



City of Edmonton
Office of the City Auditor



Annual Work Plan and Long Term
Audit Plan

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Bylaws

*In accordance with Bylaw 12424, **City Auditor Bylaw**, the City Auditor is responsible for all internal auditing activities within City Programs and City Agencies.*

Bylaw 12424, The City Auditor Bylaw, establishes the position of City Auditor and delegates the powers, duties, and functions to that position. This includes:

Providing independent, objective assurance and advisory services designed to add value and improve the City's programs.

Assisting the City with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Coordinating fraud investigation activities.

Bylaw 16097, Audit Committee Bylaw, gives Audit Committee the power to approve the Annual Work Plan.

Professional Principles and Standards

As audit professionals we must uphold the principles of all the professional associations we represent and those of the City of Edmonton.

Integrity Objectivity Confidentiality Competency

We follow the **International Standards for the Professional Practice of Internal Auditing (Standards)**, established by the Institute of Internal Auditors (IIA).

These Standards are the internationally accepted criteria by which the operations of internal audit departments around the world are evaluated and measured.



Annual Work Plan Development

The Office of the City Auditor's (OCA) annual planning process is designed to ensure that it prepares a risk-based work plan and that, through its execution, adds value to the corporation.



Potential Projects

We maintain a database of potential projects. These projects are identified through suggestions from members of City Council, Executive Leadership Team, City Administration, the general public, discussion with the City's external auditor, observations made by audit staff, hotline tips, and reviews of audits conducted in other jurisdictions. We assess each project using the following risk factors:

1. Volume and value of assets, expenditures, or transactions
2. Vulnerability of the area
3. Amount of regulation applicable to the area
4. Strength of the internal control environment
5. Governance and ethics environment of the area
6. Sensitivity of information
7. When the area was last audited

As well, we exercise professional judgment to acknowledge varying degrees of impact on overall operations, public interest, trends within the City, or Council-directed projects in determining the final risk assessment score for each potential project.

Administration's Risk Registers

The City's Enterprise Risk Management Directive requires the completion of risk registers for each area of business. The risk registers include a list of risks that could impact achievement of the area's goals, including a corresponding analysis of identified risks, the likelihood of their occurrence, the magnitude of the impact the occurrence of the risk could have on the corporation, and mitigation strategies.

In prior years the Administration has completed these risk registers at the Section level and we used the results, along with our potential projects risk assessments to rank the Sections and inform our work plan for the next year. In 2020, the Administration only completed the risk registers at the Branch level. As our database of potential projects is at the Section level we were unable to directly link the results of the risk registers to our list of projects.

Instead this year we used the Branch risk registers to identify any new potential projects or adjust the risk rating on projects already in our database.

Draft Annual Work Plan Development

Through an annual workshop, the OCA staff review the ranked list of potential projects and discuss project scope, potential outcomes, link to the objectives of the Corporate Business Plan, resources required, and audit priority. Following the opportunity for staff input, the OCA management team chooses the projects to include in the draft Annual Work Plan.

Annual Work Plan Approval

The OCA circulates the draft Annual Work Plan to Audit Committee and City Council and places it on the last Audit Committee meeting agenda of the year for discussion and approval. Audit Committee may require changes to the proposed Annual Work Plan prior to its approval.

After approval of the Annual Work Plan, the City Auditor meets with the City's external auditor to coordinate audit activities and ensure efforts are not duplicated.



2021 Annual Work Plan

Value for Money Audits

Assess efficiency, effectiveness, and economy

Value for money audits include projects that we have identified as high priority based on our risk assessments. This includes IT audits.

We identify the exact scope of each project during our project planning process and then provide a Terms of Reference document to Council and the public Audit Committee members. If we are required to analyze large amounts of data we will use computer aided auditing tools.

In 2021 we plan to complete the **6 projects in progress from 2020 and start an additional 10 projects**, some of which will carry forward to 2022. Of the 16 projects, 3 are IT related audits.

Projects relating to the Corporate Business Plan Strategic Objective: *Make Transformational Impacts in Our Community (ConnectEdmonton)*

Environmental Strategies Review
(In progress)

Over the years the City has had multiple environmental strategies and committed significant investments towards environmental initiatives.

This review will look at the effectiveness of the City's investment in environmental practices.

Projects relating to the Corporate Business Plan Supporting Objective: *Manage the Corporation for Our Community*

IT General Controls – Process Ownership Audit
(In progress)

This audit will evaluate the effectiveness of controls within the Open City and Technology Branch's Process Ownership practice area. It will look at how the Branch defines IT processes, manages policies and determines responsibilities.

Real Estate Branch Audit
(In progress)

The Real Estate Branch is part of the Financial and Corporate Services Department. It coordinates leasing, acquisitions, sales, land inventory management, and governance of City-owned land to ensure sound financial management of City real estate and to strategically leverage City land in support of City goals and objectives.

