

**Audit Resource Management Report to
Audit Committee
2025 March 13**

**ISC: CONFIDENTIAL
AC2025-0272**

Audit Committee Infrastructure Review Interim Report

PURPOSE

This is an interim report from Ernst & Young (EY), the external consultant awarded the contract to perform an Infrastructure Review on critical infrastructure identification and asset re-investment decision-making components of the Corporate Asset Management Plan (CAMP).

Ernst & Young also request Audit Committee approval for additional services with associated fees not included in the original scope of work for this project.

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:

1. Approve the additional scope of work with associated fees of \$25,000 (Attachment 1) proposed by the external consultant (Ernst & Young);
2. Receive this Report and Confidential Attachments 1 and 2 for information and the Corporate Record;
3. Recommend that Council receive this Report and Confidential Attachments 1 and 2 for information and the Corporate Record; and
4. Recommend that the Report, Recommendation 1, Confidential Attachments 1 and 2, and the Closed Meeting discussions 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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RECOMMENDATIONS OF THE AUDIT COMMITTEE, 2025 MARCH 13:

That Council:

1. Receive this report, Confidential Attachments 1 and 2, **and Confidential Presentation** for information and the Corporate Record; and
2. Recommend that the report, Recommendation 1, Confidential Attachments 1 and 2, **Confidential Presentation**, and the Closed Meeting discussions 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.

Excerpt from the Minutes of the 2025 March 13 Regular Meeting of the Audit Committee:

“A Confidential Presentation was distributed with respect to Confidential Report AC2025-0272.”

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.
- Providing citizens with assurance that infrastructure is at low risk of critical failure is a priority.
- Audit Committee selected Ernst & Young from a list of pre-qualified firms through a Request for Standing Offer (RFSO) to perform a review of critical infrastructure identification and asset re-investment decision-making components of the Corporate Asset Management Plan (CAMP).
- EY began this project in 2025 January working towards two significant reporting milestones; an interim report due 2025 March 13 and the final report due 2025 May 15.
- The interim findings and preliminary observations of EY on this project are contained in Attachment 2.
- The scope of work for this project increased by request of the Audit Committee working group following discussions at bi-weekly meetings with EY. The external consultant is seeking approval for increased scope with associated fees (Attachment 1).

DISCUSSION

EY have completed their interim report to conduct a review of the Corporate Asset Management Plan and Asset Management Policy focusing on asset management documentation, practices, and processes, as well as the identification of critical infrastructure, decision-making processes and investment prioritization (Attachment 2). This interim report contains 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.

EY’s final report will be forwarded to the 2025 May 15 Audit Committee meeting containing finalized findings and recommendations, as well as the development of a prioritized roadmap of recommendations for consideration.

Ernst & Young’s initial scope of work for this project included the completion of 10 interviews with key members of administration. Following the weekly check-in meetings between

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members of the Audit Committee working group members and EY this number increased to 20 interviews. Consequently, the external consultant required additional resources to conduct the interviews, summarize the findings, and analyse the insights. The original fees for this project are \$130,000 plus GST and EY are seeking approval for an increase of \$25,000 plus GST (Attachment 1).

ATTACHMENTS

1. Supplemental Scope and Fee Schedule (Confidential)
2. City of Calgary Infrastructure Review Interim Report, March 6, 2025 (Confidential)
3. **Presentation (Confidential)**

Councillor Evan Spencer	Chair of Audit Committee	Approve
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