

EXTERNAL ASSESSMENT – CITY AUDITOR'S OFFICE

EXECUTIVE SUMMARY

The attached report presents the External Assessment of the City Auditor's Office conducted in Q1 2017 by the Institute of Internal Auditors. The report concludes that the City Auditor's Office "Generally Conforms" (the highest rating available) to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

RECOMMENDATIONS

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 APRIL 20:

That Council receive the report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 states that the City Auditor shall be subject to the supervision of and accountable to Council and report to Council through Audit Committee.

Bylaw 48M2012 Schedule C 1 (c) states that the Audit Committee "ensures that City Auditor's Office undergoes a Quality Assessment review, as prescribed by the Institute of Internal Auditors (IIA) at least every five years."

BACKGROUND

The City Auditor's Office provides independent and objective internal audit services for the City of Calgary. The City Auditor's Office Charter (AC2016-0247) states that the City Auditor's Office 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.

The City Auditor's Office adheres to the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. *Standard 1312* states "external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization". The previous external assessment was conducted by an external consultant and their report was presented to Audit Committee in March 2013 (AC2013-0278) with a conclusion of 'Generally Conforms'. In May, 2016, Audit Committee provided agreement on an approach to bring in representatives of the Institute of Internal Auditors to conduct the assessment (AC2016-0328).

Standard 1320 states that "The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- The scope and frequency of both the internal and external assessments.
- The qualifications and independence of the assessor(s) or assessment team, including potential conflict of interest.
- Conclusions of assessors.

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- Corrective action plans.

This external assessment was completed by the Institute of Internal Auditors during March, 2017. The attachment communicates their results and conclusions. As the report was issued to the City Auditor's Office on April 3, 2017, the City Auditor has committed to respond to IIA's recommendations with specific action plans no later than June 26, 2017. The City Auditor will provide the City Auditor's Office action plans in a separate report to Audit Committee to be presented at the June 22, 2017 Audit Committee meeting.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Stakeholder Engagement, Research and Communication

In the course of conducting the external assessment, the assessment team met with key stakeholders across the organization, including the City Manager, Chief Financial Officer, General Managers, and the City Solicitor. The assessment team also met selected members of Audit Committee. In addition, the external assessment conducted two surveys, one directed to City Auditor's Office staff, and one directed to selected members of City Administration impacted by recent City Auditor's Office audits.

Strategic Alignment

An external assessment provides assurance that the City Auditor's Office is in conformance with the *Standards*. This conformance provides additional assurance that the City Auditor's Office is providing effective audits, which in turn supports greater accountability for stewardship over public funds and achievement of value for money in City operations.

Social, Environmental, Economic (External)

N/A

Financial Capacity

Current and Future Operating Budget:

N/A

Current and Future Capital Budget:

N/A

Risk Assessment

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

REASONS FOR RECOMMENDATIONS:

Bylaw 30M2004 states that the City Auditor shall be subject to the supervision of and accountable to Council and report to Council through Audit Committee.

ATTACHMENT

AC2017- 0357 EXTERNAL ASSESSMENT – CITY AUDITOR'S OFFICE