	<p>This audit will assess the effectiveness and efficiency of the Branch.</p>
<p>Reserve Funds Governance and Management Review (In progress)</p>	<p>Reserve fund accounts represent amounts appropriated from surpluses/contributions for designated future requirements. Currently, there are approximately 30 different reserve funds in the City.</p> <p>We will review the governance of the City's reserve funds and the controls in place to ensure the City is using the funds appropriately.</p>
<p>Covid Response Audit</p>	<p>This audit will assess how effectively the City responded to COVID-19. We will not commence this audit until after the pandemic has ended. If required we will postpone it until 2022.</p>
<p>City Financial Condition Update</p>	<p>In 2020, the OCA presented an assessment of the City financial condition up to year 2019. This audit will provide an update to the City's financial condition and incorporate significant financial changes of the 2020 fiscal year.</p>
<p>Enterprise Risk Management Audit</p>	<p>Enterprise Risk Management is a process designed to identify potential events that may affect the organization, to manage risk to be within its risk appetite, and to provide reasonable assurance regarding the achievement of the organization's objectives. Inadequate identification of key risks to an organization increases the likelihood of bad events occurring. Improper identification can result in wasting resources on areas of low risk with little reward. It can also leave the organization more exposed to negative events.</p> <p>This audit will assess the City's Enterprise Risk Management process to determine its effectiveness and efficiency.</p>
<p>Fleet Customer Service Review</p>	<p>The Fleet and Facility Services Branch provides acquisition and maintenance services for Edmonton Transit Services and the City's municipal vehicles and equipment. This audit will assess how effectively the Branch is meeting its customer expectation in fulfilling this role.</p>
<p>Project Management of City Road Construction Audit</p>	<p>This audit will assess the City's project management of road construction projects. Several projects will be selected to understand the cause of project delays and potential cost overruns.</p>
<p>IT Asset Management and Software Licensing</p>	<p>This audit will review the policies and processes to procure, manage and dispose of user-focused IT hardware (desktops computers, laptops, tablets, etc.) and determine the effectiveness of those processes. The audit will also look at effectiveness of processes around procurement and management of centrally-managed software licenses.</p>

Use of IT Contracted Staff
Audit

This audit will review the Open City and Technology Branches' use of contract staff. This audit will determine if the Branch has effective and economical processes and controls in place around the use of contract staff.

**Projects relating to the Corporate Business Plan Service Objective:
*Deliver Excellent Service to Our Community***

Open Spaces
Asset Transfer Audit
(In progress)

Open spaces assets include items such as landscaping, sports fields, trees, and play structures.

This audit will include a review of existing controls to ensure the effective management of the transfer of newly constructed or renewed open spaces assets to operations for maintenance.

Electrical Services Contract
Management Audit
(In progress)

In the past 5 years the City spent approximately \$300 million on contracted electrical services.

This audit will assess the effectiveness of electrical services contract management and the value for money the City gets from these contracts.

Historic Resources
Management Program Audit

The City is committed to preserving historical resources that represent our past and enhance our urban environment.

This audit would look at the City's Historic Resources Management Program to ensure that it is meeting its intended objectives and the needs of the citizens of Edmonton.

Community Standards and
Neighbourhoods Branch Audit

The Community Standards and Neighbourhoods Branch is part of the Citizen Services Department.

This audit will assess the effectiveness, efficiency, and economy of the Branch.

Arterial Roadway Assessment
Audit

Arterial Roadway Assessments are collected as a condition of a subdivision or development permit. They establish how developers will share the costs of arterial roadway infrastructure.

This audit will review the efficiency and effectiveness of the program and alignment with the city plan direction.

Community Granting Service
Audit

In 2020, we reviewed the granting activities of the Social Development Branch. These represented approximately 36% of the grants and other contributions given out by the City. This audit will assess the remaining 64%.

The objective of this audit will be to determine the adequacy of the City grant administration practices, and whether or not the City is receiving value for money from this service.

Proactive Projects

Provide proactive, strategic, risk, and control-related advice

These projects allow us to provide proactive, strategic, risk, and control-related advice prior to and during the development and implementation of projects, programs, and systems. This helps to ensure that appropriate controls and safeguards are in place to achieve the stated goals. As well, post-implementation reviews of selected information systems may be undertaken.

Other proactive activities we undertake include serving on selected corporate committees; this allows the OCA to ensure that leading practice and control-related inputs receive appropriate attention throughout the project. As well, we provide ongoing monitoring of certain activities, providing assurance that specific controls are working as intended.

In 2021 we will work on **3 proactive projects**.

2021 City Productivity and Performance

In 2020 the OCA completed the City Productivity and Performance Audit which assessed 27 out of 73 City program areas and identified 52 performance measures. This audit will continue this work in assessing City programs and include 2020 performance data. Additionally our audit work will encompass validation of source data and root cause analysis for significant changes to productivity and performance.

