

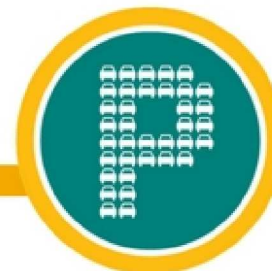
Calgary Parking Authority

Annual Report to The City of
Calgary Audit Committee



Committee Structure

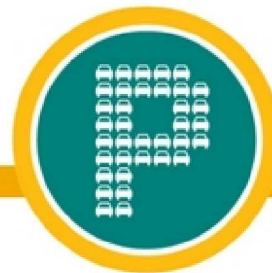
- Reports to the CPA board
- Annual election to the Committee
- Comprised of 3 members:
 - The City's CFO or designate, serving as chair
 - Two citizen members, one of whom is financially literate
- Meets quarterly at a minimum
- Terms of Reference reviewed annually (no recent changes)



Committee Functions

OVERSIGHT OF THE FOLLOWING:

- Integrity of CPA's financial statements
- Internal control systems
- Risk management
- External auditor's services



Committee Members

Eric Sawyer

- CFO at The City of Calgary
- BComm and MBA in Finance from the University of Toronto

John Pantazopoulos

- VP Finance at CFO at Tangle Creek Energy Ltd.
- BComm from the University of Saskatchewan
- CFA Charterholder

Lisha Hassanali

- Manager, Community Engagement at the University of Calgary
- Leadership Calgary program graduate
- BA in Political Science from the University of Calgary

Regulatory/ Business Assessments

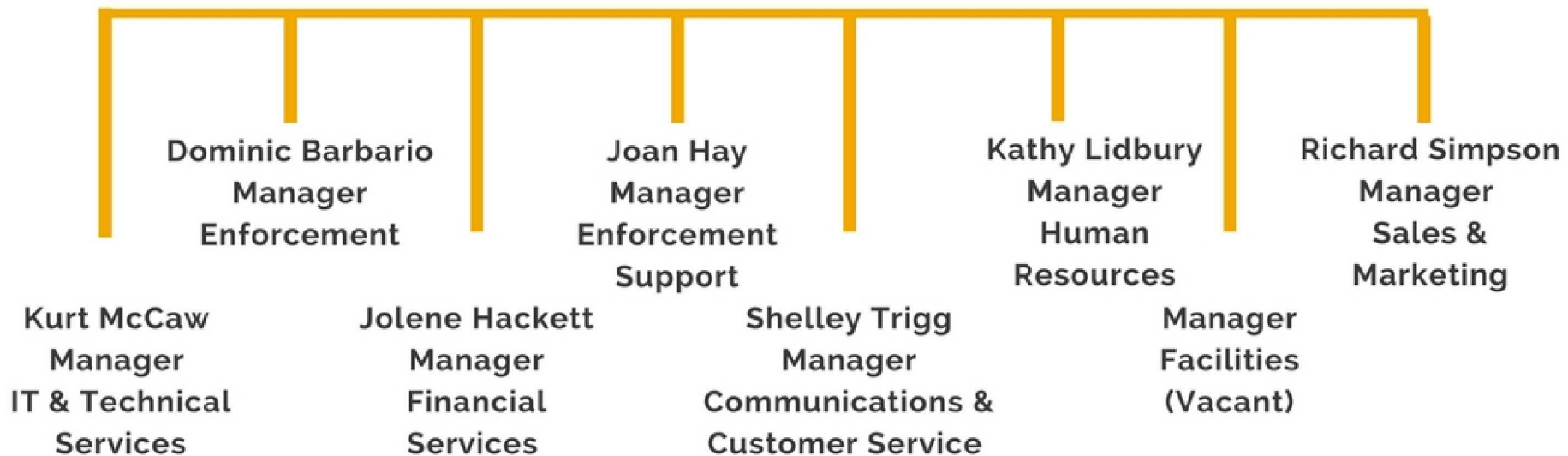


EXTERNAL AUDIT FINDINGS

Deloitte issued CPA an unqualified audit report for the year ended December 31 2016

CPA ORGANIZATIONAL LEADERSHIP

Mike Derbyshire, General Manager



Changes to CPA Organizational Leadership in the past year include hiring a new Manager, Financial Services; Jolene Hackett joined CPA in Dec 2016; and the June 2017 retirement of Dean Bell (former Manager, Operations & Facilities)

Market Influences

REGULATORY AND MARKET CHANGES THAT MAY IMPACT THE CURRENT BUSINESS APPROACH

1. Downturn in the Calgary economy
2. Reduced parking demand
3. CPA's governance model



Integrated Risk Management

- Board-approved Risk Policy, Risk Tolerance Statement, and Risk Parameters
- Audit Committee oversight of internal controls
 - Annual Control Environment Risk Assessment
 - Risk Register Assessment (risk identification, impact & probability assessment)

