



## Audit Committee Working Group for Shareholder Alignment Review of Wholly-Owned Subsidiaries

### Terms of Reference

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#### 1. Authority

At the 2020 November 19 Meeting, Audit Committee approved the appointment of a Working Group to oversee a Shareholder Alignment Review of Wholly-Owned Subsidiaries. (Verbal Report AC2020-1321).

The Audit Committee Bylaw 33M2020 provides, as follows:

Section 5, Authority of Audit Committee, indicates the Audit Committee is authorized to institute special audits, program reviews, and special studies, including the standing authority to retain expertise through external consultants.

Schedule A, Section 3, provides that the Audit Committee:

- (a) oversees and approves special audits, program reviews or special studies be conducted 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; and
- (b) reviews the results of special audits, program reviews or special studies, together with responses, and forwards to Council for information.

#### 2. Mandate

The Mandate of the Working Group is to provide oversight of the Shareholder Alignment Review of Wholly-Owned Subsidiaries including scoping and framework, selection and oversight of external consulting firm, development of a work plan and regular updates to Audit Committee throughout the review.

Wholly-Owned Subsidiaries at the City of Calgary are as follows:

- Attainable Homes Calgary Corporation
- Calgary Arts Development Authority Ltd.
- Calgary Economic Development Ltd.
- Calhome Properties Ltd (operating as Calgary Housing Company)
- Calgary Municipal Land Corporation (CMLC)
- ENMAX Corporation
- Opportunity Calgary Investment Fund (OCIF)

#### 3. Specific Responsibilities

The Working Group shall have the following responsibilities:

- (1) Selection, oversight and management of an external consultant to perform a Shareholder Alignment Review on wholly-owned subsidiaries.



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- (2) Providing the external consultant with a framework for the Shareholder Alignment Review which includes the following:
  - a) Review of the mandate of each subsidiary for alignment with the goals and purpose of The City of Calgary;
  - b) Review of the risk and opportunity profile presented by each subsidiary to The City of Calgary;
  - c) Review of each subsidiary's operating, financing and investing stewardship processes in place to achieve their mandates, including processes and internal controls over business planning, budgeting, capital raising, debt limitations and covenants, and investing activities;
  - d) Review the returns received by The City from the wholly-owned subsidiaries where applicable;
  - e) Review the risk management programs of subsidiaries, including programs to manage financial, physical, environmental, safety and reputational risks;
  - f) Review applicable shareholder governance documents, such as Unanimous Shareholder Agreements or other agreements, that may guide or affect the shareholder oversight of the subsidiary, and consider whether provisions for shareholder oversight are suitable to the goals, risk profile, and general requirements of the shareholder;
  - g) Review the governance model of each subsidiary, and evaluate relative to leading practices used for similar or comparable subsidiary relationships;
  - h) Review the communication, reporting, and accountability of wholly-owned subsidiaries to Council, Administration and the citizens of Calgary and;
  - i) Identify any opportunities for improvement, and make recommendations, generally and individually, for the wholly-owned subsidiaries.
- (3) Developing a work plan for the Shareholder Alignment Review on Wholly-Owned Subsidiaries for Audit Committee's approval at their 2021 January 28 Meeting.
- (4) Determining the initial scope of the review by selecting which wholly-owned subsidiary or subsidiaries to be the first reviewed.
- (5) Establishing an estimated budget for external consulting firm to perform the review.
- (6) Returning to Audit Committee no later than their 2021 June 24 meeting with the final report and recommendations for any wholly-owned subsidiary reviewed.

#### 4. Reports To City of Calgary Audit Committee



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#### 5. Composition

- The Chair of Audit Committee, Councillor Evan Woolley (Voting)
- Councillor Member of Audit, Councillor Jeff Davison (Voting)
- Citizen Member of Audit Lori Caltagirone (Voting)
- Citizen Member of Audit Michael Lambert (Voting)
- Manager, The Office of Partnerships, Lori Kerr (Voting)
- Acting City Auditor, Liz Ormsby (Non-voting)
- Manager of Treasury, Aaron Brown (Non-voting)
- Deputy City Solicitor, Law, Denise Jakal (Non-voting)
- Executive Advisor to Audit Committee, Corrie Smillie (Non-voting)

#### 6. Resources

Corrie Smillie, Executive Advisor to Audit Committee

#### 7. Term

Membership expires when the mandate is complete or no later than 2021 October 18. Should the mandate not be completed by 2021 October 18 the Audit Committee shall make new appointments to the Working Group at their 2021 November 19 Meeting.

#### 8. Quorum

4 Members (voting or non-voting) with a minimum of one Councillor and one Citizen member.

#### 9. Chair and Vice-Chair

Chair: Chair of the Audit Committee, Councillor Evan Woolley

Vice-Chair: Councillor Jeff Davison

#### 10. Meetings

Meetings of the Audit Committee Working Group for the Shareholder Alignment Review of Wholly-Owned Subsidiaries 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.