

**Audit Resource Management Report to
Audit Committee
2024 October 17**

**ISC: UNRESTRICTED
AC2024-1127**

Audit Committee Infrastructure Review Working Group Update

PURPOSE

This report contains an update from the Audit Committee Infrastructure Review Working Group on the progress of the Infrastructure Review approved at the 2024 September 19th Audit Committee Meeting.

PREVIOUS COUNCIL DIRECTION

At the 2024 September 19 Regular Meeting of Audit Committee Recommendation 4 of Report, Audit Forum (Verbal), AC2024-0965 was approved as follows:

- “4. Direct the Infrastructure Review Working Group to report to the 2024 October 17 Regular Meeting of Audit Committee with an update on their progress;”

Pursuant to Audit Committee Bylaw 33M2020, as amended, the mandate of the Audit Committee in Section 4 of the Bylaw includes oversight and stewardship responsibilities by gaining and maintaining reasonable assurance in relation to:

“(1)(a)(iv.1) Administration’s establishment of processes to manage critical City of Calgary assets, including, but not limited to, infrastructure assets, investments, and information assets;”

The authority of Audit Committee contained in Section 5 of the Bylaw also states:

“The Audit Committee is authorized to:

- (b) institute special audits, program reviews and special studies, including the standing authority to retain expertise through external consultants;”

RECOMMENDATIONS:

That Audit Committee:

1. Appoint an additional Public Member, Cheryl McGillivray, to the Audit Committee Infrastructure Review Working Group;
2. Approve the Working Group’s Scope of Work (Confidential Attachment) for an external consultant to perform the Infrastructure Review;
3. Request the Working Group to return to the 2024 November 14 Meeting with a further update;
4. Recommend that Council receive Report AC2024-1127 and confidential Attachment for the Corporate Record; and
5. Recommends that the confidential Attachment remain confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2025 June 30.

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RECOMMENDATION OF THE AUDIT COMMITTEE, 2024 OCTOBER 17:

That Council:

1. Receive Report AC2024-1127 and Confidential Attachment for the Corporate Record; and
2. **Direct** that the Confidential Attachment **and Closed Meeting discussions be held** confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2025 June 30.

HIGHLIGHTS

The recent critical water main break at the Bearspaw South Feeder Main has elevated focus on infrastructure assets. There is concern about future infrastructure failures with the possibility of significant impact on Calgarians. Audit Committee believes there is an opportunity to strengthen the alignment with the City's long-term infrastructure and risk management objectives. Providing citizens with assurance that infrastructure is at low risk of critical failure is a priority.

Currently, three separate reviews have been undertaken with respect to the critical infrastructure failure at the Bearspaw South Feeder Main:

- Council approved an independent third-party review of the Bearspaw South Feeder Main Break to assess and understand what occurred, why it happened, the response to the incident and how The City can learn and improve;
- The Association of Professional Engineers and Geoscientists of Alberta (APEGA) is initiating a practice review on The City's engineering processes and practices to determine whether unskilled practice or unprofessional conduct contributed to the water main failure;
- Water Services have engaged consultants who are working on a detailed forensic report on the Bearspaw South Feeder Main which will include data from the PipeDriver, along with soil and structural analysis of the pipe. They are also receiving a report from their contractor on recommendations to support the development of medium and long-term plans for the pipe.

This report concerns a review approved by the Audit Committee at their 2024 September 19th meeting for an external consultant to review critical infrastructure identification and asset re-investment decision-making components of the Corporate Asset Management Plan (CAMP). Although this review may touch on the Bearspaw South Feeder Main failure, the overall focus is a broader review of infrastructure asset planning and risk mitigation across the organization.

A working group was established to develop the project scope and oversee the external consultant and is comprised of the following members:

- Councillor Evan Spencer
- Councillor Jennifer Wyness
- Public Member Karen Kim
- Public Member Josephine Naicker

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This report recommends Audit Committee add Public Member Cheryl McGillivray to the Working Group to bring the total membership to five.

DISCUSSION

The Working Group developed the scope of work for this project. Once approved by Audit Committee, the Confidential Attachment (Scope of Work for Infrastructure Review) will be used as a framework for the services to be provided by an external consultant. In consultation with Supply Management, the Working Group will proceed with the procurement process to obtain the external consultant through a pre-qualified list of consultants obtained through a Request for Standing Offer (RFSO).

Funds for this Infrastructure Review are available within the Audit Committee budget.

ATTACHMENT

1. CONFIDENTIAL - Scope of Work for Infrastructure Review

Department Circulation

Councillor Evan Spencer	Chair of Audit Committee	Approve
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