting City Clerk K. Martin
                                      City Auditor K. Palmer
                                      External Auditor H. Gill

1.   CALL TO ORDER

Councillor Woolley called the Meeting to order at 9:33 a.m.

2.   OPENING REMARKS

No opening remarks were made at today's meeting.

3.   CONFIRMATION OF AGENDA

Moved by Councillor Farkas

That the Agenda for the 2019 February 28 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, 2019 January 31

Moved by Councillor Carra

That the Minutes of the Regular Meeting of the Audit Committee held on 2019 January 31, be confirmed.

MOTION CARRIED

5. POSTPONED REPORTS

None

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

6.1 Audit Committee 2018 Year-End Annual Status Report - AC2019-0023

Councillor Woolley, on behalf of the Audit Committee, thanked Executive Assistant Smillie for her work in 2018, including her support of the 2026 Olympic and Paralympic Winter Games Assessment Committee.

Moved by Citizen Representative Lambert

That with respect to Report AC2019-0023, the following be approved:

That the Audit Committee received this Report and Attachment for information.

MOTION CARRIED

6.2 City Auditor's Office 2018 Annual Report - AC2019-0213

Citizen Representative Lambert, on behalf of the citizen members of the Audit Committee, thanked City Auditor Palmer and her staff for their work and support in 2018.

Moved by Citizen Representative Dalton

That with respect to Report AC2019-0213, the following be approved:

That the Audit Committee:

1. Receive this report for information; and
2. Recommend that Council receives this report for information.

MOTION CARRIED

6.3 Annual Control Environment Assessment Audit - AC2019-0214

Moved by Citizen Representative Lambert

That with respect to Report AC2019-0214, the following be approved:

That the Audit Committee:

1. Receive this report for information; and
2. Recommend that Council receives this report for information.

MOTION CARRIED

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

None

7.2   NOTICE(S) OF MOTION

None

8.   URGENT BUSINESS

None

9.   CONFIDENTIAL ITEMS

Moved by Councillor Gondek

That pursuant to Sections 19 (Confidential evaluations), 24 (Advice from officials), 25 (Disclosure harmful to economic and other interests of a public body), 26 (Testing procedures, tests and audits) and 27 (Privileged information) of the *Freedom of Information and Protection of Privacy* Act, the Audit Committee move into Closed Meeting, at 10:28 a.m., in the Council Lounge, to discuss confidential matters with respect to the following items:

- 9.1.1 Audit Forum (Verbal) - AC2019-0200;
- 9.1.3 City Auditor (Verbal) - AC2019-0202;
- 9.1.4 External Auditor 2018 Service Plan Update - AC2019-0273; and
- 9.1.5 Audit Committee 2017 - 2018 Self-Assessment Update, AC2019-0008.

MOTION CARRIED

The Audit Committee reconvened in the Chamber at 11:34 a.m. with Councillor Woolley in the Chair.

Moved by Councillor Gondek

That the Audit Committee rise and report at this time.

MOTION CARRIED

9.1   ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

9.1.1   Audit Forum (Verbal) - AC2019-0200

People in attendance during the Closed Meeting discussions with respect to Report AC2019-0200:

Administration: Clerk: K. Martin, J. Dubetz; Advice: C. Male, G. Weibe; Observer: C. Smillie

Non-Administration: Observer: K. Palmer, H. Gill, N. Torgrimson

Moved by Councillor Gondek

That with respect to Report AC2019-0200, the following be approved:

That the Audit Committee:

1. Receive Verbal Report AC2019-0200 for information; and
2. Direct that the Closed Meeting discussions remain confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy* Act; to be reviewed in 2024 February.

MOTION CARRIED

9.1.2   External Auditor (Verbal) - AC2019-0201

No report was given.

9.1.3   City Auditor (Verbal) - AC2019-0202

People in attendance during the Closed Meeting discussions with respect to Report AC2019-0202:

Administration: Clerk: K. Martin, J. Dubetz; Observer: C. Male, G. Weibe, C. Smillie

Non-Administration: Advice: K. Palmer; Observer: H. Gill, N. Torgrimson

Moved by Councillor Farkas

That with respect to Report AC2019-0202, the following be approved:

That the Audit Committee:

1. Receive Verbal Report AC2019-0202 for information; and
2. Direct that the Closed Meeting discussions remain confidential pursuant to Section 24 of the *Freedom of Information and Protection of Privacy* Act, to be reviewed in 2024 February.

MOTION CARRIED

9.1.4   External Auditor 2018 Service Plan Update - AC2019-0273

A confidential revised Report and Attachment were distributed with respect to Report AC2019-0273.

People in attendance during the Closed Meeting discussions with respect to Report AC2019-0273:

Administration: Clerk: K. Martin, J. Dubetz; Observer: C. Male, G. Weibe, C. Smillie

Non-Administration: Advice: H. Gill; Observer: K. Palmer, N. Torgrimson

Moved by Citizen Representative Lambert

That with respect to Report AC2019-0273, the following be approved:

That the Audit Committee:

1. Approve the Recommendations contained in **Revised** Report AC2019-0273; and

2. Direct that this Report, Recommendations, **Distributions** and Closed Meeting discussions remain confidential pursuant to Sections 24 and 26 of the *Freedom of Information and Protection of Privacy* Act, until 2019 April 17, when the External Auditor's 2018 Year-End Report is published in the Agenda for the Audit Committee's 2019 April 23 meeting.

MOTION CARRIED

9.1.5 Audit Committee 2017-2018 Self-Assessment Update - AC2019-0008

People in attendance during the Closed Meeting discussions with respect to Report AC2019-0008:

Administration: Clerk: K. Martin, J. Dubetz; Advice: C. Smillie

Moved by Citizen Representative Dalton

That with respect to Report AC2019-0008, the following be approved:

That the Audit Committee:

1. Approve the Administration Recommendation contained in Report AC2019-0008; and

2. Direct that the Report, Recommendations and Closed Meeting discussions remain confidential pursuant to Section 19 and 24 of the *Freedom of Information and Protection of Privacy* Act; to be reviewed by 2024 February.

MOTION CARRIED

Council Woolley, on behalf of members of the Audit Committee, introduced and welcomed Acting City Clerk Martin to her advisory role for the Audit Committee for 2019.

9.2 URGENT BUSINESS

None

10. ADJOURNMENT

Moved by Councillor Farkas

That this meeting adjourn at 11:41 a.m.

MOTION CARRIED

THE FOLLOWING ITEMS HAVE BEEN FORWARDED TO THE 2019 MARCH 18 COMBINED MEETING OF COUNCIL:

CONSENT:

City Auditor's Office 2018 Annual Report - AC2019-0213

Annual Control Environment Assessment Audit - AC2019-0214

CONFIDENTIAL CONSENT:

External Auditor 2018 Service Plan Update - AC2019-0273

CONFIRMED BY COMMITTEE ON

_____   _____

CHAIR   ACTING CITY CLERK

Chief Financial Officer's Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-0307**
2019 March 22

Code of Conduct Annual Report

EXECUTIVE SUMMARY

The City of Calgary's Code of Conduct ("the Code") is comprised of nine (9) policies. To support Audit Committee in its role to monitor the adequacy and effectiveness of corporate policies including the Code of Conduct (48M2012), the City Auditor's Office engaged KPMG LLP to conduct an assessment of the Ethics Program including of The City's Code of Conduct and Whistle-blower programs. KPMG prepared the Ethics Program Assessment report dated 2015 July 08, which was received for information by the Audit Committee on 2015 July 15 and subsequently by Council on 2016 July 27.

The purpose of this report is to provide Audit Committee with an update on the management practices and processes related to The City's Code of Conduct program.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Receives this report for information; and
2. Recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw (48M2012) states that Audit Committee, among other things, is responsible for "[overseeing] *The City's* compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct." On 2015 July 16, Audit Committee approved the City Auditor's recommendations contained in Report AC2015-0560 (as amended). Administration has submitted progress reports on 2015 November 12 (AC2015-1891) and 2016 June 16 (AC2016-0332) to Audit Committee which outlined Administration's process to review and refresh the Code of Conduct.

BACKGROUND

This report provides Audit Committee with an update on The City's Code of Conduct, in keeping with the Audit Committee Terms of Reference. This report focuses on the progression of the Code of Conduct program and initiatives.

In 2014 August, The City Auditor engaged KPMG LLP to conduct an assessment of The City's Ethics Program, as a component of its governance mandate. The assessment, completed on 2015 July 8, documented twelve (12) Observations and associated Recommendations along with Management Responses and Actions relating to the Code of Conduct. Additional Observations and Recommendations were directed to the Whistleblower Program. As of 2019 June 30 all of the Recommendations were closed as outlined in Attachment 1.

A project to review and revise the Code was established and was included among a number of Human Resources projects in support of the Corporate Strategic Plan contract with Council, directive 2 "a cohesive leadership culture and a collaborative workforce" (C2014-0703).

Following a comprehensive review of best practices, Administration designed its refreshed Code of Conduct to overarch and articulate, but not replace, its nine (9) policies outlined in Attachment 1. The refreshed Code was launched to all employees in 2017 March. In 2018 June The City introduced Code of Conduct training which supports employees in effectively

Chief Financial Officer's Report to
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AC2019-0307

Code of Conduct Annual Report

representing The City in our interactions with citizens, customers and other employees. Having our employees understand the Code reduces the risk for The City, makes us a more attractive employer and builds on our already good reputation in our communities.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

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

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

Diagram 1:

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

The Code provides direction, tools, resources and principles to guide behaviour and decision-making, including flow-charts and scenario-based examples to support employees' understanding of the Code.

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

- Throughout the past three years, using a series of coordinated activities, The City of Calgary has designed and implemented a sustainable Code of Conduct, including the recent launch of Code of Conduct training for all employees. The City of Calgary has

Approval(s): Carla Male concurs with this report. Author: Jennifer Sutherland

Chief Financial Officer's Report to ISC: **UNRESTRICTED**
Audit Committee **AC2019-0307**
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Code of Conduct Annual Report

aligned its values-based Code of Conduct with best practices to manage reputation risk inherent in The City's strategies, programs, processes and initiatives.
- The Code is underpinned by the essential behaviours of our organization: competence, character, commitment and collaboration.
- Each of these activities has contributed to the successful completion of many of the KPMG 2015 Ethics Audit recommendations.

In 2018 June, the Code learning (training) was rolled out to all employees supported by a comprehensive communication campaign, themed "you are a reflection of The City." This values-based learning promotes ethical decision making by applying the Code of Conduct Decision Tree seen in Attachment 2. This tool is pivotal in our effort to teach employees how to think through various situations, rather than memorize the 'right' thing to do in every situation, for every Code of Conduct policy.

Stakeholder Engagement, Research and Communication

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

Strategic Alignment

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

Social, Environmental, Economic (External)

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

Financial Capacity

Current and Future Operating Budget:

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

Chief Financial Officer's Report to
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Code of Conduct Annual Report

Current and Future Capital Budget:

None related to this report.

Risk Assessment

A Code of Conduct serves as a principal tool to address operational and strategic risks, introducing preventative and administrative controls. The Code is designed to support the proactive management of The City of Calgary's Principal Corporate Risk: Reputation Risk defined in AC2019-0032 as *damage to the image of The City or negative perceptions by citizens or stakeholders as a result of actions of elected officials or City employees. This risk can threaten The City's ability to maintain positive and productive relationships with citizens, businesses, partners and the ability to achieve its corporate objectives.* The activities within The City's ethics program promote accountability, manage risk, and support an effective governance structure. The Code of Conduct addresses standards for workplace conduct in areas subjected to inherent risk for the organization.

REASON(S) FOR RECOMMENDATION(S):

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

ATTACHMENT(S)

1. Attachment 1 – Code of Conduct Annual Report
2. Attachment 2 – The Code of Conduct Decision Making Tree

Code of Conduct

Annual Report

2019 March 22

The story behind The Code of Conduct

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

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

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

This report has been designed to provide Audit Committee (Council) with an update on the status of the KPMG Ethics Audit recommendations while also providing assurance of sound practices within The City's ethics program. Therefore, this report is organized using the following:

SERVING WITH **CHARACTER**
We behave the right way

SERVING WITH **COMPETENCE**
We do the right things the right way

SERVING WITH **COMMITMENT**
We are dedicated to the greater public good

SERVING WITH **COLLABORATION**
We work together for a common purpose

1. **City of Calgary Code of Conduct Progress**

   a. High level **recent accomplishments** in 2018-2019.
   b. Headline performance measures to show **how The City is doing.** Where available, baseline information for the measures show history (represented by a solid red line) and forecast (indicated by a dotted red line). Anticipated changes are represented by a solid gray arrow, to depict where The City can "turn the curve" on performance.
   c. **The story behind the numbers** describes the conditions, causes and forces at work that helps explain the current and expected performance.
   d. **What we propose to do** highlights initiatives planned or currently underway to advance success in the focus area.

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

2. **Code of Conduct Supporting Policies**
3. **KPMG 2015 Ethics Audit Update**

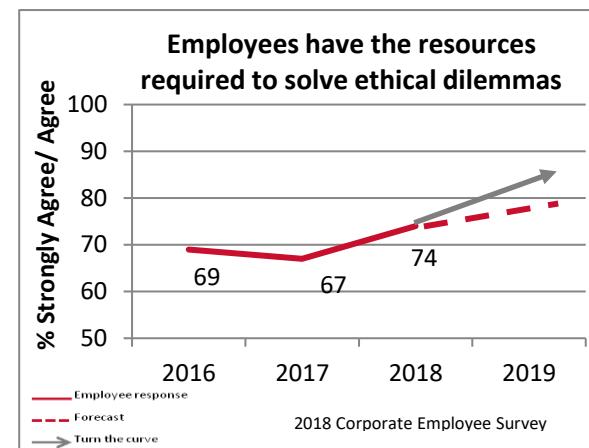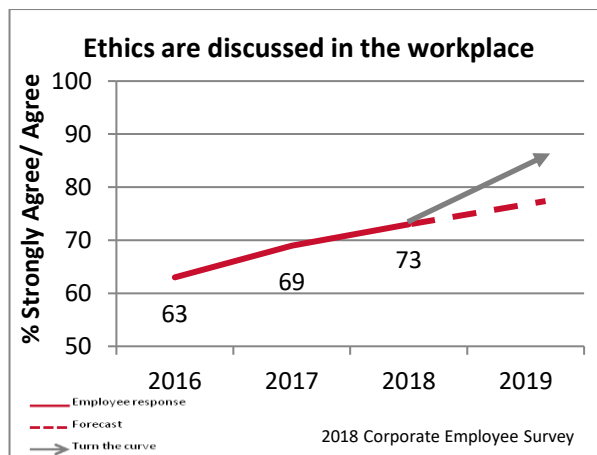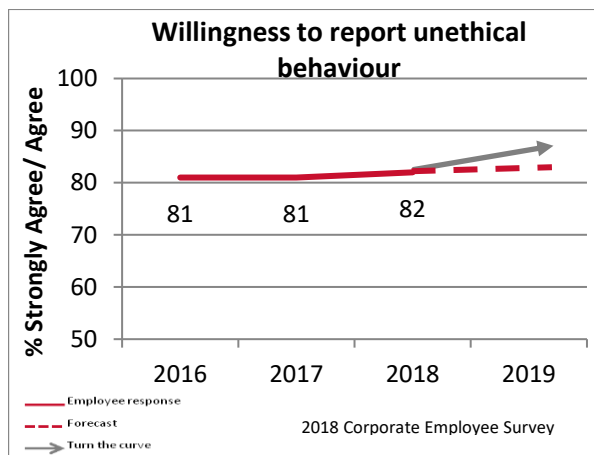# City of Calgary Code of Conduct Progress

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

Recent accomplishments

- Code of Conduct team integrated the 2015 KPMG Ethics Audit recommendations with best practices to design and develop Code of Conduct learning (training) to support employees to make ethical decisions, while understanding what is expected of them as public servants. The Code of Conduct learning, officially launched on 2018 June 4:
  - Is values-driven and is underpinned by our behaviour-based cultural imperatives (character, competence, collaboration, commitment and individual responsibility, collective accountability).
  - Provides direction, tools, resources and principles to guide behaviour and decision-making; including, a decision making tree (Attachment 2), and scenario-based examples to support employees and leaders understanding of the code.
  - Is offered in two forms; eLearning, for employees with computer access and facilitated sessions for employees without computer access.
  - As of 2019 March 12, 14,050 employees have completed the training. 4,858 of those employees are "non-wired" with 255 "in class" sessions delivered.

