

**Audit Resource Management Report to
Audit Committee
2021 April 20**

**ISC: UNRESTRICTED
AC2021-0214
Page 1 of 2**

Shareholder Alignment Review of Wholly-Owned Subsidiaries Update

RECOMMENDATIONS:

That Audit Committee receive this report for information and the Corporate Record.

HIGHLIGHTS

- At the 2021 January 28 meeting Audit Committee deferred an update for the Shareholder Alignment Review of Wholly-Owned Subsidiaries (the Review) as the competitive process for awarding a contract to an external consultant was not complete. Ernst & Young LLP (EY) have now been awarded the contract and this report provides Audit Committee with an update on the Review.
- What does this mean to Calgarians? Calgarians are informed on the status and key areas being reviewed.
- Why does this matter? Calgarians have an expectation that City Council, through the Audit Committee, has oversight on effective governance, risk management and compliance of wholly-owned subsidiaries of the City of Calgary.
- A Working Group, established to oversee the Review, held their first meeting with the external consultant on 2021 April 7 for an update with respect to the external consultant's Work Plan and timeline for this project.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Pursuant to Audit Committee Bylaw 33M2020, authority is provided to the Audit Committee to institute special audits, program reviews, and special studies, including the standing authority to retain expertise through external consultants. The Working Group provides oversight of the external consultant for this Review pursuant to their approved Terms of Reference.

DISCUSSION

The external consultant for the Review was selected by an evaluation team within the Working Group. The successful bidder Ernst & Young were awarded the contract through a competitive process, in consultation with The City's Supply Management.

The Working Group held an initial meeting with representatives from EY on 2021 April 7. A high level work plan and timeline of 15 weeks was presented by the consultant on the following key points:

- Mobilization and Planning
- Review and Research
- Conduct of Current State Analysis
- Development Future State Recommendations
- Iterate and Finalize

In their role of providing oversight of the external consultant the Working Group will hold monthly meetings with EY to receive updates and to monitor deliverables. A detailed work plan is currently being created by EY and will be provided to the Working Group.

It is anticipated the consultant will provide the final report to Audit Committee with recommendations at the 2021 July 22 Meeting.

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Page 2 of 2**

Shareholder Alignment Review of Wholly-Owned Subsidiaries Update

The seven wholly-owned subsidiaries at The City of Calgary included in the Shareholder Alignment Review are:

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

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

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

IMPLICATIONS

Service and Financial Implications

Funding support for this Shareholder Alignment Review on Wholly-Owned Subsidiaries is being shared by the Audit Committee and Corporate Finance. Funding required is estimated at \$200,000.

RISK

The City's wholly-owned subsidiaries create various risks for the corporation including financial, legal and reputational. The Audit Committee believes the key to mitigating these risks is excellent governance. The external consultant will deliver a report that assesses these risks and makes recommendations for improved governance to mitigate the risks.

ATTACHMENT

None

Department Circulation

Councillor E. Woolley	Chair, Audit Committee	Approve
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