

**Chief Financial Officer's Report to
Priorities and Finance Committee
2020 October 13**

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PFC2020-1143
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Council Expense Audit Follow-up

RECOMMENDATION(S):

That the Priorities and Finance Committee:

1. Determine the eligibility of the amount of airfare upgrades to be recovered. Either that the airfare expenditures :
 - a. are eligible and no recovery is required; or
 - b. are not eligible and
 - i. whether Councillor Magliocca's advice to PWC to pay the difference of the airfare expenses in question from the average expenses of the other Councillors and Officials who attended the various FCM events, which totals a reimbursement in the amount of \$3,294.25; or
 - ii. a different approach to calculating reimbursement should be utilised.
2. Direct the Council Expense Working Group to report back to PFC as soon as possible on the findings related to certain hosting expenses where follow up or location of the named attendees is still outstanding for the PricewaterhouseCoopers (PWC) report.

HIGHLIGHTS

- This report supports recommendation 1a) contained in the PWC Forensic Investigation Report for Ward 2 Expenses to enable PFC to determine the amount of airfare upgrades, to be reimbursed by Councillor Magliocca, if any.
- What does this mean to Calgarians? This report supports The City's ongoing efforts to maintain effective accountability and transparency regarding use of Council and Mayor budgets.
- Why does it matter? This report supports ongoing efforts to close governance gaps and improve transparency associated with the management of expenses.
- Strategic Alignment to Council's Citizen Priorities: A well-run city

DISCUSSION

In 2020 July, The City received the PWC Forensic Investigation Report for Ward 2 Expenses (Attachment 2). The report identified that PFC is to determine the eligibility of the amount of airfare upgrades and certain hosting expenses to assess the amount to be recovered, if any, from Councillor Magliocca.

PAC007- Councillors' Expenses - Out of Town Travel Policy (Attachment 3) provides guidelines for Councillors when travelling at the expense of the Office of the Councillors' Budget. The policy states that economy fare is normal, unless unavailable.

Administration contacted The City's travel services provider and confirmed it is not possible to determine historical information related to the booking of flights. Many factors may determine flight costs such as time of booking, day of booking, seat options, seat sales, flight times and other specific requests. Administration has been unable to determine whether economy airfare was available at the time the airfares in question were purchased, and what that amount would have been.

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Per the PWC Report, Councillor Magliocca advised PWC that he requested the average airfare expenses of other City Councillors and Officials who attended the various FCM events, in order to voluntarily reimburse The City for any difference between his airfare and the average airfare of other officials. In the event PFC finds this to be an acceptable approach, Administration took the liberty of reviewing the airfares of City Councillors and members of Administration who attended the events and travelled on or near the same travel dates, and calculated the average airfare expenses and differences from Councillor Magliocca's airfares, a summary of which is included in Attachment 4.

The PWC Report also addressed the Council Policy requirements (PAC006 and PAC007) for Councillors to provide names of hosting attendees. The Report identified a number of attendees could not be contacted or located in order to substantiate hosting expenses claimed. The PWC Report further recommended that PFC should attempt to locate these attendees and follow-up with them to determine the eligibility of certain hosting expenses. Administration is currently working with PWC to obtain related workpapers which will enable the scope of work to be appropriately assessed and next steps determined. A report will be brought to PFC as soon as possible once the work is complete.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- ☐ Public Engagement was undertaken
- ☐ Public Communication or Engagement was not required
- ☐ Public/Stakeholders were informed
- ☒ Stakeholder dialogue/relations were undertaken

This report was shared with members of the Council Expense Working Group consisting of the City Solicitor, the City Manager's Chief of Staff, Chief Financial Officer, and Ethics Advisor for approval and/or input prior to distribution to PFC. The report was also shared with the City Auditor who provides advisory support to the Council Expense Working Group.

IMPLICATIONS

Social

The analysis determined that no social implications were applicable.

Environmental

The analysis determined that no environmental implications were applicable.

Economic

The analysis determined that no economic implications were applicable.

Service and Financial Implications

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Under the current policies, discretion is with the Office of the Councillors to follow Administrative policies. Inconsistency in the perceived application of policy guidance can contribute to potential financial implications.

Tax-supported funding

RISK

Council Expense Audit C2020-0658 identified systemic issues specific to expense governance and related policy which if not promptly actioned could increase reputational and financial risk to Council and The City of Calgary.

ATTACHMENT(S)

1. Previous Council Direction
2. PWC Forensic Investigation Report
3. PAC007 - Councillors' Expenses - Out of Town Travel Policy
4. Calculation of airfare variance

Department Circulation

General Manager	Department	Approve/Consult/Inform
Chief Financial Officer Carla Male	Chief Financial Officer's	Approve
City Manager David Duckworth	City Manager's Office	Approve
City Solicitor Jill Floen	Law	Approve
Emily Laidlaw	Ethics Advisor	Approve
Katharine Palmer	The City Auditor	Consult