- A comprehensive awareness campaign was delivered to all employees including: building advertisements, digital screen images, leadership packages and, and five "Dear Code of Conduct" articles were published on myCity.
- Refreshed Code of Conduct was launched on calgary.ca in 2017 March as a fully accessible micro-site, paired with an accessible PDF for download. The microsite has received 14,371 views during the period of 2017 March- 2019 February.
- Corporate Employee Survey includes three questions directly related to the Code of Conduct, including: "I would report unethical behaviour in my workplace"; "Ethics and the Code of Conduct are discussed in my workplace" and; "If I am faced with an ethical dilemma, I know where I can go to find help in resolving the issue."
- Inclusion workshops have been delivered to improve intercultural competencies, unconscious bias, bridging cultures, respectful workplace and human rights. In 2018 a strong Human Rights communications campaign was launched to employees in recognition of the 70th anniversary of the Universal Declaration of Human Rights.
- All 2015 KPMG Ethics Audit Recommendations have now been closed , outlined on page 5 of this attachment.

How we are doing?

Willingness to report unethical behaviour — % Strongly Agree/ Agree: 2016: 81, 2017: 81, 2018: 82. Employee response, Forecast, Turn the curve. 2018 Corporate Employee Survey

Ethics are discussed in the workplace — % Strongly Agree/ Agree: 2016: 63, 2017: 69, 2018: 73. Employee response, Forecast, Turn the curve. 2018 Corporate Employee Survey

Employees have the resources required to solve ethical dilemmas — % Strongly Agree/ Agree: 2016: 69, 2017: 67, 2018: 74. Employee response, Forecast, Turn the curve. 2018 Corporate Employee Survey

The story behind the numbers

In 2017 the refreshed Code of Conduct was launched to the organization using an awareness campaign. This refreshed Code was designed using aspirational, descriptive and proscriptive content to support its nine (9) standing policies. In Q2 2018 the Code training was rolled out to City leaders, managers and supervisors, followed by a full launch to all employees in 2018 June.

Starting in 2016 September, the Corporate Employee Survey (CES) was expanded to include three questions directly related to the Code of Conduct. The results of the CES indicated an opportunity to; enhance leadership accountability through ongoing discussions of ethics at all levels of the organization and; provide education on the tools and resources to support employees facing ethical dilemmas. Since the annual CES was administered three months following the Code of Conduct learning implementation, many employees had completed the CES prior to receiving Code training, therefore these results are expected to increase on the 2019 September CES.

What we propose to do:

- Continue to actively provide awareness of the Code of Conduct and embed its principles within existing and new programs, processes and initiatives.

- Work with the Code of Conduct Policy Owners to integrate messages, develop the 2020 Code refresh training and launch supplementary education.

- Continue to apply the Results Based Accountability™ approach to evaluate the progress on the Code of Conduct while enhancing reporting mechanisms.

Code of Conduct- Supporting Policies

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

A Safe and Healthy Workplace

Occupational Health and Safety (HS-ESM-001)

Workplace Violence (GN-040)

Substance Use (HR-TR-005)

Respect in our Workplace

Respectful Workplace (HR-LR-001)

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

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

Proper Use of City Resources

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

Conflict of Interest (HR-LR-004)

The City of Calgary's Environmental Policy (UEP001)

Freedom of Information and Protection of Privacy Act

Putting Calgary First

Conflict of Interest (HR-LR-004)

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

Freedom of Information and Protection of Privacy Act

KPMG 2015 Ethics Audit Update

#	KMPG Report Action (abridged)	KPMG Report Date	Status
5.1.1	Consider application or implication of sign-off	2017, June 30 (HR)	Accept the Risk
5.1.1	Continue and possibly enhance communication strategy for the Code	2017, June 30 (HR)	Complete
5.1.2	Complete a review of training needs and approaches	2017, December 31 (HR)	Complete
5.1.2	Complete a review of a tracking mechanism for training and ease of access to code and related amendments	2017, December 31 (HR)	Complete
5.1.2	Discuss training needs with Council	2017, December 31 (City Clerk's)	Complete
5.1.3	Review of Code of Conduct for staff of Office of the Councillors	2016, March 31 (HR)	Complete
5.1.3	Assist Council in any review Council chooses to undertake	2016, June 30 (HR)	Complete
5.1.3	Review responsibility and process to identify and resolve any conflicts between policies in the Code or with supporting policies and documents; Review the complexity of the Code with objective of providing an understandable and effective code	2017, March 31 (HR)	Complete
5.1.3	Review current investigation approach and matrix for applicability to the overall code of conduct and to ensure clarity and effectiveness	2017, June 30 (HR)	Complete
5.1.3	Review the effectiveness of the process for policy review and procedure to record evidence of the review	2016, September 30 (HR)	Complete
5.1.4	Review the reporting processes and determine whether a generic reporting process should be created	2017, March 31 (HR)	Complete
5.1.4	Consider expanding Bid Submissions forms to clearly include identification of current and former employees. At that time also consider enhancements to reference spouses/partners of staff.	2016, June 30 (Supply)	Complete
5.1.5	Explore the development of a mechanism to monitor and report on Code violations/investigations and report regularly to City Manager/Senior Management	2018, June 30 (HR)	Complete
5.1.6	Document clear roles and responsibilities for the code processes	2016, March 31 (HR)	Complete
5.1.6	Revisit the individual performance evaluation process to ensure it reflects corporate values and, by extension, the values inherent in the Code.	2017, March 31 (HR)	Accept the Risk

Code of Conduct decision tree

Ask yourself:

STOP

NO	NO	NO	NO	NO	NO

Is it legal? —YES→ **Does it comply with City policies?** —YES→ **Am I in line with The City's values and the 4 Cs?** —YES→ **Would I be comfortable if my actions were made public?** —YES→ **Would it be okay if everyone did it?** —YES→ **Am I acting in the best interests of The City?** —YES→ **MOVE FORWARD**

I DON'T KNOW	I DON'T KNOW	I DON'T KNOW	I DON'T KNOW	I DON'T KNOW	I DON'T KNOW
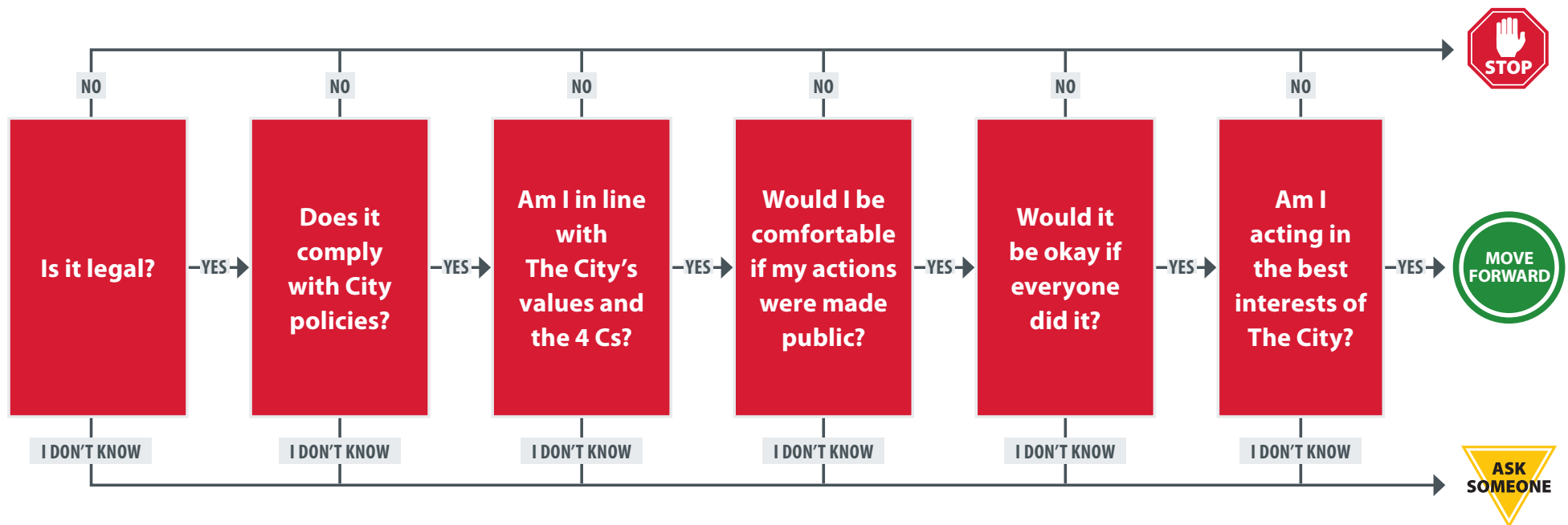
ASK SOMEONE

IT'S YOUR RESPONSIBILITY TO FOLLOW THE CODE OF CONDUCT

Make sure you know before you act. If you are unsure, ask someone who knows or check

calgary.ca/employeecode

Chief Financial Officer's Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-0308**
2019 March 22

Human Resources Challenges and Opportunities

EXECUTIVE SUMMARY

Human Resources (HR) has developed a presentation that provides an update on their future challenges and opportunities. This action has been taken as a result of direction received by Administration through Audit Committee 2018 October 24 with respect to Report AC2018-1210. The presentation focuses on trends HR is watching and opportunities identified to successfully support City staff and leadership to deliver services to citizens and make life better every day.

HR has met with the Chair of Audit Committee on 2019 March 20. Due to the timing of report submission deadlines, the results of that meeting are not reflected in this report.

ADMINISTRATION RECOMMENDATION:

That Audit Committee:

1. Receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 October 24 Audit Committee, with respect to Report AC2018-1210, approved the following:

Direct the Human Resources and Finance Business Units be added to the Audit Committee 2019 Work Plan in Q1 and Q4 respectively, and that they work with the Chair and Vice-Chair of Audit Committee on the development of a presentation providing an update on their future challenges and opportunities.

BACKGROUND

On 2018 October 24, IT presented the Information Technology Challenges and Opportunities (AC2018-1210) to Audit Committee. As a result of that presentation Audit Committee requested HR and Finance to bring forward similar presentations to Audit Committee by 2019 Q1 and Q4 respectively.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Not Applicable

Stakeholder Engagement, Research and Communication

HR met the Chair of Audit Committee on 2019 March 20.

Strategic Alignment

As an enabling service, HR contributes to the effective execution of all Citizen Priorities and associated Council Directives. HR strengthens the workforce and shapes the workplace by providing HR strategies, governance, programs and services, partnering to find solutions and advising on sound workplace practices. HR's work serves to influence and reinforce desired corporate culture, leadership effectiveness and business performance to benefit all Calgarians.

Approval(s): **Carla Male** concurs with this report. Author: **Mark Lavallee**

Chief Financial Officer's Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-0308**
2019 March 22

Human Resources Challenges and Opportunities

As such The Human Resources Challenges and Opportunities report is aligned with:

  I.   All Citizen priorities
 II.   All Council directives
III.   The 2019-2022 Service Plans and Budgets.
 IV.   Council's Guidelines for Administration:
- Integrated Service delivery
- Engaged leadership
- Trust and Confidence
- Investment and value
- Corporate Alliance

  V.   Administration's commitments to:
   1. Sustain a cooperative and meaningful relationship with Council;
   2. Foster a safe and respectful workplace for all employees;
   3. Continue to promote a progressive public service culture through One City, One Voice;
   4. Focus attention on planning and building a resilient city, including flood mitigation and climate change;
   5. Enhance service to our customers and communities, including citizens and businesses; and
   6. Further strengthen the Corporation's financial position.

Social, Environmental, Economic (External)

Not Applicable

Financial Capacity

Current and Future Operating Budget:

There are no operating budget implications as a result of this report.

Current and Future Capital Budget:

There are no capital budget implications as a result of this report.

Risk Assessment

Information from HR's service risk registers is included in Attachment 1 - Human Resources Challenges and Opportunities presentation, on slide 5, under "What we are watching: Trends and Risks".

REASON(S) FOR RECOMMENDATION(S):

As a result of Audit Committee direction from 2018 October 24, Human resources has brought forward today's presentation on HR challenges and opportunities facing The City of Calgary.

ATTACHMENT(S)

1. Attachment 1 – Human Resources Challenges and Opportunities

Approval(s): Carla Male concurs with this report. Author: Lavallee, MarkMark Lavallee

Audit Committee – March 22, 2019
HR Challenges and Opportunities

presented by Mark Lavallee, CHRO

Citizen Priorities & Council Directives

<div style="background:#b13f3f;color:white;">

A Well-Run City   **A Prosperous City**

A City of Safe and Inspiring Neighborhoods

A Healthy and Green City

A City that Moves

</div>

Administration Commitments

1. Sustain a cooperative and meaningful relationship with Council
2. Foster a safe and respectful workplace for all employees.
3. Continue to promote a progressive public service culture through One City, One Voice.
4. Focus attention on planning and building a resilient city, including flood mitigation and climate change.
5. Enhance service to our customers and communities, including citizens and businesses.
6. Further strengthen the Corporation's financial position.

HR Service Lines

HR Support
Organizational Health, Safety and Wellness
Corporate Governance

Client Satisfaction

- BUs identified HR Support as **the internal service with the most impact** on their ability to serve their end customers.

- Customers indicate that **reliability, responsiveness and quality of HR service delivery are critical attributes.**

- City employees are satisfied with existing health and wellness programs and services we offer.

