



**Calgary**

City Auditor's Office

**City Auditor's Office  
2021-2022 Audit Plan**

**October 22, 2020**

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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 2021-2022 Audit Plan Development

The City Auditor's Office (CAO) provides objective audit assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes. This assurance assists The City of Calgary (The City) in achieving its strategic, operational, financial, and compliance objectives. The audit work provided by the CAO is intended to act as a catalyst for improving The City'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.

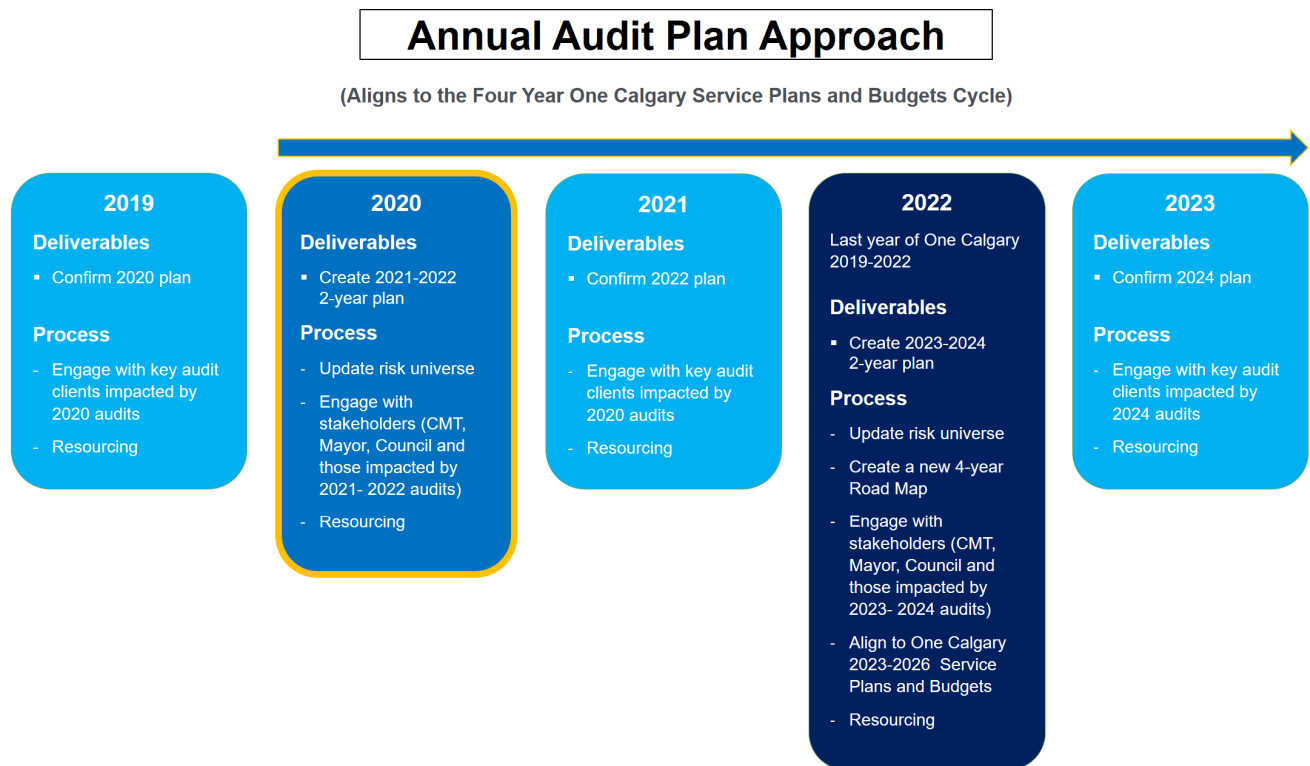
Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Schedule A of Bylaw 30M2004 (as amended) requires the City Auditor to utilize a risk-based approach, and communicate audit assurance activities to Audit Committee for approval through the development of an annual audit plan, which, without limiting the scope of the foregoing, includes:

- 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.
- 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.
- 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.
- 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.

Bylaw 30M2004 (as amended) 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 planning approach to determine the priorities of the internal audit activity, consistent with the organization's goals. The intent of the audit planning approach is to ensure that available audit resources are directed to areas where an audit will provide greatest value based on risk and level of coverage objectives.

In July 2019, the City Auditor presented the CAO's new Annual Audit Plan approach to Audit Committee (AC2019-0899), aligned to the Four Year One Calgary Service Plans and Budgets Cycle. The intent of this approach, outlined in the diagram below, was to adjust the work effort required

each year to create internal efficiencies while continuing to support a risk-based approach that provided agility to include emerging risks and align with changes occurring in Administration.



