

Office of the City Auditor

Mission

“We strive to add value to the City of Edmonton by promoting accountability, cost-effective municipal services, and ethical practices.”

Vision

Committed to adding value



Overview

The Office of the City Auditor (OCA) is independent from the Administration, reporting 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. This office 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. This office also administers the City of Edmonton's Fraud and Misconduct Hotline and coordinates fraud investigation activities within City Programs or City Agencies.

The OCA submits an Annual Work Plan to City Council for approval. The Approved Annual Work Plan defines the volume of internal audits to be completed throughout the year. The Office of the City Auditor identifies City activities for review or consultation by utilizing a risk based evaluation methodology, thereby focusing its efforts in the areas deemed significant to the City achieving its objectives. This office's activities may result in proactive control design or corrective action recommendations to the Administration. The results of this office's activities are formally reported in audit reports distributed to each member of Council and then publicly disclosed on the City of Edmonton website. Reports containing significant issues are brought forward for discussion at Audit Committee.

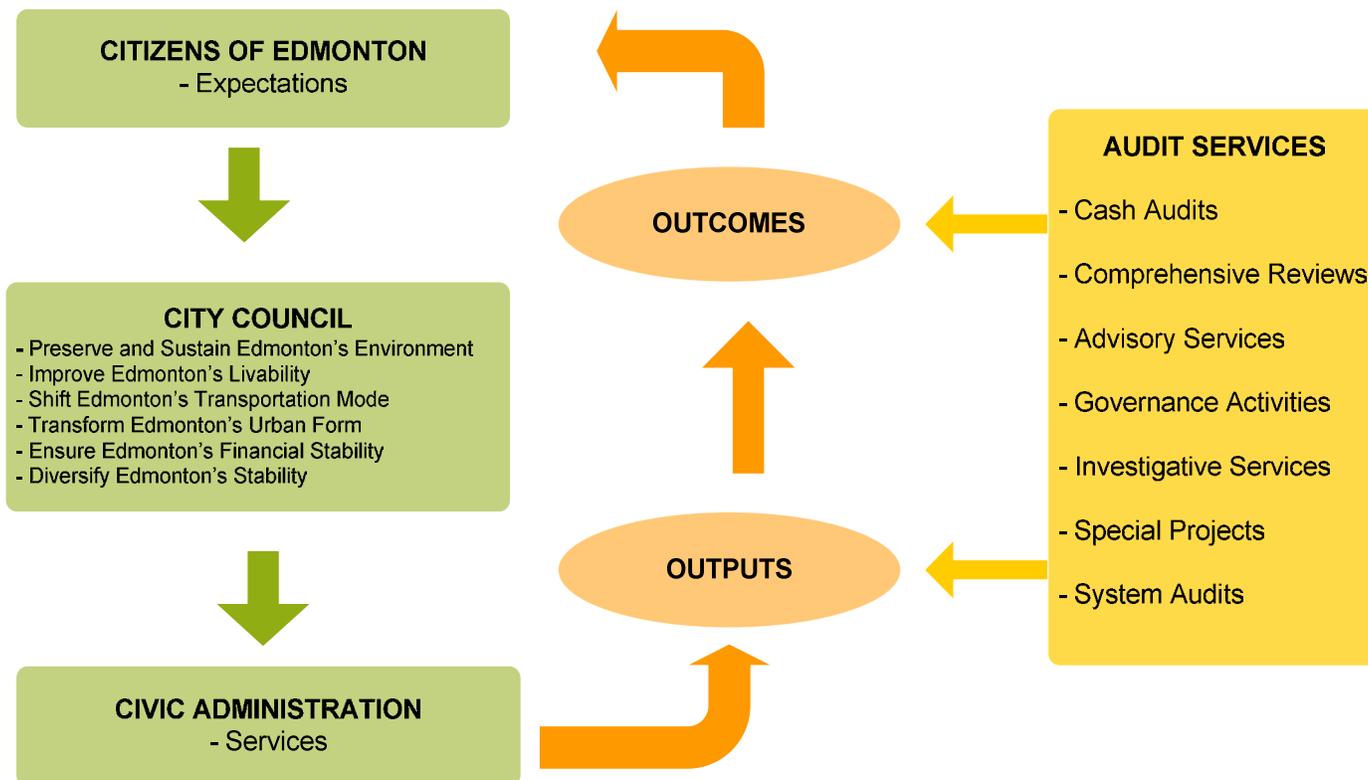
Major Services & Activities

All projects completed by the Office must follow generally accepted standards for the professional practice of audits. The Office of the City Auditor is accredited as complying with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. The OCA performs several types of audits to review City Operations:

- Performance Reviews determine whether a Branch, service or program operates efficiently, effectively, and economically and whether control systems are adequate.
- Cash-handling and compliance reviews provide City business areas with recommendations to help ensure compliance with applicable policies, plans, procedures, laws, regulations, contracts, and other requirements.
- External Audit Support.
- Investigations are designed to prove or refute alleged fraudulent or inappropriate behaviour by a City employee.
- Information technology reviews determine whether adequate controls are built into automated systems and whether they continue to operate effectively.
- Special projects are conducted at the discretion of the City Auditor and may be identified by OCA staff, members of City Council, members of the Administration, or by a member of the public. Special projects or audits are not listed in the OCA's Annual Audit Plan.