Client Satisfaction

HR customers have indicated a high level of satisfaction across a wide range of HR services:
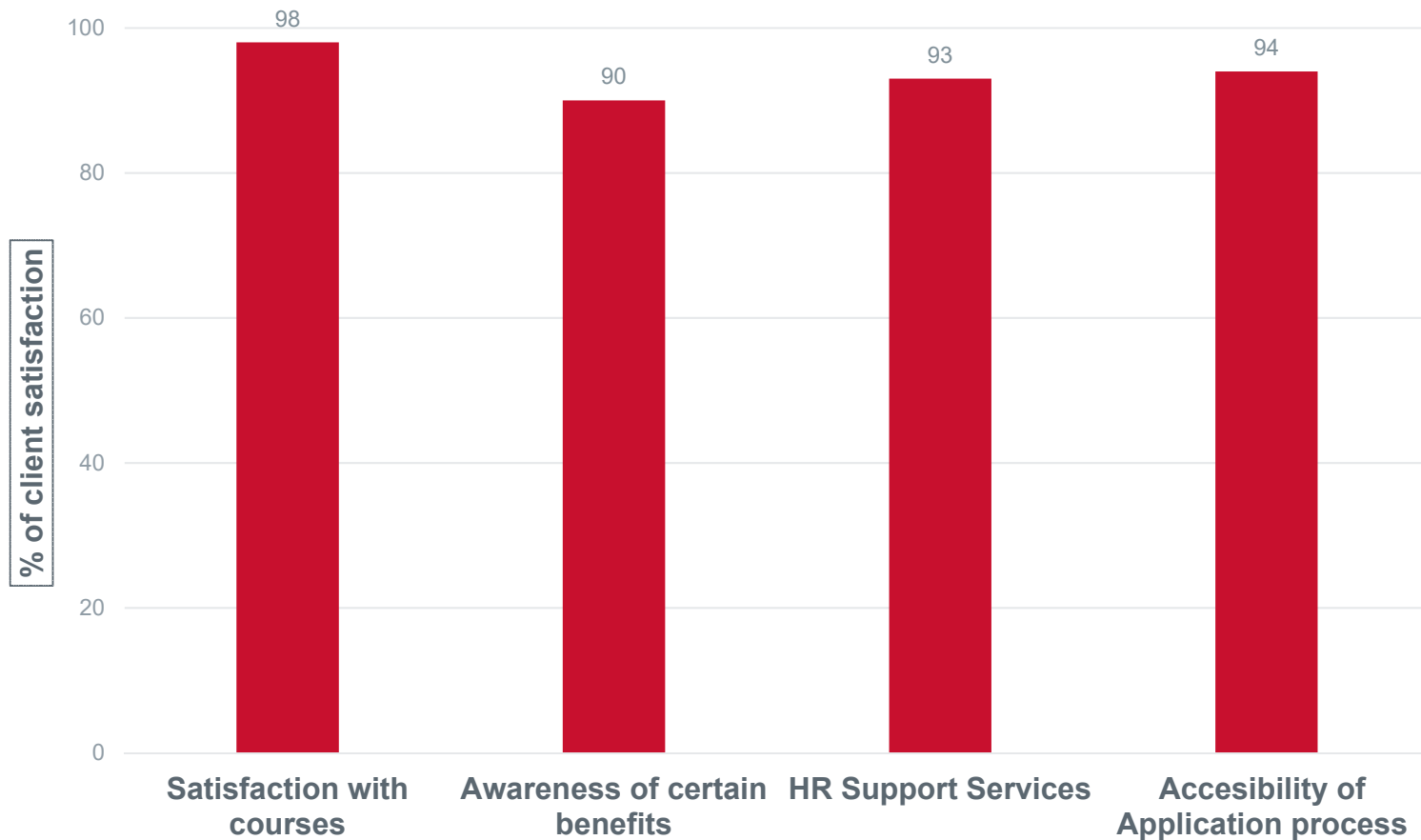
What we are Watching: Trends and Risks

I. The economy

II. Demographic shifts influenced by diversity and age

III. The growing voice around equity and inclusion

IV. "Me Too" and other movements

V. Governments continue to advance Truth and Reconciliation

VI. Increased desire for transparency

VII. Legislative changes, legal & compliance risk

VIII. Corporate capacity for change and increased demand for services

IX. Labour relations climate

X. Employee productivity and engagement in a difficult economy and with job/wage constraints and freezes

XI. Continuity/momentum around service plans and budgets, culture shift, efficiencies, workforce planning

Our passion: Human Resources supports building a great workforce to serve a great city.

Human Resources Opportunities

Workplace Capacity: Identify opportunities for further integration, streamlining, efficiency, resiliency and continuous improvement in service to deliver better outcomes to customers

Leadership Effectiveness: Develop corporate and targeted solutions to build and sustain leadership accountability, capability and effectiveness.

Healthy Workplace: Work with service partners to create and sustain workplace conditions that reinforce employee engagement, inclusion, productivity, health and wellness

HR Opportunities

Leadership Effectiveness	Workplace Capacity	Healthy Workplace

• **Leadership** Development
• **Employee** Development
• **Leader & Employee** Support & Accountability
  ➢ Training/Mentoring/Coaching
  ➢ Executive Leadership Accountability
• **Change Leadership-** Supporting Leaders & Employees
	• **Performance Measure** develop to meet customer need (who is better off?)
	• **Technology**
	  ➢ Self Service
	  ➢ Data Accessibility
	  ➢ Reporting
	  ➢ Performance Measures/Benchmarking
	  ➢ Records Digitization
	• **Integrated Talent Management System** (ITMS)
	  ➢ LMS
	  ➢ IPD & Succession
	• **Workforce Planning & Analytics**
		• **Inclusiveness**
		  ➢ Indigenous Learning
		  ➢ Gender Equity
		• **Workplace Investigations & Restoration**
		  ➢ Team formation, processes/systems
		  ➢ Restoration
		• **Code of Conduct**
		• **Health System Review and Implementation**
		  ➢ Healthy Workplace Strategy
		  ➢ Employee experience
		  ➢ Psychological safety
		  ➢ Efficiencies and effectiveness
		  ➢ Accommodation Strategy
		  ➢ Case management

Thank You!

QUESTIONS?

City Auditor's Report to
Audit Committee
2019 March 22

ISC: UNRESTRICTED
AC2019-0278
Page 1 of 2

Calgary Community Standards – Livery Transport Services Audit

EXECUTIVE SUMMARY
The City Auditor's Office issued the Calgary Community Standards – Livery Transport Services Audit Report to Administration on March 13, 2019. The report includes Administration's response to recommendations raised by the City Auditor's Office to Livery Transport Services reflecting growing industry complexity and enhancement of existing controls. Administration accepted all 14 recommendations and has committed to the implementation of action plans no later than December 31, 2022. The City Auditor's Office will track the implementation of these commitments as part of our on-going follow-up process.

RECOMMENDATIONS
1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY
Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2018 Annual Audit Plan was approved on November 10, 2016. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

BACKGROUND
This audit was undertaken as part of the approved City Auditor's Office 2018 Annual Audit Plan. Livery Transport Services within the Calgary Community Standards Business Unit regulates drivers, vehicles and companies in the livery industry according to the requirements of the Livery Transport Bylaw (6M2007). Significant livery industry changes occurred in 2016 with the introduction of transportation network companies, which added 4,500 drivers and associated vehicles-for-hire to Livery Transport Services' responsibilities. In 2018, over 10M livery trips were completed.

The objective of this audit was to assess the effectiveness of internal controls that support public and driver safety.

INVESTIGATION: ALTERNATIVES AND ANALYSIS
Overall, existing controls were operating as designed to support safety of passengers and drivers. We highlighted examples of the contribution these controls make to public safety, such as taking vehicles with serious defects out of service, in the results section of the Attachment.

We raised five significant recommendations reflecting growing industry complexity and opportunities to provide effective and efficient monitoring of all classifications of livery vehicles and drivers. These recommendations focused on three main themes: validation of security camera operation, defining an integrated enforcement strategy utilizing data analytics, and system enhancements to provide the necessary data. We also included nine recommendations to enhance the consistent performance of existing controls in the observation section.

City Auditor's Report to
Audit Committee
2019 March 22

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AC2019-0278
Page 2 of 2

Calgary Community Standards – Livery Transport Services Audit

Stakeholder Engagement, Research and Communication
This audit was conducted with Livery Transport Services acting as the principal audit contact(s) within Administration.

Strategic Alignment
Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

Social, Environmental, Economic (External)
N/A

Financial Capacity
Current and Future Operating Budget
N/A

Current and Future Capital Budget
N/A

Risk Assessment
The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure. This audit was undertaken as part of the approved City Auditor's Office 2017/2018 Annual Audit Plan since the regulation of livery services is a critical component to ensure the safety of passengers and drivers.

REASON FOR RECOMMENDATIONS
Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual audit report and forwards these to Council for information".

ATTACHMENT
Calgary Community Standards - Livery Transport Services - AC2019-0278 ATT

Approval: Katharine Palmer, City Auditor Author: Ross Visscher

Calgary Community Standards – Livery Transport Services Audit

March 13, 2019

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Table of Contents

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

Executive Summary

Livery Transport Services (LTS) within the Calgary Community Standards Business Unit regulates drivers, vehicles and companies in the livery industry according to the requirements of the Livery Transport Bylaw (6M2007). Livery vehicles include taxis, accessible taxis, limousines and vehicles-for-hire. Significant industry changes occurred in 2016 with entry of transportation network companies (TNC), which added nearly 4,500 drivers and associated vehicles-for-hire to LTS' responsibilities. In 2018, over 10M livery trips were completed.

We conducted this audit as the regulation of livery services is a critical component to ensure the safety of passengers and drivers. The objective of the audit was to assess the effectiveness of public and driver safety internal controls. The audit consisted of a comprehensive review of LTS established processes and control activities conducted by the licensing, enforcement and data and training (data analytics) teams.

Overall, existing controls were operating as designed to support safety of passengers and drivers. Our results section highlights examples of the contribution these controls make to public safety, such as taking vehicles with serious defects out of service. We raised five significant recommendations reflecting growing industry complexity and opportunities to provide effective and efficient monitoring of all classifications of livery vehicles and drivers. These recommendations focused on three main themes: validation of security camera operation, defining an integrated enforcement strategy utilizing data analytics, and system enhancements to provide the necessary data.

We noted 17 instances, during 2018, where taxi security camera footage was unavailable from the taxi brokerage when requested by LTS. Footage supports LTS in investigations and license review hearings related to driver conduct and protects the safety of passengers and drivers. Cameras are inspected at the time of registering a new vehicle and through random on-road enforcement inspections. However, they are not subject to verification every six months, as is the case with other mechanical parts. It was unknown at the time of the audit, whether these instances of unavailable footage were due to malfunction of the camera or inadequate retention practices, or other reasons. We recommended LTS conduct a root cause analysis on the causes of unavailable taxi security camera footage and based upon the results implement changes to the inspection and licensing process to further protect passenger and driver safety.

LTS does not have a defined enforcement strategy that integrates on-road, in-office and data analytic activities, which would support effective mitigation of safety risks and resource allocation decisions. The strategy should include objectives and measures, processes for monitoring performance, data requirements to support the strategy, and consideration of the different business models in the industry. Our audit provided examples of coverage measures and opportunities to expand use of trip data to assist in implementing our recommendation to develop this strategy.

Currently, the licensing and enforcement workflow system (POSSE) used by LTS does not allow for the electronic capture of detailed information on TNC vehicles-for-hire enforcement activities, including deficiencies identified. Since TNC vehicles accounted for approximately 40% of trips during 2018, information on these activities will be needed to meet the data requirements of LTS's enforcement strategy. As a result, we recommended upgrading POSSE to electronically capture these activities.

In addition, we raised nine recommendations to enhance the consistent performance of existing controls. LTS has agreed to all 14 recommendations and have committed to set action plan implementation dates no later than December 31, 2022. The City Auditor's Office will follow-up on all commitments as part of our ongoing recommendation follow-up process.

1.0 Background

Livery Transport Services (LTS) within the Calgary Community Standards Business Unit regulates drivers, vehicles and companies in Calgary's livery industry according to the requirements of the Livery Transport Bylaw (6M2007). This includes livery trips by taxis, accessible taxis, limousines and vehicles-for-hire. Licensing requirements include police record checks, training, specific classes of a provincial driver license, vehicle condition inspections and insurance.

LTS's objective is to ensure public safety, service quality and consumer protection for customers and service providers in the livery industry. The three teams within LTS are described in the table below:

Licensing	Enforcement	Data & Training
Administer licensing of: • Drivers • Vehicles • Brokerages • Transportation network • companies (TNC) • Livery vehicle inspection stations	Encourage LTS Bylaw compliance through: • Physical peace officer presence on the road • Targeted inspection programs • Investigation of complaints from the public and drivers • Enforcement action including licence review hearings to revoke a licence	Analyze trip data to support a culture of data-driven decision making, and enforcement investigations. Develop training provided to new taxi drivers.

The livery industry underwent major changes following the introduction of a major TNC into the Calgary market in 2016. TNCs provide a software program (app) that can be used by passengers to book and pay for a vehicle-for-hire operated by a driver as part of a TNC. LTS became responsible for regulating nearly 4,500 additional TNC drivers and associated vehicles-for-hire based on similar regulatory standards to those that applied to taxis and limousines. In 2018, 10M livery trips were completed, which includes 6M by taxi, 4M by vehicles-for-hire, and 17K by accessible taxi. At the beginning of February 2019, there were 4,508 licensed taxi drivers (843 with the accessible endorsement), 333 licensed limousine drivers and 4,476 licensed TNC drivers. The fleet[1] consisted of 1,881 taxi plates, 219 limousines and 4,476 vehicles for hire.

The regulation of livery services is a critical component to ensure the safety of passengers and drivers. As a result, this audit was included on the City Auditor's Office 2017/2018 Annual Audit Plan as an operational audit assessing the effectiveness of internal controls that support public and driver safety.

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[1] The number vehicles operating within the city of Calgary fluctuates as there are times when a vehicle is off the road for repairs or mechanical inspection, the driver is sick or on vacation, or the vehicle has been taken 'out of service' due to a serious mechanical deficiency.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective

The objective of this risk-based audit was to assess the effectiveness of internal controls that support public and driver safety. The objective was achieved by assessing the design and effectiveness of controls in place to mitigate the following six high inherent risks:

1. Driver behavior, conduct or health status is such that they are unfit to provide livery service;
2. Brokerages and TNCs do not comply with the legal requirements for providing livery service;
3. Changes or new information arises related to driver, brokerage or TNC conduct, or driver health status between licence renewals, which indicates an unfitness to provide livery service;
4. Driver knowledge is not sufficient to ensure safety of drivers and passengers;
5. Individuals transport passengers without the appropriate livery license; and
6. Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage.

2.2 Audit Scope

The scope of this audit included LTS licence application, renewal and enforcement processes and activities critical for the safety of passengers and drivers during the period from September 1, 2017 to August 31, 2018.

Excluded from this audit were:
- Training requirements for TNC drivers - LTS is exploring this requirement and is due to report back to Council through the Standing Policy Committee on Community and Protective Services no later than Q2 2019.
- Quality and availability of accessible service – Council endorsed the Accessible Taxi Incentive Program to improve customer service for individuals using on-demand wheelchair accessible taxis on March 19, 2018, which launched on January 1, 2019.
- The taxi plate selection process which is a means to distribute the release of new Taxi Plate Licences.

2.3 Audit Approach

Our audit included the following:
- Interviews with LTS management and staff.
- Process analysis and control assessment based on a sample of:
  o Driver's licence applications and renewals;
  o Brokerage and TNC applications;
  o Active registered livery vehicle plates;
  o Inspection station and mechanic applications;
  o Public complaints; and
  o TNC data completed by the geospatial analyst.

3.0 Results

At the outset of the audit LTS Management identified the combination of their activities in licensing, enforcement and data analysis was critical to supporting public and driver safety. As a result, we conducted a comprehensive audit that tested nineteen controls across these three areas, identified in the risk and control matrix (Appendix A). The following sections outline the results of testing in these three areas.

3.1 Licensing (13 controls)

Licensing includes preventive controls that LTS completes as part of granting or renewing a license or vehicle registration to ensure that regulatory requirements are met for drivers and vehicles, and for brokerages, TNCs, mechanical inspection stations, and mechanics inspecting livery vehicles. The front counter Licensing Team performs these activities, supported by training developed by the Data and Training Team, which are identified in Appendix A within control area L.

Overall licensing controls tested are operating as designed to ensure regulatory requirements are met. We raised five recommendations to improve the consistency of licensing control performance.

3.1.1 Drivers

Provincial Motor Licensing Status (Controls #3, #4, #8)
Prior to granting or renewing a license LTS verifies a driver has:
- Either a Class 1, 2 or 4 provincial operator's license, which requires a medical examination confirming a driver's health status to safely provide livery service.
- Not exceeded nine demerit points as this may be indicative of a driver who does not have the necessary understanding of the rules of the road to safely operate a vehicle.

We reviewed a random sample of 61 driver applications that covered new and renewal licenses for TNC drivers, taxi drivers and limousine drivers. No exceptions were noted supporting the process is followed to ensure LTS actively validates driver requirements.

In addition, to the demerit point check at licensing/renewal LTS has proactively implemented a check during the period between renewals for drivers with six or more demerit points. We raised recommendation #8 in support of this new interim evaluation process and to formalize the control.

