



Calgary

City Auditor's Office

**City Auditor's Office
Revised 2020 Audit Plan**

October 24, 2019

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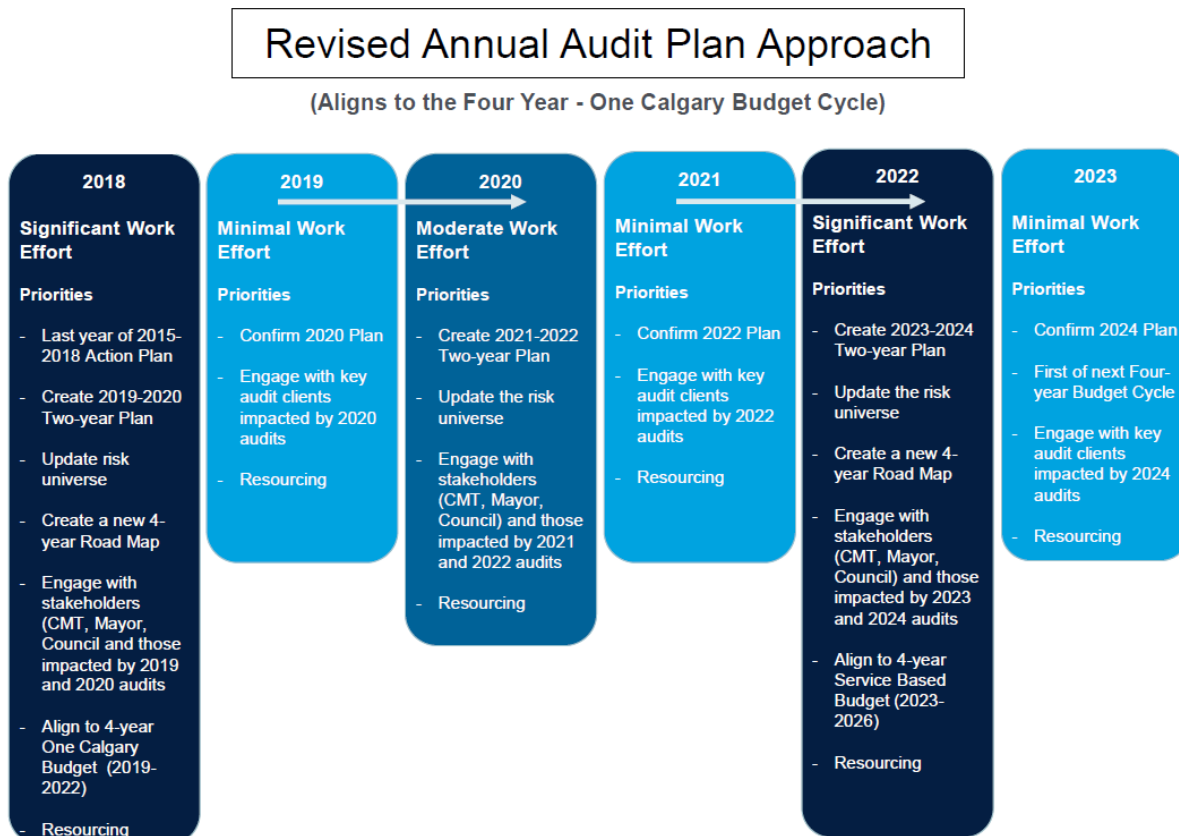
The City Auditor's Office completes all projects in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

1.0 2020 Audit Plan Development

The City Auditor’s Office (CAO) provides objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes. This assurance helps The City of Calgary (The City) achieve its strategic, operational, financial, and compliance objectives. The audit and advisory work provided by the CAO is intended to act as a catalyst for improving an organization’s effectiveness and efficiency by providing insight and recommendations on risk management effectiveness. The annual presentation of our Audit Plan outlines where those audits and assurance activities will take place.

The CAO Charter requires the City Auditor to prepare annually a risk-based Audit Plan for approval by Audit Committee and for information to Council. The CAO Charter is aligned with The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing, which require the establishment of a risk-based plan to determine the priorities of the internal audit activity be consistent with the organization’s goals. The intent of the audit planning process is to ensure that available audit resources are directed to the most significant areas of City activity, and support the achievement of Citizen Priorities and Council Directives.

