

EXECUTIVE SUMMARY

Law was historically a Business Unit comprised of the Legal Services, Risk Management and Claims and Corporate Security Divisions, and reported directly to the City Manager through the City Solicitor and General Counsel. In 2017, the then City Manager Fielding created the Law and Legislative Services Department, and changed the City Clerk's reporting relationship from reporting to the City Manager to reporting to the City Solicitor and General Counsel. The Chief Security Officer was elevated from serving as the manager of a Division within Law to serving as the Director of a newly created Corporate Security business unit. The City Solicitor and General Counsel, formerly a Director, was appointed as the General Manager charged with responsibility for the Law and Legislative Services Department comprised of the Law, Corporate Security and City Clerk's Office business units. In 2014, the Corporate Issues Management program, previously reporting to the City Manager, was also transferred under Law.

Despite the organizational changes over the past few years, and consistent with historical reports to Audit Committee, this annual report includes information about the service delivered by Law and Corporate Security, and information about the Corporate Issue Management program that also resides in Law.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee recommend that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

An annual legal compliance report was identified as a potential area of future focus in Attachment 2 to Report AC2005-06, Audit Committee Terms of Reference, considered by Council on 2005 March 7. Law has provided annual reports to Council since that time. Since 2014, information about insurance and claims matters, Corporate Security and Legal Services has been consolidated into one annual report from Law.

BACKGROUND

Authorizing environment:

City Solicitor and General Counsel Bylaw 48M2000 establishes the position of City Solicitor and General Counsel as a designated officer, provides that the City Solicitor and General Counsel reports to the City Manager, and outlines the following powers, duties and functions for the City Solicitor and General Counsel:

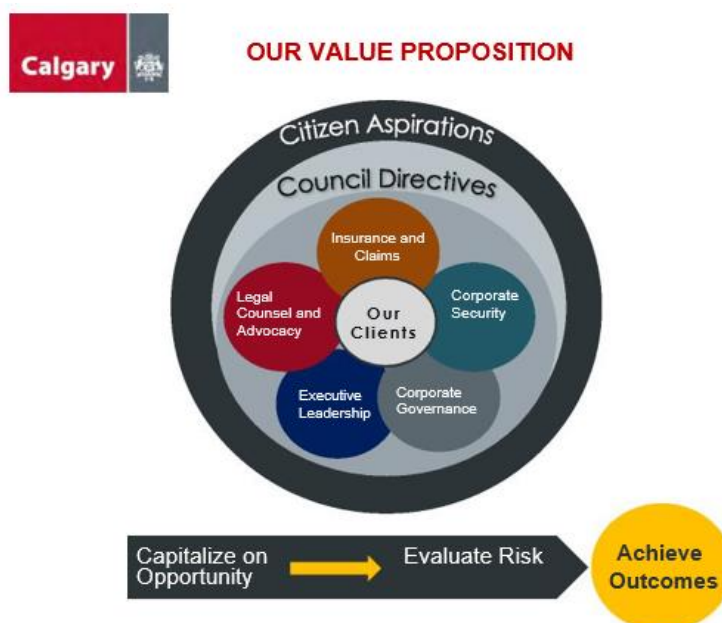
- to initiate, prosecute, maintain or defend any action, claim or other proceeding deemed in the best interest of The City;
- to settle any action, claim or other proceeding provided the amount does not exceed \$250,000;
- to retain outside counsel when the City Solicitor and General Counsel deems it to be in the best interest of The City; and
- to report to Council on any legal matter where in the City Solicitor and General Counsel's independent judgment a Council decision is necessary.

Services

Members of Law and Corporate Security provide, or contribute to the provision of, five service lines identified in One Calgary, The City's 2019-2022 service-based business plan and budget:

- legal counsel and advocacy;
- insurance and claims;
- corporate security;
- executive leadership (through the City Solicitor and General Counsel's service as a General Manager and member of the Administrative Leadership Team (ALT)); and
- corporate governance (through the delivery of the corporate issues management program).