### 1.1 Audit Plan Creation

In 2020, the CAO followed the annual audit plan approach to create the 2021-2022 Audit Plan including the following activities:

- Update the audit risk universe and the 4-year Road Map;
- Stakeholder engagement;
- Assessment of resourcing; and
- Plan sharing.

#### Update Audit Risk Universe

The CAO updated the audit risk universe and the 4-year Road Map utilizing 2019 City business unit budget and FTE information, as well as information on IT risks. The 4-year Road Map guides where the CAO focuses audit effort to ensure all City business units receive a level of assurance activity on a regular risk frequency (coverage expectation within a six to seven-year cycle).

This year we developed a separate service risk universe utilizing 2019 City service budget information included in One Calgary 2019-2022 Service Plans and Budgets. The 4-year Road Map was also updated reflecting new information gained from the service-based risk universe as well as areas impacted by the postponement of 2020 audits due to the COVID-19 pandemic.

#### Stakeholder Engagement

Historically, the CAO has conducted surveys, larger group forums and one-on-one meetings to gather audit plan input. This year the CAO adapted our approach to stakeholder engagement

due to the COVID-19 pandemic and conducted all stakeholder engagement through smaller virtual meetings.

Based on the areas identified for a potential audit in 2021 and 2022 on the 4-year Road Map, the CAO reached out to Directors and Managers to gather input on risks, opportunities to add value, and impact to achievement of objectives as a result of the COVID-19 pandemic. Based on this input the CAO created a provisional list of audit topics.

Provisional audit topics and timing were further refined through engagement with those stakeholders directly impacted by proposed audits, as well as engagement with Councillors, the Mayor, the City Manager and the Chief Financial Officer.

### Resourcing

We assessed the provisional list of 2021 audits 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.

Proposed timing of the ten audits planned for 2021 was determined and confirmed utilizing input from clients impacted by the proposed audits, and scheduled availability of CAO staff. The 2021 plan is based on full staffing complement of eight senior auditors conducting the audits, in addition to an Audit Manager IT supervising IT audits, and two Deputy City Auditors supervising the remaining audits. In addition, a Data Strategist and a Senior Data Analytics Auditor will provide data analytics support on audits where data collection and analysis are required.

Our ability to complete the 2021 audits could be impacted by a number of external risks including the unpredictability of the ongoing COVID-19 pandemic, delay in successful fulfillment of the vacant senior auditor position, and new audit or advisory projects approved by Audit Committee in response to emerging risks and opportunities to improve City operations.

### Plan Sharing

The CAO shared the proposed plan with other internal and external assurance groups including the Manager of Corporate Initiatives and the City's External Auditor. We will also share the plan with the internal audit function of Calgary Police Services. We openly share our plan with these supporting groups as a best practice to reduce the potential of duplication of resourced effort and, where possible, minimize the level of business interruption to a particular business area.

## **1.2 2021 Audit Plan**

In 2021, in alignment with our audit plan approach, we will reconfirm the audits on the 2021 Audit Plan. Reconfirmation activities will include engaging with key audit clients impacted by the proposed 2021 audits and assessing available CAO resources. The impact of the COVID-19 pandemic on business areas will be considered in reconfirmation activities. In addition, as part of ongoing risk identification and analysis, the CAO will assess the impact of emerging risks on the 2021 Audit Plan.

## 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 will monitor progress against the approved 2021-2022 Audit Plan and re-assess risk pertaining to individual project scope and emerging issue requests within the approved plan. The City Auditor is committed to supporting an agile team that can re-prioritize audit and assurance activity.

In accordance with Schedule A of Bylaw 30M2004 (as amended), the City Auditor provides a quarterly report to Audit Committee that includes the status of deliverables against the approved annual plan. Under Bylaw 48M2012 (as amended), Audit Committee reviews and forwards these reports to Council for information.