Office of the City Auditor

STRATEGIC ROAD MAP



Strategic Initiatives

- Working with Council and Management to improve the effectiveness of the City's risk management, control and governance processes.
- Providing independent, objective assurance and advisory services to promote efficient, effective and economical City operations.
- Promoting an ethical public service environment.
- Delivering high quality, innovative and cost-effective audit services.
- Communicating significant observations and information to Council, Management and the public in a timely manner.
- Maintaining a respectful, team-oriented workplace that helps individuals reach their career potential and achieve personal growth goals.

Office of the City Auditor

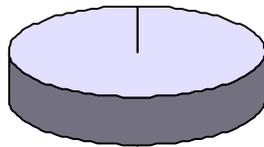
Approved 2010 Operating Budget

Program Summary

	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenues								
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Expenditures								
Office of the City Auditor	1,747	1,936	107	-	-	2,043	5.5	2,137
Total Expenditures	1,747	1,936	107	-	-	2,043	5.5	2,137
Net Operating Requirement	\$ 1,747	\$ 1,936	\$ 107	\$ -	\$ -	\$ 2,043	5.5	\$ 2,137
Full-time Equivalents	15.0	15.0	-	-	-	15.0		15.0

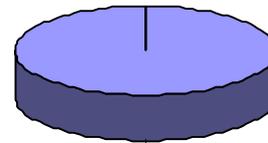
* Cost impacts include inflation on personnel and non-personnel costs.

Where the Budget will be spent



Office of the City Auditor
100%

Funding by Source



Tax Levy &
Corporate
Revenue
100%

Office of the City Auditor

Approved 2010 Operating Budget

Notes	2008 Actual	2009 Budget	Revenue & Cost Impacts*	Service & Budget Review	Service Needs	2010 Budget	% Change '09-'10	2011 Forecast
Revenues								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Expenditures								
Personnel	1,568	1,719	134	-	-	1,853	7.8	1,943
Materials, Goods & Supplies	41	46	(6)	-	-	40	(13.0)	41
External Services	41	49	(6)	-	-	43	(12.2)	44
Intra-municipal Services	40	45	2	-	-	47	4.4	48
Other Charges	57	77	(17)	-	-	60	(22.1)	61
Total Expenditures	<u>1,747</u>	<u>1,936</u>	<u>107</u>	<u>-</u>	<u>-</u>	<u>2,043</u>	<u>5.5</u>	<u>2,137</u>
Net Operating Requirement	\$ 1,747	\$ 1,936	\$ 107	\$ -	\$ -	\$ 2,043	5.5	\$ 2,137
Full-time Equivalent	15.0	15.0	-	-	-	15.0		15.0

* Cost impacts include inflation on personnel and non-personnel costs.

* OCA has conducted a line-by-line review of its budget requirements for 2010. This resulted in reductions in the budget requirements for most expenditure categories other than personnel and intra-municipal services. The overall budget requirement increased by 5.5% from 2009 to 2010.

Budget Changes for 2010 (\$000)

Revenue & Cost Impacts on 2009 Services

Revenue Changes

\$ -
-

Total Revenues

Cost Changes

120
5
(18)
107

Personnel Increases - Settlements and Increments
 Non-personnel Inflation
 Historical Adjustments - Based on Detailed Line-by-Line Expenditure Review
 Total Cost Changes

\$ 107

Net Operating Requirement

Office of the City Auditor

Performance Measures

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 Budget</u>	<u>2010 Approved</u>	<u>Industry Benchmark</u>
Customer Performance Measures						
Customer relationships (out of 5)	4.5	4.6	4.5	4.5	4.5	4.3
Internal Performance Measures						
Recommendations accepted	100%	100%	100%	95%	95%	92%
Recommendations implemented or satisfactory	94%	90%	97%	95%	95%	83%
Chargeable time	83%	78%	75%	80%	80%	78%
Completed engagements to number scheduled	95%	91%	90%	95%	95%	90%
Financial Performance Measures						
Actual vs. budgeted expenditures	90%	89%	90%	100%	100%	90 to 110%
Learning and Growth						
Days of training and development per employee	10.9	8.9	9.9	10.0	10.0	8 - 12
Percent staff certified or advanced designations	93%	93%	92%	93%	93%	64%

Performance Measures Explanations

The Office of the City Auditor reports the above performance measures in its Annual Report. The performance measures are designed to monitor key aspects of the office's activities as follows:

Effectiveness – Most of the measures focus on assessing whether the office is fulfilling its role. These measures include completion of the annual plan, client feedback, and the percentage of accepted and implemented recommendations. Experienced and competent staff are required for the office to be effective. The level of professional certification and ongoing training are also monitored to ensure the office is staffed appropriately to fulfill its mandate.

Efficiency – The office monitors the percentage of “chargeable hours” staff dedicate to audit projects. Careful management of office overhead time versus direct audit time provides information regarding the efficient use of staff resources.

Economical – The office believes in strong fiscal management and strives to manages its actual expenditures to within 5% +/- of budget.