



City of Edmonton Office of the City Auditor

Committed to Adding Value

2019 Annual Report



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Message from the City Auditor



David Wiun
City Auditor

Vision

Committed to adding value

Mission

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

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

I am pleased to present the Office of the City Auditor's Annual Report for the year ended December 31, 2019.

This office continues to have an important role supporting good governance, accountability, and risk management at the City of Edmonton. Our independence, objectivity, and expertise provide a critical, public lens into City operations. Since 2015, we have issued 51 reports and made 161 recommendations for change. These led to strengthened controls, improved efficiency, and reduced waste. Recommendations also help the Administration achieve better value for public money.

The strong relationships we have with our key stakeholders - Administration, Audit Committee, City Council, and the public - are based on mutual respect and common values. The quality of these relationships are critical to our success. They are what allow us to find a professional balance between independence and cooperation to ensure we are doing our best work and delivering best value for citizens.

Citizen expectations for government are changing. As Administration adapts to meet these expectations, our office will continue to bring a systematic and disciplined approach to the evaluation of risk management processes, activity-level controls, and governance processes. We conduct our work in compliance with internal audit industry standards that have been established by the most widely-recognized authority - The Institute of Internal Auditors.

In closing, I want to thank my staff for their pursuit of excellence they bring to each of our audit projects. Staff in my office worked very hard in carrying out the work discussed in this Annual Report. The results we achieved in 2019 are a result of their level of commitment, professionalism, and diligence.

In this report...



2019 Projects

15 Projects

2019 Hotline Activity and Investigations



Recommendations

2019 Recommendations

Measuring Our Performance



Governance

Human Resources



2019 Projects



Value for Money

We presented nine value for money audits for public discussion at Audit Committee meetings in 2019.

Value for money audit projects assess whether an operational area, service, or program operates efficiently, effectively, and economically and whether risks are appropriately mitigated.

Investigations

We presented the results of two investigations. Both investigations resulted from allegations brought to us by Administration.

Proactive

We conducted four proactive projects that allow the Office of the City Auditor to provide proactive strategic, risk, and control-related advice prior to and during the development and implementation of projects, programs, and systems.

2019 Project Details

Assessment and Taxation Audit

November 2019

The objective of this audit was to assess the City's property assessment and taxation operations. We found that the City provides fair and accurate property assessments, and the assessment appeal process is effective.

Audit of Accounts Payable

January 2019

The objective of this audit was to determine whether controls over accounts payable transactions are adequately designed and operating effectively. We found there were key controls that were poorly designed or missing.

Continuous Auditing – Employee Master File and Payroll Transactions

June 2019

The objective of this audit was to determine whether key controls over the City's employee master data and the City's payroll transactions are adequately designed, established, and operating as intended. We found no significant issues and made recommendations to support continuous improvement.

Edmonton Economic Development Corporation Audit

November 2019

The objectives of this audit were to determine if the EEDC's Articles of Association were up-to-date and clear, if they have an effective risk management process, if their Innovation System was effective, and if their key controls over the Accounts Payable Vendor Master File were adequately designed, established, and operating as intended.

We found that the Articles of Association required updating and the risk management activities did not align to best practices or encompass the whole organization. There were four opportunities to improve the effectiveness of the Innovation System, and the Vendor Master File contained duplicate and inactive vendors.

Emergency Management Governance and Risk Assessment Audit

June 2019

The objectives of this audit were to determine if the City has effective governance structures for its emergency management program, and if there is an effective process to identify emergency management priorities for mitigation and preparedness activities.

We found the City does not have a documented strategic plan to direct the Emergency Management Program, does not have a process to review the governing documents, and needs to create and update hazard identification and risk assessment processes.

Enterprise Performance Management

Proactive

As the City works to implement the Enterprise Performance Management policy, we continue to look for how best to assist them. In 2019, they kept us informed of their progress in the development of measures for the City's 72 service areas. We used some of this information to inform risk assessments and audit work during 2019 and will continue this in 2020. Once the City has the procedures to go along with the Policy developed, we will review those as well.

ETS Revenue Management Audit

August 2019

The objective of this audit was to assess the efficiency and effectiveness of the Edmonton Transit Service revenue management processes.

We found governance weaknesses, issues with the development of the fare schedule, and a need for better safeguards to manage fare evasion and fare media.

ETS Workforce Development Investigation

January 2019

The purpose of this investigation was to assess if a City employee issued false Professional Driver Improvement Course (PDIC) certificates to non-City of Edmonton employees; quantify the number of false certificates issued; and provide recommendations to correct any identified control weaknesses.

