

CONTROL ENVIRONMENT

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

The organization demonstrates a commitment to integrity and ethical values.

Management's Assessment of Internal Control Principle

Present and Functioning?

YES

Points of Focus

- **Sets the Tone at the Top**—The board of directors and management at all levels of the entity demonstrate through their directives, actions, and behaviour the importance of integrity and ethical values to support the functioning of the system of internal control.
- **Establishes Standards of Conduct**—The expectations of the board of directors and senior management concerning integrity and ethical values are defined in the entity's standards of conduct and understood at all levels of the organization and by outsourced service providers and business partners.
- **Evaluates Adherence to Standards of Conduct**—Processes are in place to evaluate the performance of individuals and teams against the entity's expected standards of conduct.
- **Addresses Deviations in a Timely Manner**—Deviations of the entity's expected standards of conduct are identified and remedied in a timely and consistent manner.

Controls Applicable to Principle 1

Identification No.	Internal Control Description	Further Actions Planned
01-001	The City has a strong commitment from Council through to senior management to ensure appropriate controls over financial reporting exist. Council and Administration maintain a commitment to strong ethical values to ensure accountability to citizens.	<p>Management will continue to support the Integrated Risk Management (IRM) framework and internal controls over financial reporting to ensure The City has the ability to achieve its objectives. In particular, the City Manager and Administrative Leadership Team (ALT), with the support of Corporate Initiatives, will continue to support risk management and the implementation of the IRM policy.</p> <p>Administration is developing and implementing a coordinated and centralized approach to enhancing the Code of Conduct to support behavioural expectations in the workplace that reflect the organization's core values.</p>
01-002	<p>The City has a comprehensive Code of Conduct, which contributes to appropriate behaviours and effective controls. The Code is easily accessible on the CMO intranet, and is communicated to City employees using many methods. The City of Calgary Orientation (COCO) program developed by Human Resources includes coverage of the Code of Conduct.</p> <p>In 2015, ALT placed responsibility for governance of the Code of Conduct with the Chief Financial Officer (CFO) who, in turn, delegated the responsibility to Human Resources for developing a coordinated and centralized approach to the management of the Code of Conduct. The City Manager continues to be the Executive Sponsor of the Code of Conduct.</p>	<p>The Chief Human Resources Officer has directed a project team to undertake a review of the Code of Conduct with the aim of creating a meaningful, understandable and accessible Code that guides employee behaviours, and that aligns with corporate values and culture. The project team undertaking the review of the Code of Conduct will issue its recommendations by Q3 2016.</p> <p>The Code of Conduct will be updated to implement recommendations based on the Ethics Program Assessment performed in 2015 by an external consultant.</p> <p>Respective business units will continue to review and update their policies under the Code as required.</p>
01-003	<p>Awareness reminders for the Code of Conduct and other programs are in place to guide employee behaviour and are sent to all employees on an annual basis.</p> <p>In 2015, planning began for a corporate Code of Conduct awareness campaign. The team undertaking a review of the Code is working with others to create a more robust training program for employees and for leaders, with the purpose of building a deeper understanding of expected behaviors and accountabilities.</p>	<p>The City Manager's Office will continue to work with Human Resources to provide further education and information to employees to refresh their knowledge of the entire Code of Conduct.</p> <p>A corporate campaign to reinforce awareness of the Code will be executed in Q1 2016. Individual policy owners continue to run individual campaigns (e.g. Respectful Workplace, FOIP) as well to bring focus to particular areas under the Code.</p>
01-004	Human Resources, on behalf of the City Manager's Office, presents an annual report to the Audit Committee on the City's Code of Conduct activities.	Human Resources will continue to present the annual Code of Conduct Report to the Audit Committee.

01-005	<p>City Council has an Ethical Conduct Policy for Members of Council to "establish and promote ethical conduct standards for Members of Council in interactions with the public, all City employees, contractors, Council staff, and all members of Council." The policy outlines Council members' duties pursuant to the Municipal Government Act and other legislation such as the Freedom of Information and Protection of Privacy Act.</p> <p>The policy discusses the legal and ethical duties incumbent in the position of Councillor, as established by governance experts, the Municipal Government Act and other statutes. Councillors are expected to act with due diligence, good-faith fiduciary duty, and fairly, without conflict of interest.</p> <p>The policy establishes rules of conduct for Council to follow, including remedial actions in the case of non-compliance.</p>	<p>The Ethical Conduct Policy for Members of Council will be reviewed in 2016 as part of the regular review process for Council policies.</p> <p>The terms of reference for an independent Integrity Commissioner, as prepared by Administration and the City Auditor's Office, were accepted at PFC on 2015 April 21 and Council moved forward with a committee that selected an external search firm for the position. The Integrity Commissioner selection process is underway.</p>
01-006	<p>In December 2014, City Council created a Code of Conduct for Citizen Members Appointed to Council-Established Boards, Commissions and Committees. This Code provides minimum standards of behaviour expected of all Citizen Members appointed to Council-established Boards, Commissions and Committees.</p>	
01-007	<p>Administration has updated The City's vision statement, common purpose and behaviours to clearly reflect the essential qualities that we look for, recognize and develop in staff and leaders. We have updated our Corporate Culture and value sets, to articulate a set of common principles for how we serve citizens and customers to meet and exceed their expectations now and in the future. The 4 C's are the essential qualities of our organization: Character, Competence, Commitment, Collaboration. These have been endorsed by ALT, and discussed with Directors and the corporate management team.</p>	<p>A toolkit was developed and circulated to leaders and supervisors to support the dialogue regarding corporate culture and the 4 C's. Work is underway to update the respectful workplace, diversity and inclusion, recognition, and recruitment programs and processes, in order to further promote our vision, values and common purpose. In addition, the corporate employee survey has been expanded to include cultural, diversity and inclusion aspects.</p>
01-008	<p>The City's culture promotes an environment of strong financial management and strong controls. The tendency has been to err on the side of conservatism in financial management and reporting.</p>	<p>The City will continue to promote strong financial management and controls.</p> <p>Through the Leadership Strategic Plan, Administration has committed to strengthen the Corporation's financial position by pursuing several initiatives to address immediate financial pressure, and meet longer-term financial needs.</p>
01-009	<p>Having a Whistle-blower Program is considered a best practice for promoting a strong control culture. The City implemented a Whistle-blower Program in 2007. The City Auditor and the City Manager are responsible for the development, implementation and maintenance of an effective Whistle-blower Program. The Audit Committee reviews the status of the Whistle-blower Program on an annual basis.</p> <p>In 2013, Council approved amendments to the Whistle-blower Policy; the Policy was revised to include members of Council and Council staff.</p>	<p>The Whistle-blower Policy will be reviewed in 2016 and revised as required to reflect the responsibilities of the new Integrity Commissioner position.</p>
01-010	<p>The Sustainable Environmental and Ethical Procurement Policy (SEEPP) was approved in principle in 2007. At the time, the policy made The City a leader in sustainable procurement in North America by supporting the purchase of products and services that protect the environment and the welfare of workers, and represent the best value.</p> <p>Now that more municipalities are introducing this type of policy, The City's leadership is through sharing best practices at the national steering committee level and including additional environmental benefits and criteria to templates.</p>	<p>SEEPP is currently rolled out to 18 procurement areas chosen by The City for implementation. Environment & Safety Management (ESM) has dedicated staff resources partnering with Supply for corporate wide support and expansion of the SEEPP program. Additions to the list are being considered in 2016.</p>