License Term (Control #9)
We performed a test of a POSSE automated control and confirmed that licenses cannot be issued for a term that exceeds 13 months.

Police Information Checks (Control #1, Control #2)
A police information check is conducted for all new and renewal applications through an automated interface between LTS and Calgary Police Services (CPS) for taxi and limousine drivers, and TNC drivers prior to February 1, 2018. Since this date, TNC drivers were required to manually provide this check from CPS due to changes to provincial regulations for TNCs. We tested the automated interface and confirmed it

was operating effectively and that the manual check was on file for TNC drivers requiring it, within the above sample of 61.

Through data analytics we identified licensed drivers with a CPS non-recommendation and reviewed a sample of eleven files selected on a judgemental basis that included both instances that did and did not go to a License Review Hearing. Not all non-recommendations are required to go to a License Review Hearing, for example, where the applicant resolves the matter with CPS (e.g. pays the outstanding fine). We observed LTS referred cases to a License Review Hearing where appropriate to reach a decision on suitability and files sampled contained the documentation to substantiate evidence weighed in support of the decision made.

Documentation in two files that went to a License Review Hearing did not include the CPS letter with results of a vulnerable sector fingerprint search. The CPS fingerprinting letter could have included information on additional offenses that would be relevant to discussions at the hearing. Recommendation #13 was raised to support improved document retention of hearing evidence.

<u>Training (Control #11)</u>
LTS provides training to taxi driver applicants through in person and an online option. We reviewed the course materials and observed training covered risks to the driver of assault and robbery, responsibilities for ensuring mechanical safety of the vehicle, driver conduct and the enforcement framework. After completing this course taxi drivers are required to pass an examination test. Limousine drivers are also required to pass a test but do not have to complete a training course. We reviewed a sample of 36 newly licensed taxi and limousine drivers and noted all individuals passed the examination.

Additional hands on training is required and provided for holders of accessible taxi driver licenses by both LTS and by approved brokerage training programs. Training covers topics such as wheelchair securement, curb stop locations and passenger identification. We recommended a periodic review of the training program, such as every three years, to ensure consistency between internal and brokerage accessibility training and incorporation of emerging risks (Recommendation #12). This recommendation is timely given the planned implementation of the Accessible Taxi Incentive Program in January 2019.

3.1.2   Vehicles, Mechanics and Inspection Stations
The Licensing team verifies vehicles have been inspected by a qualified mechanic to ensure they are fit to operate prior to registering the vehicle, and every six months or a year thereafter (Controls #14 and #15)*. We inspected documentation for 66 livery vehicles including vehicles-for-hire, taxis and limousines. An Enhanced Livery Vehicle Inspection Standards (ELVIS) inspection certificate was on file for each vehicle within the required inspection period of either six months or one year. An ELVIS certificate confirms that a vehicle is fit to operate in accordance with the requirements of the LTS Bylaw, which requires an inspection either every six months or annually in the case of lower mileage vehicles-for-hire. We also confirmed that POSSE automated controls are

functioning effectively to suspend licenses or registrations in cases where a mechanical inspection is overdue (Control #16 and #17).

LTS license both the mechanics and the inspection stations (Control #18) that perform the ELVIS inspections. We reviewed a sample of seven newly licensed mechanic's files and in each case LTS had verified that the mechanic had the appropriate qualifications. Also, we reviewed a sample of five newly licensed inspection stations during the audit period and observed an LTS inspector had inspected each station and confirmed that the location had the necessary equipment to complete an ELVIS inspection.

The ELVIS inspection does not include verification of the taxi security camera. LTS Inspectors check security camera operation to ensure the camera lights are working (power, recording, GPS) when a new vehicle is registered and through random on-road enforcement. We recommended LTS update the new vehicle inspection form to include evidence of the camera inspections (Recommendation #2).

3.1.3 Brokerages and TNCs

Brokerages and TNCs are licensed by LTS (Control #5). We reviewed all new license applications (two TNCs and two limousine brokerages) during the audit period and confirmed LTS reviewed the apps used by the TNC against the requirements of the LTS Bylaw[2], brokerage premises were inspected by an inspector[3], and LTS verified insurance coverage.

Although LTS verifies that taxi and limousines are covered under the brokerage fleet policy for new vehicle registrations (Control #14), and TNC driver's personal insurance coverage when issuing their license (Control #15). LTS does not verify proof of brokerage and TNC insurance policies for brokerage and TNC license renewals beyond requesting a policy number (Recommendation #11).

3.2 Enforcement and Data Analysis (6 controls)

LTS enforcement activities include on-road enforcement, and complaint handling performed by LTS Inspectors (peace officers). The Data & Training team supports enforcement by conducting targeted data analysis. The combination of these enforcement activities allows LTS to monitor the livery industry during the period between granting and renewing an LTS license and registration and act on regulatory non-compliance that impacts driver or public safety. Enforcement and data analysis activities are identified in Appendix A within control areas E and D respectively.

We raised six recommendations to enhance the operational effectiveness of enforcement and data analysis controls tested. Although LTS is monitoring the livery industry and identifying and resolving safety concerns, LTS does not have a defined enforcement strategy that integrates on-road activities, in-office reviews and data analytics. A defined strategy includes objectives and measures that consider the different business models in the livery market, and processes to monitor outcomes, supports effective mitigation of safety risks and resource

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[2] Section 54 of the LTS Bylaw requires that TNC apps, used by their customer to book a ride, include functionality for safety, such as providing a photo of the driver and the license plate of the vehicle.
[3] Section 130 of the LTS Bylaw requires brokerages to maintain a staffed office in The City of Calgary (s135(e)) premises in a clean state and in good repair (s130(a)).
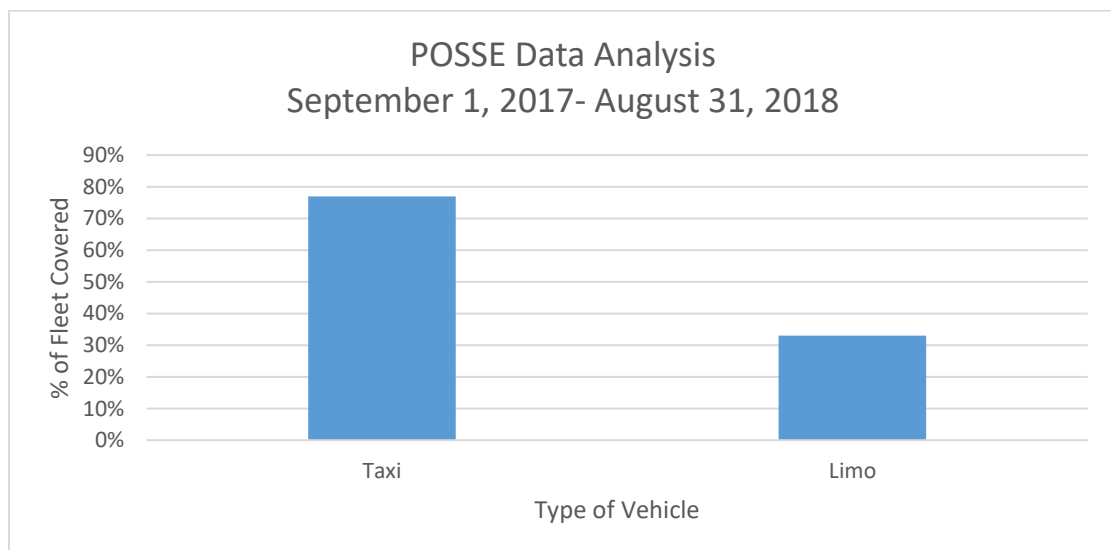
allocation decisions (Recommendation #3). We also recommended enhancements to the POSSE workflow system to capture information on TNC inspections to support this strategy (Recommendation #4).

3.2.1   On-road Enforcement

On-road enforcement involves an LTS Inspector verifying vehicle condition and key documentation such as their TNC or taxi driver license (Control #12). These inspections occur while inspectors are on the road at areas where livery vehicles typically stage, for example the TNC staging areas at the Calgary airport or downtown taxi stands. We examined 447 enforcement actions resulting from inspections, which resulted in 28 vehicles being taken out of service (15 related to security cameras not functioning and 2 to individuals driving without the appropriate licences).

We analyzed taxi and limousine on-road inspections using POSSE data and calculated fleet coverage for each. A vehicle was considered "covered" if it was inspected by an LTS Inspector at least once during the audit period. Although TNCs are subject to on-road inspections, they were not included in our analysis, since detailed information on TNCs inspected is captured in paper logs outside POSSE (Recommendation #4).

This analysis was provided to LTS to support setting enforcement objectives and measures (Recommendation #3) along with determining the best enforcement approach for a particular livery service provider. On-road enforcement coverage is one aspect of enforcement performance. Additional data should be considered when developing enforcement objectives, such as number of trips and miles driven per vehicle, and history of compliance. As a result, we did not opine on the sufficiency of coverage calculated. Coverage results are included in the following graph:

POSSE Data Analysis
September 1, 2017- August 31, 2018

A bar chart titled "POSSE Data Analysis September 1, 2017- August 31, 2018" with y-axis "% of Fleet Covered" ranging from 0% to 90% and x-axis "Type of Vehicle". Taxi bar is approximately 77% and Limo bar is approximately 33%.

During an inspection LTS Inspectors may issue an Inspector's Order to correct a vehicle defect (Control #19). At the time of our testing there were five outstanding Inspector's Orders aged over 60 days. Since there was no evidence of follow-up by LTS Inspectors, we recommended implementing a defined process to follow-up on overdue orders

(Recommendation #6) and improving the design of the POSSE report used to identify them (Recommendation #7).

3.2.2 Complaint Handling

LTS' approach to complaint handling (Control #6) has evolved to encourage the public to submit complaints directly to 311, rather than requiring brokerages to transmit complaint data, as specified by section 135 of the LTS Bylaw (Control #7). LTS has communicated the complaint intake process to the public through safety campaigns and decals on taxis. LTS advised they are working to raise awareness of the 311 intake process for TNC driver complaints (e.g. including wording on the customer receipt). We recommended LTS define the complaint process, including roles and responsibilities and update the LTS Bylaw accordingly and work with industry participants to ensure that concerns are communicated and can be resolved. (Recommendation #9).

In addition to receiving complaints from the public via 311, LTS receives referrals from CPS and 9-1-1 (Control #10). The 9-1-1 referral process was proactively implemented by LTS in August 2018. We recommended strengthening this process by incorporating it into a 9-1-1 standard operating procedure (Recommendation #14).

Once a complaint is received by LTS it is investigated by the enforcement team as part of in-office reviews. We extracted a listing of complaints with keywords that could indicate a higher risk matter and reviewed actions taken on all 13 items within this population. Complaints tested were closed in a timely manner and resolved in accordance with the LTS legal framework (LTS Bylaw, Traffic Safety Act and Provincial TNC regulations) and philosophy of progressive enforcement through education.

Enforcement actions for five out of the 13 complaints tested were not documented in POSSE. Proper documentation supports LTS' philosophy of enforcement through education, which depending on the seriousness of the offense starts with warnings that can be followed by a range of options, such as, fines for future offenses. As a result, we recommended consistent documentation of enforcement actions in POSSE supported by supervisory review (Recommendation #10).

Availability of taxi security camera footage supports LTS and CPS investigations and a differing treatment of taxi drivers when charged with an offense under the criminal code. We noted two instances where taxi security camera footage could not be obtained. One instance was from the above sample of 13 complaints and the other was from a License Review Hearing, tested as part of our sample of 11 CPS non-recommendations under section 3.1.1. Additionally, LTS Enforcement statistics from January 1, 2018 to October 31, 2018, identified 15 instances where security camera footage could not be obtained. We recommended a root cause analysis with subsequent changes to the inspection and licensing process to ensure security camera footage is provided (Recommendation #1).

3.2.3   Data Analysis

Starting April 2018, LTS have proactively used trip data, received from a TNC provider on a weekly basis, to identify individuals driving without an active Transportation Network Driver's License (TNDL) (Control #13) and vehicles with an overdue mechanical inspection. LTS can then work with the TNC provider to prevent the driver from accepting additional trips.

We examined 9 out of the 22 trip data reviews and confirmed that this review was completed consistently and follow-up was occurring for individuals driving without a TNDL. LTS' analysis of trip data provides coverage of all TNC drivers and vehicles and is utilized as an efficient and effective approach to identify safety concerns related to unlicensed drivers and overdue mechanical inspections. Expanding analysis of trip data to taxis and other TNCs, using a risk-based approach, will enhance mitigation of targeted safety risks (Recommendation #5) since the analysis requires less resource time and achieves full coverage compared with other enforcement activities, and easily scales with any growth in number of drivers.

We would like to thank staff from LTS and Calgary Community Standards for their assistance and support throughout this audit.

4.0 Observations and Recommendations

4.1 Verification of Camera Operation

Testing of licensing and complaint handling processes and a review of LTS enforcement statistics identified 17 instances where security camera video footage could not be obtained. In addition, although LTS Inspectors verify taxi security camera operation when the taxi is first registered and through random on-road enforcement, security camera operation is not verified on a defined frequency. LTS should analyze the cause of unavailable footage and implement a process to verify security camera operation consistent with other mechanical parts, where applicable. Operational security cameras and availability of footage support the successful resolution of LTS and CPS investigations and driver and passenger safety.

Testing of licensing and complaint handling processes during the audit identified one complaint resulting from a fare dispute and one license review hearing related to a serious offense, where video footage could not be obtained. Additionally, we reviewed LTS enforcement statistics and noted 15 unsuccessful footage requests from January – October 2018. We did not see any evidence of root cause analysis for the instances identified where camera footage could not be supplied.

LTS Inspectors check security camera operation to ensure the camera lights are working (power, recording, GPS) when a new vehicle is registered and through random on-road enforcement. The inspection at the time of registration is not documented on the ELVIS inspection form. Security camera inspections are not included as part of the ELVIS mechanical inspections, which are verified every six months through an Enhanced Livery Vehicle Inspection Standards (ELVIS) inspection, since security cameras are not part of required mechanic qualifications.

The presence of a security camera is used as the basis for differing treatment between taxi and TNC drivers when charged with certain offenses under the criminal code. Taxis are required to have a working security camera installed, which is not a requirement for TNCs. Under the provincial regulations TNC drivers will automatically have their license revoked when charged with certain criminal offenses. However, should a taxi or limousine driver be charged with a criminal code offence, LTS reviews the situation and the licence may be immediately suspended, pending the outcome of a Licence Review Hearing.

Recommendation 1
The Deputy Chief Livery Inspector conduct a root cause analysis to identify the causes of unavailable security camera footage. Based upon the results of this analysis identify and implement changes to the inspection and licensing process to remedy the unavailability of this footage.

Management Response

Agreed.

Action Plan	Responsibility
Phase 1 – In conjunction with LTS investigations Livery Officers will submit request for camera footage. In circumstances where camera footage is unavailable, the reason will be documented. Phase 2 – Compile results of unavailable camera footage data, engage with industry regarding observations, and implement LTS process changes as necessary.	<u>Lead</u>: Deputy Chief Livery Inspector <u>Support</u>: <u>Commitment Date</u>: Phase 1 – July 31, 2019 Phase 2 – October 31, 2019

Recommendation 2
The Deputy Chief Livery Inspector amend the new vehicle inspection form used by LTS Inspectors to ensure the inspection of the security camera is documented.

Management Response

Agreed.

Action Plan	Responsibility
The vehicle inspection form has been updated to ensure the inspection of the security camera is documented.	<u>Lead</u>: Deputy Chief Livery Inspector <u>Support</u>: <u>Commitment Date</u>: December 18, 2018

4.2 Enforcement Strategy

Although LTS conducts regular vehicle inspections and data analytics to support passenger safety, LTS does not have a defined enforcement strategy that integrates on-road activities, in-office reviews and data analytics. LTS should have a documented strategy that includes objectives and measures, along with a process to monitor outcomes, which supports efficient and effective resource allocation.