We confirmed that an instructor in the ETS Branch wrongfully issued certificates to individuals that are not City of Edmonton employees; the instructor wrongfully issued a total of 99 certificates between January 2015 and April 2018; and there were weaknesses in the monitoring process of issuing PDIC certificates that put the City at risk of mismanagement, error, and fraud. On August 12, 2019 the instructor pled guilty and was convicted of breach of public trust.

Facility Maintenance Services Transformation Project

Proactive

Facility Maintenance Services is currently undergoing a transformation project. We have been supporting this initiative by reviewing financial guidelines and performance indicators intended to guide business in the area once the transformation is complete.

Fraud Risk Management

Proactive

In 2019, we reviewed and updated our internal fraud investigation guidelines to align with best practices. We also developed performance measures to evaluate the effectiveness of the investigation process, and formalized our process to engage City Administration to assist with an investigation.

As part of the ongoing support to the City's Fraud Risk Management efforts, the Office of the City Auditor partnered with the School of Business and Corporate Security to develop an online course about fraud awareness for all employees.

We also facilitated a Fraud Awareness presentation with 25 employees in the Waste Services Branch. We continue to manage fraud awareness and prevention information on the City's internal website where we provide information and tools for employees to recognize, report, and stop fraud.

Parks and Roads Services Yard Operations Audit

April 2019

The objectives of this audit were to assess if there is adequate planning to address future yard needs and if yards are efficient, effective, and safe.

We found issues with planning, authority and process, yard conditions, optimization of space, and security.

Residential Infill Audit

June 2019

The objective of this audit was to determine the effectiveness of the City's infill efforts.

We found that the City's infill strategy primarily aligns with Council expectations; the City is actively addressing risks to infill development; permit review timelines are concerning, and primary indicators suggest the City's infill efforts have been effective.

System Development and Project Management Planning Review: SAP Ariba

Proactive

The City of Edmonton's Corporate Procurement & Supply Services manages over \$1.6 Billion in annual spending. In 2018, they began a project to implement a new technology solution, SAP Ariba, in order to enhance and simplify business practices and procedures. We performed a proactive review of the initiation and planning phases of the project plan using information technology development guidance from Cobit 4.1. Identified risks and control gaps were shared with management.

Touch the Water Project Audit

January 2019

The objective of this audit was to assess why the Touch the Water project was not completed on schedule.

We found the project team had delayed concept design until required environmental assessments were completed, and the reporting to Council was inconsistent.

**Ukrainian Canadian Archives and
Museum of Alberta Funding
Agreement Investigation**

June 2019

The objective of this investigation was to determine if the City's two payments to the Ukrainian Canadian Archives & Museum of Alberta were appropriate.

We found the first payment was appropriate but were unable to conclude on the second payment due to unclear progress reports and ambiguous contract terms.

All current and historical reports by the Office of the City Auditor are available at edmonton.ca/auditor

Fraud and Misconduct Hotline



Hotline Administration

The Fraud & Whistleblower Protection Administrative Directive prescribes procedures for the prevention, detection, reporting and investigation of suspected fraud, as well as the processes for reporting and resolving complaints of retaliation.

The City implemented its Fraud and Misconduct Hotline on January 2, 2007. The Office of the City Auditor has managed the hotline since its implementation. We use a third party service provider to facilitate receiving the reports via the internet or over the phone. We input reports that we receive directly from the employees via the City's email, telephone, general mail, etc. into the hotline system with a unique identifier.

Reporting Process

The information provided by hotline reporters is anonymous. The service provider stores all information on their Canadian-based secure servers.

When we receive reports, authorized Office of the City Auditor employees conduct a preliminary screening. Depending on the nature of the complaints, we decide whether or not to initiate an investigation. Harassment and discrimination reports are forwarded to the City's Safe Disclosure Office and operational matters to the City Manager.

In cases where we have referred the report to the City Manager, we asked the assigned departmental managers to report back to us on the resolution and any actions taken. The Office of the City Auditor reviewed all findings from reports investigated by the Administration to ensure that the investigations were thorough.

2019 Hotline Reports

In 2019, we received and reviewed a total of 50 reports of alleged fraud or misconduct from the service provider's website, phone service, and post office box service.



We received **38** reports through the service provider's web service.



We received **11** reports that were provided to the service provider's live agents by phone.



