

The Calgary Parking Authority COSO Internal Control Integrated Framework
(COSO - Committee of Sponsoring Organizations)

Principle Evaluation

Principle Evaluation – Control Environment (CE) Principles 1 through 5

Principle 1: Demonstrates Commitment to Integrity and Ethical Values
–The organization demonstrates a commitment to integrity and ethical values.

- 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 behavior 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.
 - (Other entity specific points of focus, if any)

Controls Applicable to Principle 1

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE1.0	The Code of Conduct is introduced to new employees upon hire, with a requirement for employees to sign an acknowledgement form. The Code of Conduct is being reviewed in 2017 by CPA's Policy Development Advisor to ensure it remains relevant. A new onboarding process to be implemented in 2017 will automate the Code of Conduct review and acknowledgement process.	Y		
CE1.1	The Board of Directors follows the Code of Ethics developed by The City of Calgary (CPA2002-03), in its role as a Committee of Council of The City of Calgary. In addition, Elector Members of the CPA Board follow the Code of Conduct for Citizen Members as developed by The City of Calgary (CC045). There is a CPA Director's expense policy in place as well (CPA2013-08).	Y		
CE1.2	When the new Code of Conduct was implemented in 2014, it was reviewed with all employees at that time. As a result, employees have the knowledge to identify and address ethical and behavioural dilemmas.	Y		

CE1.3	The Code of Conduct policy contains processes and guidance regarding how to deal with deviations from the policy. Non-compliance with the policy may lead to disciplinary action up to and including dismissal.	Y		
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Principle 2: Exercises Oversight Responsibility

—The board of directors demonstrates independence from management and exercises oversight for the development and performance of internal control.

Points of Focus

- **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:
 - *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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 2				
Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE1.4	The Board of Directors and each of the sub-committees have a Charter and Terms of Reference that are comprehensive and outline the oversight responsibilities in a manner consistent with CPA's regulatory environment and expectations.	Y		
CE1.5	The Board of Directors is comprised of City Administration, Councillors and Elector Members with a variety of experience. The CPA Board reviews the skills and expertise required of board members and provides information to City Council. City Council selects and appoints members to the CPA Board.	Y		
CE1.6	The Board of Directors and each of the sub-committees review management assertions and judgements through regular meetings and reports.	Y		
CE1.7	The CPA Audit Committee and The City's Audit Committee provide oversight responsibility for CPA's internal controls. The CPA Control Environment Assessment and CPA Integrated Risk Management Framework are two reports prepared by CPA management for review by the CPA Audit Committee. The Control Environment Assessment and Risk Register, two key components of the CPA Integrated Risk Management Framework, are presented to The City Audit Committee on an annual basis.	Y		

Principle 3: Establishes Structure, Authority, and Responsibility
—Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

- Points of Focus**
- **Considers All Structures of the Entity**—Management and the board of directors consider the multiple structures in place (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:
 - *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
 - (Other entity specific points of focus, if any)

Controls Applicable to Principle 3

Identifi- cation No.	Internal control description	Evaluate internal control:		Summary Comments
		Present & working	Deficient	
CE1.8	There have been 2 City of Calgary directed independent consultant studies on the governance structure of the entity including legal and tax implications - Western Management Consultants in 2011 and Conroy Ross in 2013. Both studies independently evaluated the governance structure of CPA and found it to be appropriate. As a result, Council's decision at that time was to maintain status quo as best practice structure for the governance of CPA. CPA is currently working on an amendment to its governing bylaw to provide greater clarity on CPA’s mandate and the roles and responsibilities of the Committee and the General Manager. Following CPA Board approval in May 2017, the CPA will appear before Priorities and Finance Committee (PFC) and then City Council (assuming prior levels of approval are obtained).	Y		

