

City Auditor's Office

Led by: City Auditor

Description

The City Auditor's Office provides independent and objective audit, advisory and investigative services to add value to The City of Calgary and enhance public trust by improving governance, risk management, and control processes. Council, through Audit Committee, mandated the roles and responsibilities of the City Auditor and the City Auditor's Office through Bylaw 30M2004 (as amended), Bylaw 33M2020 and Whistle-blower Policy CC026. The Bylaws and Policy require the City Auditor to report the results of individual audits to Audit Committee, and establish procedures for receiving, assessing, appropriately investigating, and reporting the outcome of all reports to the Whistle-blower Program.

Value and benefits

Council Bylaw 30M2004 (as amended) established a City Auditor, independent of City Administration. The City Auditor's mandate is to assist Council in its oversight of Administration, stewardship over public funds and achievement of value for money. The City Auditor's Office fulfills this responsibility by conducting independent and objective audits of City operations and making recommendations to assist Administration to effectively manage risk.

Under Council's Whistle-blower Policy CC026, the City Auditor is responsible for the execution of an effective Whistle-blower Program to support accountability and transparency. The Whistle-blower Program provides an independent, objective and confidential channel for both employees and Calgarians to report suspected acts of wrongdoing, resulting in recommendations to Administration where appropriate.

Customers

Direct: The City of Calgary (Council, through Audit Committee, and Administration).

Indirect: Calgarians.

What we deliver

The City Auditor reports to Council, through Audit Committee, results of audit, advisory and investigative services, including recommendations. The City Auditor also, as required by Bylaw 33M2020, provides quarterly and annual status reports to Audit Committee which include the status of Administration action on recommendations contained in previous audit reports, and key performance metrics.

Partners

N/A

45%

Increase in WBP Reports received in 2021

86

% of 2021 WBP Reports requiring action

34

of audit reports delivered 2019-22

21

of advisory requests received 2019-22

Key assets

N/A

City Auditor's Office
2022 Budgeted Gross Operating Expenditures Funding
Breakdown (\$ Millions)

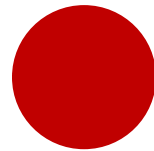
Internal Recoveries

Revenue

Tax Support

\$0 M

\$3 M



Note: Internal recoveries is how The City accounts for the costs of goods or services between services

What we have heard & what we are watching

What we have heard

The City Auditor's Office obtains internal stakeholder feedback at the conclusion of each audit performed. Survey questions focus on professionalism, effective delivery of the audit, and whether value-add was provided. Positive feedback has acknowledged the value of our collaborative approach and expertise. In 2021, the City Auditor's Office received a 100 per cent client satisfaction rating. An independent quality assessment was performed by the Institute of Internal Auditors in 2022, which included obtaining stakeholders' feedback from selected Administration and Audit Committee members. The survey reflected stakeholders' perception of the value provided through the service delivered by the City Auditor's Office. In addition, in 2021, an independent review of the Whistle-blower Program concluded that it was a comprehensive program with a solid structure in place.

What Council has directed

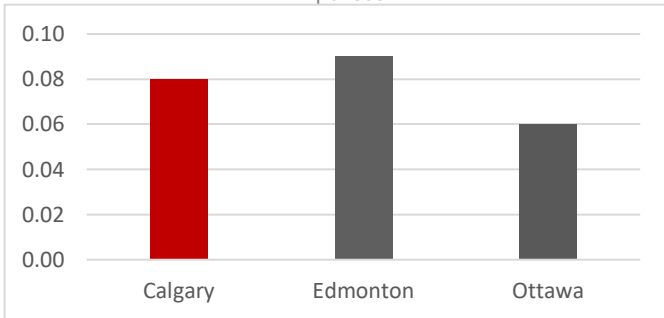
Schedule A of Bylaw 30M2004 (as amended) directs the City Auditor to assist Council, through the Audit Committee, in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations; and provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. Services provided by the City Auditor's Office support Calgary's economic, social and climate resilience by enhancing the efficient and effective use of public resources, and supporting improvements in risk management and controls. Recommendations to improve service for citizens specifically support the Council Focus Area of Modernizing Government. Recommendations may also support other Council Focus Areas where audits, advice, or investigations are focused on a specific City project, system or process.

