



**Calgary**

City Auditor's Office

**3rd Quarter 2019 Report  
July 1, 2019 – September 30, 2019**

**October 24, 2019**

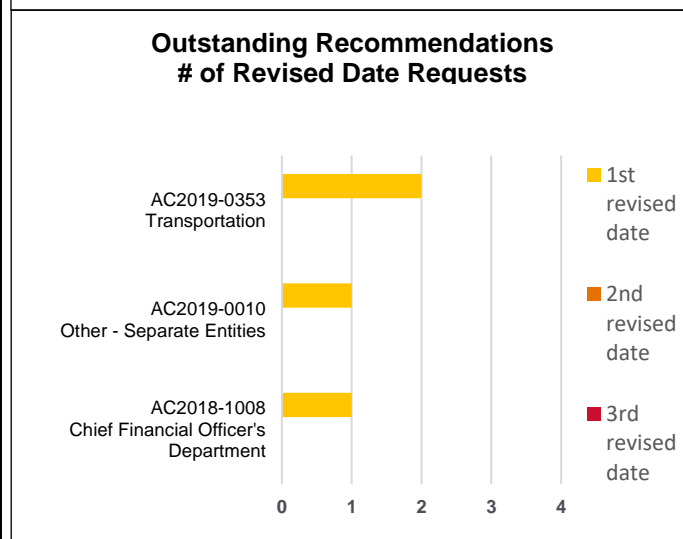
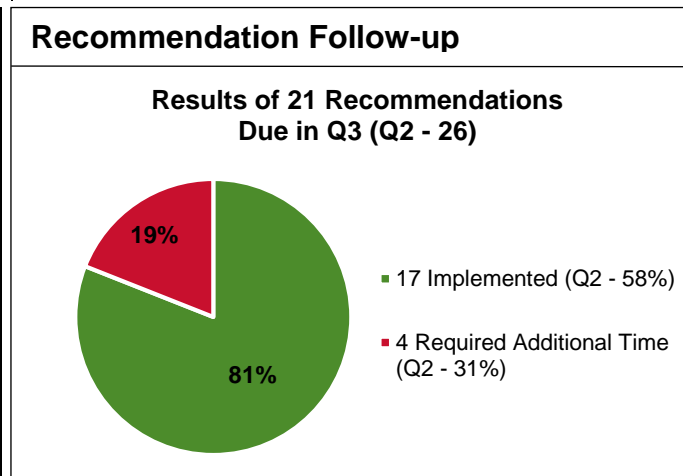
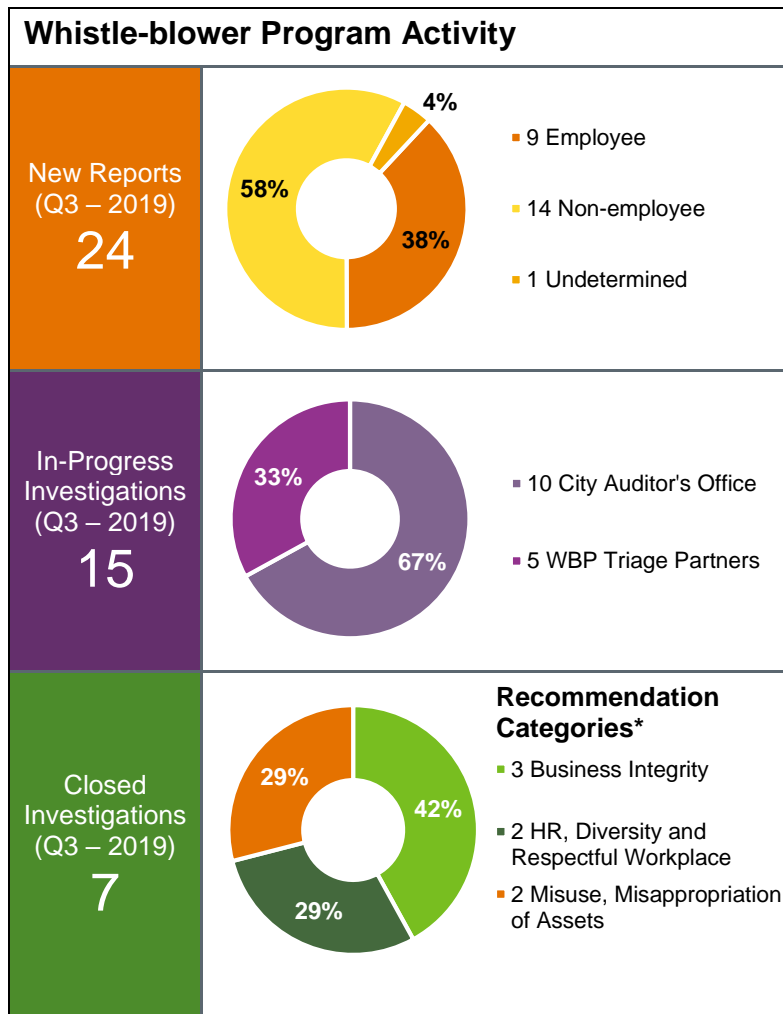
**Katharine Palmer  
City Auditor**