Value Proposition



Members of Law and Corporate Security provide advice, support and services to the Mayor and Members of Council, the City Manager, General Managers, Directors, and employees throughout the corporation of The City of Calgary. Their goal is to help clients achieve outcomes on time, on budget and within acceptable risk tolerances.

Members of Law and Corporate Security are solution-oriented. Advice is based on a combination of education, experience and evidence. They serve as essential strategic partners to clients by supporting informed decision making that involves the identification and intentional acceptance, management, mitigation, transfer, monitoring or avoidance of risk. Law participates in Administrative Leadership Team (ALT) meetings and at Council and Council Committee meetings, and both Law and Corporate Security provide service to employees within every business unit. As such, members of Law and Corporate Security have a broad

and thorough understanding of the opportunities available to, and issues and risks facing the corporation.

The effectiveness and efficiency of the members of Corporate Security and Law is directly related to:

- the extent to which they maintain the trust and confidence of clients due to their in-depth understanding of business operations and corresponding ability to effectively support client delivery of services; and
- the timeliness of their involvement in projects, initiatives and transactions.

Law and Corporate Security continue to undertake service reviews to ascertain opportunities for continuous improvement intended to enhance efficiency and effectiveness and ensure that Law and Corporate Security staff are available to assist with the highest opportunity, risk and value projects, transactions and initiatives in which The City engages. Corporate Initiatives is currently concluding Legal Services' Zero Based Review (ZBR), and a report will be presented to Council in Q4 2019. Throughout the ZBR, Legal Services has continued to implement efficiency and effectiveness initiatives where possible.

Legal Counsel and Advocacy Value Proposition

City lawyers represent clients in legal proceedings involving The City. They also support clients' delivery of services to Calgarians through the identification of issues and risk, drafting legal documents, advising on legal and regulatory requirements, supporting informed decision-making, and developing solutions and strategies. The ability to effectively deliver these services is aided by Law's high visibility in the corporation achieved in part through:

- the City Solicitor and General Counsel's service as a member of ALT and participation at all regular and strategic Council meetings and various Council Committee meetings;
- participation of the City Solicitor and General Counsel's designate at public hearings;
- participation by members of Law at Council Committee meetings and on many corporate and cross-departmental project teams;
- the City Solicitor and General Counsel's service as a member of Executive Steering Committees for various major corporate projects; and
- Law's significant involvement in cross-corporate transactions and projects including Infrastructure Calgary, strategic growth and regional servicing, One Calgary and major capital projects, such as the Green Line, Event Centre and BMO Centre.

Attachment 1 outlines continuous service improvement initiatives in Law's Legal Services Division. Information about litigation trends and related matters can be shared during a closed session discussion.

Insurance and Claims Value Proposition

Members of Law providing insurance and claims services help clients throughout the corporation identify, address and manage risk, manage The City's civic insurance program and work with the members of Law's Litigation Section to recover costs associated with damage caused to City

assets. They also provide an avenue for citizens should they wish to submit a claim for damages they believe The City has caused. An Insurance and Claims' Service report is included in Attachment 2.

Corporate Security Value Proposition

The Corporate Security service supports the protection of The City's information, assets and employees, and assists in ensuring public safety. Corporate Security enjoys high visibility within the corporation through the Chief Security Officer's participation as a member of The City's Senior Management Team.

In 2019, Corporate Security refined its service offerings and began implementing a security management philosophy that enhances service line ownership of risks facing The City of Calgary. This holistic change in approach ensures service owners have adequate information to make informed risk decisions and empowers business owners to make those decisions with support from their trusted risk advisor – Corporate Security.