Principle 2: Exercises Oversight Responsibility		Management's Assessment of Internal Control Principle	
The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Establishes Oversight Responsibilities—The board of directors identifies and accepts its oversight responsibilities in relation to established requirements and expectations. Applies Relevant Expertise—The board of directors defines, maintains, and periodically evaluates the skills and expertise needed among its members to enable them to ask probing questions of senior management and take commensurate actions. Operates Independently—The board of directors has sufficient members who are independent from management and objective in evaluations and decision making. Provides Oversight for the System of Internal Control—The board of directors retains oversight responsibility for management's design, implementation, and conduct of internal control: <ul style="list-style-type: none"> Control Environment—Establishing integrity and ethical values, oversight structures, authority and responsibility, expectations of competence, and accountability to the board. Risk Assessment—Overseeing management's assessment of risks to the achievement of objectives, including the potential impact of significant changes, fraud, and management override of internal control. Control Activities—Providing oversight to senior management in the development and performance of control activities. Information and Communication—Analyzing and discussing information relating to the entity's achievement of objectives. Monitoring Activities—Assessing and overseeing the nature and scope of monitoring activities and management's evaluation and remediation of deficiencies. 			
Controls Applicable to Principle 2			
Identification No.	Internal Control Description	Further Actions Planned	
02-001	The City has an appropriate governance structure in place from Council and the Audit Committee through to senior management.	Administration has committed, through the Leadership Strategic Plan (LSP), to establish a cooperative and meaningful relationship with Council, including: <ul style="list-style-type: none"> Build a shared strategic agenda focused on Council priorities Focus on results by establishing timely and meaningful reporting Develop a corporate calendar aligned to the term of Council Continued refining of priority areas within the LSP including Strategic Alignment of the organization communicated by the City Manager on 2016 January 18 to support Infrastructure Calgary; Growth Management and Approvals; Real Estate; Government Relations; and People and Culture. 	
02-002	City Council functions as The City of Calgary's board of directors. As a democratically elected board, it meets high standards of independence from Administration.		
02-003	Over 80 boards, commissions and committees are in place to assist City Council in its governance role. Among the most important of these are the four Standing Policy Committees and the Priorities and Finance Committee. The Standing Policy Committees, which cover Community and Protective Services, Planning and Urban Development, Transportation and Transit, and Utilities and Corporate Services, consist of elected members of City Council and report directly to Council. The Priorities and Finance Committee provides oversight over financial planning and reporting, corporate policy, organizational structure and other critical functions.		
02-004	Council has a Legislative Governance Task Force (LGTF) to review matters of governance. In 2014 Council approved the 2014-2017 LGTF Work Plan with items related to Boards, Commissions, and Committees, Council policies, ethics and accountability, and the procedure bylaw. In 2014, Council also adopted a Disclosure Policy for Members of Council.	As per the 2014-2017 LGTF Work Plan, a report proposing new advertising and recruitment processes for Citizen Members is scheduled to go to the LGTF in Q3 2016. If approved, it will be implemented in 2017.	

02-005	<p>The Terms of Reference of the Audit Committee, established in Bylaw 48M2012, assign the Audit Committee an oversight role over The City's internal control processes. As a part of this role, the Audit Committee is authorized to review reports from Administration regarding The City's internal control systems, policies and procedures. Additionally, the Audit Committee is authorized to report and recommend to Council any actions or decisions regarding The City's internal control system that the Audit Committee deems appropriate.</p> <p>The Audit Committee maintains a review of the Audit Committee Bylaw on a regular basis to ensure the Audit Committee Bylaw and the Terms of Reference therein reflect best practices in audit governance.</p>	In 2016, the Audit Committee will consider whether a review of the Audit Committee Bylaw 48M2012 should be performed.
02-006	Audit Committee Bylaw 48M2012 provides Terms of Reference requiring that the three elector members be financially literate, and that at least one of them be a financial expert. In practice, there have tended to be multiple designated accountants as Citizen Members of the Committee.	
02-007	In 2015, revisions and updates were made to the Audit Committee orientation material. In October 2013, the Audit Committee composition changed from five Councillors to four with an increase in independent citizens from two to three.	
02-008	The Audit Committee has implemented periodic reporting on risk management, control framework, internal audit, and code of conduct.	
02-009	The Audit Committee conducts an annual self-assessment reflecting industry best practices. An annual evaluation of the performance of the External Auditor is also conducted.	A working group has been established to review the Audit Committee Self-Assessment survey and to ensure compliance to best practices.
02-010	The City Auditor's Office is fully independent of Administration and reports directly to the Audit Committee. It is responsible for auditing areas of The City's operations as identified in the annual plan approved by Audit Committee.	
02-011	On a quarterly basis, the Audit Committee receives reports from the City Auditor's Office outlining the audit and advisory activities performed over the interim period by the Office. These reports also provide performance measures and an update on the status of audit recommendations.	
02-012	<p>Civic employees and elected officials qualify to belong to one or more multi-employer pension plans, defined-benefit pension plans and other retirement benefit plans provided by The City. The Pension Governance Committee reports annually to the Priorities and Finance Committee (PFC) through the City Manager on pension governance activities at The City, including a report on unfunded pension liabilities and The City's contingency plans to address them.</p> <p>Unfunded liabilities are being addressed by raising employee and employer contribution rates. The City includes a provision for the employer contribution rates in its budget plans.</p>	<p>The City will participate in any discussions initiated by the Government, LAPP and SFPP Board or stakeholder groups regarding LAPP and SFPP and will assess any potential financial impacts to The City for these plans as well as potential impacts to The City sponsored pension plans.</p> <p>The 2015 pension governance activities report will be presented to PFC and Council in July 2016.</p> <p>The City continues to monitor unfunded pension liabilities. For The City's sponsored plans, The City has developed a plan and is taking action to fully fund these obligations.</p>

Principle 3: Establishes Structure, Authority, and Responsibility		Management's Assessment of Internal Control Principle	
Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Considers All Structures of the Entity—Management and the board of directors consider the multiple structures used (including operating units, legal entities, geographic distribution, and outsourced service providers) to support the achievement of objectives. Establishes Reporting Lines—Management designs and evaluates lines of reporting for each entity structure to enable execution of authorities and responsibilities and flow of information to manage the activities of the entity. Defines, Assigns, and Limits Authorities and Responsibilities—Management and the board of directors delegate authority, define responsibilities, and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organization: <ul style="list-style-type: none"> Board of Directors — Retains authority over significant decisions and reviews management's assignments and limitations of authorities and responsibilities Senior Management—Establishes directives, guidance, and control to enable management and other personnel to understand and carry out their internal control responsibilities Management—Guides and facilitates the execution of senior management directives within the entity and its subunits Personnel—Understands the entity's standard of conduct, assessed risks to objectives, and the related control activities at their respective levels of the entity, the expected information and communication flow, and monitoring activities relevant to their achievement of the objectives Outsourced Service Providers—Adheres to management's definition of the scope of authority and responsibility for all non-employees engaged 			
Controls Applicable to Principle 3			
Identification No.	Internal Control Description	Further Actions Planned	
03-001	The City Manager and Chief Financial Officer (CFO) provide representations in the annual report with regards to how their responsibilities are discharged. As part of this process, they rely on the cascading representations made within each business unit by GMs, Directors, Finance Managers and Finance Leads. Individuals in business units have responsibility for those items that they should reasonably be aware of, given their position and responsibilities.	Senior management across the organization will continue to take ownership of managing, monitoring and updating the risks and internal controls in their areas and acknowledge this responsibility when signing the annual Management Representation Letters.	
03-002	A Management Representation Letter (MRL) Overview, Example, and Tips document is provided to all those individuals required to sign MRLs to ensure they fully understand their responsibilities and accountabilities when providing their representations. This information is posted on the Financial Reporting Intranet site. This ensures that all involved parties are making informed representations about the contents of the financial statements and are accountable for their accuracy.		
03-003	<p>The City of Calgary benefits from a clear delegated authority structure.</p> <p>The MGA outlines Councillors' duties, the Mayor's duties, and the duties of the City Manager. It also provides for the delegation of some of these duties. Some duties are delegated by way of bylaw, while others are delegated by way of delegation of authority documents.</p> <p>The City's operating business units are split into six departments. The addition of a work unit entitled Urban Strategy occurred on 2016 March 01, led by a General Manager. Within Administration, the responsibility to manage people and budget, known as Dept ID Ownership, is delegated through a standard process.</p>	Administration will continue refining priority areas within the Leadership Strategic Plan including Strategic Alignment of the organization communicated by the City Manager on 2016 January 18 to support Infrastructure Calgary; Growth Management and Approvals; Real Estate; Government Relations; and People and Culture.	
03-004	Administrative Leadership Team (ALT) membership has been increased to include the Chief Human Resources Officer, the Director of Customer Service & Communications, the Chief Information Technology Officer, the City Clerk, the City Solicitor and the Chief of Staff (CMO's office) to ensure additional participation in ALT members' deliberations about opportunities available to and risks facing the corporation.		
03-005	The City's organizational structure is clearly defined and promotes accountability throughout the Corporation. All new DeptID owners receive an information package on their responsibilities, and Learning for Municipal Excellence (LFME) courses are available on a variety of topics.	Continued education and training for business unit process owners, Dept ID Owners and new staff is ongoing.	

