

Community Services Report to
Audit Committee
2024 December 12

ISC: UNRESTRICTED
AC2024-1166

Shareholder Alignment Review of Wholly-Owned Subsidiaries Update

PURPOSE

The purpose of this report is to provide an update on the implementation of the key recommendations from the 2021 *Shareholder Alignment Review of Wholly-Owned Subsidiaries Report* (the “2021 Alignment Report”) since the last update to Audit Committee in December 2023 (AC2023-1298).

PREVIOUS COUNCIL DIRECTION

Council directed Administration to provide an update on the implementation of key recommendations in the *Shareholder Alignment Review of Wholly-Owned Subsidiaries Report* (AC2021-1354) through the Audit Committee by Q4 2023. The *Shareholder Alignment Review* was initiated to review the mandate of each wholly-owned subsidiary for alignment with the goals and purpose of The City of Calgary. Audit Committee requested a further update on implementation to Audit Committee in December 2024.

RECOMMENDATIONS:

That the Audit Committee recommends that Council:

1. Receive this report for the Corporate Record, and
2. Direct that Attachments 2 and 3, and closed meeting discussions related to this report be held confidential pursuant to Sections 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act* (Alberta).

Review by: 2026 December 31

RECOMMENDATION OF THE AUDIT COMMITTEE, 2024 DECEMBER 12:

That Council:

1. Receive this report for the Corporate Record; and
2. Direct that Confidential Attachments 2 and 3, and the Closed Meeting discussions related to this report be held confidential pursuant to Sections 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, **to be reviewed by 2026 December 31.**

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

General Manager Katie Black concurs with the contents of this report.

HIGHLIGHTS

- The City engaged Ernst & Young (EY) to develop the *2021 Alignment Report* to enhance the alignment between The City and its seven wholly-owned subsidiaries, making 24 key recommendations.
- To date, The City has implemented 20 of the 24 key recommendations.

Shareholder Alignment Review of Wholly-Owned Subsidiaries Update

- EY thoroughly reviewed The City's wholly-owned subsidiaries' governance and identified improvements based on their expertise.
- Implementing these recommendations delivers a cohesive set of best practice governance and guiding principles that gives The City, as a shareholder, comfort that its subsidiaries are being managed prudently.
- Background and previous Council Direction is included as Attachment 1.

DISCUSSION

The City has established seven wholly-owned subsidiaries to carry out mandates that improve the quality of life for Calgarians by managing and operating programs, services and amenities. The City is committed to best practice governance to create short, medium, and long-term opportunities to improve wholly-owned subsidiaries' alignment and to optimize shareholder value. The purpose of the *2021 Alignment Review* is to ensure the mandates of The City's wholly-owned subsidiaries align with the goals and purpose of The City.

As noted in the previous update to Audit Committee in December 2023 (AC2023-1298), the project had four phases starting in March 2021 that led to the development of 24 key recommendations. In Q3 2023, EY delivered the *Final Deliverable – Phases 3 & 4 Shareholder Alignment Review of Wholly-Owned Subsidiaries Report* (2023 Alignment Report) to The City. To date, 20 of the 24 key recommendations are completed, with the remaining four in progress. Attachment 2 summarizes the current status of key recommendations.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input checked="" type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

All seven wholly-owned subsidiaries were provided with a copy of the *2021 Alignment Report* and received a presentation on their specific recommendations. These wholly-owned subsidiaries were consulted during the implementation of their respective recommendations.

IMPLICATIONS

Social

The City's wholly-owned subsidiaries steward valuable amenities and provide economic, cultural, and other opportunities for Calgarians. They foster healthy physical and social environments, enrich the social fabric of Calgary and support a high quality of life. Improving oversight and governance of wholly-owned subsidiaries enhance The City's ability to meet the needs of Calgarians.

Environmental

All wholly-owned subsidiaries have policies and procedures in place to manage any environmental requirements related to their operations. Where wholly-owned subsidiaries face risks related to environmental requirements, enhanced risk management strategies are among the implemented recommendations.

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Economic

The City's wholly-owned subsidiaries contribute to key strategies related to economic development including implementation of *Uplook: An action plan for Calgary's economy*. Enhancing wholly-owned subsidiaries' governance supports The City's ability to collaboratively advance economic development.

Service and Financial Implications

No anticipated financial impact

RISK

The City's wholly-owned subsidiaries are managed according to established processes and practices that have evolved over time and separately for each organization. Best practice governance and planning for sustainment will provide the necessary foundation to manage The City's risk associated with its wholly-owned subsidiaries.

ATTACHMENTS

1. Previous Council Direction, Background
2. Summary of Key Recommendations (Confidential)
3. Presentation (Confidential)

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Katie Black	Community Services	Approve
Jill Floen	Law Legislative Services & Security	Approve
Les Tochor	Corporate Planning & Financial Services	Approve

Author: Partnerships, Law and Corporate Finance

City Clerks: J. Booth / C. Doi