We reviewed current activities and identified the following opportunities that could be incorporated into an enforcement strategy.

Establish On-road Inspection Targets
Currently LTS Inspectors identify enforcement inspection locations based on experience (e.g. taxi stands, event staging areas and the Calgary airport). Inspections include checking vehicle condition and driver's licenses. We reviewed POSSE data from September 1, 2017 to August 31, 2018 and noted that 77% of the taxi fleet and 33% of the limousine fleet was subject to at

least one random inspection. We also noted that 23% of the taxi fleet was inspected four or more times.

We could not determine coverage of the TNC fleet since detailed information on TNC vehicles inspected is manually recorded on paper logs. Although LTS manually enters summary statistics on the number of TNC inspections in POSSE, current functionality does not include TNC enforcement workflows to capture the details of these inspections, including deficiencies identified.

LTS management could consider using coverage percentages as objectives and measures to determine adequacy of the overall strategy.

Implement Cost Effective In-office Reviews
Audit reviewed the websites of six TNCs and identified one that was taking bookings by telephone which is not permitted by the LTS Bylaw and another that appeared to be accepting rides despite having a suspended license. LTS should ensure structured periodic monitoring of TNC websites to ensure compliance with the LTS Bylaw. The review should include identification of new apps in use since the app's functionality must meet the requirements of LTS Bylaw Section 54.8.

Data Analytics
See section 4.3 Trip Data Review.

Recommendation 3
The Chief Livery Inspector define and document an enforcement strategy that integrates on-road, in office and data analytic activities and includes:
• Objectives and measures that consider the different business models that exist within the industry;
• Processes for monitoring performance and making necessary adjustments as appropriate; and
• Data requirements to support the strategy.

Management Response

Agreed.

Action Plan	Responsibility
Phase 1 - Based upon a review that includes a targeted enforcement matrix and an analytical review of livery 'hot spots'', determine an enforcement model that includes objectives and measures. Phase 2 – Update the policy and procedure manual to reflect the new strategy. Review performance against measures and adjust as required.	<u>Lead</u>: Chief Livery Inspector <u>Support</u>: <u>Commitment Date</u>: Phase 1 – September 30, 2019 Phase 2 – March 31, 2020

<u>Recommendation 4</u>
The Chief Livery Inspector upgrade POSSE functionality to ensure that full details of TNC enforcement activities can be captured electronically.

<u>Management Response</u>

Agreed.

Action Plan	Responsibility
Discovery to explore required enhancements with LTS project team. Engage Corporate POSSE Project Team to define enhancements and determine Project Charter including timelines and budget. The Project Charter will be approved by the Project Sponsor.	<u>Lead</u>: Chief Livery Inspector <u>Support</u>: City IT – POSSE Support Team <u>Commitment Date</u>: September 30, 2019

4.3   Trip Data Review

The Geospatial Analyst started a weekly review of trip data in March 2018, and a monthly review of active drivers in August 2018, for one TNC. Through the reviews, the analyst identified overdue mechanical inspections and drivers that were driving without a valid TNDL. The review of trip data is an effective and efficient control to identify drivers that are operating a vehicle without a valid LTS license or a vehicle that requires an inspection. The review should be expanded to encompass all brokerage and TNC trip data, using a risk-based approach, to further mitigate risks to passenger safety.

TNC and brokerages are required to submit trip data to LTS. We reviewed a sample of nine weekly reviews of trip data and confirmed LTS resolved all instances of drivers operating without a valid TNDL.

The Geospatial Analyst advised there was a one-time review of taxi trip data for three out of the five brokerages during the audit period. The review was prompted by an LTS Inspector identifying a taxi driver without a Taxi Driver's license through on-road enforcement. Other brokerages were not included as LTS is currently working with them and City Information Technology to bring the data into a data warehouse that supports effective trip data analysis. Other TNC were not included as LTS management is using a risk-based approach and prioritizing obtaining trip data from larger providers first.

There may be additional opportunities to utilize trip data to support LTS enforcement and identify instances of non-compliance with the Bylaw. For example:
- Confirming if a driver meets the requirements of the upcoming Accessible Taxi Incentive Program; and
- Verifying compliance with Section 86 of the LTS Bylaw related to consecutive off-duty hours. We observed trip data for January 8, 2018, and January 9, 2018, and identified 13 and 15 driver IDs respectively that had over 18 hours of activity (booked-in, signed-on or meter-on). This information is not conclusive by itself but when combined with other information, such as a complaint, could indicate a driver did not have enough consecutive off-duty hours.

Recommendation 5
The Chief Livery Inspector expand the periodic review of trip data for brokerages and TNC, using a risk-based approach, to include identification of:
a) Unlicensed drivers and overdue inspections on a defined frequency; and
b) Additional Bylaw non-compliance (e.g. insufficient consecutive off-duty hours).

Management Response

Agreed.

Action Plan	Responsibility
a) Effective October 2018, the Geospatial Analyst began conducting a weekly review on Taxis to ensure they are operating as a licensed driver b) LTS will be expanding the use of trip data in 2019 as part of the Accessible Taxi Incentive Program to confirm if a driver meets the eligibility requirements to receive the subsidy. In addition, LTS will continue to use trip data to support the investigation of complaints. This would include pulling trip data where a driver appeared to be tired.	Lead: Chief Livery Inspector Support: LTS Issue Strategist Commitment Date: December 31, 2021

4.4   Inspection Order Follow-up

LTS Inspectors utilize a POSSE generated report (Hotlist Report) to identify outstanding Inspector's Orders that require follow-up. LTS Inspectors did not adequately follow-up on all five Inspector Orders outstanding for over 60 days noted in the September 27, 2018 Hotlist Report. In addition, the Hotlist Report format did not contain all key information necessary to efficiently identify outstanding inspection orders. Outstanding Inspector's Orders should be effectively identified and followed up on a timely basis to ensure vehicles are fit to operate and do not compromise passenger safety.

Inspector Order Follow-up
We tested all five Inspector's Orders (three taxis and two TNC vehicles) aged over sixty days identified on the September 27, 2018 Hotlist Report and noted there was no evidence of follow-up. Two orders related to the replacement of tires (one for front tires and another for rear tires), two related to windshield replacement, and one related to a cracked bumper.

Hotlist Report Design
We reviewed the design of the Hotlist Report. The Hotlist Report was 30 pages long and included information that was less relevant such as information on expired TNDLs. Additionally, the Hotlist Report did not capture vehicles-for-hire vehicle inspection orders since these are manually tracked on a separate spreadsheet (See POSSE recommendation #7 above). Finally, the Hotlist Report did not capture drivers that LTS Inspectors may wish to locate for reasons other than an Inspector's Order. Testing of complaints identified a driver that LTS was unable to contact and trip data indicated they were continuing to drive. Including such drivers on the Hotlist Report will support ongoing follow-up by allowing LTS Inspectors to identify these drivers when conducting on-road enforcement activities.

Recommendation 6
The Deputy Chief Livery Inspector implement a defined process for following up on outstanding inspection orders including:
• Guidelines for expected follow-up and escalation based upon the age and priority of the order (e.g. calling driver at x days, requesting trip data and contacting the brokerage/Transportation Network Company at x days); and
• A process for tracking follow-up on overdue items, for example assigning an internal service request to a Livery Transport Services Inspector using the 311 system.

Management Response

Agreed.

Action Plan	Responsibility
The Deputy Chief Livery Inspector has taken action to implement a defined process for following up on outstanding inspection orders including: • Guidelines for expected follow-up and escalation based upon the age and priority of the order (e.g. calling driver at x days, requesting trip data and contacting the brokerage/Transportation Network Company at x days); and • A process for tracking follow-up on overdue items, for example assigning an internal service request to a Livery Transport Services Inspector using the 311 system. • This process will be documented as part of an SOP.	Lead: Deputy Chief Livery Inspector Support: Commitment Date: March 29, 2019

Recommendation 7
The Licensing Coordinator improve the design of the POSSE Hotlist Report by:
a) Including vehicles-for-hire;
b) Removing information that is not relevant and actionable by LTS Inspectors; and
c) Expanding the scope of this report to include information on drivers that LTS is attempting to locate for a reason other than an inspection order.

Management Response

Agreed.

Action Plan	Responsibility
Part 1 - Including vehicles-for-hire and removing irrelevant information will be part of the discovery to explore required enhancements with LTS and Corporate POSSE Project Team. Part 2 - An SOP will be created that defines the inclusion of information on drivers that LTS is attempting to locate for a reason other than an Inspector's Order.	Lead: Licensing Coordinator Support: City IT POSSE Support Team Commitment Date: Part 1 – September 30, 2019 Part 2 – March 29, 2019

4.5   Monthly Demerit Point Check

Although we verified the monthly demerit check, of drivers with six or more demerit points at the time of licensing or last renewal, was performed in December 2017 and July 2018, we were not able to verify that the monthly check was performed throughout the audit period since evidence was not retained. Monthly demerit checks should be formalized and include documentation retention requirements to ensure that LTS revokes driver licenses where drivers exceed the maximum of nine points allowed under the LTS Bylaw. Periodic demerit checks ensure continued compliance with the LTS Bylaw and passenger safety prior to the driver's license renewal, which could be up to thirteen months away.

Based upon discussions with LTS Management the demerit checks are performed monthly and are captured in POSSE by inserting the "Enforcement Demerit Check" process or entering a note when the number of points changes. We reviewed POSSE data and verified the checks took place in December 2017 and July 2018. However, documentation was not retained to verify demerit checks took place for the remaining months during the audit period.

Recommendation 8

The Licensing Coordinator ensure Livery Transport Services performs a demerit point check for taxi, limousine and transportation network drivers on a defined frequency (e.g. quarterly) and retain documentation of the check.

Management Response

Agreed.

Action Plan	Responsibility
LTS will update the Licensing Assistant training manual to capture a formal process for the monthly demerit point check, including documentation that should be retained.	<u>Lead</u>: Licensing Coordinator <u>Support</u>: <u>Commitment Date</u>: March 29, 2019

4.6   Livery Complaint Process

LTS staff advised the main process for complaint handling is to encourage the public to submit complaints through The City's 311 Service. The process outlined in Section 135 of the LTS Bylaw, which requires transmission of complaints received by brokerages to LTS within 24 hours of receipt is no longer followed. The complaint process, including LTS and industry roles and responsibilities, should be defined and included in the LTS Bylaw to ensure that concerns related to driver conduct and vehicle condition are identified and resolved.

Based upon inquiry with LTS management, The City's 311 Service is used as the intake for Livery complaints. LTS has been raising public awareness through decals on the back of taxis that direct Livery complaints to 311. As part of testing, audit visited the "Contact us" section of five brokerage websites. One out of the five brokerage websites included information on submitting complaints to LTS through 311 processes.

We analyzed 311 complaints submitted during the audit period and noted that, based on TNC keyword search, TNCs represented 8% of all 311 complaints directed to LTS. Since TNCs represent 30% of all trips, complaints related to TNC drivers appear to be underrepresented compared with trip volumes. Unlike taxis, TNC vehicles do not display decals informing passengers of the option to submit complaints to 311. In addition, there is no requirement in the LTS Bylaw for TNC to transmit complaints received. LTS advised that they are working to raise awareness with respect to the intake of complaints through 311 for TNC drivers complaints (e.g. including wording on the receipt).

<u>Recommendation 9</u>
The Chief Livery Inspector:
a)   Define the complaint process, including Livery Transport Services and industry roles and responsibilities, and update the Livery Transport Bylaw accordingly; and
b)   Work with industry participants to implement appropriate messaging for customer facing communications, such as websites, ride receipts and Software Applications.

<u>Management Response</u>

Agreed.

Action Plan	Responsibility
a) Update the Livery Transport Bylaw to reflect expectations of the complaint process. b) LTS will engage companies operating an App to discuss the options available to implement regarding the customer being advised to contact 311 to report a complaint. LTS will provide the company with an implementation date. An audit of each company's App will be conducted (including modifications) and noted in the POSSE record.	Lead: Chief Livery Inspector Support: Commitment Date: a) December 31, 2022 b) October 31, 2019

4.7 Livery Complaint Enforcement Action Documentation

LTS Inspectors did not consistently document enforcement action taken against drivers in POSSE following complaint investigations. LTS Inspectors should document enforcement actions in POSSE, including warnings, to support effective enforcement based on LTS' model of enforcement through education, and mitigate the risk that front counter staff renew a license in error.

Since LTS' enforcement is based on a model of enforcement through education, LTS Inspectors typically issue a warning for the first instance of a violation, unless the violation represents a serious risk to driver and passenger safety. LTS Inspectors have a range of options for future violations that include fines and License Review Hearings. Documentation of all enforcement action ensures that repeat violations are escalated.

Audit reviewed a sample of 13 complaints. LTS Inspectors did not document the enforcement action taken for five of the 13 complaints in POSSE. In addition, front counter staff renewed the license for one of the five in error. The complaint in question was of a serious nature.

Recommendation 10
The Deputy Chief Livery Inspector ensure LTS Inspectors document enforcement actions in POSSE, including warnings, through education supported by spot checking POSSE.

Management Response

Agreed.

Action Plan	Responsibility
SOP that requires enforcement actions be documented in POSSE will be created. The Deputy Chief Livery Inspector and Sergeant will ensure proper POSSE documentation.	<u>Lead</u>: Deputy Chief Livery Inspector <u>Support</u>: <u>Commitment Date</u>: April 30, 2019

4.8   Insurance Coverage on Brokerage Renewals

Although LTS reviews insurance coverage for brokerages and TNCs as part of the license application, LTS does not review insurance coverage for license renewals beyond requiring a policy number. In practice, insurance for taxi and limousine vehicles is covered by the brokerage's fleet policy. TNC drivers can be covered under a TNC insurance policy or by their own policy. LTS should review proof of insurance based on insurance coverage to ensure that adequate liability coverage is maintained for vehicles within the brokerages' fleet and the TNC network. In most cases the review would take place when brokerages and TNCs renew their licenses.

<u>Taxi and Limousines</u>
Section 132 of the LTS Bylaw requires that brokerages ensure that each vehicle (limousine or taxi) they dispatch is insured. As noted above, brokerages have a fleet policy that covers taxis and limousines. LTS management advised that new applications for brokerages and TNC must provide the complete insurance policy and yearly renewals require only the policy number.

<u>Vehicles-for-hire</u>
When registering a TNC an election is made regarding responsibility for purchasing insurance coverage. Currently, most TNC drivers are covered by a TNC policy (Standard Policy Form 9 (SPF 9)), which is used in conjunction with their own personal policy. The SPF 9 provides coverage when transporting or driving to pick up passengers. LTS Bylaw Section 87(2) (d) requires that drivers provide proof of insurance as part of the registration of their vehicle-for-hire. However, in practice, LTS verifies the driver's personal insurance policy when issuing the Transportation Network Driver Licence (TNDL), which may not be the right policy since most drivers are covered under the SPF9.

<u>Recommendation 11</u>
The Licencing Coordinator:
a) Review proof of insurance coverage as part of the TNC and brokerage license renewal process; and
b) Consider reducing insurance verification in other areas, such as within the TNDL licensing process.

<u>Management Response</u>

Agreed.