03-006	<p>The Enterprise Suite Program, which includes clear identification of DeptID and Process Owners, has further clarified authority and accountability. It has been implemented consistently across the organization. Enhancements have been taking place in accordance with the agreed-upon work plan on an ongoing basis.</p>	<p>Enhancement of systems and processes are ongoing.</p>
03-007	<p>The City has a formal information technology governance model in place. The Chief Information Technology Officer works with the Administrative Leadership Team (ALT) and the Corporate Technology Committee (CTC) to set and implement corporate information technology strategies and standards.</p> <p>On 20 January 2015, ALT approved a revised technology investment governance model in accordance with the City Auditor's Technology Investment Governance Audit. Under the new model, portfolios of technology investment will be established by Department. In the interim, CTC will utilize both the 2010 and 2015 governance models. Under the 2010 model, CTC will continue to review and approve large corporate information technology from \$500,000 to \$5 million for areas that do not have technology portfolios. Departments with technology portfolios are now authorized to approve projects up to \$5 million, provided that the appropriate governance structures are in place. The ALT will continue to approve projects greater than \$5 million.</p>	<p>It is anticipated that the revised governance model will be implemented by 2018.</p> <p>Information Technology is developing a performance and reporting framework for technology governance for ALT consideration by March 2016. The framework will define best practices for The City to leverage corporate-wide investments and capture and report the benefits of business technology investments.</p>

Principle 4: Demonstrates Commitment to Competence		Management's Assessment of Internal Control Principle	
The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Establishes Policies and Practices—Policies and practices reflect expectations of competence necessary to support the achievement of objectives. Evaluates Competence and Addresses Shortcomings—The board of directors and management evaluate competence across the organization and in outsourced service providers in relation to established policies and practices, and act as necessary to address shortcomings. Attracts, Develops, and Retains Individuals—The organization provides the mentoring and training needed to attract, develop, and retain sufficient and competent personnel and outsourced service providers to support the achievement of objectives. Plans and Prepares for Succession—Senior management and the board of directors develop contingency plans for assignments of responsibility important for internal control. 			
Controls Applicable to Principle 4			
Identification No.	Internal Control Description	Further Actions Planned	
04-001	The City's Employment Policy, HR-031, sets forth The City's recruitment standards. It provides rules and processes to ensure that The City's recruitment selection, appointment and promotion processes are of a high quality, focusing on the three principles of <i>merit</i> , <i>objectivity</i> and <i>consistency</i> to secure highly qualified staff.	As part of the Leadership Strategic Plan, Human Resources will be reviewing and revising recruitment initiatives to ensure a focus on, and alignment with, the City's new values and behaviours.	
04-002	The City's Compensation Policy, HR-TR-004 ("Compensation"), sets forth The City's compensation policies, including policies for evaluating positions to determine the necessary classification and compensating them accordingly. For management-exempt positions, the Compensation policy is supplemented by the Exempt Staff Policy.	The City is reviewing the Compensation Policy in alignment with Phase II of the Senior Management Team Compensation Review, which is scheduled for completion by Q3 2016.	
04-003	<p>A challenge to achieving The City's objectives is a potential lack of people and financial resources, especially long-term funding for operations and infrastructure as well as turnover and retirement of staff in key positions and areas.</p> <p>The City has instituted a Corporate Workforce Strategy to mitigate risks related to the attraction and retention of staff. The Corporate Workforce Strategy includes plans and projects for Recruiting and Outreach, Diversity and Inclusion, Workforce Planning (including succession management) and Leadership Development, Performance Management, Career Development and Mentorship.</p> <p>Reporting and analysis on staff demographics (including potential retirements in key positions) is taking place.</p>	<p>The City will continue to promote from within as well as attract new staff to ensure that resource needs continue to be met, as well as maintaining its commitment to relevant professional development and certification of staff.</p> <p>The Corporate Workforce Strategy action plans to address short, medium and long-term staff attraction and retention challenges and will continue to be implemented through the 2015-2018 Action Plan.</p> <p>As part of The City's Leadership Strategic Plan, The City will continue to lead Diversity and Inclusion initiatives to attract and engage a diverse workforce to position The City as an employer of choice. To address Leadership Development, The City will be applying additional performance coaching techniques to improve supervisory-employee interactions and performance management.</p>	
04-004	The City has implemented a number of mentoring opportunities through the Supervisory Leadership Development Program and the Individual Contributor Development Program and has developed an online toolkit for business unit support. Human Resources partners with the Calgary Region Immigrant Employment Council to support City employees acting as mentors to help culturally integrate internationally trained professionals.	Human Resources will continue to support business unit initiatives where mentorship programs are underway and identify any gaps where Corporate support is needed.	
04-005	HR-Corporate Talent Acquisition and Planning assists the business units in dealing with anticipated shortages in labour supply and demographic challenges by leveraging workforce planning and employing a proactive talent sourcing strategy that includes an aggressive social media and marketing component.	Human Resources continues to explore innovative, cost-efficient and effective ways to recruit and source candidates and enhance recruitment processes by increasing the use of social media and other marketing tools to better reach job seekers.	

Principle 5: Enforces Accountability		Management's Assessment of Internal Control Principle	
The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Enforces Accountability through Structures, Authorities, and Responsibilities—Management and the board of directors establish the mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the organization and implement corrective action as necessary. Establishes Performance Measures, Incentives, and Rewards—Management and the board of directors establish performance measures, incentives, and other rewards appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives. Evaluates Performance Measures, Incentives, and Rewards for Ongoing Relevance—Management and the board of directors align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives. Considers Excessive Pressures—Management and the board of directors evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities, develop performance measures, and evaluate performance. Evaluates Performance and Rewards or Disciplines Individuals—Management and the board of directors evaluate performance of internal control responsibilities, including adherence to standards of conduct and expected levels of competence and provide rewards or exercise disciplinary action as appropriate. 			
Controls Applicable to Principle 5			
Identification No.	Internal Control Description	Further Actions Planned	
05-001	<p>The multi-year business plan and budget process identifies the accountabilities for achieving The City's strategies and plans.</p> <p>In December 2014, Council approved the 2015-2018 Business Plans and Budgets in accordance with the multi-year approach. This approach requires departments to develop plans and budgets that reflect current internal and external trends affecting The City while linking to long-term strategies and plans.</p>	Mid-cycle adjustments to business plans and budgets will be presented to Council in November 2016. Council has reviewed and approved the proposed approach to Adjustments.	
05-002	The City's business plans and budget accountability reports establish performance measures and targets for each City department. These performance measures are linked to Council's defined directions set forth in the Action Plan. Status reports are presented to the Priorities and Finance Committee twice per year.	Reports are scheduled to go forward in March 2016 and September 2016.	
05-003	<p>For management-exempt staff, The City utilizes a Pay for Performance framework to create accountability around the completion of corporate objectives. High performance is planned for, encouraged, developed, measured and rewarded through the Exempt Performance Development Process (EPDP).</p> <p>The EPDP sets objectives aligned with, and cascading down from, Council policies and business plans and determines key performance measures around these objectives, which are evaluated at year end to make a Pay for Performance decision.</p>	As part of the Leadership Strategic Plan, Human Resources is dedicated to reviewing and refreshing Individual Performance Development and aligning it to the overall Integrated Performance System.	
05-004	The City's unionized staff are covered by ten collective agreements. While overall pay and benefit rates are determined through collective bargaining, it remains The City's right to exercise the regular and customary functions of management and to direct The City's workforce. This includes the ability to conduct performance reviews on an annual basis, as well as any performance management activities that may be required.	As part of the Leadership Strategic Plan, Human Resources is dedicated to reviewing and refreshing Individual Performance Development and aligning it to the overall Integrated Performance System.	

RISK ASSESSMENT

Principle 6: Specifies Suitable Objectives

The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Management's Assessment of Internal Control Principle

Present and
Functioning?

YES

Points of Focus

Operations Objectives

- **Reflects Management's Choices**—Operations objectives reflect management's choices about structure, industry considerations, and performance of the entity.
- **Considers Tolerances for Risk**—Management considers the acceptable levels of variation relative to the achievement of operations objectives.
- **Includes Operations and Financial Performance Goals**—The organization reflects the desired level of operations and financial performance for the entity within operations objectives.
- **Forms a Basis for Committing of Resources**—Management uses operations objectives as a basis for allocating resources needed to attain desired operations and financial performance.

External Financial Reporting Objectives

- **Complies with Applicable Accounting Standards**—Financial reporting objectives are consistent with accounting principles suitable and available for that entity. The accounting principles selected are appropriate in the circumstances.
- **Considers Materiality**—Management considers materiality in financial statement presentation.
- **Reflects Entity Activities**—External reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.