We received **1** report that was provided through the service provider's post office box service.

Hotline Report Topics

Report topics fall into a number of different categories.

In both 2018 and 2019, there were 50 reports made to the hotline.



Disposition of Hotline Reports/Complaints

The Office of the City Auditor screens all hotline reports to determine the most appropriate way to address each one.

In 2019, we investigated or referred the majority of reports to an appropriate authority.



Despite our attempts to obtain additional information through the hotline system, at times we were unable to act on some reports due to insufficient information. Employees may not provide the requested information because they may not be able to substantiate their report or may not check the status of their report on the system. They may also have addressed their concern through other resources or decided not to pursue further action.

Investigation Process

2019 Investigations

In 2019, 27 reports of fraud and misconduct were investigated.

Investigations are designed to prove or refute alleged fraudulent behavior or misconduct by a City employee or other parties.

Of the 27 reports that were investigated, 15 reports could not be substantiated or confirmed. Therefore, no further action was taken. There was 1 ongoing investigation at year-end. The remaining 11 reports were either confirmed or resulted in recommendations to address identified risks.

Investigation Procedures

When conducting investigations, we consulted with internal experts from Corporate Security, Law, Human Resources, and other departmental staff as appropriate.

All employees participating in the investigation of reported allegations were required to maintain confidentiality and comply with the Freedom of Information and Protection of Privacy Act.

In outcomes where the employee should have been aware of the performance and conduct expected, the Administration took corrective actions or disciplinary action. This may include dismissal. Decisions related to employee discipline are made by the Administration.

2019 Investigation Details

Need to communicate time approval process

It was alleged that a foreperson reduced an employee's claim for overtime without notifying the employee. It was confirmed that the supervisor did reduce the employee's overtime claim; however the employee had not received prior approval for overtime. We recommended that the business area initiate some sort of communication to staff regarding the types of changes a Foreperson has authority to make in relation to unapproved overtime. We also recommended that the business unit conduct a review of the time approval process to prevent this from occurring again.

Misuse of City time

We received a complaint that a City employee in a leadership position was abusing the City of Edmonton's sick leave benefit program. We confirmed the employee was working at alternative employment outside the City of Edmonton during leave. We also confirmed that after returning to the City of Edmonton in a modified return-to-work role with reduced hours, the employee was working additional hours in alternative employment. A counselling letter was provided to the employee that stressed that accountability and situational awareness are important attributes of any leader. The employee was provided with a number of expectations including reporting 'for work in a fit condition.'

Signing off apprenticeship hours

It was alleged that an employee was going through the apprenticeship process and having someone sign off their Apprenticeship Record Book (Blue Book) without completing the necessary apprenticeship hours. The investigation included a review of the Apprenticeship Record Book, the posting of the position, and documentation from the Apprenticeship and Industry Training Program. The Apprenticeship Record Book contained no entries and no sign-off. However, during the interview process, it was determined that the employee was told that they could submit their work records once all their education had been completed. Thus, it was recommended that a proactive plan be developed for work tracking and review to support the attainment of all required Journeyman training. The plan and consistent process will ensure appropriate oversight and consistency for all apprenticeship employees.

Engaged in alternate employment while on Long Term Disability

It was alleged that an employee had engaged in alternate employment while in receipt of Long Term Disability benefits. A number of interviews were held with the employee. We determined that the employee had not been honest and forthcoming during the course of the investigation. Disciplinary action was issued to the employee. Subsequently to the investigation, the employee resigned from their position at the City.

Inappropriate procurement practices

A complaint was received alleging inappropriate procurement practices in a business unit. The investigation revealed a number of issues related to the procurement conducted in the business unit. These included single source agreements not signed before work started; limited supporting documentation for hiring an external resource; and risk assessments not completed appropriately. The investigation confirmed that the business unit was non-compliant with *Administrative Directive 1465B – Procurement, and Administrative Procedure – Non-Competitive Procurement*. A number of recommendations were made to ensure compliance with the Directive. In addition, we informed the business unit that if we become aware of more instances of non-compliance to the Directive that we would be conducting a broader systemic audit.

Supervisor inappropriately spending time with employee

A complaint was received that a supervisor was inappropriately spending time with an employee during work and non-work hours to a point that there was a conflict of interest as a result of their friendship and working relationship. It was confirmed that the two employees engaged in substantial business travel together. No other employees had the opportunity to participate in these meetings with the supervisor. It was also confirmed that the supervisor and employee spend time together outside of work. The relationship created favouritism conditions and a conflict of interest within the business unit. Subsequent to the investigation, both the supervisor and the employee left their employment at the City of Edmonton.