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## 1. Status Update

| Key Performance Indicators |                                     |                  |         |         |
|----------------------------|-------------------------------------|------------------|---------|---------|
| Measure Area               | Performance Indicator               | Target           | Q2 2019 | Q3 2019 |
| Efficiency                 | On Track to Annual Plan             | Q2-58%<br>Q3-85% | 55%     | 68%     |
| Effectiveness              | Timely Implementation of Audit Rec. | 65%              | 53%     | 75%     |
| Quality                    | Client Satisfaction                 | 85%              | 99%     | 99%     |
| Staff                      | Training Plan Achieved              | 90%              | 100%    | 95%     |

| Budget        |                    |                      |                |             |
|---------------|--------------------|----------------------|----------------|-------------|
|               | 2019 Annual Budget | Q3 Cumulative Budget | Actual to Date | Variance    |
| Salary        | 2,684              | 1,989                | 1,911          | (78)        |
| Tools & Tech. | 120                | 96                   | 95             | (1)         |
| Training      | 52                 | 39                   | 43             | 4           |
| Other         | 78                 | 63                   | 58             | (5)         |
| <b>Total</b>  | <b>2,934</b>       | <b>2,187</b>         | <b>2,107</b>   | <b>(80)</b> |



\*Recommendations/Corrective Actions are published at [www.calgary.ca/whistle](http://www.calgary.ca/whistle)

## 2. Initiative Briefing: Continuous Improvement

The City Auditor’s Office (CAO) has developed a framework for continuous improvement that supports our commitment to our “Four R’s”.

Opportunities for process improvement are identified through the following activities:

- Each audit is assigned a Quality Assurance Reviewer, who is responsible for a supervisory review of audit work papers and associated reports to ensure all CAO planning; fieldwork and reporting is in compliance with The Institute of Internal Auditors (IIA) *Standards*. Quality reviews also identify opportunities for continuous improvement.
- At the conclusion of each audit, the CAO issues an electronic survey to the key client contact. The CAO audit team also hold an internal “lessons learned” meeting to identify and share any feedback.
- Quarterly, the CAO collates and assesses internal and external Key Performance Indicators (KPI) to identify performance trends, and bottlenecks in internal processes.
- Quarterly, an audit file review is conducted by an independent CAO auditor to confirm conformance to IIA *Standards*, and to identify process improvement opportunities.
- CAO audit leaders periodically review specific parts of the audit process to evaluate value-add process steps and to identify challenges.

Any identified process improvement opportunities are discussed and evaluated by the CAO team prior to incorporation into our day to day audit activities, tools and templates. Continuous improvement supports the CAO’s “Four R’s” in the following ways:



| <b>Reliability</b>  | <b>Resilience</b>  | <b>Risk Reduction</b>  | <b>Responsiveness</b>  |
|---|--|--|--|
| Process improvement opportunities support the delivery of audit activities within expected timelines and enhance the consistency and quality of deliverables. | Process improvement opportunities support the ongoing resilience of the CAO audit team by enhancing structures utilized by the audit team in their daily work. | Effective audit delivery supports the identification of risk and discussion of cost effective ways to mitigate risk. | Process improvement opportunities to facilitate ongoing audit efficiency, which boosts the CAO’s capacity to address emerging risks, as well as Council and Administration requests. |

During 2019, the following process improvements were included in our audit activities:

- Developed electronic templates specific to follow-up audits to build planning efficiency;
- Created a partially populated Gantt chart with standardized reporting timelines to streamline the development of audit milestones and the estimated delivery date; and
- Integrated a draft report format checklist into internal reporting processes to support consistency of deliverables and efficiency of internal draft report reviews.

This framework for continuous improvement forms part of the City Auditor’s Office Quality Assurance and Improvement Program (QAIP), an integral expectation of IIA *Standards*. The internal and periodic review activities completed to date during 2019 have confirmed ongoing conformance with IIA *Standards*.