To refine alignment with service-based budgeting and achieve a more mature model of risk management, Corporate Security has transitioned its strategic approach and its subservices to reflect an Enterprise Security Risk Management (ESRM) process for security management. The benefits of an ESRM approach are that business units and leaders set goals and objectives and are responsible for accepting risks against those goals. Corporate Security identifies the risk, its potential impacts to the business and its objectives, and then advises on remediation opportunities and provides implementation supports. Corporate Security is adapting its current program to reflect this approach, and believes the change advances achievement of The City's goal to make Calgary *a great place to make a living, and a great place to make a life*.

A Corporate Security Service Report is included in Attachment 3. Information about security trends and related matters can be shared in a closed session discussion.

Executive Leadership and Corporate Governance

Executive Leadership

Executive Leadership is about ensuring public and employee trust and confidence in municipal government through the provision of organizational leadership to deliver on the expectations of citizens and employees, and the promotion of a culture of accountability, transparency, collaboration, and resilience throughout the corporation.

As described in the Council-approved One Calgary 2019-2022 Service Plans and Budgets, these expectations include connecting Council's vision to organizational strategies and actions, coordinating and aligning objectives and results across service lines, maximizing broader, long-term benefits for citizens, ensuring the proper use and management of public resources for financial sustainability, ensuring a citizen and service-centric organizational culture, and ensuring a well-run organization with a safe and respectful workplace for all employees. The outputs of this service line include "corporate culture, norms/values, corporate brand, corporate strategic plans/priorities, corporate ethics and code of conduct, service review and

improvement, integrated risk management, and performance management/accountability". The service owner for the Executive Leadership service line is the City Manager.

All General Managers are engaged in the delivery of Executive Leadership services through their service as members of the ALT. Their work is supported by Directors serving as members of The City's Senior Management Team and Managers serving as members of The City's Corporate Management Team.

Former City Manager Fieldings' 2014 invitation to the City Solicitor and General Counsel to serve as a member of the ALT has been of incredible value to Law and Corporate Security, as this has enabled participation in deliberations and decision-making as a member of the most senior administrative leadership table in the corporation.

Corporate Governance:

As indicated in the One Calgary 2019-2022 Service Plans and Budgets, employees engaged in the delivery of Corporate Governance work to build a resilient city and organization by executing on the strategic direction established by Council and Executive Leadership. They are responsible for developing corporate strategic plans and negotiated agreements with other orders of government and partners, providing administrative policies, frameworks, rules, and standards to direct service delivery, minimizing exposure to legal, financial, reputational, and health and safety risks, and generally, supporting the achievement of organizational objectives. Law assists in the delivery of this service line by providing legal governance support and delivering the corporate issues management program.

The City Manager transferred responsibility for The Corporate Issues Management (CIM) Program to Law in 2014 to enhance alignment between those engaged in the delivery of issue and risk management. The Manager of the CIM Program played an important role in assisting the ALT in anticipating, identifying and managing, mitigating or avoiding issues for The City, and in enhancing other City employees' ability to do so.

The Corporate Issue Management Administration Policy was approved by the ALT in 2011. An "issue" is defined in that policy as including "a gap between stakeholder expectations and an organization's performance or actions", "an incident, allegation, strategic shift, significant information, concern, problem or circumstances that has the potential to impact [the] organization" and a "disagreement over facts or values". Issues are measured in terms of impact to the corporation (for example, in terms of costs, opportunities and/or reputation) and profile (for example, public interest). The program is intended to "provide a consistent approach to the prevention of and management of issues that will impact The City's ability to achieve its business objectives, deliver quality public service and its reputation" and the purpose of the Issue Management Policy is to establish standards and guidelines for employees when addressing issues that may impact The City. The policy applies to all City employees.

The benefits of the corporate issue management program include:

- enhancing The City's corporate reputation (the "good name" of The City);
- building trust, confidence and support of key stakeholders (including Council, Calgarians and employees);

- reducing costs to the corporation (e.g. in resources, time, litigation);
- enhancing City service delivery; and
- assisting employees through helping them proactively identify, manage and mitigate issues.

Since September 2012, over 2,300 employees have completed CIM workshop training and since September 2013 approximately 895 employees have completed the CIM e-learning education curriculum.