2021 Municipal Election

We will provide advisory services to the Office of the City Clerk during election planning for the 2021 Municipal Election, as well as independent election day monitoring.

Fraud Risk Management

We will continue to support the City's fraud risk management efforts by updating the City's website, posting Fraud Prevention Tips and facilitating fraud awareness presentations throughout the organization as requested by business areas or initiated by us.

Investigations

The City Auditor has **primary responsibility** for investigating suspected **fraud**.

As per the City's Administrative Directive A1454, Fraud and Whistleblower Protection, the City Auditor has primary responsibility for investigating suspected fraud and will involve the City Manager depending on the nature and scope of the complaint. We perform investigations to prove or refute alleged fraudulent behaviour or misconduct by a City employee or other parties.

We receive these allegations via the City's Fraud and Misconduct Hotline (which we administer), or directly from the Administration, Council or the public. We forward claims of harassment and discrimination to the City's safe disclosure office.

Recommendation Follow-up

We report on the status of recommendations at each Audit Committee meeting.

We will monitor and report on the status of all the recommendations we make in our reports. Our monitoring program consists of reviewing the status of actions taken on recommendations in previously released reports with the appropriate management staff to determine if management has implemented the intent of our recommendation. We maintain a database of these recommendations to facilitate the recommendation follow-up process.

Governance and Leadership Activities

[2020 Annual Report](#)

To support City Council and Audit Committee's governance responsibilities in 2021 we will provide them with our [2020 Annual Report](#) and our [2022 Annual Work Plan](#).

The City Auditor will provide an Annual Report which will include a summary of the observations, recommendations, and information pertaining to the audits conducted by the OCA in 2019, as well as the results of our key performance indicators.

[2022 Annual Work Plan](#)

The City Auditor will submit an Annual Work Plan to Audit Committee at the last Audit Committee meeting in 2021. The Annual Work Plan outlines the scope of work the OCA intends to conduct in the next year.

[Internal Audit Skills and Knowledge](#)

To continually maintain internal audit skills and knowledge our staff has memberships with the Institute of Internal Auditors (IIA), Canadian Comprehensive Auditing Foundation (CCAF-FCVI), Association of Local Government Auditors (ALGA), Information Systems Audit and Control Association (ISACA), and the Association of Certified Fraud Examiners (ACFE).

On average OCA staff will spend approximately seven days per year on professional development by attending courses, seminars, workshops, conferences, monthly professional association functions and in-house training sessions pertaining to internal audit activities.

We also share operating practices with various organizations that help to promote the internal audit profession and our audit practices within the City.

Emerging Issues

Unplanned projects arising during the year.

These are audits or projects that we undertake during the year that are not listed in the Annual Work Plan. OCA staff might identify these projects during a scheduled audit, or City Council, the Administration, or a member of the public may bring the project to the attention of the City Auditor. The City Auditor assesses their importance and risks and, as stated in the City Auditor Bylaw, uses discretion to assign resources to the new project. We include an appropriate resource allotment in the work plan to address these unforeseen issues.

2022 to 2023 Long Term Audit Plan

These are potential projects we may undertake in 2022 and 2023 based on our current risk assessment. This plan is subject to change as new risks develop in the City.

Potential Project Topic	Lead Department	Lead Branch
<u>2022 Potential Projects</u>		
IT - Security Training Audit	Financial and Corporate Services	Open City and Technology
Capital Grants Audit	Citizen Services and Urban Form and Corporate Strategic Development	
Standing Offers and Contract Services Audit	Financial and Corporate Services	Corporate Procurement and Supply Services
Open City Technology Branch Audit	Financial and Corporate Services	Open City and Technology
Overtime Audit	Employee Services	Employee Relations and Compensation
Review of 311 Call Centre	Communications and Engagement	Engagement
IT - System Development Life Cycle Audit	Financial and Corporate Services	Open City and Technology
Invoice Approval Audit	Financial and Corporate Services	Financial Services
Internal (Inter-Departmental / Inter-Branch) Charges Audit	Financial and Corporate Services	Financial Services
<u>2023 Potential Projects</u>		
City Governance Review	Office of the City Manager	Office of the City Clerk
Preferred Vendor Audit	Financial and Corporate Services	Corporate Procurement and Supply Services
Turf Maintenance Audit	City Operations	Parks and Roads Services
Budget Process Review	Financial and Corporate Services	Financial Services
Coordination of City Low-income/Social Services Programs Audit	Citizen Services	Social Development
Blatchford Development Review	Integrated Infrastructure Services	
Homelessness Audit	Citizen Services	Social Development
IT - Vendor Services Risk Management Audit	Financial and Corporate Services	Open City and Technology
IT - Investment Audit	Financial and Corporate Services	Open City and Technology