Action Plan	Responsibility
a) We will be obtaining proof of TNC and brokerage insurance as part of the licence renewal process. The Livery Assistant Training Manual will be updated to reflect this new process. b) Verification of personal insurance will continue for TNDL holders. This provides LTS comfort that insurance coverage is in place whenever a TNC vehicle is on the road and reflects the variety of insurance models for TNCs.	<u>Lead</u>: Licencing Coordinator <u>Support</u>: <u>Commitment Date</u>: March 29, 2019

4.9   Broker Approved Accessibility Training

LTS has not reviewed hands on accessible taxi training conducted by taxi brokerages since program inception in 2006. LTS should review internal and brokerage training programs periodically to ensure quality and consistency and to incorporate changes in practices that can best ensure the safety and service of accessible taxi users.

Discussions with LTS indicated that accessibility training is delivered by two approved brokerage programs and directly by LTS Inspectors for the other brokerages. LTS has not reviewed the brokerage training since Access Calgary's review in 2006 at the time of initial approval of the program and has not periodically reviewed internal training programs.

<u>Recommendation 12</u>
The Chief Livery Inspector implement a process to review hands on accessible taxi training delivered internally and by brokerages every three years and incorporate emerging industry issues and results of on-road enforcement and 311 complaint resolution.

<u>Management Response</u>

Agreed.

Action Plan	Responsibility
Phase 1 - Define quality standards for wheelchair securement and customer assistance (curb stops) and create a SOP. Phase 2 - Evaluate Broker's training and provide feedback. Subsequent to the completion of phase 2 LTS will include a step in their work plan to every three years evaluate if emerging industry issues, results of on-road enforcement and 311 complaint resolution necessitate a quality standards revision. This will be in addition to ongoing reviews of complaints and discussions with industry stakeholders.	Lead: Chief Livery Inspector Support: Calgary Transit Access Commitment Date: Phase 1 –September 30, 2019 Phase 2 – December 31, 2019

4.10 Vulnerability Sector Search Supporting Documentation

The CPS letter that confirms the result of the police information check was not retained on file for two applicants, who were required to submit fingerprints to verify a possible Vulnerable Sector (VS) search hit. These applicants received a CPS non-recommendation that wasn't related to the VS screening component of the police information check and went to a License Review Hearing. Retaining this letter will provide LTS with the support that VS fingerprinting was completed, and no additional information needed to be considered at the License Review Hearing.

LTS request police information checks for all new and renewal driver's license applications. Police information checks for new applications include VS screening that identifies matches based on name, gender and date of birth. Possible matches require the driver to provide fingerprints for additional screening. CPS provide the results of the police information check (letter or email), including fingerprinting where applicable in a letter or email.

Recommendation 13
The Chief Livery Inspector ensure that LTS maintains copies of the fingerprint results letter from CPS in all cases where fingerprinting is required, and includes cases involving a License Review Hearing.

Management Response

Agreed.

Action Plan	Responsibility
These two instances were related to human error by Livery Licencing Assistants and the process is to retain copies of this letter. The Licencing Coordinator has reiterated to the team the importance of retaining this documentation and will ensure the Livery Licencing Assistant Licensing manual reflects this process.	<u>Lead</u>: Licencing Coordinator <u>Support</u>: <u>Commitment Date</u>: March 29, 2019

4.11 9-1-1 Standard Operating Procedure

The process for 9-1-1 to notify LTS of complaints related to the Livery Industry was issued as a 9-1-1 Advisory as opposed to a 9-1-1 Standard Operating Procedure (SOP). A 9-1-1 Advisory may become outdated and over time has less visibility than a SOP, which increases the risk that LTS is not notified of serious incidents involving the Livery Industry.

The 9-1-1 Advisory was issued on August 15, 2018 requesting 9-1-1 notify Livery of calls related to the Livery Industry. Notification consists of a Calgary Police Service (CPS) reference number that allows LTS to follow-up with CPS for additional information. 9-1-1 issue approximately 40 – 50 advisories per month to their staff. Unlike SOPs, advisories are not subject to a periodic review as part of the 9-1-1 procedure framework.

<u>Recommendation 14</u>
The Chief Livery Inspector work with 9-1-1 to implement a SOP for 9-1-1 notification of livery incidents where keywords related to the livery industry are referenced during the call.

<u>Management Response</u>

Agreed.

Action Plan	Responsibility
SOP that documents 9-1-1's notification of livery incidents will be created and included in the Policy and Procedure Management system.	<u>Lead</u>: Business Strategist <u>Support</u>: <u>Commitment Date</u>: January 31, 2019

Appendix A: Risk and Controls Matrix

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Driver behavior, conduct or health status is such that they are unfit to provide livery service.	L	1	Each TDL / LDL application and renewal has Calgary Police Service (CPS) licensing recommendation, based upon a police record search (including vulnerable sector search for new applicants). Non-recommendations by CPS result in the Chief Livery Inspector (CLI) or delegate, conducting a licence review hearing or refusing a licence.
	L	2	LTS review the police check (hardcopy or through CPS public e-pic system) provided by each TNDL driver at the time of licensing and renewals. Police checks with disclosures of police records are referred to the enforcement team.
	L	3	Prior to issuing or renewing a TDL, LDL or TNDL the LTS Licensing Assistant ensures applicants have a Class 1, 2 or 4 Alberta operators licence, which requires a medical exam.
	L	4	Prior to issuing or renewing a TDL, LDL or TNDL the LTS Licensing Assistant performs a MOVES (Provincial Motor Vehicle System) check to ensure the applicant has nine or fewer demerit points.
Brokerages and TNC do not comply with the legal requirements for providing livery service.	L	5	Brokerage and TNC applications are approved by the Chief Livery Inspector. New brokerage premises are inspected by an Enforcement Inspector.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Changes or new information arises related to driver, brokerage or TNC conduct, or driver health status arises between licence renewals, which indicates an unfitness to provide livery service.	E	6	Complaints are received from members of the public through the 311 service and investigated by LTS Inspectors. The Deputy Chief Livery Inspector reviews the outcome of complaints.
	E	7	Per bylaw 135(2) - Brokerages record complaints electronically and transmit them to LTS within 24 hours for investigation by LTS Inspectors. The Deputy Chief Livery Inspector reviews the outcome of complaints.
	L	8	A monthly demerit points check is performed for drivers that have six or more demerit points at the time of licensing or renewal. Drivers that have more than nine points have their licence suspended.
	L	9	Driver licences (TDL/LDL/TNDL) are issued for maximum of thirteen months.
	E	10	Calgary 9-1-1 will notify LTS of incidents where keywords related to the livery industry are referenced during the call.
Driver knowledge is not sufficient to ensure safety of drivers and passengers	L	11	Prior to issuance of a Taxi Driver licence or Limousine Drive licence the Livery Licensing Assistant ensures training and knowledge requirements are met. These are: • Taxi drivers complete a training course and associated exam in person or online, which covers safety, bylaw, enforcement and passengers with disabilities. (Note: Additional training requirement for Taxi drivers with an accessible endorsement) • Limousine drivers complete an examination.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Individuals transport passengers without the appropriate livery licence.	E	12	Through on-road enforcement inspection LTS Inspectors assess the condition of the vehicle, driver, and examine required documentation. Appropriate enforcement action is taken for deficiencies.
	D	13	On a weekly basis the Geospatial analyst reviews a listing of active drivers on the TNC platform to ensure they have a TNDL. The TNC is notified to suspend unlicensed drivers.
Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage.	L	14	Prior to registering a new vehicle against a taxi or limousine plate the Licensing Assistant ensures: a) ELVIS inspection completed in the last thirty days; b) Visual inspection completed by an LTS inspector; and c) Insurance coverage through the brokerages fleet policy.
	L	15	Prior to issuing a TNDL the Licensing Assistant ensures: a) Insurance coverage by reviewing the full binder if the vehicle is not covered under the TNCs SPF 9 insurance (automobile insurance for TNC and their authorized TNC driver) or fleet insurance; and b) ELVIS inspection completed in the last 30 days.
	L	16	Through a POSSE scheduled job LTS notifies brokerages of any vehicles with overdue mechanical inspections or have reached their off-road date. Mechanical inspections are due every six months. Off-road date is after 8 model years.
	L	17	Through a POSSE scheduled job LTS will suspend a TNDL for any vehicles with overdue mechanical inspections or have reached their off-road date. Mechanical inspections are annually or every six months for vehicles that accumulate more than 50,000kms. Off-road date is after 10 model years.

Risk	Control Area	Control Number	Identified Controls (TDL = Taxi Driver Licence, LDL = Limousine Driver Licence, TNDL = Transportation Network Driver Licence)
Livery vehicles are not fit to operate due to safety related defects, missing security equipment or inadequate insurance coverage. (continued)	L	18	LTS licence all inspection stations and mechanics. Prior to issuing a licence inspection stations are inspected by an LTS inspector to ensure they have the appropriate equipment and the LTS Licensing Assistant ensures mechanics have the necessary qualifications.
	E	12	Through on-road enforcement inspection LTS Inspectors assess the condition of the vehicle, driver, and examine required documentation. Appropriate enforcement action is taken for deficiencies.
	E	19	Outstanding inspection orders, where non-compliance is not remedied in a timely manner, are added to a hotlist. Inspectors actively attempt to locate these plates for follow-up.

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Audit Committee
2019 March 22

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Green Line Project Governance Audit

EXECUTIVE SUMMARY

The City Auditor's Office issued the Green Line Project Governance Audit Report to Administration on March 15, 2019. The audit focused on the effectiveness of the current governance framework of the Green Line Project (Project), in particular, governance in place to support effective risk and issues management and decision making. As of Q4 2018, key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. The two audit recommendations raised reinforce the urgency to solidify the Project governance framework, specific to accountability, decision making and risk identification, which in turn will support the successful delivery of this significant Project. The City Auditor's Office will track the implementation of these commitments as part of our ongoing follow-up process.

RECOMMENDATIONS
1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2019-2020 Audit Plan was approved on September 18, 2018. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

BACKGROUND

The Project is Calgary's next light rail transit line, and the largest infrastructure investment to date. This first stage of construction (estimated cost $4.65 billion) is expected to be complete by 2026. Given the magnitude of the Project, governance will be a critical element of project execution and success.

The Green Line Project Charter was completed in February 2017, however by February 2019 key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. Project leaders are working with an external consultant during Q1 and Q2 2019 to design a Project governance framework, which may address currently missing or ineffective components of strong governance.

Based on the responses received to the recommendations, we plan to conduct a follow-up audit on the effectiveness of the implemented governance structure later in 2019 and report back to Council through Audit Committee on the results.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Stakeholder Engagement, Research and Communication

This audit was conducted with the Green Line Business Unit as the principle audit contact within Administration.

Item # 6.4

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Green Line Project Governance Audit

Strategic Alignment
Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

Social, Environmental, Economic (External)
N/A

Financial Capacity
Current and Future Operating Budget
N/A

Current and Future Capital Budget
N/A

Risk Assessment
The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure. This audit was undertaken as part of the approved City Auditor's Office 2019-2020 Audit Plan. The proposed recommendations will reinforce the urgency to solidify the Project governance framework, specific to accountability, decision making and risk identification, which in turn will support the successful delivery of the Green Line Project.

REASON FOR RECOMMENDATIONS
Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual audit report and forwards these to Council for information".

ATTACHMENT
Green Line Project Governance Audit - AC2019-0353 ATT

Approval: Katharine Palmer, City Auditor. Author: Jasdeep Sekhon

City Auditor's Office

Green Line Project Governance Audit

March 15, 2019

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

Executive Summary

The Green Line Project (Project) is the City's largest infrastructure investment to date. The first stage of construction on the Green Line will include 20 kilometers of track (estimated cost $4.65 billion) and is expected to be completed by 2026. It will include 14 stations from 16 Ave. N to 126 Ave S.E. and the tunnel under the Bow River and the Downtown core. Given the size and complexity of the Project, effective governance will be a critical component to support achievement of Project objectives. This is the third in a series of Green Line audits undertaken by the City Auditor's Office.

The objective of the audit was to assess the effectiveness of the current governance framework of the Project. The audit focused on governance in operation during Q4 2018, in particular, governance in place to support effective risk and issues management and decision-making. The audit approach examined key transitional governance components in place, and utilized interviews with Green Line managers and the Acting Managing Director of Green Line.

The Green Line Project Charter was completed in February 2017; however, by February 2019 key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. Incomplete Project governance components during Q4 2018 and into Q1 2019 included the Project organizational structure (in draft), and associated roles, responsibilities and accountabilities, a formalized decision-making framework, and a risk management framework.

Green Line Project leaders are working with an external consultant during Q1 and Q2 2019 to design a Project governance framework, which may address the current missing or ineffective components of strong governance. The implementation of an updated Project governance framework must be a Project priority, particularly given the imminent changes ahead as the Project moves towards procurement and construction through 2019 and 2020. The two audit recommendations raised reinforce the urgency to solidify the Project governance framework, specific to accountability, decision-making and risk identification, which in turn will support the successful delivery of this significant Project.

Based on the Acting Managing Director of the Project's response to the recommendations, we plan to conduct a follow-up audit on the effectiveness of the implemented governance structure later in 2019 and report back to Council through Audit Committee on the results.

1.0 Background

The Green Line is Calgary's next light rail transit (LRT) line, and the largest infrastructure investment to date. The Green Line LRT is designed to be both a transit system and a platform for development and City Shaping; it will provide efficient service and connections to destinations throughout Calgary, and areas where people can live affordably with access to amenities, services and sustainable mobility options.

On June 26, 2017, City Council approved the full vision for the Green Line LRT, including the full 46km route from 160 Avenue N to Seton and 28 stations. Construction on the first 20 km is anticipated to begin in 2020, and will extend from 16 Avenue N (Crescent Heights) to 126 Avenue SE (Shepard).

This first stage of construction (estimated cost $4.65 billion) is expected to be complete by 2026. Once the first stage is complete, the line will be expanded incrementally to the north and southeast as additional funds become available.

Given the magnitude of the Green Line Project, governance will be a critical element of project execution and success. The Project Management Body of Knowledge (PMBOK), states[1]: "…project governance is a critical element of any project, especially on complex risky projects. It provides a comprehensive, consistent method of controlling the project and ensuring its success by defining and documenting and communicating reliable, repeatable project practices." It includes a framework for making project decisions; defines roles, responsibilities, and accountability for the success of the project. The City's Corporate Project Management Framework Project Governance Standard defines project governance as "authority levels and accountability at the project level that enables the project to achieve stated goals in alignment with corporate objectives". The Standard states that capital projects shall have a documented governance structure outlined in the project Charter and refined in the project plan. The Standard defines a governance structure as "a defined structure that outlines the relationship between all the individuals/entities involved in the project and describes the project information flow to all individuals/entities".

The Green Line Executive Steering Committee (ESC) is the key body within the Green Line governance structure which is responsible for providing strategic direction and oversight. The Green Line Business Unit is responsible for the delivery of the Green Line Project.

The City Auditor's Office plans to conduct a series of audits on the Green Line over the lifespan of the Project given its proposed complexity and significant capital budget. This is the third in a series of audits on the Project, which was undertaken as part of the City Auditor's Office 2019/2020 Annual Audit Plan.

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[1] A Guide to the Project Management Body of Knowledge, Fifth Edition, Section 2.2.2 Project Governance

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective
The objective of this audit was to assess the effectiveness of the current governance framework of the Green Line Project.

2.2 Audit Scope
The scope of the audit focused on assessing the effectiveness of the Project governance in operation during Q4 2018. In particular, the audit focused on the ability of the transitional governance in place to support effective risk and issues management and decision-making.

2.3 Audit Approach
As key governance documents were in a state of transition and development at the time of our audit, our approach was to determine the effectiveness of interim governance arrangements through interview with all Green Line managers (nine positions in total), and the Acting Managing Director, and assessment of meeting minutes, reports and presentations which occurred during Q4 2018 as evidence of ongoing project governance.