CPA KEY OPERATING AND STRATEGIC RISKS IDENTIFIED

		Impact - Likelihood	Overall Risk Rating and Year-to-Year Comparative	
Description of Risk (What can happen, when can it happen)	Trend	2017 Impact Probability Assessment	2017 Risk Rating	2016 Risk Rating
Economic downturn impact to business, loss in parking revenue	⬆️	4-5	8.0	6.8
Automated cars/other alternatives greatly reduce or eliminate parking demand	➡️	4-2	3.2	3.2
Failure to implement proposed changes to the CPA governance model	➡️	3-3	3.6	3.6

CPA Risk Register

The Calgary Parking Authority Key Operating and Strategic Risk Register		Impact-Likelihood	Overall Risk Rating and Year-to-Year Comparative	
Description of Risk (What can happen and when can it happen?)	Trend	2017 Impact-Probability Assessed	2017 Risk Rating	2016 Risk Rating
Economic downturn impact to business, loss in parking revenue	↑	4-5	8.0	6.4
ParkPlus business development not achieving revenue targets	→	4-4	6.4	6.4
Loss of land holdings through integration or expropriation	→	3-4	4.8	4.8
Security breach of personal information, compromise of data, PCI	→	4-3	4.8	4.8
Without a records management system, potential loss of data and inability to find relevant information in a timely manner.	→	3-4	4.8	4.8
Inability to dynamically change on-street pricing (City Policy)	↓	2-5	4.0	4.8
Reliance on out-sourced service providers, and 3rd party system accuracy	↓	3-3	3.6	4.8
New RPP (residential permit system) not implemented in a timely manner	→	3-3	3.6	3.6
Organizational capacity to accomplish objectives	→	3-3	3.6	3.6
Failure to implement proposed changes to the CPA governance model	→	3-3	3.6	3.6
Failure to construct East Village parkade in timely manner and on budget	↓	4-2	3.2	4.8
Failure to implement LPR (licence plate recognition) replacement in a timely manner	→	4-2	3.2	3.2
Failure to maintain COR (certificate of recognition) workplace safety	→	4-2	3.2	3.2
Automated cars greatly reduce or eliminate parking demand	→	4-2	3.2	3.2
Risk of improper execution and maintenance of agreements with external parties	→	4-2	3.2	3.2
Labour disruption - collective agreement	↑	4-2	3.2	1.6
Failing to maintain our competitive advantage with ParkPlus software	NEW	4-2	3.2	N/A
Disruption of computer services and network	↓	3-2	2.4	3.6
Difficulty finding qualified replacements for key leadership positions	→	3-2	2.4	2.4
Not adequately and swiftly addressing health and safety risks faced by CPA employees.	→	3-2	2.4	2.4
Reduction in customer service satisfaction	→	3-2	2.4	2.4
Delayed implementation of the tribunal process of challenging parking tickets	→	3-2	2.4	2.4
Major environmental spill	→	3-2	2.4	2.4
Failing to comply with legal obligations	NEW	3-2	2.4	N/A
Catastrophic/major infrastructure damage (e.g. flood)	→	5-1	2.0	2.0
Risk of new fees from the Province (fee to access MOVES - Alberta Motor Vehicles System)	↓	2-2	1.6	2.4
Vendor over-dependency	→	2-2	1.6	1.6
Vendor Pay Machines used - potential hardware & software issues,	→	2-2	1.6	1.6
Failing to identify significant risks of marketing ParkPlus to external markets from Calgary	NEW	2-2	1.6	N/A
Risk of non-compliance with established policies	NEW	2-2	1.6	N/A
Significant changes in City Policy related to parking	↓	3-1	1.2	6.4
Risk of Impound Lot security/capacity (e.g. vehicles held for evidence)	↓	2-1	0.8	1.6
Risk of structural failure in parkade	→	1-1	0.4	0.4
Risk of significant variation in Property and Business taxes assessed	→	1-1	0.4	0.4

Required Action:

Extensive management effort essential to manage and monitor the risk.

Management effort required to manage and monitor risk

Management effort worthwhile. Contingency plan required

Risk may be worth accepting with monitoring. Can be managed through routine operations or controls.

Risk Matrix

Risk Matrix							
Impact	Extreme / Catastrophic	5	2	4	6	8	10
	Major	4	1.6	3.2	4.8	6.4	8
	Moderate	3	1.2	2.4	3.6	4.8	6
	Minor	2	0.8	1.6	2.4	3.2	4
	Insignificant	1	0.4	0.8	1.2	1.6	2
			1	2	3	4	5
			Remote	Unlikely	Credible	Likely	Almost Certain
			Likelihood				



Looking Forward

MAJOR INITIATIVES IN 2017:

- Market ParkPlus and invest in its development
- Explore joint ventures in multi-use developments
- Explore opportunities to automate existing services

Thank you

We look forward to your input and continued support.

CPA AUDIT COMMITTEE