Feedback from City staff who have participated in CIM workshops has been very positive, and it is clear that City staff are anxious to receive additional training on how to better anticipate, manage and prevent issues.

The Manager of the CIM program also undertook root cause analysis around various high-profile issues and shared her findings with the ALT. She also worked with staff on anticipating, identifying and mitigating issues associated with such major projects as The City's 2018 census, the 2018 vote of the electors and the 2026 Olympic and Paralympic Winter Games bid project.

Based on 2017 feedback from the Issue Management Council (an international organization of public and private sector companies focused on the importance of issue and reputation management), it appeared that The City of Calgary was the only Canadian municipality with a formal issue management program. The City's focus on corporate issues management places it in a leadership position relative to private sector members of the Issue Management Council.

In 2019, the Manager of the CIM Program developed the issues management program within the Corporation and facilitated staff from many business units coming together to discuss lessons learned from management of various issues in the corporation over the years.

The Manager of the CIM Program retired from The City in August 2019, and the position is currently vacant. The City Manager and ALT are currently exploring optimal placement of the program in the Corporation. This analysis will be aided by the City Auditor's audit of the CIM program. The audit is currently underway, and will be before Audit Committee in the next few months. In the interim, The City Solicitor and General Counsel continues to report to ALT on a weekly basis on issues she is aware of and how they are being handled. ALT members continue to identify new issues and report on the status of previously identified issues.

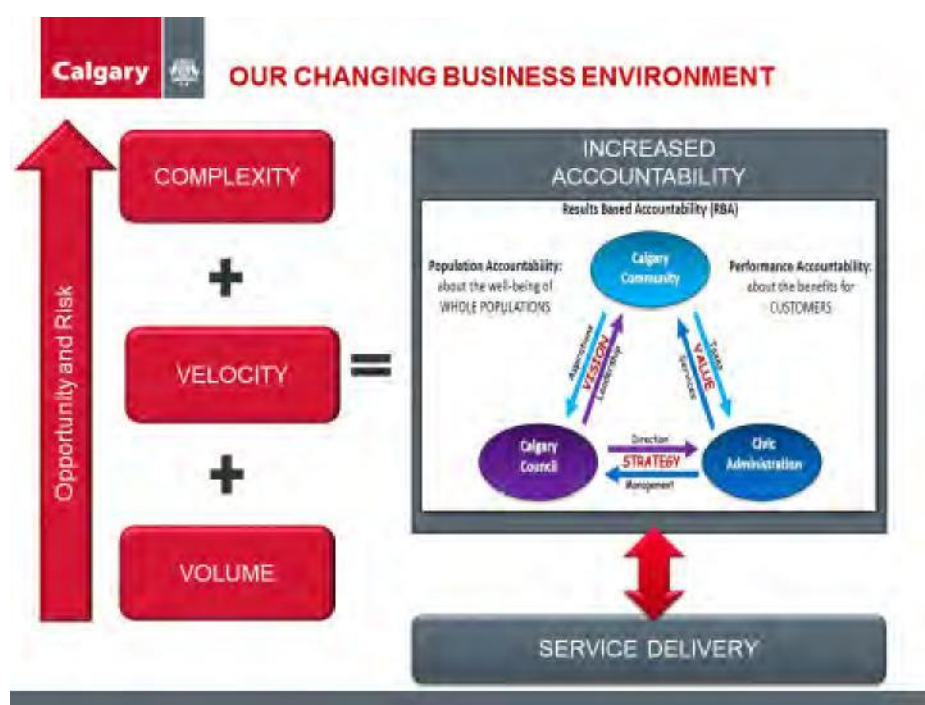
Corporate Risk

The City Solicitor and General Counsel is the "owner" responsible for two of the corporation's principal risks (legal and compliance risk and security risk) identified in annual reports to Council presented by the Manager of the City's Integrated Risk Management Program (which is housed in Corporate Initiatives in Finance). The Chief Security Officer contributes to annual reporting on both security risk and on technology security risk, another principal corporate risk.