3.0 Results

The Green Line Project Charter was completed in February 2017, however by February 2019 key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. Interviews with Green Line managers, the Acting Managing Director, and review of draft governance documentation identified concerns with roles, responsibilities and associated accountabilities, decision making, and risk identification. During Q1, work commenced with an external consultant (KPMG) to design a formalized Project governance framework. An end date had not been determined for this work at the time of our audit.

Roles, Responsibilities and Accountability

Project roles and responsibilities have undergone multiple changes during 2018. The documented organization structure was in draft during Q4 2018 and into Q1 2019, and the recent turnover[2] in Project Managing Director role has resulted in the City's General Manager of Transportation also acting as Managing Director in the interim. Seven of nine Green Line managers interviewed identified a lack of clarity regarding Project roles and responsibilities, with a resulting impact on accountability and decision-making. Interviews with Green Line managers indicated specific challenges such as an individual hired into one role, but performing another role, and a lack of alignment of accountability and responsibility.

The City's Corporate Project Management Framework Project Governance Standard requires "a defined structure that outlines the relationship between all the individuals/entities involved in the project and describes the project information flow to all individuals/entities" which is not currently in place.

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[2] October 2018

Green Line Project leaders (i.e. Green Line managers and Acting Managing Director) are working with KPMG during Q1 and Q2 2019 to design a formalized Project governance framework. The draft proposal of work included the following activities related to roles, responsibilities and accountabilities:
- developing an organization structure chart,
- defining job descriptions for major roles,
- clarifying key responsibilities and accountability; and
- defining project oversight and decision making.

Decision Making and Reporting

The governing body of the Project is the Executive Steering Committee (ESC). The ESC terms of reference is currently under review to better reflect the role of the Committee (decision-making versus advisory). Clarifying the roles of the committee will ensure it has the appropriate decision-making authority to support achievement of Project objectives and to provide effective oversight.

The City's Corporate Project Management Framework Progress Reporting Guidelines recommend that progress reports should be presented, at a minimum, on a monthly basis. Our interviews confirmed Green Line leaders are developing a monthly dashboard report. Project leaders presented a revised quarterly report format to the SPC on Transportation and Transit on December 6, 2018 (and subsequently to Council on December 17, 2018), to begin at the end of 1st quarter 2019. At the time of the audit, the quarterly report to be presented to the SPC on Transportation and Transit in March 2019 had not been prepared.

Risk Identification and Management

An updated Risk Registry was provided to Council as part of Q4 2018 Project reporting, including risks, risk rating, and mitigation strategy. Risk ownership was not included. During Q1 2019, the Acting Managing Director was working with KPMG to consider further modifications of the Risk Registry.

During Q1 2019, Project risks have been managed via weekly meetings of Green Line managers, and the Acting Managing Director. The meetings utilize a playbook framework focused on critical tasks to be completed within the next 4-6 months to manage current risks and mitigation strategies. Green Line LRT managers update their respective sections in the playbook each week. The Acting Managing Director uses an informal process to risk rank and prioritize different risks presented through the weekly meetings and other Project meetings.

We interviewed all Green Line managers and asked what they viewed as key risks, which resulted in two consistent risks being identified:
- Lack of personnel experience on large/specialized project as a risk (4 of 9 responses); and
- Inadequate governance as a risk (4 of 9 responses).

We confirmed these two risks were documented in the playbook utilized to manage risk during Q1 2019. In addition, aspects of these risks (clarity of terms for the ESC, recruitment of an external consultant to support the formalization of a governance structure, update to the Risk Registry) were documented in Q4 2018 ESC minutes. The Q4 Risk Registry update to Council includes personnel experience as a risk.

While elements of a Project Risk management framework are in place, such as day to day management of short term risks through the utilization of a playbook, the risk identification and prioritizing is occurring on an informal ad-hoc basis rather than systematically. The draft proposal of work from KPMG includes the establishment of a comprehensive risk management plan. Formalizing the risk management process will allow Green Line Project leaders and staff to recognize emerging risks in a timely fashion and utilize risk management more effectively to support the achievement of Project objectives.

The draft proposal of work to be completed by KPMG includes the creation of a change management plan for implementation of the governance framework. The implementation of an updated Project governance framework must be a Project priority, particularly given the imminent Project stages ahead as the Project moves towards procurement and construction through 2019 and 2020. Given the current transitional state of governance and the absence of critical components of an effective governance framework, we recommended (Section 4.1) that the Acting Managing Director of Green Line implement an updated Project governance framework. We also recommended a reassessment of Project risks to identify underlying or previously unknown risks that were not identified during the period of informal risk identification and prioritization, and ensure that these are incorporated into on-going risk management.

Based on the Acting Managing Director of the Project's response to the recommendations, we plan to conduct a follow-up audit on the effectiveness of the implemented governance structure later in 2019, and report back to Council through Audit Committee on the results.

We would like to thank staff from the Green Line Project for their assistance and support throughout this audit.

4.0 Observations and Recommendations

4.1 Current Governance Framework

The Green Line Project Charter was completed in February 2017, however two years later key Project governance components remain incomplete or are not functioning effectively to support achievement of Project objectives.

Current components of Project governance which we identified through our audit as absent or not functioning effectively include:

- **Accountability** – seven of nine Green Line LRT managers interviewed identified a lack of clarity regarding Project roles and responsibilities, which have impacted Project accountability and supporting communication. The Project organization structure was in draft form during Q1 2019;
- **Decision Making** – the Project's decision-making structure is not defined; for example the role of the ESC (decision making versus advisory) and associated terms of reference have not been finalized;
- **Risk Identification** – a formalized Project risk management framework has not been established, so risk identification and prioritization is occurring on an informal ad-hoc basis rather than systematic basis, primarily through Green Line manager meetings.

Some of the delays in establishing effective governance may be attributed to recent turnover in the Project Managing Director role. Green Line Project leaders are currently working with KPMG to design a project governance framework, which may address the current missing or ineffective components of strong project governance.

The Project Management Body of Knowledge (PMBOK), states "project governance is a critical element of any project." Given the complexity of the Green Line Project, and the length of time transitional Project governance has been in place, and associated challenges with roles, responsibility, accountability, and decision-making, key Project risks that threaten the achievement of Project objectives may not have been identified, communicated, and prioritized. Implementation of the updated project governance framework should be a Project priority, accompanied by a reassessment of Project risk to provide assurance that significant risks are included in on-going Project risk management.

Recommendation 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.

Management Response

Agreed.

Action Plan	Responsibility
This recommendation is being addressed through three related work streams: 1) **Project organization structure, roles and staffing** Work is presently underway to define the needed organization structure, roles, and staffing to deliver the project's activities for 2019. This involves several steps, as follows: Planning and design For the senior leadership positions: • Revise and/or refine reporting lines, job descriptions, accountabilities, decision-making authorities • Identify the appropriate personnel to staff the senior leadership positions. For the project's functional teams: • Develop a RASCI chart to define roles and responsibilities as it relates to activities requiring cross-functional involvement and decision-making • Develop job descriptions defining the primary functional roles, and match appropriate personnel to the positions. Implementation Phased implementation will occur, starting with senior leadership and cascading to functional teams. 2) **Project governance framework** The project's governance framework is being redeveloped in parallel to the organization design work. This has involved interviews with key, senior corporate stakeholders, undertaken in early Q1 2019. A workshop with the Executive Steering Committee is	Lead: Acting Managing Director, Green Line Support: External consultant (all items); HR Business Partner (item 1); Executive Steering Committee (item 2); Senior Manager, Project Controls, and Corporate risk leaders (item 3) Commitment Date: May 3, 2019

Action Plan	Responsibility
scheduled for late February 2019 to refine the Terms of Reference for the project's governing roles and bodies. The governance framework and supporting Terms of Reference will identify decision-making and risk and issues management authorities at the project and oversight levels, and will be implemented through a systematic process. **3) Risk and issues management** The project is currently undertaking a review of its approach to risk and issues management, including its Risk Register. An integrated risk and issues management framework that supports the needs of the project and that is aligned with City standards, is being developed. This involves several steps, as follows: Risk Register • Assess current Risk Register content and supporting processes, practices, roles • Define end-to-end desired processes, practices and roles to maintain and use the Risk Register for value-added activities, including reporting and decision support. Overall risk management • In consultation with external experts and senior corporate leadership, define and design an overall risk and issues management approach aligned with the needs of the project and City standards. Implementation Phased implementation will occur, starting with end-to-end Risk Register practices, and followed by the overall risk management approach.	

Recommendation 2
Post project governance framework implementation, Acting Managing Director of Green Line lead a reassessment of Project risk to identify underlying or previously unknown risks, and incorporate into on-going risk management.

Management Response

Agreed.

Action Plan	Responsibility
Once the detailed risk and issues management process has been created (described in item 3 in response to Recommendation 1 above), a workshop with the Project's senior leadership team will be undertaken to take stock of all current Project risks and issues. These will be evaluated (scored – probability vs. severity), mitigation plans will be developed, and individual risks will be assigned to owners. Monitoring will continue on a bi-weekly basis through a regular senior leadership risk management meeting, with major risks and issues brought forward to the Project's steering committee for regular update.	Lead: Acting Managing Director, Green Line Support: External consultant; Senior Manager, Project Controls Commitment Date: July 12, 2019

Audit Resource Management Report to **ISC: UNRESTRICTED**
Audit Committee **AC2019-0290**
2019 March 22

Audit Committee Bylaw 48M2012 Review

EXECUTIVE SUMMARY

This report seeks approval from the Audit Committee (the Committee) to make appointments to a sub-committee to be established to undertake a review of their terms of reference and mandate contained in Audit Committee Bylaw 48M2012 (the Bylaw).

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Directs that an Audit Committee Bylaw Review Sub-Committee be appointed to review the Audit Committee Bylaw 48M2012 (Attachment 1), and report back to the Committee, at the 2019 September meeting, with proposed amendments;

2. Approve the Terms of Reference (Attachment 2) for the Audit Committee Bylaw Review Sub-Committee; and

2. Request members of the Audit Committee provide the Sub-Committee with their comments with respect to Bylaw amendments for consideration.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw 48M2012 states that Audit Committee:

"must review its terms of reference and mandate as set out in this Bylaw at least every three years and recommend any changes to Council."

Schedule "A", Section 1(m)

The Audit Committee 2019 Work Plan includes consideration of a review of the Audit Committee Bylaw 48M2012.

BACKGROUND

The Audit Committee Bylaw 48M2012 came into force on the day of the 2013 Organizational Meeting of Council. The Bylaw was subsequently amended in 2013 (amendments to Schedule 'D" pertaining to the role of the Executive Assistant), in 2016 (amendments to quorum and number of meetings per year, as well as housekeeping amendments) and in 2017 (amendments to citizen appointment terms). Audit Committee must review their terms of reference and mandate every three years for compliance with Schedule 'A', Section 1(m) of the Bylaw. Regular review of the Audit Committee Bylaw reflects best practice in audit governance.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Audit Committee members have expressed interest in updating their mandate to reflect the Committee's priorities and evolving strategic role at The City. The timing is appropriate for this work as the Audit Committee Bylaw 48M2012 is on the 2019 Work Plan for a review.

Audit Resource Management Report to   **ISC: UNRESTRICTED**
Audit Committee   **AC2019-0290**
2019 March 22

Audit Committee Bylaw 48M2012 Review

The administration recommendation is to establish an Audit Committee Bylaw Review Sub-Committee to consider proposed amendments to the Bylaw from Members of the Audit Committee. Following their consideration of these proposed amendments the Sub-Committee will make recommendations to the Audit Committee to amend Bylaw 48M2012.

Stakeholder Engagement, Research and Communication

Engagement with Committee membership and resource persons will be undertaken once appointments to the Sub-Committee are complete.

Strategic Alignment

Council Priority: A well-run City: Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others.

Social, Environmental, Economic (External)

Not applicable.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget considerations for this report.

Current and Future Capital Budget:

Not applicable.

Risk Assessment

The Audit Committee's compliance with Schedule 'A', Section 1(m) of the Audit Committee Bylaw 48M2012 would be at risk if a review of the Bylaw was not undertaken.

REASON(S) FOR RECOMMENDATION(S):

A review of the terms of reference and mandate contained in Audit Committee Bylaw 48M2012 is required every three years to be compliant with the Bylaw. This review forms part of the 2019 Audit Committee Work Plan.

ATTACHMENT(S)

1. Audit Committee Bylaw 48M2012
Audit Committee Bylaw Review Sub-Committee Terms of Reference

<u>**OFFICE CONSOLIDATION**</u>

<u>**BYLAW NUMBER 48M2012**</u>

**BEING A BYLAW OF THE CITY OF CALGARY
TO CONTINUE THE AUDIT COMMITTEE**
* *

(Amended by 48M2013, 39M2016, 26M2017)

        WHEREAS Council has approved AC2011-72 and the Audit Committee Terms of Reference contained therein, and considers it necessary to pass a bylaw continuing the Audit Committee for The City of Calgary;

        NOW, THEREFORE, THE COUNCIL OF THE CITY OF CALGARY ENACTS AS FOLLOWS:

SHORT TITLE

1.   This Bylaw may be cited as the "Audit Committee Bylaw".

DEFINITIONS

2.   (1)   In this Bylaw,

        "*Administration*" means the administration of *The City*;

        "*Chief Financial Officer*" means the member of *Administration* holding the position of Chief Financial Officer;

        "*City Auditor*" means the individual appointed by *Council* to the designated officer position of City Auditor pursuant to Bylaw 30M2004;

        "*City Manager*" means the individual appointed by *Council* as its chief administrative officer pursuant to Bylaw 8M2001;

        "*Council*" means the municipal council of *The City*;

        "*External Auditor*" means the person or firm appointed by *Council* to be *The City's* external auditor;

        "*Organizational Meeting*" means the annual organization meeting of Council pursuant to section 192(1) of the <u>*Municipal Government Act*</u>, R.S.A. 2000, c. M-26;

        "*The City*" means the municipal corporation of The City of Calgary.

     (2)   All schedules attached to this Bylaw form part of the Bylaw.

(3)   Where this Bylaw refers to any statute, regulation or bylaw, the reference is to the statute, regulation or bylaw as amended, whether amended before or after the commencement of this Bylaw, and includes reference to any statute, regulation or bylaw that may be substituted in its place.

CONTINUATION OF AUDIT COMMITTEE

3.   The Audit Committee established by resolution of *Council* on 1979 November 19 is hereby continued.

MANDATE OF AUDIT COMMITEE

4.   (1)   The Audit Committee is responsible for the following:

(a)   overseeing the integrity of *The City's* annual financial statements;
(39M2016, 2016 October 24)

(b)   recommending the selection of the *External Auditor*;

(c)   recommending the selection of the *City Auditor*;

(d)   overseeing the performance of the *External Auditor* and the *City Auditor*;

(e)   overseeing, reviewing and assessing the relationship between the *Administration*, the *External Auditor* and the *City Auditor*;

(f)   overseeing the process of *The City's* Integrated Risk Management System;

(g)   overseeing *The City's* compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct;
(39M2016, 2016 October 24)

(h)   overseeing, through the *City Auditor*, the Whistleblower Program;

(i)   overseeing its governance responsibility with audit committees of *The City's* major autonomous civic entities;
(39M2016, 2016 October 24)

(j)   conducting special reviews as recommended by the Audit Committee or *Council*.

(2)   The Terms of Reference for the Audit Committee are more fully set out in Schedule "A".

(3)   The Audit Committee reports to *Council*.

COMPOSITION

5.   The Audit Committee is composed of the following:

(a)   four members of *Council* and

(b)   three electors

to be appointed at the *Organizational Meeting*.

TERM OF APPOINTMENT

6.   (1)   Members of *Council* are appointed for one-year terms, expiring on the day of the *Organizational Meeting*.

(2)   Elector members are appointed for two-year terms, expiring on the day of the *Organizational Meeting* in the year of the expiry of the member's term.