External Non-Financial Reporting Objectives

- **Complies with Externally Established Standards and Frameworks**—Management establishes objectives consistent with laws and regulations, or standards and frameworks of recognized external organizations.
- **Considers the Required Level of Precision**—Management reflects the required level of precision and accuracy suitable for user needs and as based on criteria established by third parties in non-financial reporting.
- **Reflects Entity Activities**—External reporting reflects the underlying transactions and events within a range of acceptable limits.

Internal Reporting Objectives

- **Reflects Management's Choices**—Internal reporting provides management with accurate and complete information regarding management's choices and information needed in managing the entity.
- **Considers the Required Level of Precision**—Management reflects the required level of precision and accuracy suitable for user needs in non-financial reporting objectives and materiality within financial reporting objectives.
- **Reflects Entity Activities**—Internal reporting reflects the underlying transactions and events within a range of acceptable limits.

Compliance Objectives

- **Reflects External Laws and Regulations**—Laws and regulations establish minimum standards of conduct which the entity integrates into compliance objectives.
- **Considers Tolerances for Risk**—Management considers the acceptable levels of variation relative to the achievement of compliance objectives.

Controls Applicable to Principle 6		
Identification No.	Internal Control Description	Further Actions Planned
06-001	<p>The City has a structured objective setting process that flows from Council priorities to departmental business plans and budgets. Council priorities guide the development and implementation of departmental business plans, and were reflected in the 2015-2018 Action Plan (business plans and budgets). Business plans and budgets include all categories of objectives mentioned in this principle.</p> <p>Council has also approved the Leadership Strategic Plan (LSP), which complements the Action Plan and guides some specific change initiatives for how the organization will work effectively. All General Managers and Directors have signed the LSP and have committed to incorporate it into their work.</p> <p>The City has been internationally recognized by the Government Finance Officers Association (GFOA) for its multi-year business planning and budgeting.</p>	
06-002	<p>In 2011, the Mayor and Council unanimously agreed to create the program "Transforming Government" – reinforcing a culture of constant improvement at The City of Calgary. This program improves efficiency and effectiveness by promoting citizen-centric behaviour and focusing on the ways in which The City's actions today make Calgary a better place to live.</p> <p>Projects identified as Transforming Government are focused on transparency, accountability, civic engagement, innovation, citizen orientation, and sustainability. To date, 44 programs and initiatives have been awarded the Transforming Government seal. Four programs were awarded in 2015.</p>	Transforming Government Initiatives will continue in 2016.
06-003	In 2011, Council launched the "Cut Red Tape" initiative in order to find more effective and efficient ways to deliver services to the citizens of Calgary. The initiative has collected ideas from employees, citizens, and businesses that use City services. Many of those ideas have been implemented to save The City and citizens money and time. To date, this project and collaboration with City Administration has saved over \$14,000,000 for our citizens and The City.	After conclusion of the Cut Red Tape (CRT) program in June 2015, responsibility for integrating the CRT principles into The City has been transitioned to the Deputy City Manager's Office (DCMO). With an increased corporate focus on innovation, analytics and collaboration, the cross-corporate reach of the DCMO will integrate the CRT philosophy within the new AnalyticsCalgary group.
06-004	Council has approved a program of service reviews (Zero-Based Reviews (ZBRs)) through to the end of 2018, to thoroughly and rigorously examine City services on an ongoing basis. As of February 2016, ZBRs have been completed for five Business Units and four more are underway. A total of 17 business units, representing more than 75% of The City's gross operating expenditures, will have been reviewed by the end of the 2015-2018 business cycle.	Zero-Based Reviews have been completed in Fleet, Parks, Roads, Water Services and Fire. Reviews are currently underway in Transit, Water Resources, Inspections & Permit Services and Recreation. Additional reviews will be initiated over the balance of this business cycle.
06-005	The City has a 10-year Long-Range Financial Plan, including projections of operating and capital revenues and expenditures, and financial goals and strategies that will move the organization towards financial sustainability in the long-term. The Long-Range Financial Plan is integrated into Build Calgary.	The Long-Range Financial Plan will be maintained and revised periodically as needed as part of Build Calgary.

Principle 7: Identifies and Analyzes Risk		Management's Assessment of Internal Control Principle	
The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Includes Entity, Subsidiary, Division, Operating Unit, and Functional Levels—The organization identifies and assesses risks at the entity, subsidiary, division, operating unit, and functional levels relevant to the achievement of objectives. Analyzes Internal and External Factors—Risk identification considers both internal and external factors and their impact on the achievement of objectives. Involves Appropriate Levels of Management—The organization puts into place effective risk assessment mechanisms that involve appropriate levels of management. Estimates Significance of Risks Identified—Identified risks are analyzed through a process that includes estimating the potential significance of the risk. Determines How to Respond to Risks—Risk assessment includes considering how the risk should be managed and whether to accept, avoid, reduce, or share the risk. 			
Controls Applicable to Principle 7			
Identification No.	Internal Control Description	Further Actions Planned	
07-001	<p>The City Manager is responsible for overseeing activities within Administration related to Council's Integrated Risk Management (IRM) policy. This ensures that there is a systematic approach to risk identification and mitigation across the organization.</p> <p>As part of the policy, all presentations to Council or Committees must include disclosure of significant risks, with alternatives and the recommended course of action presented, if applicable.</p> <p>The City Manager presents an Annual Principal Corporate Risk Report to the Audit Committee. The IRM model and framework have been assessed using current CSA/ISO Standards and continue to reflect best practice.</p> <p>Information Technology (IT) presents an annual Information Technology Risk Management Report to the Audit Committee. Risk management and controls for the use of information technology are the responsibility of all levels in the organization. Jointly, IT, Corporate Security and departments manage security risks through setting and monitoring corporate policies and procedures.</p> <p>The City Solicitor provides an Annual Law Department Report to the Audit Committee and Council.</p>	<p>The City Manager, with the support of Corporate Initiatives, will continue to present the Annual Principal Corporate Risk Report to the Audit Committee.</p> <p>Many of the recommendations of the 2014 IRM Audit have been completed. The remaining recommendations will be completed by July 2016.</p> <p>Information Technology will continue to present the annual Information Technology Risk Management Report to the Audit Committee, scheduled for May 2016.</p> <p>The City Solicitor's Annual Law Department Report is scheduled for the April 2016 Audit Committee meeting.</p>	
07-002	<p>An LFME IRM module is available to all employees to take to enhance their knowledge and understanding of The City's approach to effective risk management.</p> <p>IRM offers "Delivered to your Doorstep" seminars to help business units with the identification of risk as well as one-on-one meetings with business units who require additional assistance.</p>	<p>Employees will continue to enhance their knowledge and skills in risk management.</p> <p>IRM will continue to offer services to business units to assist them in identifying and updating their risks on an annual basis.</p>	
07-003	<p>In 2013, all IRM Guides, Templates, and Tools were rewritten and updated. All updated material is available on the IRM website.</p>	<p>In 2016, IRM information will be updated. A new departmental risk register template has been developed and distributed to better support the identification, assessment, and management of risks.</p>	
07-004	<p>Risk management was embedded into the 2015-2018 Action Plan and risks to the business plans are monitored on a regular basis.</p> <p>The Administrative Leadership Team (ALT) requires that an updated risk register be maintained at each department level which will be reviewed annually, at a minimum. Each department has developed a risk profile identifying their objectives and the risks to achieving those objectives.</p> <p>Updated Departmental Risk Registers were submitted for review and consolidation by IRM. Selected risk information was reviewed by ALT and formed the primary information basis for populating the Corporate Risk Register and the City Manager's Annual Principal Corporate Risk Report to Council.</p>	<p>ALT has committed to twice-yearly discussions on risk by department management teams and by ALT.</p>	