What we are watching

The Institute of Internal Audit's 2021 North America Pulse of Internal Audit Report stated that 74 per cent of Internal Audit leaders identified "responding to new and emerging risks" as one of their top three areas of concern. According to The Institute of Internal Audit's 2022 On Risk publication, growth in social upheaval, continuing economic and political volatility, continuing effects of climate change, and the marked acceleration of environmental, social, and governance-related issues will create both challenges and opportunities for audit teams.

The City's services are increasingly complex, and risks that threaten effective and efficient City service delivery are both increasing in the speed at which they emerge, and the magnitude of potential impact. Expert internal and external resources are required to effectively assess risk mitigation and provide assurance to Council and advice to Administration, and conduct timely investigations in such an increasingly complex landscape.

Investment in Municipal Audit Functions As A Percentage of Municipal Expenses



City Operating Budgets and City Auditor's Office Budgets (City websites)

Comparing our service

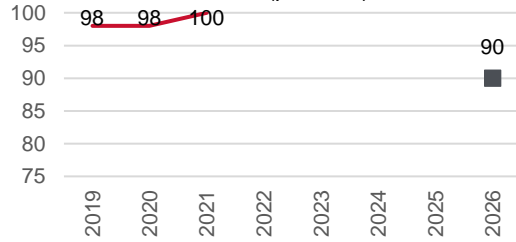
The activities of the City Auditor's Office are set out in the relevant Bylaws and Council Policy. An appropriate budget is required to ensure sufficient resources are available to deliver services and continue to provide value to Council via Audit Committee. Provincial Municipal Government Acts are silent on the required minimum investment in the municipal auditor function.

While Canadian municipalities vary in the delivery of services, 2021 financial data indicates the funding of the City Auditor's Office is neither significantly higher nor lower than similarly structured municipalities.

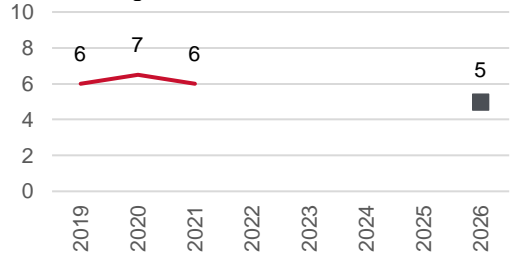
Measuring performance & where we want to go

— Actuals ■ Expected Future Performance

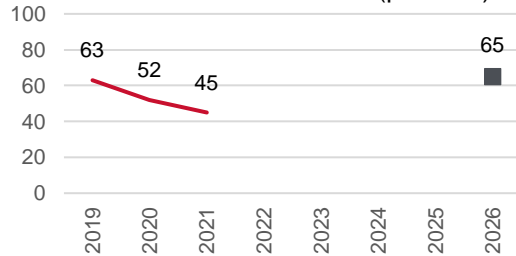
PM1: Client Satisfaction (per cent)



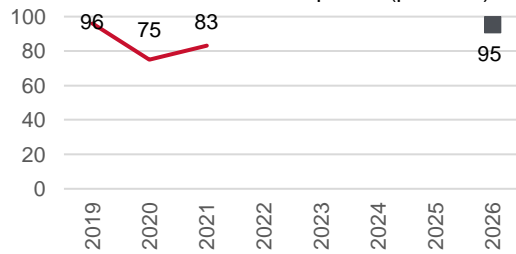
PM2: Average Years of Service



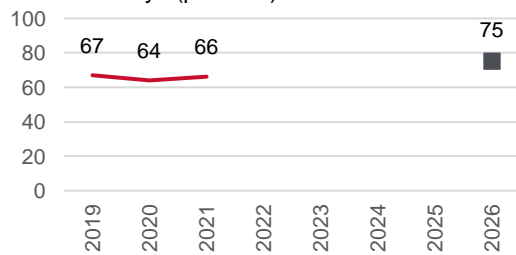
PM3: Timely Implementation of Recommendation Action Plans (per cent)



