



Office of the City Auditor

2011 First Quarter

Activity Report

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1. Audit Plan Progress Monitoring

Bylaw 15310, *Audit Committee Bylaw*, Section 10(1) states that “Committee will provide oversight of the City Auditor” and Section 10(2) states that “Committee will monitor the role and functions of the City Auditor.”

This quarterly report provides Audit Committee with an update on our first quarter activities and summarizes our 2011 Work Plan activities.

In the first quarter of 2011, we have provided the following eight reports to City Council and Audit Committee members:

- Transportation Planning Branch Follow-up Review (discussed at February 14, 2011 Audit Committee meeting)
- Semi-Annual Follow-up of Recommendations (discussed at February 14, 2011 Audit Committee meeting)
- Corporate Procurement Card Duplicate Payments Review (discussed at February 14, 2011 Audit Committee meeting)
- 2010 Municipal Election Review (discussed at February 14, 2011 Audit Committee meeting)
- Non-Profit Housing Corporation (homeEd) Financial Review (discussed at February 14, 2011 Audit Committee meeting)
- Edmonton Public Library Contracted Custodial Services Review (Separate Agenda item for April 18, 2011 Audit Committee meeting)
- Community Facility Services Branch Review (Separate Agenda item for April 18, 2011 Audit Committee meeting)
- 2010 OCA Annual Report (Separate Agenda item for April 18, 2011 Audit Committee meeting)

Table 1 highlights our audit activity for 2011 to the end of March. It is divided into project categories to provide a better understanding of the type of work that is associated with each project. It also indicates the Audit Committee dates that we expect to present the reports for discussion.

Emerging issues and scope changes to existing projects may result in changing some of the projected Audit Committee report dates.

Table 1 – 2011 Annual Plan Progress Monitoring

Type of Project	Projected Audit Committee Dates				
	February 14	April 18	June 20	September 26	November 7
Value for Money Audits					
Community Facility Services Branch- Complete <i>Report is being presented as a stand-alone report at the April 18, 2011 Audit Committee meeting.</i>		✓			
Waste Management Utility Audit – In Progress			X		
Peace Officer Program – Not Yet Started <i>It is anticipated that this audit will be conducted in late 2011 or early 2012.</i>					
Contract Tendering – Not Yet Started					X
Grant Administration – Not Yet Started					X
Prioritized Projects	February 14	April 18	June 20	September 26	November 7
Edmonton Police Service – Not Yet Started <i>The Edmonton Police Commission anticipates that they will request the OCA to conduct a review within the Police Service in 2011.</i>					
External Auditor Support – As Needed <i>Coordinating our audit efforts with the external auditor allows for increased audit coverage and avoidance of duplicate audit work.</i>					
Emerging Issues	February 14	April 18	June 20	September 26	November 7
Capital Construction Department – In Progress			X		
homeEd Financial Review – Complete <i>Presented at February 14 Audit Committee meeting.</i>	✓				
Investigations	February 14	April 18	June 20	September 26	November 7
Fraud Policy Update – In Progress			X		
Fraud Awareness Training – Ongoing <i>In collaboration with the Administration, we are implementing a corporate communication strategy to improve employee fraud awareness.</i>					
Fleet Services Tools – In Progress				X	
Hotline Administration – Ongoing <i>The 2010 Fraud and Misconduct Summary is being presented as part of the 2010 Annual Report.</i>					
Cash Handling Audits	February 14	April 18	June 20	September 26	November 7
Duplicate and Excess Payments – Complete <i>The first of a planned series of annual reviews was presented at February 14 Audit Committee meeting.</i>	✓				

Information Technology Projects	February 14	April 18	June 20	September 26	November 7
Computer Assisted Audit Technology– Ongoing					
Generic IDs Assessment – In Progress				X	
Information Technology Security Baseline Review – Not Yet Started					X
Software Licensing & Hardware Use – In Progress				X	
Follow-up Reviews	February 14	April 18	June 20	September 26	November 7
Semi-Annual Follow-up of Recommendations – First Semi-Annual Report - Complete <i>Presented at February 14 Audit Committee meeting.</i>	✓				
Semi-Annual Follow-up of Recommendations – Second Semi-Annual Report – Not Yet Started				X	
Transit Ticket Sales – Not Yet Started					X
Transportation Planning Branch – Complete <i>Presented at February 14 Audit Committee meeting.</i>	✓				
Corporate Projects	February 14	April 18	June 20	September 26	November 7
Enterprise Risk Management Framework – Ongoing <i>We are providing support to the Administration in their efforts to expand the corporate role of Enterprise Risk Management.</i>					
Capital Projects Review - Ongoing					
Corporate Performance Measurement and Reporting System – In Progress					X
OCA Governance Activities	February 14	April 18	June 20	September 26	November 7
Audit Committee Orientation – Ongoing					
2010 Annual Report – Complete <i>This report is being presented as a stand-alone report at the April 18 Audit Committee meeting.</i>		✓			
2012 Annual Plan – Ongoing					X
First Quarter Activity Report - Complete <i>This report is being presented as a stand-alone report at the April 18 Audit Committee meeting.</i>		✓			
OCA External Quality Assessment – Complete <i>This report is being presented as a stand-alone report at the April 18 Audit Committee meeting.</i>		✓			
Edmonton Police Commission Self-Evaluation – Not Yet Started					X