(3)   The term of an elector member who was appointed prior to the coming into force of this Bylaw continues until it expires in accordance with the *Council* resolution appointing that elector member.

(4)   Elector members may serve a maximum of six consecutive years.
(26M2017, 2017 May 09)

(5)   Despite subsection (2), an elector member may serve until his or her successor is appointed. The service of an elector member beyond the appointed term shall not count toward the limit on the length of service as set out in subsection (4) if the additional service is one year or less.
(26M2017, 2017 May 09)

(6)   When an appointment is made to fill an elector member vacancy pursuant to section 7:

(a)   If the balance of the term to be served is one year or less, that service shall not count toward the limit on the length of service set out in subsection (4); and

(b)   If the balance of the term to be served is more than one year, that service shall count toward the limit on the length of service set out in subsection (4).
(26M2017, 2017 May 09)

(7)   Despite subsection (4), an elector member may serve more than six consecutive years if authorized by a two-thirds vote of *Council*.
(26M2017, 2017 May 09)

VACANCIES

7.   Vacancies on the Audit Committee caused by retirement or resignation of a member may be filled by resolution of *Council* for the balance of that member's term. The Audit Committee may continue to operate and conduct business until vacancies are filled provided that the quorum requirement is met.

MEETINGS

8.   The Audit Committee must meet not less than six times per year.

(39M2016, 2016 October 24)

QUORUM

9.   The quorum of the Audit Committee is four members, comprised of two elector members and two members of *Council*.

(39M2016, 2016 October 24)

APPOINTMENT OF CHAIR AND VICE-CHAIR

10.   (1)   At the first meeting of the Audit Committee following the *Organizational Meeting*, the Audit Committee must appoint a Chair and Vice-Chair.

        (2)   The Chair and Vice-Chair must be members of *Council*.

        (3)   The Chair has the responsibility and authority to set the agenda for Audit Committee meetings.

ATTENDANCE AT MEETINGS

11.   (1)   All members of *Council* may attend Audit Committee meetings but only members of the Audit Committee are entitled to vote.

        (2)   The Mayor is a member *ex officio* of the Audit Committee and is entitled to take part in discussion and debate and to vote.

        (3)   The following individuals, or their designates, must attend all Audit Committee meetings:

                (a)   *City Manager* or *Chief Financial Officer*;

                (b)   *City Auditor*; and

                (c)   *Executive Assistant* if so appointed.

(48M2013, 2013 November 18)

        (4)   The *External Auditor* must attend all Audit Committee meetings.

HONORARIUM

12.   DELETED BY 39M2016, 2016 OCTOBER 24.

SUB-COMMITTEES

13.   The Audit Committee is authorized to establish sub-committees as required.

EXTERNAL AUDITOR

14. (1) The Audit Committee must recommend to *Council* the appointment of the *External Auditor* as required from time to time.

    (2) The functions of the *External Auditor* are more fully set out in Schedule "B".

CITY AUDITOR

15. (1) The Audit Committee must recommend to *Council* the appointment of an individual to the designated officer position of *City Auditor* as established in Bylaw 30M2004 as required from time to time.

    (2) The functions of the *City Auditor* and the relationship of the *City Auditor* to Audit Committee are more fully set out in Schedule "C".

Executive Assistant

16. (1) The Audit Committee may appoint an Executive Assistant.

    (2) The functions of the Executive Assistant are more fully set out in Schedule "D".
    <div align="right">(48M2013, 2013 November 18)</div>

CONSEQUENTIAL AMENDMENTS

17. Bylaw 44M2006, The Procedure Bylaw, as amended, is further amended as follows:

    (1) the following is added after subsection 2(6) as subsection 2(6.1):

    "(6.1) "*Audit Committee*" means the committee established by Bylaw 48M2012;"

    (2) Subsection 21(1) is deleted.

COMING INTO FORCE

18. This Bylaw comes into force on the day of the 2013 *Organizational Meeting*.

<div align="right">(Sgd) <u>N. Nenshi</u>
MAYOR</div>

<div align="right">(Sgd) <u>B. Hilford</u>
ACTING CITY CLERK</div>

SCHEDULE "A"

<u>AUDIT COMMITTEE TERMS OF REFERNCE</u>

1.   REGARDING THE PURPOSE AND ROLE OF AUDIT COMMITTEE

The Audit Committee:

a)   reports to *Council*;

b)   is expected to be involved in a broader governance role than exclusively overseeing financial matters;

c)   may institute audits, reviews, and special studies, including the standing authority to retain special counsel or experts;

d)   oversees, reviews and assesses the relationships between the *Administration*, the *City Auditor* and *External Auditor*;

e)   assesses the performance of the *External Auditor* and the *City Auditor* and forwards the performance assessments to *Council* for information;

f)   oversees the integrity of *The City's* annual financial statements;
<div align="right">(39M2016, 2016 October 24)</div>

g)   oversees the integrity of *The City's* system of internal controls, legal and regulatory compliance regarding financial matters, Codes of Conduct, and other policies, as determined by the Audit Committee;
<div align="right">(39M2016, 2016 October 24)</div>

h)   oversees *The City's* process of risk identification, analysis and management procedures to mitigate risk;

i)   oversees its governance responsibility with audit committees of *The City's* major autonomous civic entities, as determined by the Audit Committee;
<div align="right">(39M2016, 2016 October 24)</div>

j)   oversees *The City's* Whistle Blower program, through the *City Auditor's* Office;

k)   develops a detailed annual work plan which is forwarded to *Council* for information;

l)   develops an annual budget and recommends it to *Council* as part of *The City's* annual budget process;

m)   must review its terms of reference and mandate as set out in this Bylaw at least every three years and recommend any changes to *Council;*

n)   is committed to public meetings. Items will be considered in camera (excluding the public) per section 197(2) of the *<u>Municipal Government Act</u>* or per the *<u>Freedom of Information and Protection of Privacy Act.</u>*

2.   **REGARDING THE CITY'S FINANCIAL DISCLOSURE AND ACCOUNTING PRACTICES**

The Audit Committee:

a)   oversees the integrity of, and reviews, the Annual Financial Statements and recommends their approval to *Council*;

b)   reviews and discusses *The City's* compliance with financial reporting, policies and procedures with *Administration*, the *City Auditor* and the *External Auditor*;

(39M2016, 2016 October 24)

c)   engages *Administration*, the *City Auditor*, and the *External Auditor* in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results;

d)   reviews and discusses areas where changes in accounting standards could have a material impact on financial results, and may request a detailed analysis, prepared by *Administration* in consultation with the *External Auditor*, of the implications of those changes;

e)   maintains open lines of communication with the *External Auditor*, *City Auditor*, and *Administration*.

3.   **REGARDING PERFORMANCE AUDITS OR SPECIAL STUDIES**

The Audit Committee:

a)   approves performance audits, program reviews or special studies of areas identified by Audit Committee;

b)   reviews and approves that these audit and studies be conducted either by the Audit Committee or by the *City Auditor's* Office. If required, budget funds will be provided by the Audit Committee to the *City Auditor's* Office;

c)   receives and reviews the performance audit or special study reports, together with responses, and forwards such reports to *Council* for information.

4.   **REGARDING INTERNAL CONTROL**

The Audit Committee:

a)   oversees *The City's* internal control processes;

b)   has authority to:

(i)   review reports from *Administration* about *The City's* internal control systems, including technology, security and financial controls, and assess whether they are operating effectively;

(ii)   review reports from *Administration* regarding *The City's* policies and procedures to safeguard *The City's* assets, and assess whether these policies are operating effectively;

c)   has authority and responsibility to report and recommend to *Council*, any actions or decisions regarding *The City's* system of internal controls that the Audit Committee deems appropriate.

5.   REGARDING RISK MANAGEMENT

The Audit Committee:

a)   oversees the process of *The City's* Integrated Risk Management (IRM);

b)   receives and reviews, at least twice a year, reports from *Administration* regarding *The City's* IRM;

c)   reviews on an annual basis, the following areas of *The City*: the adequacy of insurance coverage; legal compliance; Information Technology's risk management update or as determined by the Audit Committee.

(39M2016, 2016 October 24)

6.   REGARDING ADMINISTRATION'S COMPLIANCE AND ETHICS:

The Audit Committee:

a)   monitors *Administration's* compliance with existing policies and legislation;

b)   has authority to:

(i)   review reports from *Administration* and from the *City Auditor* as to the adequacy and effectiveness of corporate policies such as legal matters, regulations, ethical principles, code of conduct and conflict of interest;

(ii)   review reports from *Administration* respecting *The City's* processes and controls that prevent and detect fraud and misconduct;

c)   has authority and responsibility to report and recommend to *Council*, any actions or decisions regarding the *Administration's* ethics and compliance with policies and legislation that the Audit Committee deems appropriate.

7.   REGARDING THE WHISTLE BLOWER PROGRAM

The Audit Committee:

a)   oversees, through the *City Auditor's* Office, the operation of Council Policy CC025, Whistle-Blower Policy;

b)   receives for information an annual audit report on the Whistle Blower Program, and forwards to *Council* for information.

(39M2016, 2016 October 24)

8.   **REGARDING THE EXPERTISE OF ELECTOR MEMBERS**

The elector members of Audit Committee must be financially literate. At least one of the elector members must be a financial expert.

9.   **REGARDING THE CONTINUING EDUCATION OF AUDIT COMMITTEE MEMBERS**

Members of the Audit Committee shall have the opportunity to obtain education, either from within *The City* or from outside educational programs, to ensure their knowledge is sufficient to fulfill their responsibilities as Audit Committee members.

Funding to support appropriate professional development for the Audit Committee members may be included in the Audit Committee's budget.

(39M2016, 2016 October 24)

SCHEDULE "B"

REGARDING THE EXTERNAL AUDITOR

1.   The Audit Committee:

a)   recommends the appointment of the *External Auditor* to *Council*;

b)   pre-approves all audit and non-audit services performed by the *External Auditor*. However, the Audit Committee Chair can pre-approve additional audit or non-audit services, performed by the *External Auditor*, up to $25,000 total annually. Any approvals by the Chair will be reported to the Audit Committee as part of the Audit Committee Quarterly Status Report;

(c)   requires the *External Auditor*, as an expert in accounting and financial reporting, to express independent judgment about the appropriateness and acceptability of *The City's* financial statements, in accordance with professional standards;

(d)   prior to the commencement of the annual external financial audit, review the financial audit plan and estimated audit fees with the *External Auditor* and forward to *Council* for information;

(39M2016, 2016 October 24)

(e)   in conjunction with Administration's presentation of the annual financial statements, receive and review the *External Auditor's* annual audit report. This report is to be forwarded to *Council* for information;

(f)   receives and reviews the *External Auditor's* Management Letter(s), together with any *Administration* responses, and forward, either in full or in summary, to *Council* for information;

(g)   must meet with the *External Auditor*, in the absence of *Administration*, at least quarterly;

(h)   annually assesses the performance of the *External Auditor*, following the presentation of the *External Auditor's* current Management Letter;

(i)   must meet at least annually with *Administration*, in the absence of the *External Auditor*, at the time of the *External Auditor* performance assessment.

2.   Unless otherwise determined by Council the *External Auditor* contract is awarded on a five-year basis, subject to satisfactory annual assessments. The contract may be extended annually beyond five years, based on Audit Committee's recommendation for *Council's* approval.

SCHEDULE "C"

REGARDING THE CITY AUDITOR

1.   The Audit Committee:

(a)   recommends to *Council* the appointment of an individual to the designated officer position of *City Auditor*, as established in Bylaw 30M2004;

(b)   in accordance with Bylaw 30M2004, oversees and ensures the accountability of the *City Auditor* on behalf of *Council*;

(c)   ensures that *City Auditor's* Office undergoes a Quality Assessment review, as prescribed by the Institute of Internal Auditors (IIA) at least every five years;

(d)   assesses annually, the performance of the *City Auditor*, by way of a formal review process through the Audit Committee Chair and Personnel Sub-Committee and forwards this assessment to *Council* for information;

(e)   reviews and approves the *City Auditor's* Office annual work plan and forwards to Council for information; the Audit Committee or *Council* may not remove items from the *City Auditor's* work plan but may direct items be added to the plan;

(f)   reviews and forwards to *Council* for information, the *City Auditor's* Office quarterly and annual status reports;

(g)   receives directly from the *City Auditor* any individual audit report and forwards these to *Council* for information;

(h)   receives directly from the *City Auditor*, at least annually, a report providing the status of *Administration* action on the recommendations contained in previous audit reports; this report will be forwarded to *Council* for information;

(i)   ensures that formal procedures exist to allow confidential discussions between Audit Committee and the *City Auditor*;

(j)   ensures that the combined work of the *City Auditor* and the *External Auditor* provides an appropriate level of audit coverage and is effectively coordinated;

(k)   meets as required with the *City Auditor*, in the absence of *Administration*;

(l)   reviews and recommends *Council* approval of the *City Auditor's* Office budget, annually or as required by *Council* budget guidelines;

(m)   reviews and approves the *City Auditor's* personal expense reports, or other expenditures as required, through the Audit Committee Chair.

2.   The *City Auditor*:

(a)   must formally present the annual audit work plan to *Council* for information;
                                                                          (39M2016, 2016 October 24)

(b)   must submit the annual status report to *Council* for information after review by the Audit Committee.

(39M2016, 2016 October 24)

SCHEDULE "D"

REGARDING THE AUDIT RESOURCE MANAGEMENT AND THE EXECUTIVE ASSISTANT

1. The Audit Committee:

   a) appoints an individual to the position of Executive Assistant, to manage the Audit Resource Management;

   b) supervises and ensures the accountability of the Executive Assistant through the Chair;

   c) assesses annually, the performance of the Executive Assistant, by way of a formal review process through the Chair and Personnel Sub-Committee;

   d) reviews and approves the Executive Assistant's personal expense reports, through the Chair;

   e) approves any changes to the Executive Assistant's job description.

2. The Executive Assistant reports to the Audit Committee.

3. The Audit Resource Management's Terms of Reference to be reviewed at least every three years.

4. The Executive Assistant will provide planning, documentation and meeting logistical support to the Audit Committee under the direction of the Audit Committee Chair.

(48M2013, 2013 November 18)
(39M2016, 2016 October 24)

AUDIT COMMITTEE
AUDIT COMMITTEE BYLAW REVIEW SUB-COMMITTEE

TERMS OF REFERENCE

Authority	Pursuant to Section 13 of The Audit Committee Bylaw 48M2012, as amended the Audit Committee is authorized to establish sub-committees as required.
	Upon approval by Audit Committee, Report AC2019-0290 will establish the Audit Committee Bylaw Review Sub-Committee and appoint members.
	Section 1(m) of Schedule "A" to Bylaw 48M2012 provides that the Audit Committee "must review its terms of reference and mandate as set out in this Bylaw at least every three years and recommend any changes to Council".
Mandate	The mandate of the Audit Committee Bylaw Review Sub-Committee is to oversee the process of reviewing and making recommendations to the Audit Committee on proposed amendments to Bylaw 48M2012.
Composition	The Audit Committee Bylaw Review Sub-Committee is composed of up to five Members of the Audit Committee.
Term	Members of the Audit Committee Bylaw Review Sub-Committee are appointed for a term to expire once Council have adopted amendments to Bylaw 48M2012 and given three readings to an amending Bylaw.
Quorum	50% plus 1 Member
Chair	A Chair and Vice-Chair of the Audit Committee Bylaw Review Sub-Committee must be elected by membership at their first meeting.
Meetings	Meetings of the Audit Committee Bylaw Review Sub-Committee will be at the call of the Chair. Closed Meetings, pursuant to the *Freedom of Information and Protection of Privacy Act,* may be held as required.
Committee Resource	Executive Assistant to the Audit Committee
Reports to	Audit Committee