Inappropriate hiring practice

A conflict of interest complaint was received relating to a supervisor inappropriately hiring a friend into a position. The investigation focused on whether the recruitment process was completed in accordance with the City's recruitment procedures. This included determining whether there was a personal or family relationship that should have been disclosed. It was determined that the two employees were close personal friends. This relationship was not disclosed prior to the interview process. A number of recommendations were made to the business unit including that the recruitment process be redone for the position in question. It was also recommended that a workplace assessment in the area be conducted to address some of the culture-related issues that surfaced during this investigation. Finally, corrective action was recommended to be given to both of the individuals named in the report for not disclosing their friendship in the recruitment process which was in contravention of the City's Code of Conduct.

Obtaining intellectual property rights

It was alleged that a former contractor was seeking a new contract from the City of Edmonton in order to provide the City with materials developed by the contractor during their previous contract. A review of the contract signed by the contractor and the City of Edmonton confirmed that "all base materials....in performance of the Services shall vest in and become the absolute property of the City." A recommendation was made to the business unit to ensure that the Law Branch became involved in this matter. The business unit also indicated that no additional contract would be provided to the individual and if an external resource was required, all procurement processes would be followed.

Improper recording of City time

A complaint was received alleging that an employee left the workplace prior to the completion of their overtime shift. A review of time entry and shift sign-up identified that there was a change in schedule in the actual shift start and end times compared to what was originally scheduled. This led to suspicion within the business unit. We recommended that if a shift time is changed, that the change be reflected on the schedule to avoid future instances of misunderstanding.

Engaged in alternate employment while on short-term disability

It was alleged that an employee off sick for two months was engaged in alternate employment. It was confirmed that the employee was not recommended to be at work at this time in any capacity and was approved for Short Term Disability benefits. The investigation confirmed that the employee was engaged in alternate employment for gain while in receipt of Short Term Disability benefits from the City of Edmonton. At no time did the employee disclose this employment to either the Disability Management Consultant adjudicating the claim, or their supervisor. Furthermore, the work the employee was performing was contrary to the capabilities that the employee indicated and the medical restrictions that they supplied, demonstrating a lack of cooperation with the City's rehabilitation and accommodation efforts. The employee was subsequently terminated.

Supervisor not managing an employee's attendance

A complaint was received that an employee had a high number of sick absences and this was being ignored by the employee's supervisor. It was determined that the employee did have a high number of sick absences and was on the City of Edmonton's Attendance Management program. However, all required quarterly review meetings between the Supervisor and the Employee as outlined under the Attendance Management Program did not occur. A recommendation was made to the Supervisor to monitor the employee's attendance more closely going forward and ensure the quarterly review meetings are taking place by putting reminders into the supervisor's calendar.

Recommendations



Recommendations

Audits identify issues and provide practical recommendations to improve the City's operations and services. In 2019, the Administration agreed to implement 100 percent of our recommendations.

The Office of the City Auditor has a comprehensive monitoring program for all recommendations. For each recommendation, we assess the adequacy, effectiveness, and timeliness of actions taken by management. This provides assurance that management has implemented the intent of our recommendations, or provided appropriate explanations when actions are delayed or decisions have been made to not implement recommendations.

Dashboard

At each Audit Committee meeting in 2019, we presented an updated Recommendation Follow-up Dashboard report as a regular agenda item. These reports provide the status of our recommendations and any changes to planned implementation dates.

By having an effective recommendation monitoring process, the Office of the City Auditor is able to identify actions taken by Administration that have resulted in positive change and reduced risk for the City.

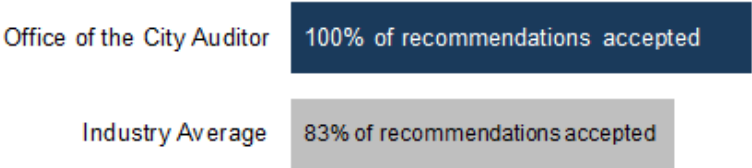
Recommendation Quality

Recommendations accepted

The Association of Local Government Auditors represents local government audit organizations in North America. We used their 2018 biennial survey of member audit organizations for industry best practices.

