

**Audit Committee 2022 Year-End Report**

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**RECOMMENDATION:**

That the Audit Committee receive Report AC2023-0047 and the Attachment for the Corporate Record.

**HIGHLIGHTS**

- The Audit Committee 2023 Work Plan includes the presentation of the Audit Committee 2022 Year-End Report.
- What does this mean to Calgarians? This report is a final update on the activities of Audit Committee for 2021.
- Why does this matter? This report provides assurance to citizens that the Audit Committee continues to focus on their mandate in Bylaw 33M2020 and that the work plan for 2022 has been completed.
- The status of the 2022 Work Plan, the Audit Committee budget and the activities of the Audit Committee is provided as of 2022 December 31.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Schedule A, Section 1(f) of Audit Committee Bylaw 33M2020 provides that the Audit Committee develop a detailed annual work plan which is forwarded to Council for information.

**DISCUSSION**

1. Audit Committee Membership and Support

Committee membership for 2022 consisted of four members of Council and three citizen members. Appointments for the 2021-2022 term were made at Council's Organizational Meeting in October of 2021 with Councillors serving two-year terms and citizens serving staggered two-year terms. The Chair and Vice-Chair for 2022 were appointed by Council at their Organizational meeting.

- Councillor Richard Pootmans (Chair)
- Councillor Terry Wong (Vice-Chair)
- Councillor Evan Spencer
- Councillor Jennifer Wyness
- Citizen Representative Lori Caltagirone (re-appointed)
- Citizen Representative Karen Kim (continuing appointment)
- Citizen Representative Michael Lambert (re-appointed)

The Audit Committee was supported by the following:

- Chief Financial Officer, Carla Male
- Director of Finance / City Treasurer Les Tochor (Alternate for CFO)
- City Auditor, Liz Ormsby
- External Auditor, Harman Gill, Deloitte LLP
- External Auditor, Ivana Cvitanusic, Deloitte LLP
- Executive Advisor, Corrie Smillie

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### 2. Impact of Covid-19 Pandemic

The third year of the Covid-19 pandemic saw Audit Committee members, Administration, City Auditor, External Auditor and Civic Partners participating in their meetings in a hybrid model with both virtual and in-person attendance.

### 3. Status of Audit Committee 2022 Work Plan

There were ten Audit Committee meetings held in 2022. The Audit Committee 2022 Work Plan includes all reports and items scheduled on each meeting agenda and was completed at the 2022 November 17 meeting (Attachment) with the exception of two reports postponed to January 19, 2023. These two reports have subsequently been dealt with. Throughout the year reports from the City Auditor, External Auditor, Executive Advisor and Administration were added as required and other reports deferred or removed pursuant to the Chair of Audit's authority in Audit Committee Bylaw 33M2020. 2022 was a very busy year for the Audit Committee as an additional 21 reports were subsequently added to the original approved 2022 Work Plan (plus the City Auditor's audit reports).

Reports and presentations were requested from five Civic Partners with respect to their annual reports, risk management, governance structure, financial highlights, internal controls, work plans and key initiatives for 2022:

- Attainable Homes Calgary Corporation
- Calgary Convention Centre
- Calgary Housing Company
- Calgary Municipal Land Corporation
- ENMAX Corporation

At every Audit Committee, during the closed meeting (public excluded), the Chief Financial Officer, External Auditor and City Auditor were provided with an opportunity to discuss any confidential matters with the Committee in the absence of each other.

### 4. Audit Committee Recruitment of City Auditor

A Working Group for Recruitment of City Auditor (Councillors Pootmans and Wong, Citizen Member Lori Caltagirone) was established in the 4<sup>th</sup> Quarter of 2021 to provide oversight over the recruitment for a new City Auditor. Support to the Working Group was provided by Human Resources and the Executive Advisor to Audit.

Through a competitive process, the Working Group obtained the services of an experienced national external search firm to assist in this recruitment. A cross-Canada search was undertaken and following an extremely rigorous screening and interview process by the selection committee, the Audit Committee unanimously recommended to Council that Liz Ormsby, who has been serving in the Acting City Auditor role for 18 months, be appointed as the successful candidate. Council approved the appointment at their 2022 June 7 Combined Meeting.

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### **5. Audit Committee Engagement and Information Opportunities**

Outside of the regular meeting schedule Audit Committee members had opportunities to obtain additional information or to offer expertise and feedback to Administration on the following topics:

- Draft 2021 City of Calgary Annual Report (2022 April)
- Presentation by Deloitte (External Auditor) – Climate Change / ESG Reporting (April 2022)
- The City’s Risk Profile Presentation (Members of Council invited) (May 2022)
- Presentation by Heather Taylor, CFP, City of Toronto – ESG Reporting (May 2022)
- 2022 Budget Approach Presentation (November 2021)
- 2023 City Auditor’s Office Proposed Audit Plan Presentation (Members of Council invited) (June 2022))
- Corporate Asset Management Plan Presentation (July 2022)
- Corporate Borrowing Strategy Presentation (July 2022)
- Green Line LRT Presentation (November (2022)

### **6. Audit Committee 2022 Budget**

The Audit Committee’s operating budget for 2022 was \$704,000. There was one-time funding in the amount of \$40,000 transferred from the City Auditor’s budget and a recovery from Corporate Costs in the amount of \$680,167. These funds were to offset the Audit Committee’s additional expenses in 2022 due to recruitment activities for the City Auditor vacancy, consultant fees for the City Auditor’s Office Quality Assessment and external auditor fees mainly related to the corporate realignment and adoption of new accounting standards.

### **7. Approval of Audit and Non-Audit Services**

The Audit Committee Chair is authorized by Bylaw 33M2020 to pre-approve additional audit or non-audit work performed by the External Auditor up to \$50,000. These pre-approvals must be reported to Audit Committee and in 2022 there were no pre-approvals by the Chair.

## **STAKEHOLDER ENGAGEMENT AND COMMUNICATION**

Throughout the year the Executive Advisor to Audit Committee collaborates with the City Manager’s Office, City Auditor’s Office, External Auditor, Civic Partners, Chief Financial Officer, City Clerk’s Office, Working Groups and representatives from Administration on Audit Committee work plan items, forthcoming audits, reporting procedures, agenda development and meeting management.

**Audit Resource Management Report to  
Audit Committee  
2023 February 15**

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AC2023-0047  
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**RISK**

There is no risk associated with this Audit Committee 2022 Year-End Report.

**ATTACHMENT**

1. Status of 2022 Audit Committee Work Plan as at 2022 December 31

Department Circulation

Councillor Richard Pootmans	Chair, Audit Committee	Approves
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