07-005	<p>The City maintains financial reserves to protect The City's operations from year to year fluctuations and accommodate unique funding needs as they arise. Reserve balances are accurately recorded in accordance with Canadian Public Sector Accounting Standards on The City's financial statements.</p> <p>Reserves are reviewed on a triennial basis. For each reviewed reserve, the main purpose of the review is to ensure that:</p> <ul style="list-style-type: none">• Reserve activity meets all authorizing document requirements;• Reserve activity is in accordance with Administration's reserve policies and procedures;• The reserve's purpose, conditions and/or restrictions are still relevant; and• The reserve is still required in its current form. <p>The 2015 Triennial Reserves Review Report was presented to the Priorities and Finance Committee in December 2015.</p>	<p>The City will continue to review every open reserve at least once every three years.</p>
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Principle 8: Assesses Fraud Risk		Management's Assessment of Internal Control Principle	
The organization considers the potential for fraud in assessing risks to the achievement of objectives.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Considers Various Types of Fraud—The assessment of fraud considers fraudulent reporting, possible loss of assets, and corruption resulting from the various ways that fraud and misconduct can occur. Assesses Incentive and Pressures—The assessment of fraud risk considers incentives and pressures. Assesses Opportunities—The assessment of fraud risk considers opportunities for unauthorized acquisition, use, or disposal of assets, altering of the entity's reporting records, or committing other inappropriate acts. Assesses Attitudes and Rationalizations—The assessment of fraud risk considers how management and other personnel might engage in or justify inappropriate actions. 			
Controls Applicable to Principle 8			
Identification No.	Internal control description	Further Actions Planned	
08-001	The City's Integrated Risk Management (IRM) system contains several risk categories. Under IRM, fraud risk is included as part of the financial risks to funds and budgets and, as such, is included in IRM evaluations.		
08-002	The City Auditor's Office issues an annual Whistle-blower Report that includes disclosure on substantiated allegations of waste and wrongdoing and corrective action taken.		
08-003	As part of the year-end audit process, the external auditor makes inquiries of management regarding fraud risk utilizing formalized documentation and set inquiries. According to the latest assessment, the risk of material misstatement due to fraud is considered low.		
08-004	Supply Management personnel have created a Procurement Red Flag indicator process designed to recognize procurement contracts and activities of potential concern and cause them to be escalated for further investigation, lowering the risk that fraud or other forms of impropriety will take place within the procurement process.	Review of the Red Flag process is scheduled for Q1 2016.	
08-005	<p>The City of Calgary has a strong Corporate Credit Card control process, which combines clear accountabilities and authorization protocols, system-side restrictions and a robust risk-based audit process to ensure that the risk of fraudulent use of the Corporate Credit Card is minimized.</p> <p>New "chip" cards were introduced in late 2015. This new card provides encrypted information storage and enhanced security by requiring a PIN for all card transactions.</p>		
08-006	<p>Corporate Security has identified Categories of Fraud and, to the extent it is resourced to do so, performs some proactive fraud queries. Data is normalized and analysed for instances and indicators of fraud before being referred for investigation.</p> <p>Reports of fraud are made directly through to Corporate Security for investigation or may be referred to Corporate Security by the Whistle-blower Office. An information management system tracks the number of instances, losses and recoveries.</p> <p>Comprehensive vendor and employee due diligence investigations are carried out by Corporate Security when directed by business units, Human Resources, OLSH, Finance, and Supply.</p> <p>Corporate Security conducts, in cooperation with Finance and Supply, cash handling and inventory procedures. This includes independent sign-offs for increases in petty cash allowances.</p>		

Principle 9: Identifies and Analyzes Significant Change		Management's Assessment of Internal Control Principle	
The organization identifies and assesses changes that could significantly impact the system of internal control.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Assesses Changes in the External Environment—The risk identification process considers changes to the regulatory, economic, and physical environment in which the entity operates. Assesses Changes in the Business Model—The organization considers the potential impacts of new business lines, dramatically altered compositions of existing business lines, acquired or divested business operations on the system of internal control, rapid growth, changing reliance on foreign geographies, and new technologies. Assesses Changes in Leadership—The organization considers changes in management and respective attitudes and philosophies on the system of internal control. 			
Controls Applicable to Principle 9			
Identification No.	Internal Control Description	Further Actions Planned	
09-001	As part of the four-year business plan and budget cycle, the City has an annual Adjustments Process intended to respond to shifts in the internal and external environment requiring changes to multi-year business plans, budgets, and performance measures.	In November 2016, proposed mid-cycle adjustments to the 2017-2018 Business Plans and Budgets will be presented to Council for consideration.	
09-002	Financial Reporting stays abreast of future accounting standard changes and determines any process and accounting changes required to ensure The City will be compliant.		
09-003	<p>The City of Calgary administration uses its on-staff expertise to remain current with important sociological, regulatory and economic developments. As a part of the Chief Financial Officer's Department, Corporate Economics, led by the City Economist, provides services in the area of economic forecasting and assists in the interpretation of socio-economic information for its relevance to City operations.</p> <p>Corporate Economics produces two annual forecast reports covering factors that are likely to affect the Calgary economy and The City. Corporate Economics also creates reports providing analyses of current economic events. In light of the recent economic downturn, Corporate Economics is producing bi-weekly "Our Evolving Economy" analysis.</p>		
09-004	The Corporate Tax & Regulatory Affairs (CTRA) division represents the interests of The City before regulatory agencies such as the Alberta Utilities Commission and Canadian Radio-television and Telecommunications Commission (CRTC). CTRA works with the Law Department on regulatory issues involving or before the CRTC and with external counsel on regulatory issues at the Alberta Utility Commission.		
09-005	The Law Department is responsible for providing legal, claims and risk management, corporate security and issues management services to the Mayor and Council, City Manager and General Managers and business units throughout the corporation. In addition, the City Solicitor is frequently consulted by the City Manager on matters of corporate strategy. Regardless of their area of expertise, all members of the Law Department are engaged in advising on the identification, management, mitigation, monitoring or transferring of risk in the interest of the corporation of The City of Calgary. The Department seeks early involvement in client initiatives in order to be able to assist in the on time, on budget achievement of clients' objectives while ensuring that risk for the corporation is identified and appropriately managed.		
09-006	Departments within The City utilize tools like the annual Civic Census to keep a close watch on demographic developments within Calgary and determine where additional services are needed.		

CONTROL ACTIVITIES

Principle 10: Selects and Develops Control Activities

The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Management's Assessment of Internal Control Principle

Present and Functioning?

YES

Points of Focus

- **Integrates with Risk Assessment**—Control activities help ensure that risk responses that address and mitigate risks are carried out.
- **Considers Entity-Specific Factors**—Management considers how the environment, complexity, nature, and scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.
- **Determines Relevant Business Processes**—Management determines which relevant business processes require control activities.
- **Evaluates a Mix of Control Activity Types**—Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.
- **Considers at What Level Activities Are Applied**—Management considers control activities at various levels in the entity.
- **Addresses Segregation of Duties**—Management segregates incompatible duties, and where such segregation is not practical management selects and develops alternative control activities.

Controls Applicable to Principle 10

Identification No.	Internal Control Description	Further Actions Planned
10-001	The culture regarding controls at The City has evolved over time. The basic control activities (such as authorization procedures and segregation of duties) are well established and have been continually updated and improved as business processes have changed or issues have come to light.	<p>Management will continue to ensure that controls, policies and procedures are in place and are functioning effectively. The policies and controls will also be re-evaluated and documented as business processes change.</p> <p>The Leadership Strategic Plan will continue to engage and focus administrative leadership to support the strategic priority of a well-run city and strengthening the Corporation's financial position.</p> <p>The City continues to implement recommendations related to internal controls from the external auditors' annual Management Letter and from the City Auditor's Office audits.</p>
10-002	<p>Finance oversees the control activities that maintain the reliability and integrity of the financial reporting process.</p> <p>As part of the process to create financial statements, both internally for the twice-yearly periodics process and with more detail as part of the internal and external year-end process, Corporate Financial Reporting provides each business unit with a checklist of minimum procedural standards, including continuity schedules and special analysis for large balances, sensitive items and variances. These checklists and their supporting documentation are reviewed within the business unit and within Corporate Financial Reporting. Any needed follow-up is performed.</p> <p>Fund reconciliations, including an all funds statement reconciliation, are prepared by the business unit and reviewed by Corporate Financial Reporting.</p>	
10-003	As part of The City's Integrated Risk Management framework, management identifies risks and puts into place control activities needed to carry out risk responses.	