CE1.9	The General Manager and senior management team ensure the organization structure and responsibilities are clearly defined and controls around segregation of duties are adequately designed. Job specifications have been developed and are up-to-date for all CPA positions as a significant initiative in the late 2016/early 2017 fiscal years.	Y		
CE2.0	The City of Calgary Council Policy SRRC2010-05 addresses City Council, CPA Board & CPA General Manager roles and responsibilities for parking governance. Other Council policies which cover the same topic include "Parking Governance Roles and Responsibilities" (TP014) and "A Parking Policy Framework for Calgary" (TP017).	Y		
CE2.1	Formal service level agreements (SLA's) are in place/in progress for external service providers. This is in accordance with City of Calgary procurement policies.		X	New roles in procurement joined the Finance department in 2016, providing support to CPA toward ensuring agreements are in place and service performance expectations are clearly outlined before engaging external vendors or City Business Units for performance of services. The CPA's relationship to The City with respect to service level agreements and the procurement/supply process is part of the governance review noted in CE 1.8.
CE2.2	Negotiation of robust contract clauses such as right to audit if dependent on the 3rd party's data. Business Development, Legal, Finance and IT provide input at RFP and Sales Contract drafting stages to ensure contract clauses consider all relevant perspectives.	Y		
CE2.3	All existing contracts are evaluated on an annual basis to determine if a contract has been executed properly per contract terms as well as determine if there are any gaps/exposure from a revenue perspective.		X	Each respective Manager must review all existing contracts they are responsible for.
CE2.4	Clarity over legal and substantive status of CPA's relationship to The City as it relates to labour and employment matters– discussions continue between The City (Legal and HR business units) and the CPA General Manager and HR Manager.		X	The CPA believes The City of Calgary's preference is to maintain a separation on all CPA labour and employment matters; as a result, the CPA will operate independently of The City on all such matters.

Principle 4: Demonstrates Commitment to Competence

—The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 4

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE2.5	Policies and practices are in place and documented in each respective department. All such documentation is centralized. A formal process is in practice to periodically review policies or procedures.		X	Formalization of policies and procedures is currently underway. A Policy Advisor was hired toward the direct achievement of this goal at the beginning of 2017. Furthermore, a formal Records Management process is planned to be developed in the 2017 fiscal year to centralize all such documentation.
CE2.6	The 'Master Organization Project Management' tool is in use as a communication and process aide to ensure the appropriate individuals are responsible, accountable, consulted and informed on all outstanding projects. The Leadership Team reviews this Project List together on a monthly basis, ensuring communication and consultation across departments.	Y		
CE2.7	Executed signed contracts/drafts are placed in a central, accessible location maintained by the General Manager's office.	Y		
CE2.8	Cross-training to ensure smooth operating and sustainment of controls during staff or management absence is in place. Developmental opportunities are implemented where feasible to create depth.	Y		
CE2.9	Short-term emergency succession plan is in place. Consideration for a long-term succession plan is under discussion.	Y		

CE3.0	For outsourced service providers critical to CPA, management has put in place alternate source arrangements in the event that such external parties become unavailable (e.g. pay machines, IT infrastructure).	Y		
CE3.1	CPA utilizes a consistent, transparent recruitment and selection process and adheres to a behavioural based interview process.	Y		
CE3.2	Management monitors and formally evaluates employee performance on a periodic basis to determine that performance meets or exceeds CPA's expectations in accomplishment of corporate goals/objectives.	Y		
CE3.3	Contractor performance evaluation is in place, as directed by The City of Calgary Supply Business Unit. Service agreements specify service expectations of vendors and clauses exist to allow CPA the ability to monitor and request correction of vendor deficiencies.		X	New roles in procurement joined the Finance department in 2016, providing support to CPA toward ensuring agreements are in place that follow contractor performance evaluations.

Principle 5: Enforces Accountability
 —The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 5

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CE3.4	CPA Management and Board ensure alignment of CPA corporate objectives with City Council's Priorities. The CPA Board of Directors evaluates the General Manager's performance annually and ties compensation to achievement of corporate goals and objectives. This performance evaluation and compensation approach sets the tone at the top and demonstrates a strong commitment to ethics, integrity and competence in the pursuit of CPA's corporate objectives.	Y		
CE3.5	Annual corporate goals are prepared at a Leadership level (strategic view) which guides the Departmental and Individual Employee objectives (at a more tactical view). Performance evaluation and compensation for exempt employees are tied to achievement of all 3 levels of goals and objectives. Management provides ongoing feedback and guidance to support employees toward their achievement of individual objectives.	Y		

