

Proposed Text for a bylaw to amend Bylaw 30M2004, the City Auditor Bylaw

1. Bylaw 30M2004, as amended, is hereby further amended.
2. In the preamble, the following is deleted:

“WHEREAS Council has considered AC2016-0247 and has approved the City Auditor’s Office Charter;”.
3. Section 3 is deleted and replaced with the following:

“3. The person appointed to the position of City Auditor is eligible for reappointment. The total term of the appointment must not exceed ten (10) years.”.
4. Section 7 is deleted and replaced with the following:

“7. The City Auditor’s mandate is to audit:

 - (a) any area of City operations reporting to the City Manager;
 - (b) any entity that receives any type of benefit from The City, whether financial, assets or in-kind, where The City has the legal authority to conduct an audit.

7.1 The City Auditor shall be provided with unrestricted access to all municipal personnel, records, property, policies, procedures, processes, systems and data necessary to support the work conducted by the City Auditor in delivery of assurance, advisory and investigative services.

7.2 The City Auditor shall report the outcome of all audits to the Audit Committee (including Administration’s response and corrective actions to be taken in regard to specific recommendations).

7.3 The responsibilities of the City Auditor are more fully set out in Schedule A.”.
5. In section 9, after the word “management”, the words “and salary” are added.
6. After section 9, the following is added as section 9.1:

“9.1 The City Auditor, through the City Manager, shall be provided enabling support services as required including:

 - (a) corporate security;
 - (b) facility management;
 - (c) financial support;
 - (d) human resource support;

- (e) IT solutions and support;
- (f) legal counsel and advisory;
- (g) organizational health, safety and wellness;
- (h) procurement and warehousing; and
- (i) strategic marketing and communications.”.

7. Section 10 is deleted and replaced with the following:

“10. The City Auditor may retain consultants, authorize contracts and make other expenditures as supported by the City Auditor’s budget approved by Council.”.

8. The following is added as “Schedule A”:

“SCHEDULE “A”

CITY AUDITOR’S OFFICE STRUCTURES AND POLICIES

The City Auditor will ensure management structures and administration policies are sufficient to support:

1. MANDATE

The City Auditor will:

- (a) assist Council, through the Audit Committee, 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; and
- (b) provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust.

2. PROFESSIONALISM AND INDEPENDENCE

The City Auditor and any staff reporting to the City Auditor will:

- (a) conduct all audit and advisory services through adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards);
- (b) conduct all investigative services through adherence to Association of Certified Fraud Examiner’s Code of Professional Standards. These standards of professional conduct will be adhered to as they pertain to integrity and objectivity,

professional compliance, due professional care, communication and confidentiality;

- (c) remain free from interference by any element in the organization in the conduct of assurance, advisory and investigative services to permit maintenance of a necessary independent and objective mental attitude;
- (d) have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement; and
- (e) exhibit the highest level of professional objectivity in gathering, evaluating, and communicating results. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

3. **ASSURANCE SERVICES**

The City Auditor will:

- (a) utilize a risk-based approach, and communicate audit assurance activities to Audit Committee for approval through the development of an annual audit plan, which, without limiting the scope of the foregoing, includes:
 - (i) Compliance Audits
Review the systems established to ensure compliance with policies, plans, procedures, ethical and business norms, as well as laws, regulations, and contracts which can have a significant impact on operations and reports and determining whether the organization is in compliance.
 - (ii) 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.
 - (iii) 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.
 - (iv) 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 limited in scope, however, may identify efficiency opportunities resulting from operational changes and/or redundant control structures.

- (b) determine the appropriate methodologies, project scope, including utilization of data analytics to discharge the above, as well as considering the involvement and work performed by other assurance groups.

4. **ADVISORY SERVICES**

The City Auditor will:

- (a) provide advisory services on an issue or project specific basis as requested by Administration which may include financial advisory, risk management, information technology systems security and control, data analytics and general management advisory services;
- (b) ensure requests received from Administration will be resourced based on a risk assessment basis similar to the determination on audit assurance work;
- (c) provide an independent view and insight on current, new or emerging risks and opportunities facing The City based on City Auditor's knowledge of best practice on risks, controls and governance frameworks;
- (d) ensure advisory service work must not impede the City Auditor's ability to conduct objective audits at a future date;
- (e) determine whether capacity exists to complete advisory requests against the priorities set on the approved audit plan; and
- (f) determine the appropriate methodologies, project scope, including utilization of data analytics to discharge the above.

5. **INVESTIGATIVE SERVICES**

The City Auditor will:

- (a) ensure sufficient professional staffing and technology are employed to support the Whistle-blower Program including intake, assessment, investigation, reporting and corrective action recommendation processes;
- (b) ensure all activities of the Whistle-blower Program are confidential and shared only on a need-to-know basis or as necessary to conclude on the investigation and/or recommend corrective action; and
- (c) establish processes in compliance with Council Whistle-blower Policy CC026.

6. **ACTIVITY REPORTING**

The City Auditor will:

- (a) provide a quarterly report to Audit Committee that includes trending and achievement of City Auditor's Office performance measures as established to

reflect effective delivery of the City Auditor's Office mandate, status of Administration action on the current recommended action plan commitments agreed upon in previous audit reports, and status of deliverables against the approved annual audit plan;

- (b) amend the annual audit plan as needed if the risk profile, on which the annual audit plan is based, significantly changes during any given year, by presenting proposed changes to Audit Committee for approval; and
 - (c) provide an annual report to Audit Committee that provides a retrospective summary of highlights and achievements of the year, reflecting the assurance, advisory and investigation services provided.
9. This Bylaw comes into force on the day it is passed.

Text for Discussion