10-004	<p>The PeopleSoft Finance and Supply Chain Management Module (FSCM) 9.1 upgrade went live in 2013, providing new system functionality to enhance internal control, including: Journal Approvals, Procurement Work Flow Approvals, eBill Payment Module, General Ledger Allocations functionality, and Accounts Payable Voucher Spreadsheet Upload functionality.</p>	<p>During 2015, a number of enhancements to the Accounts Payable (AP) application within FSCM were initiated. The AP Workflow Project will enable automation of manual processes, consolidate/centralize invoice processing and data access, and automate reviews and approvals. The project will be completed by Q3 2016.</p> <p>The Project Costing System module is expected to be implemented in 2017 to provide a corporate tool to track, monitor and report Tangible Capital Asset (TCA) related project costs in a consistent manner addressing TCA reporting needs as well as minimizing the manual processes.</p> <p>The PeopleSoft ERP software will be upgraded in 2016-2017. It is anticipated that this will create an opportunity for enhancements to the current implementation, such as new applications, additional functionality or improved integration and workflow.</p>
10-005	<p>The City's third-party custodian and Treasury Management system supports strong controls and enhanced analytical and reporting capabilities. Administrators in these systems are able to segregate duties to users and to set limits and authorization levels. In addition, Treasury uses dual authorizations and security tokenization.</p>	<p>The 2015 Annual Investment Report will be presented to the Audit Committee in April 2016.</p>
10-006	<p>The City has completed Tangible Capital Asset (TCA) calculations in accordance with new PSAB standards (PS3150), effective fiscal year 2009. These PSAB changes represent one of the most significant modifications to municipal accounting standards in the last 100 years. Business unit management is responsible for signing-off on the recording of TCA. Where appropriate, additional controls have been put in place, including manual reliability tests of the data and reasonability tests of the value of the TCA (which are performed by the audit team and by operations staff).</p> <p>In 2015, as a result of continued usage and refinement of capital asset accounting and management systems, certain asset balances were identified that required correction. The effect of correcting these misstatements was to reduce the net book value of TCA at December 31, 2014 by \$16.0 million. Also, during the fiscal 2014 year, approximately \$4.4 million was re-classed from TCA to land inventory. These restated amounts relate solely to the accounting of TCA and land inventory and had no effect on The City's cash balances, property tax revenues or any other balances influencing The City's operating budget, capital budget, grants received, property tax assessments or any other related balances.</p> <p>During 2014, a TCA project team was formed to simplify, comply and ensure consistency in TCA reporting.</p>	<p>Administration is committed to continuous improvement in TCA.</p> <p>During 2015, the TCA project team has simplified the process of reporting Machinery & Equipment and worked on the requirements of simplifying the process of reporting on Buildings. The TCA project team has made good progress and will continue with their workplan during 2016 to ensure timely recognition of TCAs on a go-forward basis and develop corporate procedures to simplify and consistently recognize TCAs.</p> <p>In addition, during 2015, the Project Costing System module implementation was approved and expected to be implemented in 2017 to provide a corporate tool to track, monitor and report Tangible Capital Asset (TCA) related project costs in a consistent manner addressing TCA reporting needs as well as minimizing the manual processes.</p>
10-007	<p>As a merchant that accepts credit card payments from the public for the purchase of specified goods and services, The City adheres to the worldwide Payment (credit) Card Industry Data Security Standards (PCI-DSS). These standards are intended to ensure The City is applying industry best practices to ensure that our customers' credit card information obtained during routine transactions remains secure at all times. All City staff who handle credit cards from the public receive training and have acknowledged that they have read and understood the PCI policy. Annual reviews are done with business units to ensure proper procedures are followed.</p> <p>ELearning was successfully rolled out to all business units that process credit cards payments. Over 1000 employees have successfully taken the eLearning for Secure Credit Card handling. An audit is undertaken each year by a third party external PCI auditor retained by The City. The City first achieved its inaugural PCI Compliance in 2011 and every year since. The City again passed its 2015 audit and received compliance certification in December 2015.</p>	<p>Secure Credit Card handling eLearning will continue to be made available to all employees in 2016.</p> <p>PCI compliance internal audits will be undertaken with business units that handle credit card processing and information.</p> <p>The City again passed its 2015 audit in December 2015. Continued updating of hardware, software and business and technical documentation will maintain compliance. The City's 2016 external PCI external audit is scheduled for completion by December 2016.</p>

10-008	<p>The Corporate Credit Card has strong controls and is an efficient and effective method of making low dollar purchases. All cardholders take mandatory training to ensure that they understand their responsibilities as well as the applicable policies and procedures. The Corporate Credit Card Administration Policy and Supporting Procedures were updated in 2013. In addition, corporate credit card online training was developed and rolled-out in early 2014.</p> <p>New "chip" cards were introduced in late 2015. This new card provides encrypted information storage and enhanced security by requiring a PIN for all card transactions.</p>	<p>The Corporate Credit Card Policy, Supporting Procedures, processes and training will continue to be updated as required.</p>
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Principle 11: Selects and Develops General Controls over Technology		Management's Assessment of Internal Control Principle	
The organization selects and develops general control activities over technology to support the achievement of objectives.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Determines Dependency between the Use of Technology in Business Processes and Technology General Controls—Management understands and determines the dependency and linkage between business processes, automated control activities, and technology general controls. Establishes Relevant Technology Infrastructure Control Activities—Management selects and develops control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of technology processing. Establishes Relevant Security Management Process Control Activities—Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats. Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities—Management selects and develops control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve management's objectives. 			
Controls Applicable to Principle 11			
Identification No.	Internal Control Description	Further Actions Planned	
11-001	<p>IT understands and has documented the linkages between business processes, automated control activities and technology general controls. This includes IT's business governance and technology investment model, operational performance, security controls, virtualization practices, and asset management functions.</p> <p>The City's current technology governance principles state that a technology project with a Total Cost of Ownership over \$500K is required to complete a business process review.</p>	<p>With the fast pace of technology change, IT is continuously reviewing and revisiting process, practices and policies within the business and technology environment.</p> <p>IT and Corporate Security continue to complete work related to outstanding audit recommendations.</p>	
11-002	<p>IT has documented policies, procedures and practices for monitoring system availability, data and file back-up and recovery, crisis management and disaster recovery plans, and infrastructure architecture.</p> <p>The Information Technology Infrastructure Library (ITIL) framework, also known as Information Technology Service Management (ITSM), has been used to identify, document and implement technology service management with assigned process managers and process owners. An example of a managed service is change control.</p>	<p>Over the next four years, IT will define and mature its enterprise portfolio and enterprise platform architectures.</p> <p>Business plans articulate IT will be maturing its practices, process, infrastructure and policies to ensure long-term growth, availability management and sustainment of City technology infrastructure to meet current and future technology needs; supporting business continuity and business resiliency for the Corporation; supporting the forecasted exponential growth in connectivity requirements across the city; and ensuring cost avoidance and IT sustainability.</p>	

11-003	<p>Corporate Security has introduced an interim Information Security Policy.</p> <p>The Acceptable Use of City Technology Resources policy outlines an employee's responsibility for using City technology resources.</p> <p>Access rights for new hires and deprovisioning of existing employees is managed by Identity Management practices and policies. Access rights are managed by Active Directory, which works in concert with the PeopleSoft Human Capital Management system for internal access rights, such as with DeptID Owners.</p> <p>A corporate Cyber Security Threat Risk Assessment is conducted annually. Further threat risk assessments are conducted for critical applications and segmented networks. Regular vulnerability scans are completed across the IT Enterprise, with an established process to patch identified vulnerabilities.</p> <p>Security Architecture is built into new application and information technology projects. Network and firewall compliance tools and testing are completed across the IT Enterprise with an established process to remediate identified non-compliance. These are measured against industry and best practise standards.</p> <p>The City of Calgary's Cardholder Database Environment (CDE) for credit cards is Payment Card Industry compliant with all associated information security components.</p>	<p>Internal Information Security Standards, specific to The City, are under development.</p> <p>The Acceptable Use of City Technology Resources Policy is currently being updated and will be presented to ALT in Q2 2016.</p> <p>Future plans are to implement Role-Based Access Control (RBAC) and migrate the Identity Management protocols, processes and policies for infrastructure and application environments to RBAC.</p> <p>A fully functioning Security Incident and Event Monitoring and analytics solution is currently being implemented across the IT Enterprise.</p> <p>A comprehensive Cyber Response suite and procedures is currently being implemented.</p> <p><i>Questions regarding information technology security matters require an in camera discussion.</i></p>
11-004	<p>Acquisition of business systems follows The City's approved governance for technology investment processes and practices. Intake for new acquisitions come from: business cases initiated for business units by IT Account Managers; IT Service Desk requests (Remedy); IT Vendor Management; and Supply (when staff direct purchase a system or infrastructure item).</p> <p>When selecting technology solutions, hardware or software, IT leverages research and analysis work undertaken by in-house subject-matter-experts' industry knowledge; vendor product roadmaps; industry partners; architectural and technical roadmaps; and, technology research firms.</p> <p>IT adheres to the Corporate Project Management Framework when executing projects. Additionally, development and implementation of new technology software or hardware follows IT's Software Solutions Methodology. The appropriate stream of the methodology is used based on the solution selected, e.g., in-house developed software solution, package solution including Custom Off The Shelf (COTS), cloud, etc.</p> <p>Maintenance & Sustainment of systems is prioritized with the business and managed by IT's Application Portfolio Management (APM) practices.</p> <p>IT has an asset management program for software and hardware. Hardware lifecycle is managed within a reserve fund program specifically designed for hardware lifecycle management and replacement. Enterprise licensing for software is managed within a capital funding program.</p>	<p>IT is continually managing assets (hardware or software) on behalf of the corporation.</p> <p>IT continues to look for efficiencies including savings with vendors through aggressive contract negotiations and a shift towards subscription-based software licensing agreements when deemed appropriate.</p> <p>To maximize technology investments, IT will also provide contracted services, such as data centre co-location, to related public and quasi-public agencies.</p>