CE3.6	The Operating Business Plan and Budget Cycle is a 4 year cycle. The Capital budget plans in detail for 5 years but considers the high-level strategic plan for 20 years. This is in alignment with The City of Calgary Operating Business Plan and Budget Cycle, as well as Capital Budget Planning Process. There is no excessive pressure to achieve short-term goals at the expense of long-term goals. The CPA's set of Corporate Values in alignment with the Code of Conduct guides the practices taken toward the achievement of these goals.	Y		
CE3.7	The Corporate goals and objectives score card is reviewed by Management ongoing and reported on a monthly basis to the CPA Board.	Y		
CE3.8	Managers meet one-on-one with the General Manager on a bi-weekly basis to review the status of their departmental goals and objectives.	Y		
CE3.9	There is a periodic evaluation and assessment of the skill sets and performance of CPA Board Members by an independent consultant. Assessments are conducted annually for individual Board Members, and every two years for the CPA Board as a whole.	Y		

Principle Evaluation – Risk Assessment (RA) Principles 6 through 9

Principle 6: Specifies Suitable Objectives

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

Points of Focus

Operations Objectives

- **Reflects Management’s Choices**—Operational 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 Operational objectives.
- **Includes Operations and Financial Performance Goals**—The organization reflects the desired level of operations and financial performance for the entity within its Operational objectives.
- **Forms a Basis for Committing of Resources**—Management uses Operational 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 the 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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 6				
Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA1.0	CPA's governance structure is set by City Council through the Calgary Parking Authority Bylaw No. 28M2002. Section 3(1) of the bylaw sets out the purpose/objectives for which the CPA was established.	Y		
RA1.1	Enforcement is governed by The Calgary Parking Bylaw No. 41M2002 (control and regulate parking within the city) and The Calgary Traffic Bylaw No. 26M96 (control and regulate traffic on the streets within the city).	Y		
RA1.2	Key performance indicators are tracked, including many non-financial reporting metrics. CPA participates in the MBNCanada (Municipal Benchmarking Network of Canada, formerly OMBI Ontario Municipal Benchmarking Initiatives), which compares CPA to other municipal parking organizations across Canada. Key performance indicators across CPA Departments are shared on a monthly basis with the CPA Board. Unfavourable trends are monitored by management, with corrective action taken as applicable.	Y		
RA1.3	Legal counsel is consulted when there are bylaw or regulatory changes. Legal counsel is relied upon in matters of labour and employment law, development of contractual agreements and intellectual property.	Y		
RA1.4	CPA is subject to an annual external financial audit (includes interim and year-end audit procedures). The external auditor establishes the materiality level (\$2.5 million for 2016 year-end) on the basis of total revenue. Any uncorrected misstatements of greater than \$125,000 are reported to the CPA Audit Committee. The External Auditor evaluates and reports to the CPA Audit Committee areas of significant risks or internal control matters.	Y		
RA1.5	There is a long-term strategic 10 year plan which aligns with Council's priorities. On an annual basis, SMART (specific, measurable, achievable, relevant and time-bound) goals and objectives are established by the Leadership team and communicated to the entire organization through a variety of channels such as the website, emails and townhall meetings.	Y		

Principle 7: Identifies and Analyzes Risk

—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.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 7

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA1.6	The CPA Audit Committee reviews the Integrated Risk Management Framework report on an annual basis. In 2012, a Risk Tolerance Statement was approved by the Board. Risk parameters were also identified by Management and approved by the Board at that time. The risk policies, tolerance level and parameters are reviewed on an annual basis.	Y		
RA1.7	A Risk Register is utilized by management to track new risks and drop off risks that are no longer relevant. The Integrated Risk Management Framework is utilized by management to evaluate each risk in terms of the impact, likelihood and overall level of risk to CPA in not achieving the objectives established in Bylaw 28M2002. The framework also identifies the key controls/how to respond to risks.	Y		

