

Green Line Project Governance Audit

EXECUTIVE SUMMARY

The City Auditor's Office issued the Green Line Project Governance Audit Report to Administration on March 15, 2019. The audit focused on the effectiveness of the current governance framework of the Green Line Project (Project), in particular, governance in place to support effective risk and issues management and decision making. As of Q4 2018, key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. The two audit recommendations raised reinforce the urgency to solidify the Project governance framework, specific to accountability, decision making and risk identification, which in turn will support the successful delivery of this significant Project. The City Auditor's Office will track the implementation of these commitments as part of our ongoing follow-up process.

RECOMMENDATIONS

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

RECOMMENDATION OF THE AUDIT COMMITTEE, 2019 MARCH 22:

That Council receive this report for information.

Excerpt from the Minutes of the 2019 March 22 Regular Meeting of the Audit Committee:

"That the City Auditor's Recommendations contained in Report AC2019-0353 be amended by adding a Recommendation 3 as follows:

- "3. That Administration return to Audit Committee by the end of Q3 2019 to provide an update on progress related to the recommendations contained within the 15 March 2019 City Auditor's Office Green Line Project Governance Audit. Update to include but not be limited to a comprehensive risk management plan."

MOTION CARRIED"

PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2019-2020 Audit Plan was approved on September 18, 2018. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

BACKGROUND

The Project is Calgary's next light rail transit line, and the largest infrastructure investment to date. This first stage of construction (estimated cost \$4.65 billion) is expected to be complete by 2026. Given the magnitude of the Project, governance will be a critical element of project execution and success.

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The Green Line Project Charter was completed in February 2017, however by February 2019 key components of Project governance remained incomplete or were not fully functional to effectively support the achievement of Project objectives. Project leaders are working with an external consultant during Q1 and Q2 2019 to design a Project governance framework, which may address currently missing or ineffective components of strong governance.

Based on the responses received to the recommendations, we plan to conduct a follow-up audit on the effectiveness of the implemented governance structure later in 2019 and report back to Council through Audit Committee on the results.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Stakeholder Engagement, Research and Communication

This audit was conducted with the Green Line Business Unit as the principle audit contact within Administration.

Strategic Alignment

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

Social, Environmental, Economic (External)

N/A

Financial Capacity

Current and Future Operating Budget

N/A

Current and Future Capital Budget

N/A

Risk Assessment

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure. This audit was undertaken as part of the approved City Auditor's Office 2019-2020 Audit Plan. The proposed recommendations will reinforce the urgency to solidify the Project governance framework, specific to accountability, decision making and risk identification, which in turn will support the successful delivery of the Green Line Project.

REASON FOR RECOMMENDATIONS

Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual audit report and forwards these to Council for information".

ATTACHMENT

Green Line Project Governance Audit - AC2019-0353 ATT