Principle 12: Deploys through Policies and Procedures		Management's Assessment of Internal Control Principle	
The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> • Establishes Policies and Procedures to Support Deployment of Management's Directives—Management establishes control activities that are built into business processes and employees' day-to-day activities through policies establishing what is expected and relevant procedures specifying actions. • Establishes Responsibility and Accountability for Executing Policies and Procedures—Management establishes responsibility and accountability for control activities with management (or other designated personnel) of the business unit or function in which the relevant risks reside. • Performs in a Timely Manner—Responsible personnel perform control activities in a timely manner as defined by the policies and procedures. • Takes Corrective Action—Responsible personnel investigate and act on matters identified as a result of executing control activities. • Performs Using Competent Personnel—Competent personnel with sufficient authority perform control activities with diligence and continuing focus. • Reassesses Policies and Procedures—Management periodically reviews control activities to determine their continued relevance, and refreshes them when necessary. 			
Controls Applicable to Principle 12			
Identification No.	Internal Control Description	Further Actions Planned	
12-001	<p>The City's administration policies are one method of embedding controls within business processes and communicating them to employees. The City currently has 90 administration policies, many of which are supported by formalized procedures.</p> <p>Policies continue to be updated and created to support the control environment and guide staff actions. Administrative policies are centralized in the City Manager's Office (CMO) Administration Policy Library, which both stresses the importance of policies to the organization and allows easy access to those policies.</p>	The CMO will continue to coordinate the effort to update all Administration policies across the Corporation.	
12-002	<p>The Supply procurement policies reflect The City's interprovincial trade obligations with respect to NWPTA and the Agreement on Internal Trade (AIT). Supply Management utilizes standard operating procedures and has implemented standard templates for Requests for Proposals.</p> <p>Supply and Law partnered in 2015 in the creation of a new suite of procurement documents for goods and services and construction.</p>	Supply is engaged in the process of reviewing and amalgamating its suite of procurement policies as part of a three-year policy review process.	

INFORMATION AND COMMUNICATION

Principle 13: Uses Relevant Information

The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Management's Assessment of Internal Control Principle

Present and Functioning?

YES

Points of Focus

- **Identifies Information Requirements**—A process is in place to identify the information required and expected to support the functioning of the other components of internal control and the achievement of the entity's objectives.
- **Captures Internal and External Sources of Data**—Information systems capture internal and external sources of data.
- **Processes Relevant Data into Information**—Information systems process and transform relevant data into information.
- **Maintains Quality throughout Processing**—Information systems produce information that is timely, current, accurate, complete, accessible, protected, and verifiable and retained. Information is reviewed to assess its relevance in supporting the internal control components.
- **Considers Costs and Benefits**—The nature, quantity, and precision of information communicated are commensurate with and support the achievement of objectives.

Controls Applicable to Principle 13

Identification No.	Internal Control Description	Further Actions Planned
13-001	The City has a structured and regular method of reporting financial information that provides Council and Management with the appropriate level of information on a timely basis. This information is linked to the objectives and therefore is used to assess organizational performance.	Administration will ensure that Management and Council continue to receive the necessary reports and information to make decisions.
13-002	The City utilizes the PeopleSoft Enterprise Resource Planning software suite, a powerful system that centralizes financial management, supply chain management, and human capital management at The City. PeopleSoft maintains information quality through strong built-in controls.	The PeopleSoft ERP software will be upgraded in 2016-2017. It is anticipated that this will create an opportunity for enhancements to the current implementation, such as new applications, additional functionality or improved integration and workflow.
13-003	The City maintains 14 information and records management policies, which serve to protect the quality of information produced and utilized by The City. The City's Information Security Classification & Control Policy helps keep information protected and prevents unauthorized or premature release of information.	As part of its ongoing workplan, and as approved by ALT in 2014, the Corporate Records section will work to update all records management policies to ensure they remain current and effective. Consideration will be given to updating the governing Bylaw as well. Information Technology and Corporate Security are working together along with Infrastructure & Information Services and the FOIP Office to combine five policies into one Information Management and Security Policy. This policy will cover topics such as information security, governance, intellectual property, access, and electronic communication.
13-004	The Information Governance Policy (IM-IT-003), alongside the Council Transparency and Accountability Policy (CC039), establishes City information as a key, corporately-owned asset, to be governed and managed accordingly throughout its lifecycle in a manner that enables open, accountable, and participatory government. The policy provides clear governance, authorizing an accountability environment for information in The City's custody or control. It ensures that information is routinely made available across the corporation to enhance comparability and accountability, and to facilitate cross-organizational reporting and business planning. Finally, the policy improves access to information, enabling open, and accountable government and a better informed community. An Information Management and Security Governance Committee has assumed oversight responsibilities for all programs concerned with governance of corporately-owned information assets, including information management, intellectual property management and external data access management. Information Security is a fundamental element of proper information management.	Because the volume of information at The City is growing exponentially, many challenges are being experienced, especially with record discovery, storage and retention. Over the 2015-2018 business cycle, The Corporation is expanding its enterprise document and electronic records management system to deal with these issues as well as help reduce legal, financial and reputation risk, while maximizing the value of The City's information assets. This work is being undertaken in a partnership initiative between City Clerks and IT.

13-005	<p>The City's Records Management bylaw 53M99 and related policies mandate that the objective of the Records Management Program is to ensure The City is able to provide, protect and preserve its records in order to meet operational, legal, fiscal and archival requirements. All records, regardless of media, created or received by The City are City property and must be classified, indexed, distributed and used, maintained, stored and disposed of in accordance with the Program.</p>	<p>As part of its ongoing workplan, and as approved by ALT in 2014, the Corporate Records section will work to update all records management policies to ensure they remain current and effective. Consideration will be given to updating the governing Bylaw as well.</p> <p>Information Technology and Corporate Records are working together on projects to advance the management of electronic records in compliance with Bylaw 53M99.</p>
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Principle 14: Communicates Internally		Management's Assessment of Internal Control Principle	
The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Communicates Internal Control Information—A process is in place to communicate required information to enable all personnel to understand and carry out their internal control responsibilities. Communicates with the Board of Directors—Communication exists between management and the board of directors so that both have information needed to fulfill their roles with respect to the entity's objectives Provides Separate Communication Lines—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective. Selects Relevant Method of Communication—The method of communication considers the timing, audience, and nature of the information. 			
Controls Applicable to Principle 14			
Identification No.	Internal Control Description	Further Actions Planned	
14-001	<p>The City's intranet is used effectively to communicate control information. The "myCity" website provides an easily accessible location for City staff to review corporate policies.</p> <p>Business units have also updated their profiles and have frequently asked questions addressed on their web pages. Weekly electronic newsletters, such as Take Five, provide timely reminders on key issues.</p>		
14-002	The City Manager's Office Administration Policy Library on the myCity intranet site is a central repository for all current City administration policies. This allows City staff to access this information in a convenient format from anywhere in The City that computer access is available, as well as through the Citrix system. The general public can access the Administration Policy Library through www.calgary.ca.	The CMO will continue to coordinate the effort to ensure all policies are updated and accessible to all employees across the Corporation.	
14-003	<p>The City of Calgary's Code of Conduct Policy and the Respectful Workplace Policy consist of a series of guidelines and responsibilities that outline appropriate and inappropriate behaviours and actions for employees to exercise in their normal course of duties and in situations where disagreement or conflict has occurred. They also include the appropriate course of action to take for communicating and reporting any actual or suspected violation of these policies.</p> <p>On 2014 June 24 ALT adopted a Workplace Violence Policy. This policy requires a proactive approach to the prevention of violence in the workplace and outlines expectations in regard to reporting and responding to violent incidents should they occur.</p>	<p>Human Resources will work with policy owners, Customer Service & Communications and others to provide further education and information to employees to refresh their knowledge of the entire Code of Conduct.</p> <p>In 2015, the Chief Human Resources Officer established a project team to conduct a review of the Code of Conduct. The project team is examining a number of options for increasing employee awareness and understanding of the Code of Conduct, including employee and leadership training, and an on-going, sustainable communication plan. Human Resources began work in 2015 with Customer Service & Communications to run a corporate-wide Code of Conduct awareness campaign in Q1 2016.</p>	
14-004	<p>Council implemented the Whistle-blower Policy in 2007 and the corresponding program, where employees and the public can report waste and/or wrongdoing confidentially and can choose to report anonymously if desired.</p> <p>Information on the program can be found on The City's website.</p>	The City Auditor's Office plans to update website information on the Whistle-blower Program in the fall of 2016, as per commitments in response to the recent Ethics Program Assessment (AC2015-0560).	
14-005	<p>Learning for Municipal Excellence (LFME) is an initiative to educate leaders and employees about their responsibilities and how these are to be discharged in various areas. Currently there are four programs: Manager Leadership Development Program, Supervisory Leadership Development Program, City Specific Development Series and Individual Contributor Development Series.</p> <p>These programs deliver learning opportunities for all groups of employees to develop the skills required for municipal excellence.</p>	<p>In coordination with employee development plans, employees and leaders will continue to be encouraged to take the applicable LFME program and modules.</p> <p>Human Resources will continue to partner with business units to ensure that the program meets business needs.</p> <p>As part of the Leadership Strategic Plan, Human Resources is supporting a leadership learning and development program for the Senior Management Team.</p>	