Principle 8: Assesses Fraud Risk

—The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 8

Identi- fication No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA1.8	The external auditor requires the Chair of the Audit Committee, the General Manager and the Controller to each independently fill out a questionnaire on their assessment of fraud.	Y		
RA1.9	The organization has policies, procedures and controls around fraud identification and remediation. Such internal controls are approval and authorization limits, access restrictions, account reconciliations, pre-employee screening and physical security and a whistle-blower link to The City of Calgary's website.	Y		
RA2.0	Policies and procedures have been developed for disposal of surplus assets. The Operations and Facilities manager is responsible for inventory tracking of CPA's assets. All non-IT assets have been entered into Maximo (an asset management software). IT infrastructure is tracked by the IT manager.	Y		
RA2.1	Adhoc internal audits on cash handling at different locations (e.g. front counter, petty cash floats, etc.) are performed. Cashiers at the Impound Lot and Front Counter at Centennial have a daily reconciliation routine to balance receipts and cash floats.	Y		

<p>RA2.2</p>	<p>A formal review of journal entries throughout the year to minimize errors and to prevent improper or malicious activity through unauthorized journal entries. The Finance Leads review all journals prepared by the Financial Services team. Each Finance Lead (there are two) review journals prepared by the other Finance Lead. The Controller reviews journals on a random sample basis each month, and all year end journal entries.</p>	<p>Y</p>		
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Principle 9: Identifies and Analyzes Significant Change

—The organization identifies and assesses changes that could significantly impact the system of internal control.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 9

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
RA2.3	The external auditors in conjunction with CPA management during interim and year-end audit procedures, will assess any changes in the external environment, changes in the business model and changes in leadership to determine if these changes could significantly impact the system of internal control. The external auditor prepares a management letter at the conclusion of each year-end audit for discussion with management. Recommendations from the management letter for improved business practices or internal controls are implemented.	Y		
RA2.4	The external auditor's findings and results of the Audit are presented to the CPA Audit Committee. This in turn is reviewed and approved by the CPA Board.	Y		
RA2.5	The ParkPlus committee consists of 3 CPA Board Members and Administration who meet on a quarterly basis. Discussions focus on new business and marketing opportunities with continuous evaluation on potential partnerships and target markets that are geographically or culturally diverse. Risks associated with entering such target markets is included in Committee discussions and evaluations.	Y		

RA2.6	Assessing change in the external environment and business model is conducted through Leadership team discussion related to review of news media articles, The City of Calgary website, social media, trade publications, conferences and professional organizations. The current economic downturn is being monitored on an ongoing basis to determine impact on Revenue.	Y		
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Principle Evaluation – Control Activities (CA) Principles 10 through 12

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.

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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 10

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA1.0	The CPA Audit Committee oversees the key risks facing the organization and the processes management uses to identify, assess and manage risks. Such processes include consideration of external and internal audit findings, litigation, compensation arrangements, regulations and compliance requirements.	Y		
CA1.1	As part of the risk identification process, management determines the relevant business processes and selects and develops controls to address each risk. Such controls include restricted Physical and IT access (internal and external); staff performance reviews; authorization, approval, verification, and reconciliation and monitoring of expenses; segregation of duties; budget variance and key performance indicator (KPI) reporting.	Y		
CA1.2	CPA has a cross-functional risk assessment process that utilizes management, as well as staff, to identify risks that could impact CPA's ability to meet its objectives.	Y		

Principle 11: Selects and Develops General Controls over Technology

—The organization selects and develops general control activities over technology to support the achievement of objectives.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 11

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA1.3	Information technology personnel monitor changes in information technology which may impact business and financial processes and communicate such changes to Leadership Team.	Y		
CA1.4	The City of Calgary and external agencies are used for monitoring the CPA Firewall and IT Security Infrastructure.	Y		
CA1.5	CPA is compliant with PCI (Payment Card Industry) standards in protection of credit card information. The PCI control environment is audited on an annual basis for compliancy. Documentation exists for IT processes and systems.	Y		
CA1.6	Technologies leveraged such as third party credit card processing, Park Online and ParkPlus have strengthened internal controls over business processes through increased segregation of duties, auditable processes as a result of automation of processes.	Y		