## 2018/2019 Annual Audit Plan – Status as at September 30, 2019

| 2018/2019 Annual Audit Plan |  |   |               |                |
|-----------------------------|--|---|---------------|----------------|
| #                           | Title  | Description   | Report Target | Status         |
| <b>2018 Carry Forward</b>   |  |   |               |                |
| 1                           | Calgary Parking Authority  | An operational audit of Calgary Parking Authority's asset management processes for the parkade portfolio that they own and operate.   | Q1, 2019      | Reported 01/19 |
| 2                           | Planning Application Review and Approval Process<br><br>(Previous Title: Community Planning/Calgary Approvals) | An operational audit to assess the effectiveness of controls and risk mitigation processes to deliver quality, fair and timely decisions that support development realization.  | Q1, 2019      | Reported 04/19 |
| 3                           | Calgary Community Standards – Livery Transport Services  | An operational audit assessing the effectiveness of internal controls that support public and driver safety.  | Q1, 2019      | Reported 03/19 |
| 4                           | Annual Control Environment Assessment  | An operational audit assessing the design effectiveness of the Annual Control Environment Assessment and assessing the operating effectiveness of control activities which support COSO Principle 3: Establishes Structure, Authority and Responsibility. | Q1, 2019      | Reported 02/19 |
| 5                           | Emergency Management   | An operational audit of emergency preparedness and related business continuity plans.   | Q2, 2019      | Reported 06/19 |
| <b>2019 Audits</b>          |  |   |               |                |
| 1                           | Green Line – Governance  | An operational audit of Green Line Project organization/governance framework.<br><br>Citizen Priority – A City that Moves   | Q2, 2019      | Reported 03/19 |

| 2018/2019 Annual Audit Plan |  |   |               |                             |
|-----------------------------|--|---|---------------|-----------------------------|
| #                           | Title  | Description   | Report Target | Status                      |
| 2                           | Off-site Levy Administration                                 | An operational/IT audit of the effectiveness of City processes (including calculation practices) and system controls that support capital cost recovery and use of collected levies governed by the 2016 Off-site Levy Bylaw.<br><br>Citizen Priority – A Well-Run City | Q3, 2019      | Reporting                   |
| 3                           | Warehouse/Inventory Systems                                  | An operational audit of warehouse and inventory systems supporting significant City assets.<br><br>Citizen Priority – A Well-Run City   | Q3, 2019      | Reported<br>09/19           |
| 4                           | Pensions Compliance  | A compliance audit as required by Alberta Pension Services (APS) providing independent triennial assurance over three City pension plans (LAPP, LAPP Fire, and SFPP).<br><br>Citizen Priority – A Well-Run City   | Q2, 2019      | Reported to<br>APS<br>06/19 |
| 5                           | Waste and Recycling Services – Cart Contamination Prevention | An operational audit of the effectiveness of contamination prevention activities supporting the Waste and Recycling Services cart programs.<br><br>Citizen Priority – A Healthy and Green City  | Q3, 2019      | Reporting                   |
| 6                           | Budget Management  | An operational audit of processes and reporting tools available to DeptID owners to support effective management of their operating budget.<br><br>Citizen Priority – A Well-Run City   | Q4, 2019      | Fieldwork                   |
| 7                           | Corporate Issue Management Program                           | An operational audit on the maturity of The City's Corporate Issue Management Program.<br><br>Citizen Priority – A Well-Run City  | Q4, 2019      | Fieldwork                   |

| 2018/2019 Annual Audit Plan |                                     |   |               |          |
|-----------------------------|-------------------------------------|---|---------------|----------|
| #                           | Title                               | Description   | Report Target | Status   |
| 8                           | Calgary Fire - Inspections          | An operational audit of the efficiency and effectiveness of Calgary Fire's inspection activities.<br><br>Citizen Priority – A City of Safe and Inspiring Neighbourhoods | Q1, 2020      | Planning |
| 9                           | Roads – Pothole Remediation         | An operational audit of the efficiency and effectiveness of pothole remediation.<br><br>Citizen Priority – A City that Moves  | Q1, 2020      | Planning |
| 10                          | Elections Follow-up                 | A follow-up audit to review action plans implemented in response to the 2017 Municipal Election Review (AC2018-0852).<br><br>Citizen Priority – A Well-Run City         | Q2, 2020      | Planning |
| 2020 Audits                 |                                     |   |               |          |
| 1                           | Opportunity Calgary Investment Fund | An operational audit of Opportunity Calgary Investment Fund's grant administration.<br><br>Citizen Priority – A Prosperous City   | Q2, 2020      | Planning |