## Appendix

2021-2022 Audit Plan			
#	Title	Description	Report Target
<b>2020 In-Progress Audits</b>			
1	Integrated Risk Management	An operational audit assessing the effectiveness of the Integrated Risk Management Program, which is a recurring audit (AC2014-0295) required under The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing,  <i>Citizen Priority – A Well-Run City</i>	Q1 2021
2	Cyber Security Incident Response Follow-up	A follow-up audit to review action plans implemented in response to the 2018 Cyber Security Incident Response Audit (AC2018-0410)  <i>Citizen Priority – A Well-Run City</i>	Q1 2021
3	311 Response	A City-wide operational audit assessing the effectiveness of processes to respond to citizen concerns received through 311.  <i>Citizen Priority – A Well-Run City</i>	Q1 2021
<b>2021 Audits</b>			
1	Green Line Project Governance Follow-up	A follow-up audit to assess the effectiveness of actions implemented in response to the 2019 Green Line Project Governance Audit (AC2019-0353).  <i>Citizen Priority – A City that Moves</i>	Q2
2	Transportation Infrastructure – Construction Project	An operational audit of a project under the Main Streets Program.  <i>Citizen Priority – A City that Moves</i>	Q2
3	Acquisition of Goods and Services Under SOLE	A City-wide operational audit on the effectiveness of processes supporting the acquisition of goods and services during the State of Local Emergency (COVID-19 Pandemic).  <i>Citizen Priority – A Well-Run City</i>	Q3
4	Industrial Control Systems Security	A technology and governance audit of the complex industrial control systems that support critical infrastructure in the Water and Transit business units.  <i>Citizen Priority – A Well-Run City</i>	Q3

2021-2022 Audit Plan			
2021 Audits			
#	Title	Description	Report Target
5	2021 Municipal Election	An operational audit assessing readiness to deliver the 2021 Municipal Election.  <i>Citizen Priority- A Well-Run City</i>	Q3
6	Safety Management	An operational audit assessing Administration's effective utilization of the Occupational Health and Safety Management Systems and related tools that support The City's objectives of a safe and healthy workplace for City employees.  <i>Citizen Priority – A Well-Run City</i>	Q4
7	Fleet Services – CFOS	An operational audit of the reliability of Fleet Services' Corporate Fleet Operating System to meet fleet utilization analysis and reporting requirements.  <i>Citizen Priority – A Well-Run City</i>	Q4
8	Hyperion Systems Governance	An operational audit of the effectiveness of governance related to the Hyperion system.  <i>Citizen Priority- A Well-Run City</i>	Q4
9	Recreation Infrastructure Investments	An operational audit assessing the effectiveness of processes implemented by Calgary Recreation to support equitable infrastructure investments.  <i>Citizen Priority – A Healthy and Green City</i>	Q1 2022
10	Recruitment Processes	An operational audit of the effectiveness of the alignment of recruitment processes with The City's diversity objectives.  <i>Citizen Priority – A Well-Run City</i>	Q1 2022
2022 Audits			
1	Pension Compliance	A compliance audit as required by Alberta Pension Services providing independent triennial assurance over three City pension plans (LAPP, LAPP Fire and SFPP)  <i>Citizen Priority – A Well-Run City</i>	
2	Calgary Parks – Project Management	An operational audit assessing the effectiveness of capital project management.  <i>Citizen Priority- A Healthy and Green City</i>	

2021-2022 Audit Plan		
#	Title	Description
<b>2022 Audits</b>		
3	Calgary Housing Company – Vendor Procurement and Management	An operational audit assessing the effectiveness of processes to procure and manage vendors.  <i>Citizen Priority – A Prosperous City</i>
4	Real Estate and Development Services – Land Management	An operational audit assessing the effectiveness of the Enhanced Rationalization Program supporting the management of City-owned land.  <i>Citizen Priority – A Well-Run City</i>
5	Facility Management – Asset Management	An operational audit assessing the effectiveness of processes to manage lifecycle costs and investments to mitigate safety risks and support service delivery.  <i>Citizen Priority – A Well-Run City</i>
6	Building Services – Virtual Inspections	An operational audit assessing the effectiveness and efficiency of virtual inspections.  <i>Citizen Priority – A City of Safe and Inspiring Neighbourhoods</i>
7	Transportation Planning – Capital Project Prioritization	An operational audit evaluating the effectiveness of Transportation Planning’s capital project prioritization processes within the Infrastructure Calgary framework.  <i>Citizen Priority – A City that Moves</i>
8	Green Line Program	An operational audit of the Green Line Program as part of a series of ongoing audits, which will occur until program completion.  <i>Citizen Priority – A City that Moves</i>
9	Code of Conduct Program Audit	An operational audit assessing the effectiveness of City Administration's Code of Conduct Program supporting an ethical workplace.  <i>Citizen Priority – A Well-Run City</i>
10	Waste & Recycling Services – Black Cart Collection Pilot Project	An independent review on the integrity of the comparison established in the Residential Black Cart Collection Pilot Project to support effective decision making.  <i>Citizen Priority – A Well-Run City</i>