CA1.7	Documented set-up and changes to employee/contracted service providers access to IT systems within CPA. IT infrastructure is set up to support restricted access and segregation of duties. There are formal user account setup and maintenance procedures and authentication password controls.	Y		
CA1.8	A formal IT training matrix exists to develop and upgrade a mentoring and training process.	Y		
CA1.9	IT systems in place are configured to support complete, accurate and valid processing of transactions and data. IT checks and balances (including exception reports) are in place (e.g. ParkPlus)	Y		
CA2.0	Critical systems and applications are periodically reviewed for efficiency and effectiveness. Upgrades and changes to any system (e.g. application upgrades, updated tariff rates or operating system updates) are tested in a separate environment before deployed to production. A change management procedure exists to ensure that the updated system is working after any change and all affected users are notified of any changes.	Y		
CA2.1	External auditors as part of their annual audit procedures, review CPA's payment gateway vendor for processing credit cards. Annually, management receives an independent report regarding CPA's payment gateway vendor's service organization system and suitability of design and operating effectiveness of internal controls (SOC 1, Type 2 report).	Y		
CA2.2	CPA has a corporate information security policy that guides personnel on procedures and policies to ensure information security within the organization.	Y		
CA2.3	CPA employs various security best practices to mitigate against external threats from spam, phishing, malware, trojans and other computer viruses. IT practices include: applying spam filters on email messages entering the mail server, not accepting emails from known distrustful email hosts with the lists of hosts updated from a trusted source, ensuring emails are scanned by multiple software packages for any malicious attachments, and ensuring anti-virus software is kept up-to-date.	Y		

Principle 12: Deploys through Policies and Procedures

—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 12

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
CA2.4	<p>Adherence to policies, codes and standard operating procedures are regularly monitored and reviewed by management. Policy review and update is occurring in several areas of the organization in the 2017 fiscal year as part of an initiative to ensure up-to-date documentation is on hand. This assists in controlling the risk of fraud, provides consistency to policies documented, and efficiency in existing procedures.</p> <p>Policy examples include the following: IT Acceptable Use; Annual PCI (payment card industry) training; Records Retention, Information Security, Code of Conduct and Occupational Health & Safety. Once the new onboarding system is in place, annual refresher courses are planned to highlight specific areas. The Certificate of Recognition (COR) standard through Alberta Municipal Health and Safety Association was obtained in 2015 and has been maintained to date.</p>	Y		

Principle Evaluation—Information and Communication (IC) Principles 13 through 15

Principle 13: Uses Relevant Information

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

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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 13

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.0	Management in conjunction with front-line staff identify and evaluate business activities to identify information requirements. Internal business analysts and some City of Calgary IT developers assist in the business information requirements in consultation with SME (subject matter experts) at CPA. Data flow diagrams, flowcharts, narratives and procedures manuals are developed in conjunction with changes in the information environment (e.g. 311, Park Online, RPP, Beanstream).	Y		
IC1.1	Management and operations personnel use information and relevant data from various systems for analysis to enhance business decisions and for monitoring purposes. System examples include: Use of Business Objects data warehouse for extraction of data and reporting financial as well as non-financial data. Use of PeopleSoft for financial and human resources reporting. Use of Oracle reporting in ParkPlus and CALE web office. Use of BITS and the Impound Lot in-house developed operational systems.	Y		

IC1.2	Data in the systems are verified for validity, completeness and accuracy by having built-in IT system edits, threshold limits, reconciliation, staff and customer verifications. E.G. The ParkPlus Enforcement process - Parking tags are not issued without the proper review of existing data sets. A very thorough process is followed for issuance and review of parking tags.	Y		
IC1.3	Data in the systems are reviewed for retention and destruction in accordance with CPA's record retention policy.		X	A formal records management system needs to be implemented both for electronic (e.g. cloud computing - 3rd party use) and hard copy records for proper retention, safeguarding of information and proper and timely disposal. A formal Records Management process is planned to be developed in the 2017 fiscal year.
IC1.4	At end of relationship with 3rd party, an audit of CPA information held by 3rd party is conducted and request for return or destruction made in accordance with CPA information security policy and records retention policy.		X	A formal records management system needs to be implemented both for electronic (e.g. cloud computing - 3rd party use) and hard copy records for proper retention, safeguarding of information and proper and timely disposal. A formal Records Management process is planned to be developed in the 2017 fiscal year.

