

**Audit Resource Management Report to
Audit Committee
2025 May 15**

**ISC: UNRESTRICTED
AC2025-0426**

Audit Committee Infrastructure Review Final Report

PURPOSE

This is the final report from Ernst & Young (EY), the external consultant awarded the contract by Audit Committee to perform an Infrastructure Review on critical infrastructure identification and asset re-investment decision-making components of the Corporate Asset Management Plan (CAMP). The Attachment from the external consultant outlines the findings of the review including their 10 recommendations.

PREVIOUS COUNCIL DIRECTION

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 recommend:

1. This report and attachment be received for information and the corporate record;
2. That Council direct Administration to return through Audit Committee with responses to the external consultant’s recommendations (Attachment); and
3. That Council request the initial update to Audit Committee be provided no later than Q3 2025, with continued monitoring and updates provided by Administration through the Infrastructure and Planning Committee.

HIGHLIGHTS

- After the failure of the Bearspaw South Feedermain in 2024 there was concern about future infrastructure failures having 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 and provide citizens with assurance that a priority is that infrastructure is at low risk of critical failure.
- Ernst & Young performed a review of critical infrastructure identification and asset re-investment decision-making components of the Corporate Asset Management Plan (CAMP).

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- EY began this project in 2025 January working towards two significant reporting milestones; an interim report presented to Audit Committee 2025 March 13 and this final report at the 2025 May 15 meeting.
- Throughout the project a small working group comprised of Cheryl McGillivray, Public Member of Audit Committee, Councillor Evan Spencer, Chair of Audit Committee, Steve Wyton, Manager, Asset Management Planning and Jim Duggan, Leader, Asset Management Systems met with EY bi-weekly to provide oversight.
- EY indicated that The City of Calgary has a well-established Asset Management Program, with varying levels of maturity across the organization, and a reasonable understanding of defined roles and responsibilities, considering the somewhat recent organizational realignment in 2021
- The final report from EY contains notable insights and opportunities for improvement. These findings and ten recommendations are contained in the Attachment. Also included in the Attachment is a Recommendation Prioritization Framework and an Implementation Roadmap.

DISCUSSION

The primary objective of Ernst & Young was to evaluate current methodologies at The City for identifying critical infrastructure and the decision-making process for asset reinvestment. Throughout the project Ernst & Young employed a four-step methodology consisting of (1) initiation and discovery, (2) stakeholder interviews, (3) gap analysis and insights, and (4) findings and recommendations.

At the 2025 March 13 Audit Committee Meeting the external consultant, EY provided an interim report (AC2025-0272), which included tasks completed up to 2025 March 6. The focus of the interim report was on asset management documentation, practices and processes, as well as the identification of critical infrastructure, decision-making processes, and investment prioritization. The report also contained insights and observations from the 20 interviews that took place with key members of administration and Council as well as a review of various relevant policy documents.

This final report from Ernst & Young outlines the key findings of the review and includes tasks completed up to May 6, 2025. There are 10 actionable recommendations proposed and each recommendation contains further details in the Attachment.

- Rec #1 - Alignment of Strategic Priorities within Administration, Council and Community
- Rec #2 - Enhance the AM Policy and Overall Framework
- Rec #3 - Establish a Consistent Criticality Criteria Framework
- Rec #4 - Implement Criticality Analysis for Budget Allocation
- Rec #5 - Improve Integration of Corporate Finance into the Asset Management System
- Rec #6 - Build upon Customer Levels of Service (LoS) Performance Metrics
- Rec #7 - Enhance Integrated Reporting to Optimize Asset Information and Data
- Rec #8 - Increase Investment in Training and Capacity Building
- Rec #9 - Enhance Enterprise Risk Management (ERM)
- Rec #10 - Improve Integration of Climate Change and Sustainability Considerations

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The recommendation in this cover report is that the initial responses by Administration on EY's ten recommendations be provided to Council through the Audit Committee. For future updates and continued monitoring of Administration's progress it is recommended that this be provided to Council through the Infrastructure and Planning Committee within an appropriate time frame.

ATTACHMENTS

1. City of Calgary Infrastructure Review Final Report, May 6, 2025

Councillor Evan Spencer	Chair of Audit Committee	Approve
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Author: C. Smillie, Executive Advisor to Audit Committee