PM4: Annual Audit Plan Completed (per cent)



PM5: Whistle-blower Investigations Open Less Than 180 Days (per cent)



Story behind the curve

The City Auditor's Office requests Administration's feedback at the conclusion of each audit project through a survey of 10 questions focused on audit delivery and value add. The survey results support effectiveness of audit delivery, maintenance of professional standards, and continuous process improvement.

A measure of 5 years of service in the City Auditor's Office or higher reflects the need for team members to have in-depth knowledge of The City to consistently deliver value-add services in a large and complex organization.

The City Auditor's Office tracks whether Administration's action plans to address recommendations are implemented on a timely basis (within 30 days of the date provided). This is a measure of the value provided by The City Auditor's Office to hold Administration accountable to mitigate risk and support efficient and effective service delivery through continuous improvement.

The City Auditor's Office provides an Annual Audit Plan to Audit Committee for approval. The Plan supports coverage of high risk activities across Administration's services over an appropriate coverage period. Completion below 95 per cent could jeopardize the planned assurance to be provided to Audit Committee.

This is a measure of the responsiveness of the Whistle-blower Program, which is dependent on sufficient investigation resources. Achievement of 75 per cent or more recognizes each investigation has its own complexity.

What we plan to do

Result for 2023-2026

We will maintain and enhance the efficiency and effectiveness of audit, advisory and investigative services mandated through bylaw and policy to support Council's Foundations: Economic, Social and Environmental Resilience.

How we are going to get there

Provide Audit Committee and Council with rigorous independent and objective assurance regarding the delivery of City services by executing the Council-approved annual audit plan in conformance with professional and internal standards.

Support the delivery of value add audits where complex technical emerging risks threaten Council objectives by utilizing subject matter expertise

Provide periodic independent and objective assurance to Council, via Audit Committee, on the progress to deliver Calgary Climate Strategy - Pathways to 2050, associated risk identification and mitigation, and relevant reported targets and metrics by obtaining subject matter expertise and additional specialized audit resources.

Support the timely delivery of action plans and associated risk mitigation in response to recommendations by collaborating with City Administration.

Improve City operations and support risk management by providing independent and objective advisory services on an issue or project-specific basis as requested by City Administration.

Provide efficient assurance and risk mitigation to Audit Committee and Council by expanding the use of data analytics.

Support efficient and effective service delivery in the provision of assurance, advisory and investigative services to Audit Committee and Council by continuing to invest in IT software, professional designations, memberships and associated training to maintain employee professional excellence.

Maintain and enhance the responsiveness of the Whistle-blower Program by recruiting an additional investigator to address an eight year annual increase in the number of reports made to the program. Investment in resources along with continuous process improvements supports the program in responding to and, where applicable, concluding on allegations reported in a timely manner.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Budget	3,076	-	3,260	-	3,410	-	3,560	-
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	-	-	-	-	-	-	-	-
Internal Recoveries Changes	-	-	-	-	-	-	-	-
Inflation	41	-	-	-	-	-	-	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	-	-	-	-	-	-	-	-
Service Increases	143	-	150	-	150	-	-	-
Total net budget	3,260	-	3,410	-	3,560	-	3,560	-

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	3,076	3,260	-	3,260	3,410	-	3,410	3,560	-	3,560	3,560	-	3,560
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	3,076	3,260	-	3,260	3,410	-	3,410	3,560	-	3,560	3,560	-	3,560

Note: Figures may not add up due to rounding.