

**Audit Resource Management Report to
Audit Committee
2020 February 13**

**ISC: UNRESTRICTED
AC2020-0082**

Audit Committee Strategic Working Group Update

EXECUTIVE SUMMARY

This report provides an update on the activities of the Audit Committee Strategic Working Group (SWG) established to review strategic matters of the Audit Committee. Included is a Report entitled "Summary of Findings – Outcomes of the Audit Committee 2019 Strategic Review" (Attachment) provided by the external consultant for this project.

ADMINISTRATION RECOMMENDATION:

That Audit Committee:

1. Receive this Report, Attachment and Presentation for the Corporate Record; and
2. Forward this Report and Attachment to Council for information.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2019 April 23 Audit Committee meeting a Strategic Working Group was established to review strategic matters of the Audit Committee (AC2019-0464).

BACKGROUND

On February 1 and 28 a two-part Strategic Workshop facilitated by Mistri Consulting was held for Audit Committee members and stakeholders. The desired outcome of the Workshop was to determine how the Audit Committee might fulfill a more strategic role. Seven strategies were developed from this Workshop as follows:

Audit Committee Strategies

1. Redefine the mandate and modernize the role of the Audit Committee
2. Set priorities for the Audit Committee so that important work is addressed first
3. Set aside time for strategic matters
4. Ensure that meeting agendas address the Audit Committee's priorities
5. Review the membership terms of Audit Committee members
6. Raise the profile of the Audit Committee with Council and Administration
7. Test City strategies by asking good questions and making strategic recommendations

At the 2019 April 23 Audit Committee meeting a Strategic Working Group (SWG) was established to undertake a review of strategic matters on behalf of the Audit Committee. Membership in the SWG consisted of the following Audit Committee members:

- Councillors E. Woolley
- Councillor G. Carra
- Citizen Member L. Caltagirone
- Citizen Member M. Dalton
- Citizen Member M. Lambert

The SWG was supported by Mistri Consulting, the City Auditor, Administration and the Executive Assistant to Audit Committee.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Strategic Working Group conducted four workshops in 2019 Q3 and Q4 to consider:

1. Mandate of the Audit Committee – How can the Audit Committee achieve greater strategic impact?
2. Changes to Working Process and Practices – How can the Audit Committee change it's working process and practices to achieve greater strategic impact?
3. Development of the 2020 Work Plan – Development of the 2020 Work Plan to include strategic issues.

Following conclusion of the four workshops the SWG addressed the seven strategies by:

1. Recommending amendments to the Audit Committee's mandate (Bylaw 48M2012) emphasizing a more strategic role (Strategies 1, 3, 5, and 6)
2. Recommending changes to the working process to focus more on strategic issues (Strategies 1, 2, 3, 4, 6 and 7)
3. Reviewing how it interacts with Council, the Priorities and Finance Committee and Administration (Strategies 1, 3, 6 and 7)
4. Creating an Audit Committee 2020 Work Plan (Strategies 1, 2, 3 and 4) that:
 - Places more focus on topics of strategic importance to the City of Calgary
 - Streamlines and reduces routine reporting
 - Requests more dialogue with the City Manager and Chief Financial Officer
 - Allows additional time to identify and discuss strategic issues

In 2019 a Bylaw Review Working Group (BRWG) was created to consider amendments to the Audit Committee Bylaw 48M2012. The SWG have forwarded potential amendments to the BRWG. The anticipated completion of the bylaw review is 2020 Q2.

The Audit Committee 2020 Work Plan (Work Plan) was developed to include those strategic priorities identified. The Work Plan (AC2020-0079) was approved by Audit Committee on 2020 January 24 and received for information by Council on 2020 February 3.

The Audit Committee will continue their focus on improving their strategic role in 2020. The Work Plan and the Bylaw Review are only two tools to support the achievement of the recommendations of the Strategic Working Group. Other important components available to the Audit Committee are:

- City Auditor's Office Audits
- Regular updates from Chief Financial Officer on Priorities and Finance Committee
- Regular ongoing strategic conversations at Audit Committee
- Commissioning of special studies, reports or audits
- Briefing Notes provided
- Learning opportunities outside of the regular meetings

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The attached Report entitled “Summary of Findings – Outcomes of the Audit Committee 2019 Strategic Review” provided by Consultant Dave Robertson, Mistri Consulting, offers additional insight into the workshops held by the Strategic Working Group and includes important commentary on the issues discussed.

Stakeholder Engagement, Research and Communication

Throughout the initial strategic workshops of Audit Committee or during the ongoing Strategic Working Group workshops representatives from Finance, Corporate Initiatives, Transportation, City Auditor’s Office, Planning and Development, External Auditor, City Solicitor and City Manager attended to provide advice and perspective.

Strategic Alignment

The Audit Committee’s Strategic Working Group aligns with Council’s Priority of 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)

The diverse role of the Audit Committee at the City of Calgary reflects a wider trend in North America of Audit Committees participating in more than just financial governance matters, playing an increasingly important role in oversight, risk management and corporate governance.

Financial Capacity

Current and Future Operating Budget:

The operating budget contains a line item for external consulting fees.

Current and Future Capital Budget:

Not applicable.

Risk Assessment

The Strategic Working Group identified that Audit Committee expertise could provide more value to Council by focussing on issues of significant risk and financial impact. Audit Committee capacity to concentrate on strategic issues (either identified or emerging) could be at risk if routine matters remain part of their annual Work Plan. Potential amendments to the Audit Committee Bylaw 48M2012 may further strengthen the Committee mandate and reduce risk to The City.

REASON(S) FOR RECOMMENDATION(S):

The Audit Committee’s Strategic Working Group was directed at the 2019 April 23 Meeting to present recommendations to Audit Committee.

ATTACHMENT

Summary of Findings – Outcomes of the Audit Committee 2019 Strategic Review by Mistri Consulting