Principle 14: Communicates Internally

—The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 14

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.5	CPA uses its internal newsletter, posters, GM meetings, Intranet, formal training sessions, departmental meetings and face-to-face conversations to reinforce CPA staff expectations and understanding with respect to CPA values. Senior Leadership is expected to model integrity and demonstrate ethical behavior. Intranet communication further includes an "Ask Mike Anything" feature, where staff can submit questions anonymously for a direct response from the General Manager available for all staff to view. This is an example of the transparency of Leadership to all staff that is valued at CPA. Managers are to use both formal and informal opportunities as appropriate to discuss expected standards of behavior with staff. These same communication channels are also used to update staff about upcoming programs and initiatives, changes in process, information updates and current events.	Y		
IC1.6	CPA conducts an annual employee survey which measures employee satisfaction and engagement.	Y		

Principle 15: Communicates Externally

—The organization communicates with external parties regarding matters affecting the functioning of internal control.

Points of Focus

- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 15

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
IC1.7	Communication with the CPA Board occurs through regular reports (monthly), the GM update (monthly) and discussions at Board meetings and Sub-Committee meetings.	Y		
IC1.8	The City of Calgary receives quarterly status updates (EIR - Executive Information Report) including explanation of actual to budget variances. Monthly finance presentations are scheduled for review with all managers to ensure strategic business goals and objectives are met.	Y		
IC1.9	The CPA is in regular contact through emails, phone calls, meetings and reports with external stakeholders on a variety of projects and initiatives. These communications take place as needed to ensure the smooth and timely execution of projects.	Y		

IC2.0	CPA communicates with customers and the general public through a variety of channels including the CPA website, Twitter, Facebook, face-to-face interactions, Report to the Community, written communication and traditional media. The channel used depends on the nature and urgency of the communication as well as the type of information being communicated. The CPA leadership team receives a media and social media summary on a quarterly basis which identifies trends in areas that may be of a concern for the organization as a whole.	Y		
IC2.1	On an annual basis, CPA conducts either a customer satisfaction survey or a corporate reputation survey. These tools are used by the CPA leadership team to ensure that feedback from external stakeholders can be regularly reviewed and incorporated into service and program delivery as well as incorporated into the strategic planning process.	Y		
IC2.2	On a monthly basis, a summary report of ParkPlus outages and customer complaints is provided to the CPA leadership team for action and future proactive decisions.	Y		

Principle Evaluation—Monitoring Activities (MA) Principles 16 and 17

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.

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
- **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.
- (Other entity specific points of focus, if any)

Controls Applicable to Principle 16

Identification No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
MA1.0	Independent financial, records retention, information security, IT and PCI audits occur on annual basis. Results are communicated to the CPA Audit Committee and the CPA Board.		X	A formal records management system needs to be implemented both for electronic (e.g. cloud computing - 3rd party use) and hard copy records for proper retention, safeguarding of information and proper and timely disposal. A formal Records Management process is planned to be developed in the 2017 fiscal year.
MA1.1	Internal IT systems are monitored and scanned by trusted third party resources. Results of the scans are compared month over month.	Y		
MA1.2	CPA will request a Service Organization Control (SOC) Report from all outsourced services/contracts if available. This report evaluates the effectiveness of the 3rd party risk management program, including policies, processs and internal controls.	Y		
MA1.3	To validate data received from a 3rd party, CPA will utilize more than one source of information if available.	Y		

Principle 17: Evaluates and Communicates Deficiencies

—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.

- Points of Focus**
- **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.
 - (Other entity specific points of focus, if any)

Controls Applicable to Principle 17

Identifi- cation No.	Internal control description	Evaluate internal control:		Comments on addressing deficiency
		Present & working	Deficient	
MA1.4	Any identified internal control deficiencies are reviewed and actioned by management to correct as soon as possible.	Y		
MA1.5	External auditors during the course of annual audit procedures (both at interim and year-end) report any identified internal control weaknesses. The external auditor provides a management letter each year, that includes points of recommendation to improve areas of internal control where identified. Points in the management letter must be responded to (and acted on where applicable) by CPA management. The management letter is reviewed by both the External Auditors and the CPA Audit Committee each year.	Y		