

## **City Auditor's Office Bylaw**

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### **EXECUTIVE SUMMARY**

The City Auditor's Office Bylaw 30M2004 (AC2020-0825 Attachment 1) requires updating to reflect changes identified by the Bylaw Review Working Group of Audit Committee, and to continue to conform to standards set by the Institute of Internal Auditors. Specific changes are notated in AC2020-0825 Attachment 3.

### **CITY AUDITOR'S RECOMMENDATIONS:**

That Audit Committee recommends:

1. That Attachment 4, the Proposed Text for a bylaw to amend Bylaw 30M2004, the City Auditor Bylaw, be approved; and
2. That Council give three readings to the proposed Bylaw.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Council approved Bylaw 30M2004 (Bylaw to establish the position of City Auditor) and AC2004-09 Attachment 2 (City Auditor Model) on May 17, 2004. Council approved Bylaw 48M2012 (Bylaw to continue the Audit Committee) on May 5, 2012. Council approved the City Auditor's Office Charter (AC2013-0830 Attachment 2, replacing the City Auditor Model AC2004-09 Attachment 2) and amended City Auditor Bylaw 30M2004 on January 13, 2014. Council approved the City Auditor's Office Charter (AC2020-0825 Attachment 2), replacing the previous City Auditor's Office Charter (AC2013-0830 Attachment 2) and amended City Auditor Bylaw 30M2004 (AC2020-0825 Attachment 1) on April 25, 2016.

### **BACKGROUND**

The City Auditor's Office provides independent and objective audit, advisory and investigative services for the City of Calgary. Bylaw 30M2004 establishes the position of the City Auditor and states that the City Auditor is responsible for assisting Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations. It is also recognized, through the proposed amendments the responsibility of the City Auditor to provide independent and objective assurance, advisory, and investigative services to add value to The City of Calgary and enhance public trust. The Bylaw 30M2004 with the new Schedule A as proposed collectively forms the terms of reference governing the City Auditor.

The City Auditor's Office follows the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards). IIA Standard 1000 (Purpose, Authority and Responsibility) states that "The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval." To align with this standard, the City Auditor reviews the City Auditor Bylaw and corresponding documents, as applicable, on a triennial basis, or more frequently as needed. The last review occurred in 2016.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

In 2019, members of Audit Committee supported a comprehensive review of both the Audit Committee Bylaw 48M2012, and the City Auditor Bylaw 30M2004 as part of the approved Audit Committee 2019 Work Plan.

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In 2019 November, Audit Committee formed a Bylaw Working Group consisting of the following membership:

- Councillor E. Woolley
- Councillor J. Farkas
- Citizen Member L. Caltagirone
- City Auditor, Katharine Palmer
- City Legal Representative, Shawn Swinn
- Audit Committee Executive Assistant, Corrie Smillie

The Bylaw Working Group evaluated both bylaws considering strategic goals provided by the Strategic Working Group. The Strategic Working Group was established in early 2020 to undertake a review of strategic matters on behalf of the Audit Committee and consisted of the following Audit Committee members:

- Councillors E. Woolley
- Councillor G. Carra
- Citizen Member L. Caltagirone
- Citizen Member M. Dalton
- Citizen Member M. Lambert

Amendments proposed in the City Auditor Bylaw (Attachment 3) reflect the collective agreement of the Bylaw Working Group and support alignment to:

- IIA Standards;
- Audit Committee Bylaw 48M2012 as amended;
- Recommendations from the Audit Committee Strategic and Bylaw working groups; and
- Current practices of the City Auditor's Office.

The amendments include the addition of a Schedule A which reflects the City Auditor's Office structures and internal policies as established to support assurance, advisory and investigation services. The inclusion of Schedule A supports the removal of the previous City Auditor's Office Charter due to redundancy. Attachment 4 summarizes the key changes proposed.

### **Stakeholder Engagement, Research and Communication**

The City Auditor's Office consulted with members of Audit Committee, members of Audit Committee strategic working group, the City's Chief Financial Officer, the City Manager, and The City's Law Department regarding the proposed amendments to the City Auditor Bylaw.

### **Strategic Alignment**

The City Auditor's Office assists Council in its oversight of the City Manager's administration and accountability for stewardship over public funds.

### **Social, Environmental, Economic (External)**

Not applicable.

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### Financial Capacity

#### *Current and Future Operating Budget:*

Not applicable.

#### *Current and Future Capital Budget:*

Not applicable.

### Risk Assessment

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure.

### REASON FOR RECOMMENDATIONS:

Council approval is required to amend a previously approved Bylaw or report. The City Auditor Bylaw 30M2004 requires amendment to conform to Institute of Internal Auditor Standards, recent revisions to the Audit Committee Bylaw 48M2012 and current practices of the City Auditor's Office.

### ATTACHMENTS

1. Bylaw 30M2004, as approved 2016 April 25
2. City Auditor Charter, referenced in AC2016-0247, and approved 2016 April 25
3. Proposed updated Bylaw 30M2004, with changes notated
4. Proposed Text for a bylaw to amend Bylaw 30M2004, the City Auditor Bylaw