In July 2019, the City Auditor presented the CAO’s revised Annual Audit Plan approach to Audit Committee (AC2019-0899), aligned to the Four Year – One Calgary Budget Cycle. The intent of this revised approach is to provide internal efficiencies and continue to support a risk based approach that provides agility to include emerging risks and alignment with changes occurring in Administration. The CAO presented a two year 2019/2020 Audit Plan for Audit Committee approval in September 2018 (AC2018-0998). As shown in the diagram below, 2019 activities to reconfirm the 2020 Audit Plan included assessing available CAO resources, and engaging with clients impacted by the proposed 2020 audits.



The provisional list of 2020 audits was assessed to determine the resource and skill requirements, and the anticipated budget and cycle time required to complete each audit. Total anticipated audit hours were reconciled against a resource calculation of available and appropriate internal resources and calendar availability. Time sensitive initiatives required to be completed by the CAO during 2020 were also included in the calculation.

As available resources were insufficient to complete all twelve audits originally scheduled for 2020, the CAO re-prioritized audits on a risk relevance basis. Re-prioritization identified seven remaining audits in the Revised 2020 Audit Plan. The five audits excluded from the lists will be re-assessed and considered as part of the 2021-2022 audit planning process (see Appendix).

Scope and timing of the seven re-prioritized audits planned for 2020 were defined and confirmed utilizing input from clients impacted by the proposed audits, and availability of CAO staff. The revised plan is based on eight professional audit staff (auditor and senior auditors) conducting the audits, in addition to an Audit Manager IT supporting data analytics initiatives and supervising IT audits, a Data Strategist, and two Deputy City Auditors supporting audit supervision and advisory functions. A contingency block of time is allocated to provide flexibility for the City Auditor and Deputy City Auditors to respond to emerging risks across The City via advisory projects.

The CAO considers all audits performed to be classified as performance audits. Under this broad title, audits in the 2020 Audit Plan are further classified as:

- Operational Audits
Utilizing a risk-based approach, review operations, services, processes and/or systems to determine whether they are effective and implemented as planned to achieve their objectives. This type of audit may include assessing the efficiency with which resources are utilized.
- IT Audits
Review and evaluation of automated information processing systems, related non-automated processes and the interfaces among them to ensure business risks are minimized appropriately.
- Follow-up Audits
Review the effectiveness of the corrective action implemented in response to previous audit recommendations to ensure the underlying risk was mitigated as intended to support achievement of the objective. This type of audit is generally more limited in scope, but may still identify efficiency opportunities resulting from operational changes and/or redundant control structures.

2.0 Audit Plan Execution

The CAO audit process utilizes a risk-based approach throughout all phases of the audit. In particular, the planning phase includes a detailed risk identification and assessment phase. The purpose of this phase is to identify the most significant risks within the area and focus the allocated audit resources on those areas. The result is an audit project that does not address all risks, but focuses on the most significant risks that could impact the achievement of City objectives. In line with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, the planning of an audit considers (dependent on the audit topic) the risks to achievement of the organization's strategic objectives; reliability and integrity of financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures, and contracts.

In delivering the Audit Plan, the CAO focuses on key values:

- Risk reduction: audit and advisory activities and associated recommendations cost-effectively address risks to The City, and our active follow up supports timely implementation;
- Reliability: audit and assurance activities add value and are completed by skilled, experienced staff within expected timelines;
- Responsiveness: the CAO has the ability to address emerging risks, Council and Administration requests; and
- Resiliency: the CAO is supported by structure and protocols which enable the team to remain adaptable and agile in supporting The City through audit and advisory activities.

The City Auditor monitors progress against the approved 2020 Audit Plan and re-assesses risk decisions pertaining to individual project scope and emerging issue requests within the approved plan. The City Auditor is committed to supporting an agile team which can re-prioritize audit and assurance activity.

In accordance with Bylaw 48M2012, the City Auditor communicates progress towards completion of the approved plan to the Audit Committee as part of the CAO's quarterly reports. Audit Committee reviews and forwards these reports to Council for information.