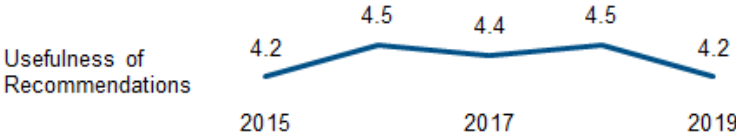
The number of recommendations accepted by Administration is an indicator of the quality of our audit findings and understanding of the business. In 2019,

Administration accepted 100% of our recommendations. The industry average is 83%.



Usefulness of recommendations

Clients help us gauge the quality of our audit recommendations by rating how useful the recommendations are to their business on a 5-point scale.



2019 Closed Recommendations

Improved voting station oversight

In 2017, we provided consulting and assurance services related to the Municipal Election. Our Election Day observations from visits to 121 voting stations identified a number of issues that, while they didn't have an effect on the outcome of any election races, did highlight issues with voting station oversight. In response to our recommendation, Administration developed changes to the training and hiring processes and tested some of those changes during the 2019 Census. The work completed to date is expected to reduce the potential for issues in future elections, and will continue to be refined in the lead up to the 2021 Municipal Election.

Updated residential infill performance measures

In 2018, we performed an audit of the City's residential infill processes to assess high-level risks, determine if they are aligned with past and current Council expectations, and determine if they are effective in meeting stated goals. Based on one of our recommendations, Administration updated some of their performance measure methodology to ensure that the publicly-reported measure is accurate, and reduces the potential need to restate prior period results.

Better accountability of Community Projects in Neighbourhood Parks program

In 2016, we completed the Community Projects in Neighbourhood Parks Process Audit. In response to the audit recommendations, the Citizen Services Department was assigned as the primary owner of the process in order to improve accountability for the program. Administration also engaged with community groups to improve the program. This has resulted in a new condensed and simplified version of the guides and manuals to address clarity issues such as scalability of projects and responsibility of costs. Training of both internal staff as well as community groups has also started and will be ongoing throughout 2020.

New integrated Pest Management Policy

In 2017, we completed the City Pesticide Use Audit. Based on the recommendation, Administration developed and implemented a new Integrated Pest Management Policy (C501A), which provides for a principles-based use of pesticides in terms of accountability, efficacy, health and safety, and sustainability. Administration also implemented a process to ensure accurate, consistent, and timely information is available to the public relating to the City's use of pesticides.

Improved transparency and governance with updated Investment Policy

In 2018, we completed a review of the City's Investment Policy. We identified current best practices that were not reflected and areas that could be clearer. Based on our recommendations, the City updated its Investment Policy, allowing for improved transparency and governance.

Improved capital project reporting

In 2019, we completed the Touch the Water Project Audit. We conducted a detailed review to understand why the project was delayed from progressing beyond the concept stage. We found that the project team had decided to delay concept design until the required environmental assessments were completed, leading to the possible loss of certain grant funding. Based on our recommendation, the City has improved its capital project reporting around project delays that may impact City grant funding, enabling improved Council governance.

Assessment and Taxation process improvements

In 2019, we completed an audit to assess compliance and the quality of property tax assessments. Based on our recommendations a number of process improvements were implemented. Assessment and Taxation updated internal procedures and standards to ensure all suspense accounts are reconciled on an annual basis. Assessment and Taxation also implemented a conflict of interest procedure and declaration specific for City assessors.

New Transit Service Policy for setting transit fares

In 2016, we conducted a review of ETS Bus and LRT operations. A recommendation was made that ETS work with Council to review the transit policy relating to setting of fare rates. In November 2019, City Council approved Transit Service Policy C539A and engaged in a discussion of transit funding and the setting of fare rates as per the expectation of our recommendation.

Additional training of Project Managers around use of change orders

In 2018, we conducted an audit of the City's use of consulting services. This review identified that many of the professional services contracts resulted in extra costs due to unplanned change orders. In 2019, additional training for City Project Managers around improved project scoping and work descriptions was put in place to help reduce unplanned change orders.

Alignment of employee expense procedures with the Expenditure Accountability Framework

In 2016, we completed an Employee Business Expense Audit. We recommended that Administration develop a business case to explore opportunities for system improvements including the travel coordination function, automation of forms and workflow, and risk thresholds. The Financial and Corporate Services Department addressed this recommendation by developing applicable business cases and developing the Expenditure Accountability Framework. This Framework identifies accountabilities and responsibilities for financial transactions and the processes to be followed to approve payments of City money. An update of the Employee Business Expenses Administrative Procedure aligns the employee business expenses procedures to the Framework. These revised documents provide greater clarity and consistency to the organization and support better accountability for financial decision making.

