

Introduction

The Office of the City Auditor (OCA) reports directly to City Council through the Audit Committee. In accordance with Bylaw 12424, City Auditor Bylaw, the City Auditor is responsible for all internal auditing activities within City Programs and City Agencies. The OCA provides independent and objective review and consulting services to improve the City's programs by applying a systematic, disciplined approach to evaluate and improve the City's risk management, control and governance processes. We also administer the City of Edmonton's Fraud and Misconduct Hotline and coordinate fraud investigation activities within City Programs.

The OCA submits an Annual Work Plan to Audit Committee for approval. The approved Annual Work Plan defines the number of internal audits to be completed in the upcoming year. The OCA identifies City activities for review by utilizing a risk-based evaluation methodology, thereby focusing its efforts in the areas deemed most significant to the City achieving its objectives. Our office's activities result in proactive control design or corrective action recommendations in a final report to the Administration. Responses and action plans received from the Administration are also incorporated in our final reports. These reports are distributed to each member of Council and then publicly disclosed on the City of Edmonton's website. All reports are brought forward for discussion at Audit Committee meetings that are held in a public forum.



Governance and Accountability

The City's Audit Committee oversees the activities of the City Auditor and is guided by the Audit Committee Bylaw. A new Audit Committee Bylaw came into effect in October 2012. In 2013 and beyond, we will assist Audit Committee in meeting their enhanced roles and responsibilities as defined in Bylaw 16097, *Audit Committee Bylaw*.

Transparency, accountability and openness are essential elements of good governance and help to enhance public trust. The OCA maintains a webpage on the City of Edmonton's public website to provide citizens and other interested parties access to our audit reports, Annual Work Plans and Annual Reports.

While we are independent from the City's Administration, we are also committed to effective communication with all of our stakeholders. We have an operational style that focuses on effective relationships with City Council and the Administration. This approach has significantly improved our effectiveness. Audit reports generate energy and encourage Administration to implement our recommendations and enhance City operations.

The OCA works very hard at understanding the issues and concerns facing the operations of the areas we audit. This has led to 100% of our audit recommendations being accepted by the Administration over the past 10 years. We also continue to research best practices, maintain open communications with our stakeholders and keep abreast of emerging issues to provide a value-added service to the City of Edmonton and the citizens of Edmonton.

In closing, as an independent audit office reporting on the efficiency, effectiveness and economy of City operations, we recognize the financial constraints under which the City operates. As in the past years, we again submit a cost containment budget for 2013.

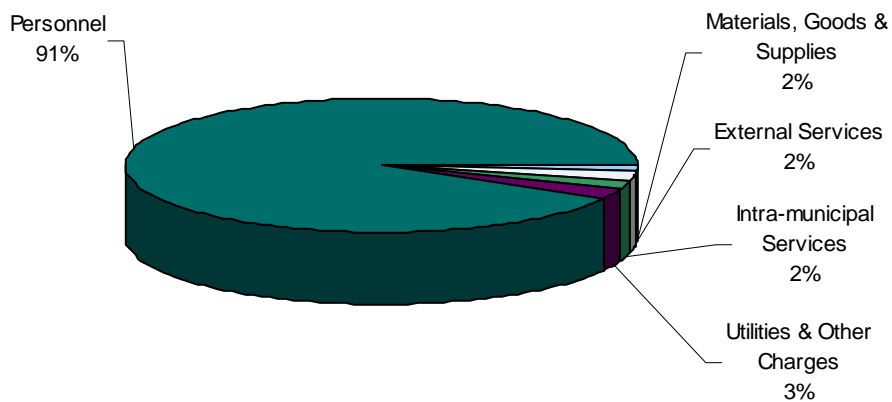
Office of the City Auditor

Approved 2013 Budget Summary

(\$000)

	2011 Actual	2012 Budget	2013 Budget	\$ Change '12-'13	% Change '12-'13
Revenue & Transfers					
Total Revenue & Transfers	\$ -	\$ -	\$ -	\$ -	-
Expenditure & Transfers					
Personnel	1,791	1,956	1,980	24	1.2
Materials, Goods & Supplies	45	38	37	(1)	(2.6)
External Services	61	45	44	(1)	(2.2)
Intra-municipal Services	46	49	47	(2)	(4.1)
Utilities & Other Charges	58	64	57	(7)	(10.9)
Total Expenditure & Transfers	<u>2,001</u>	<u>2,152</u>	<u>2,165</u>	<u>13</u>	<u>0.6</u>
Net Operating Requirement	\$ 2,001	\$ 2,152	\$ 2,165	\$ 13	0.6
Full-time Equivalent	14.0	14.0	14.0	-	

Expenditures by Category



Office of the City Auditor

Budget Changes for 2013 (\$000)

Expenditures & Transfers - Changes

Personnel \$24

Movement within the salary ranges, changes in benefits and settlement of labour contracts for \$24.

Material, Goods & Supplies (\$1)

This decrease of \$1 relates to getting the budget in line with actual historical costs.

External Services (\$1)

This decrease of \$1 relates to getting the budget in line with actual historical costs.

Intra-municipal Services (\$2)

This decrease of \$2 relates to getting the budget in line with actual historical costs.

Utilities & Other Charges (\$7)

This decrease of \$7 relates to getting the budget in line with actual historical costs.

Approved 2013 Budget — Program Summary

(\$000)

Program Name - Office of the City Auditor

Results to be Achieved

Add value to the City of Edmonton by promoting accountability, cost-effective municipal services and ethical practices.

Service Standards	Resources (\$000)	2011 Actual	2011 Budget	2012 Budget	2013 Budget
The OCA follows the International Standards for the Professional Practice of Internal Auditing (Standards), established by the Institute of Internal Auditors (IIA). These Standards require due professional care in conducting audits, professionally qualified staff, independence, adequate supervision and planning of audit work, reporting of audit results, and periodic review of the office's activities by outside professionals.	Revenue & Transfers	\$ -	\$ -	\$ -	\$ -
	Expenditure & Transfers	2,001	2,081	2,152	2,165
	Net Operating Requirement	\$ 2,001	\$ 2,081	\$ 2,152	\$ 2,165
	Management		2.0	2.0	2.0
	Exempt		12.0	12.0	12.0
	Union		-	-	-
	Temporary		-	-	-
	Full - Time Equivalents		14.0	14.0	14.0

2012 Services

- Provide independent, objective assurance and advisory services designed to add value and improve the City's programs.
- Assist the City in evaluating and improving the effectiveness of risk management, control and governance processes.
- Coordinate fraud investigation activities within City Programs or City Agencies.
- Value-for-money, investigations, proactive projects, follow-up reviews, governance and leadership activities & emerging issues.

Changes in Services for 2013

- None.