Appendix: Revised 2020 Audit Plan

2020 Audit Plan			
#	Title	Description	Report Target
2019 Anticipated In-Progress Audits			
1	Budget Management	An operational audit of processes and reporting tools available to DeptID owners to support effective management of their operating budget. <i>Citizen Priority – A Well-Run City</i>	Q1
2	Corporate Issue Management Program	An operational audit on the maturity of The City's Corporate Issue Management Program. <i>Citizen Priority – A Well-Run City</i>	Q1
3	Calgary Fire - Inspections	An operational audit of the efficiency and effectiveness of Calgary Fire's inspection activities. <i>Citizen Priority – A City of Safe and Inspiring Neighbourhoods</i>	Q1
4	Roads – Pothole Remediation	An operational audit of the efficiency and effectiveness of pothole remediation. <i>Citizen Priority – A City that Moves</i>	Q2
5	Elections Follow-up	A follow-up audit to review action plans implemented in response to the 2017 Municipal Election Review (AC2018-0852). <i>Citizen Priority – A Well-Run City</i>	Q2
Risk Assessed Higher Priority: 2020			
1	Opportunity Calgary Investment Fund	An operational audit of Opportunity Calgary Investment Fund's grant administration. <i>Citizen Priority – A Prosperous City</i>	Q2
2	Green Line Project Governance Follow-up	A follow-up audit to review action plans implemented in response to the 2019 Green Line – Governance Audit (AC2019-0353). <i>Citizen Priority – A City that Moves</i>	Q2
3	Assessment Complaints	An operational audit of the processes utilized by The City to efficiently prepare for, and improvement incorporated in response to, the assessment complaints process. <i>Citizen Priority – A Prosperous City</i>	Q3
2020 Audit Plan			

#	Title	Description	Report Target
Risk Assessed Higher Priority: 2020			
4	IT SCADA System Security	An IT security audit of the complex supervisory control and data acquisition (SCADA) systems that support critical City infrastructure. <i>Citizen Priority – A Well-Run City</i>	Q3
5	Safety Management	An operational audit of the effectiveness of the Environmental & Safety Management Business Unit’s monitoring and mitigation of safety incidents. <i>Citizen Priority – A Well-Run City</i>	Q4
6	Integrated Risk Management	A follow-up audit on Integrated Risk Management (AC2014-0295). <i>Citizen Priority – A Well-Run City</i>	Q4
7	311 Response	A City-wide operational audit of the service area responses to citizen concerns received through 311. <i>Citizen Priority – A Well-Run City</i>	2021
Initiatives: 2020			
	<p>To enhance resilience, risk reduction, and responsiveness, during 2020 the City Auditor’s Office will complete the following time sensitive initiatives:</p> <ul style="list-style-type: none"> • Organization risk evaluation, and development of the 2021/2022 Audit Plan; • Data preparations and process refinement to upgrade audit software in 2021; and • Launch of a new role position, senior analytics auditor, to support the Data Analytics Desktop Audit Program. The City Auditor’s Office will continue to expand the Data Analytics Program during 2020, with a report on planned focus areas to be provided to Audit Committee no later than Q2, 2020. 		N/A
Audits Removed From 2020 Audit Plan			
The following five audits originally scheduled in 2020 as part of the 2019/2020 Audit Plan will be considered on a risk basis for inclusion in the 2021/2020 Audit Plan.			
1	Transportation Infrastructure – Construction Project	An operational audit of a Transportation Infrastructure capital construction project underway in 2020. <i>Citizen Priority – A City that Moves</i>	N/A
2	Calgary Transit Ridership	A follow-up audit on Calgary Transit Fare Revenue (AC2017-0341) specific to ridership.	N/A

		<i>Citizen Priority – A City that Moves</i>	
3	Recreation Initiatives	An operational audit of initiatives implemented by Calgary Recreation to support equitable service provision. <i>Citizen Priority – A Healthy and Green City</i>	N/A
4	Diversity Initiatives	An operational audit of the effectiveness of The City's internally focused diversity initiatives. <i>Citizen Priority – A Well-Run City</i>	N/A
5	24 Hour/Special Purpose Vehicle Policy (Fleet Services)	A compliance audit of the 24 Hour/Special Purpose Vehicle Administration Policy. <i>Citizen Priority – A Well-Run City</i>	N/A