Improved invoice processing within Accounts Payable

In 2019, we completed an audit of Accounts Payable. In response to the audit recommendations, training systems were put in place to ensure transactions are processed in a consistent manner and to ensure that the functionality in the new Accounts Payable system is being used properly. Both of these actions increased the City's effectiveness and efficiency of processing invoices.

Better safeguards of the employee master file

In 2019, we completed a Continuous Auditing Employee Master Data and Payroll Transactions audit. We identified an opportunity to better safeguard the employee master file and payroll transaction data by reviewing the access for "super users." Super users have extensive system access and the ability to make significant changes to employee and payroll data. Administration created a new security access role so that the number of "super users" could be restricted accordingly.

Improved internal controls for facilitating Professional Driver Improvement Courses

In 2019, we completed an ETS Workforce Development Investigation. As a result of this investigation, a former City of Edmonton bus driver instructor was convicted of breach of public trust for giving out nearly 100 false driving certificates over a three-year period. Administration has made changes to the processes and internal controls for facilitating Professional Driver Improvement Courses and issuing certificates.

Better oversight within Waste Services

In 2018, we completed a Waste Services Audit. Based on our audit, a number of initiatives occurred in 2019. Waste Services developed and implemented a formal Performance Management Framework, and implemented a formal process to regularly monitor and receive reports on the operational performance of the waste processing facilities. Waste Services also developed a 25 year Waste Strategy, which was approved by City Council on September 10, 2019. The strategy included waste reduction and diversion components consistent with our recommendations. Waste Services also created an Asset Management Team to establish enhanced management oversight for all Waste Services assets.

Improved Governance for the Africa Centre

In 2018, we performed the Africa Centre: Governance and Management Review. As a result of our recommendations, the Africa Centre has improved its alignment to best practices in not-for-profit governance. The Africa Centre has also implemented a budgeting process that considers input from program management. This ensures that the operational and structural needs of the Centre are prioritized.

Other Recommendations

Administration also closed an additional 19 recommendations related to improving efficiency, effectiveness, governance, and risk management.

Measuring Our Performance

4.4/5

Client assessment of value



Effectiveness and Efficiency

We strive to deliver high-quality, innovative and cost-effective audit services. To accomplish this, we measure key quality and efficiency indicators. This helps us to continuously improve our strategic performance and outcomes.

Measures include customer relationship indicators, effectiveness and productivity metrics, and alignment to audit best practices.

Each of these measures is an indicator of our success towards achieving our strategic vision and mission.

Maintaining Quality

We strive to continuously deliver high-quality, innovative and cost-effective audit services that conform with the IIA Standards and Code of Ethics. We use ongoing monitoring mechanisms including supervisory review and approval of work performed, embedding our project process guidelines in our electronic working paper tool, the use of customer surveys, and the reporting of performance metrics and periodic self-assessments.

Our periodic self-assessments include the Deputy City Auditors performing project quality reviews and, on an annual basis, an evaluation across all projects and processes.

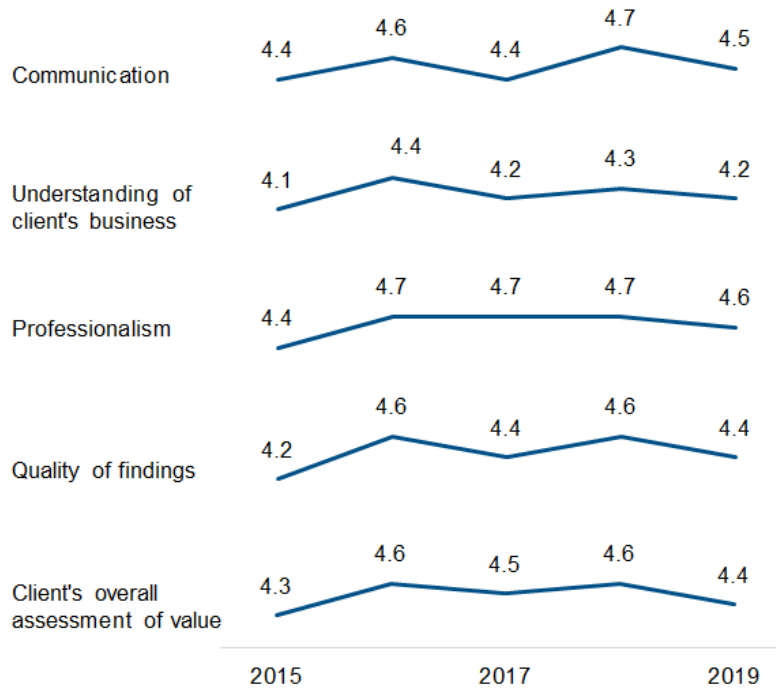
Findings from these reviews are reported to the management team and actions are put in place to address them. For example, in 2018 we identified the need to update our strategic plan and review our mission and goals with staff. This work got underway in 2019 for completion in 2020.