14-006	The City of Calgary Orientation (COCO) program was launched in November 2009 for new employees. COCO is available online or in a classroom setting and is presented in six themes: Who We Are; What We Do; How We Work; What We Give; What you Give; and Finding Your Way. The modules offer a comprehensive view of The City to new employees including the key elements that govern our actions including the Code of Conduct.	COCO continues to be updated and provided to staff new to The City at regular intervals.
14-007	A series of internal control awareness sessions (internal controls, financial reporting, tangible capital assets, etc.) have been developed for Finance staff and are available on myCity. Internal control awareness sessions are continually updated and provided to staff.	

Principle 15: Communicates Externally		Management's Assessment of Internal Control Principle	
The organization communicates with external parties regarding matters affecting the functioning of internal control.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Communicates to External Parties—Processes are in place to communicate relevant and timely information to external parties including shareholders, partners, owners, regulators, customers, and financial analysts and other external parties. Enables Inbound Communications—Open communication channels allow input from customers, consumers, suppliers, external auditors, regulators, financial analysts, and others, providing management and the board of directors with relevant information. Communicates with the Board of Directors—Relevant information resulting from assessments conducted by external parties is communicated to the board of directors. Provides Separate Communication Lines—Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective. Selects Relevant Method of Communication—The method of communication considers the timing, audience, and nature of the communication and legal, regulatory, and fiduciary requirements and expectations. 			
Controls Applicable to Principle 15			
Identification No.	Internal Control Description	Further Actions Planned	
15-001	During the 2015-2018 Action Plan process, the citizens of Calgary were invited to participate in discussions to identify their priorities for the City. Over 25,000 people participated in this process.	A smaller-scale citizen "check in" for the mid-cycle adjustments to Action Plan is being undertaken in February 2016.	
15-002	Refer to 14-004 in regards to the Whistle-blower Program's functionality for members of the public, contractors and other external parties.		
15-003	<p>As a democratically governed organization, citizens can contact members of City Council. Each Councillor has an individual website, and maintains accessibility to the public through community liaisons. In addition, individual Councillors' offices regularly keep in touch with their constituents via social media, community-based newsletters and other forms of communications.</p> <p>In 2015, the City-sponsored ward websites underwent updates, led by the City's communication team, to ensure there was consistency among the wards on how information was presented and available. Rollout of the new websites occurred in January 2016.</p>		
15-004	The City's 3-1-1 Call Centre operates as a single point of contact between citizens and The City, allowing for the efficient intake of information to highlight potential service issues. In 2015, citizens used their ability to contact The City anytime, anywhere to make 1,059,288 calls and submit 89,931 electronic service requests.		
15-005	<p>The City's external website, calgary.ca, is a powerful tool for stakeholder communications. As the vast majority of Calgary's general population has Internet access at home, The City's Internet presence allows citizens to quickly and efficiently retrieve data on matters of municipal importance.</p> <p>The City's Internet site also allows The City to effectively communicate relevant and timely information to external stakeholders.</p>		

MONITORING ACTIVITIES

Principle 16: Conducts Ongoing and/or Separate Evaluations

The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Management's Assessment of Internal Control Principle

Present and Functioning?

YES

Points of Focus

- Considers a Mix of Ongoing and Separate Evaluations—Management includes a balance of ongoing and separate evaluations.
- Considers Rate of Change—Management considers the rate of change in business and business processes when selecting and developing ongoing and separate evaluations.
- Establishes Baseline Understanding—The design and current state of an internal control system are used to establish a baseline for ongoing and separate evaluations.
- Uses Knowledgeable Personnel—Evaluators performing ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.
- Integrates with Business Processes—Ongoing evaluations are built into the business processes and adjust to changing conditions.
- Adjusts Scope and Frequency—Management varies the scope and frequency of separate evaluations depending on risk.
- Objectively Evaluates—Separate evaluations are performed periodically to provide objective feedback.

Controls Applicable to Principle 16

Identification No.	Internal Control Description	Further Actions Planned
16-001	Finance oversees the control activities that maintain the reliability and integrity of the financial reporting process.	Finance managers and leaders will continue to oversee the internal controls over financial reporting as well as other internal control and risk management activities.
16-002	The annual Control Environment Assessment Report assists in establishing a baseline understanding of The City's internal control system as a whole as assessed by management, and is updated annually in keeping with the requirements of the Audit Committee.	
16-003	The City benefits from reviews of various financial information at all levels of the Corporation. In addition, monthly reviews by management of comparisons of financial results to budget numbers and the preparation of Executive Information Reports (EIRs) at the business unit level help ensure that The City remains on track with its established financial objectives. Mid-year and year-end accountability reports to Council have been implemented as part of the Multi-year Business Plan and Budget process. Further, reviews of system generated exception reports in many business units also ensure regular monitoring of financial information.	Monthly EIR reviews are ongoing. Mid-year and year-end accountability reports in addition to capital and operating budget revision reports will be prepared for Council approval. Management will continually monitor risks and the effectiveness of the related internal controls and take appropriate action where necessary.
16-004	Supply has established a Performance Quality Management Team that runs monthly and quarterly reports and performs quality reviews of procurement files. An annual schedule of reporting and file reviews was developed in 2014.	Regular reporting and file reviews will continue to be conducted.
16-005	The City Auditor's Office, which is fully independent of Administration and reports directly to the Audit Committee, audits areas of The City's operations as identified in the annual plan approved by the Audit Committee.	Management will continue to receive and respond to reports from the City Auditor's office and to track and implement all appropriate recommendations.
16-006	The annual external audit provides additional feedback on the Corporation's system of internal controls through a Management Letter.	The annual external audit will continue to provide feedback on the effectiveness of The City's internal controls over financial reporting through the Management Letter process.
16-007	The City of Calgary undergoes independent external audits and reviews around certain of its processes and controls. One of the most in-depth of these is the annual Payment Card Industry (PCI) audit of data security practices for credit card payments.	

Principle 17: Evaluates and Communicates Deficiencies		Management's Assessment of Internal Control Principle	
The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.		Present and Functioning?	YES
Points of Focus <ul style="list-style-type: none"> Assesses Results—Management and the board of directors, as appropriate, assess results of ongoing and separate evaluations. Communicates Deficiencies—Deficiencies are communicated to parties responsible for taking corrective action and to senior management and the board of directors, as appropriate. Monitors Corrective Actions—Management tracks whether deficiencies are remediated on a timely basis. 			
Controls Applicable to Principle 17			
Identification No.	Internal Control Description	Further Actions Planned	
17-001	Management is required to provide responses to the internal audit recommendations made by the City Auditor's Office and to provide timely delivery on agreed upon corrective action plans. The City Auditor's Office provides ongoing tracking and follow-up to validate implementation and reports results quarterly to the Audit Committee.	Management will continue to track and address the recommendations of all internal audits.	
17-002	The annual Management Letters provided by The City's external auditors are reviewed by Corporate Financial Reporting, which works in conjunction with City Administration to address and remediate identified issues and to implement any recommendations.	Management will continue to track and address the recommendations of all Management Letter points.	