The proactive identification of risk, understanding of risk tolerance and ensuring informed intentional corporate decision making is increasingly important to capitalizing on opportunities that Council has deemed to be in citizen interests. This ensures public trust and confidence and

delivery on Council direction. Council establishes corporate risk tolerance, which varies as between issues and projects. Administration strives to operate within those parameters, but that is not an easy task, due to various factors that influence and cause fluctuation in corporate risk tolerance. This coupled with the increasing volume and complexity of issues makes it critical for Law and Corporate Security to continually focus on and implement initiatives to improve their efficiency and effectiveness.

The diagram below illustrates the environment that is driving the need for ongoing service reviews and finding service improvements. The completion of Law's ZBR and Law and Corporate Security's participation in the "shared challenges facing the enabling services" ZBR will continue to inform Law and Corporate Security on current and emerging risk for the corporation and clients' changing service needs that makes it necessary for Law and Corporate Security to continuously review their service delivery.



All of this requires Law and Corporate Security to continue to focus on recruiting, training and retaining the right resources to be able to assist with the unique, multi-disciplinary and/or higher risk and value initiatives in which The City is engaged.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Stakeholder Engagement, Research and Communication

Key clients of Law and Corporate Security were consulted on the value provided by staff delivering legal counsel and advocacy and corporate security services as part of the One Calgary 2019-2022 Service Plans and Budgets. In addition, as part of the Legal Services ZBR, Corporate Initiatives undertook extensive work with clients through customer interviews (over 70) and a customer survey of the Corporate Management Team (CMT). These results will allow

Law and Corporate Security to evaluate, confirm and adjust their approach to supporting service owners in their response to risk facing the corporation.

Strategic Alignment

Social, Environmental, Economic

(External) N/A

Financial Capacity

Current and Future Operating Budget:

N/A

Current and Future Capital Budget:

N/A

Risk Assessment

Section 4(1) of Audit Committee Bylaw 48M2012 provides that one of the Audit Committee's responsibilities is to oversee The City's compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct. This annual report is one mechanism to assist the Committee in discharging this obligation.

However, as indicated in previous annual Law and Corporate Security reports, given that The City delivers 61 lines of service through more than 15,000 employees, the City Solicitor and General Counsel will never be able to absolutely assure the Committee or Council of legal compliance throughout the corporation. Rather, ensuring that business units are familiar with and operating within the Municipal Government Act and the regulatory regime governing their operations is the responsibility of the ALT, Directors and Managers throughout the corporation with the support from Law and Corporate Security. From the City Solicitor and General Counsel's perspective, having **properly resourced** Law and Corporate Security business units whose members:

- continue to enhance their understanding of Calgarians' needs and corporate and clients' business and objectives;
- are consulted by clients early in their initiatives;
- receive proper training to ensure expertise in current and emerging areas of law and strategies to help intentionally manage, transfer, monitor, mitigate or avoid risk; and
- provide enhanced training opportunities for clients;

reduces legal, financial and reputational risk and exposure for The City.

REASONS FOR RECOMMENDATIONS:

Law and Corporate Security's goals in this report are to: (a) assist Audit Committee in fulfilling its mandate to oversee The City's compliance with laws, regulations and internal policies; and (b) assist Audit Committee and Council in better understanding Law and Corporate Security members' role and value in helping Council and clients capitalize on opportunities intended to fulfil Calgarians' hopes, dreams and aspirations, achieve Council Directives and corporate priorities and make informed decisions that take into account the intentional acceptance, management, monitoring, mitigation, transfer or avoidance of risk.

ATTACHMENTS

1. Attachment 1 – Legal Counsel and Advocacy Service Report – 2019
2. Attachment 2 – Insurance and Claims Service Report – 2019
3. Attachment 3 – Corporate Security Service Report – 2019