High-Quality, Efficient, Cost-Effective

Client Relationships

After each major project, we issue a customer satisfaction survey to obtain feedback on our performance and to identify areas where we can improve our operations. Audit clients score our performance on a scale of 1 to 5.

Feedback from clients has consistently reflected our strong performance.



Efficiency

In 2019, 81% of our available time was spent working on projects. The industry average is 70%.

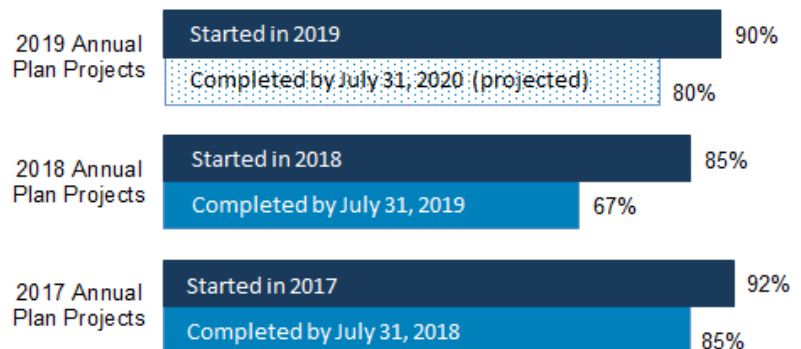


Productivity

The City's Audit Committee approves our Annual Work Plan each year. To ensure consistent productivity, we schedule these projects to begin at various times throughout the year. This continuous scheduling approach ensures staff are consistently involved in value-add project work and can avoid unplanned downtime.

We track the progress of the Annual Work Plan by monitoring project start dates and completion dates. Our goal is to have the majority of projects in the Annual Work Plan started within that calendar year and to have 90% of projects completed by July 31 of the following year.

Completion of the projects in the Annual Work Plan is highly dependent upon the amount of emergent work we take on during the year. This includes investigations, unplanned high-priority issues, and requests from Council. These can result in delays or cancellation of planned work and a decrease in the number of planned projects we complete by July 31.



Cost Effectiveness & Accountability

As an independent audit office reporting on the efficiency, effectiveness, and economy of City operations, we must operate in a cost-effective and clearly accountable manner.

We measure our cost effectiveness by monitoring our actual versus budgeted expenditures, and our office expenditures as a percentage of the entire organization.

In 2019, our actual expenditures were 4% below budget. This is primarily due to one employee being on parental leave.

The Office of the City Auditor continues to be a very small component of the overall City of Edmonton budget. Our office budget comprises 0.09% of the total organization budget. The industry average is 0.14%.

At \$2.5 million, our 2019 annual office budget is below the industry average of \$3.3 million for audit shops of similar size.

Governance



Governance

Audit Committee and City Council rely upon the Office of the City Auditor to provide objective and constructive assessments of how efficiently, effectively, and economically Administration is fulfilling its mandate within the context of City Council's directives and policies.

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.

Governance

City Auditor Bylaw

The Office of the City Auditor receives its purpose, authority, and responsibility from the City Auditor Bylaw. The Bylaw establishes the internal audit activity's position within the organization, including the nature of the City Auditors functional reporting relationship with Council; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. The City Auditor Bylaw also provides the Office with the organizational independence we require to fulfill our responsibilities. Council last approved the Bylaw in June 2006, however, the City Auditor reviews it annually to ensure it remains in compliance with the Standards.

Stakeholders

There are five key stakeholder groups that have a role in audit governance: City Council, Audit Committee, the External Auditor, the City Auditor, and Management. The goal of each group, working both individually and collectively, is to ensure that the City effectively achieves its goals while providing assurance that City operations are being conducted appropriately and cost-effectively.

Governance Support

Two key ways that the Office of the City Auditor supports City Council and Audit Committee's governance responsibilities is by providing an Annual Report and an Annual Work Plan.