OCA Leadership Activities	February 14	April 18	June 20	September 26	November 7
Fellowship Program – Ongoing <i>As part of the Canadian Comprehensive Auditing Foundation's International Fellowship Program, we are scheduled to be visited by two auditors from the Vietnam State Audit Office in November 2011.</i>					
Industry Sharing – Ongoing <i>We share our operating practices with various bodies that help to promote the internal audit profession. Examples are provided in Section 2 of this Activity Report.</i>					

*Note: '✓' Completed projects and Audit Committee dated discussed
'X' Projects In-Progress or Not Yet Started and expected Audit Committee date

2. Internal Audit Recognition

We strive to provide national leadership in the government auditing profession. A number of private and public sector organizations have approached us to share our performance audit experiences.

The following section summarizes four of the recent significant activities and initiatives that we have been involved in.

2.1. 2010 Knighton Award

We are pleased to announce that our office is once again the recipient of a Knighton Award. A total of 22 medium-size audit shops (6 to 15 auditors) submitted reports to the competition this year. Our report, *Overtime Review*, issued in August 2010, received Honourable Mention in the 2010 Knighton Awards competition in our category.

This is the second Knighton Award won by our office, the first being the Bronze Award in 2009 for our 2008 report, *23rd Avenue and Gateway Boulevard Interchange Project Review*. Of the nearly 300 local government organizations represented by the association, fewer than 20 local government audit shops have won more than one Knighton Award. In the Fall 2010 ALGA Quarterly article, *Knighton Awards: Then and Now*, Suzanne Flynn noted that, "It is a tribute to the repeat winners' reports that the judges rotate through the awards categories and the repeat awards are actually bestowed by different people."

The Knighton Awards were created by the Association of Local Government Auditors in 1995 to recognize the top performance auditing reports issued each year by local government auditors. The award was named after Lennis Knighton, long considered the inventor of modern performance auditing. Each year, the ALGA Awards Committee appoints a panel of judges for each award category (small shop, medium shop, and large shop). Each of those panels is charged with evaluating audits for most innovative practices, best writing, most challenging audit findings, and other criteria.

2.2. People's Republic of China

On March 3, 2011, the City Auditor and a Senior Audit Coordinator with the OCA made a presentation to 22 auditors from the National Audit Office of the People's Republic of China. This audit office is charged with measuring financial performance and degree of regulatory compliance of Ministries and state owned enterprises across China.

The 22 auditors are attending the University of Alberta for 3 months in the Centre for International Business Studies. The 22 participants are all middle to upper middle officials from both the central audit office and from regional audit bureaus across China. The program they are attending at the University of Alberta is intended to augment both the theoretical understanding and practical skills of officials involved in audits of environmental or resource-based services.

The participants from China were particularly interested in our methodologies for determining economy, efficiency, and effectiveness measures in our performance/value for money audits. Our office was honored to be selected as part of their study tour.

2.3. Habitat for Humanity

On February 24, 2011, two OCA staff met with representatives from Habitat for Humanity. Habitat had started to implement Enterprise Risk Management (ERM) and requested a meeting after reviewing the City's ERM model posted on the OCA website. In addition to discussing our experiences and providing insights into ERM and privacy issues, we shared process information on conducting investigations.

2.4. Institute of Internal Auditors – Edmonton Training Week

From March 8 to 11, 2011, the Edmonton Chapter of the Institute of Internal Auditors organized a training week. An OCA staff member was the Chair of the Organizing Committee.

The training week provided a multi-track training opportunity consisting of six courses (2 or 4 days) and a two-day Audit Leadership event. Course topics included Operational Auditing, Tools and Techniques for the Audit Manager and Auditor in-charge, Enterprise Risk Management, and Auditing for Internal Fraud. A total of 114 people (including 25 people from outside the greater Edmonton area) attended the training week.

As Chair of the Organizing Committee, the OCA staff member was responsible for the event planning (e.g. course and instructor selection), contract management, budget management, marketing, and registration.