Annual Report

Bylaw 12424, City Auditor Bylaw, states that the "City Auditor will submit to Council an Annual Report." We presented the City Auditor's 2018 Annual Report on June 13, 2019. The report summarized the activities of the Office of the City Auditor for the calendar year 2018.

Annual Work Plan

Bylaw 16097, Audit Committee Bylaw, Section 9 states that, "Committee has the power to approve the City Auditor's annual work plan and any changes to the work plan requested by the City Auditor within approved budgets." The Office of the City Auditor's annual planning process is designed to ensure that it prepares a risk-based work plan that adds value to the corporation through its execution.

The Office of the City Auditor's 2020 Annual Work Plan was presented and approved at the November 8, 2019 Audit Committee meeting.

Public Reporting

Our reports are public unless a specific exemption to disclosure exists under the Freedom of Information and Protection of Privacy Act (FOIP).

We forward all completed reports to members of the Audit Committee and City Council. They are then available for discussion at an Audit Committee meeting.

In addition to being distributed to members of the Audit Committee and City Council, reports are also distributed to the City Manager, the operational area(s) reviewed, and are made available to the public via the Office of the City Auditor's website edmonton.ca/auditor.

Quality Assessments

We perform periodic self-assessments throughout the year to ensure our conformance with the IIA's Standards and the Code of Ethics.

The Standards and the City Auditor Bylaw both require the Office of the City Auditor to undergo an independent external quality assessment review at least once every five years. The Office of the City Auditor has had two Independent External Quality Assessments in the past nine years (2011 and 2015). The assessments evaluated compliance with the Standards and compared the Office of the City Auditor to leading practices in public and private sector organizations. In both 2011 and 2015, we achieved the highest rating an audit office can earn regarding compliance with the Standards.

Our next independent external quality assessment is scheduled for 2020. The review will cover the entire spectrum of audit and proactive services conducted by the Office of the City Auditor, to provide our stakeholders with ongoing assurance on our professionalism and quality.

Cooperative Relationships

The support and keen interest in our work that members of the Audit Committee and City Council demonstrate, as we support them in their governance role, is appreciated. The Office of the City Auditor has a strong, open relationship with the Audit Committee and City Council. This relationship is a critical contributor to our success.

The support and cooperation extended to us by the City Administration is also appreciated. Continuing to nurture this mutual cooperation is conducive to our common goal of ensuring that the operations of the City of Edmonton are carried out in an efficient, effective, and economical manner.

Human Resources



Our Team

Delivering high quality reports efficiently and effectively requires a competent, dedicated, and enthusiastic workforce. We understand the importance of effectively managing our staff, developing, and providing our staff with opportunities to grow both personally and professionally. Our focus is to provide all our staff with a supportive environment that encourages them to achieve their personal goals, while simultaneously achieving the desired outcomes of the Office of the City Auditor.

Leadership and Involvement

We provide national, and where possible, global leadership in the government auditing profession. To stay current in the industry, our staff undertakes a number of activities that promote the profession and our audit practices within and outside the City. Many of our audit staff members actively support the auditing profession by chairing or serving on boards of directors or committees of professional audit-related and other organizations. Staff have served the profession by acting as volunteer instructors for Value-for-Money auditing courses hosted by the Institute of Internal Auditors throughout North America. We also encourage staff to publish articles within auditing publications.

Human Resources

Workplace Culture

One of our goals is to maintain a respectful, team-oriented workplace that helps individuals reach their career potential and achieve personal growth goals. Strategies to help achieve this goal include providing encouragement to pursue training and professional certifications and to foster a positive working climate.

The goals of the Office of the City Auditor were achieved in 2019 because of the staff's hard work, perseverance, and commitment to delivering high quality, innovative, and cost-effective audit services. With every audit we demonstrate our ability to willingly adapt and rise to new challenges and complexities.

Professional Development

On average, staff completed 8.1 days of City funded training and development to enhance their knowledge, skills, and other competencies including ethics. Staff with professional certifications require a minimum of 5 days of professional development per year.

Certifications, Designations, & Degrees

100% of audit staff have professional audit certifications, advanced designations, and/or degrees.



Back row: Paul Ebenezer, Lisa Callas, Lance Cooper, Becky Williams, Thomas Wong

Middle row: Sophia Kasozi, Jason Solowan, Janine Mryglod, Edwin Ryl, Chryis Burton, John Bowers

Front row: Stephan Maslo, Leslie Glasbeek, David Wiun, Queena Dong, Michael Lam