



**Calgary**

City Auditor's Office

# **City Auditor's Office 2022 Audit Plan**

**December 16, 2021**

**THIS PAGE LEFT INTENTIONALLY BLANK**

## Table of Contents

<b>1.0</b>	<b>City Auditor’s Office Audit Plan</b> .....	<b>5</b>
<b>2.0</b>	<b>Audit Plan Approach</b> .....	<b>5</b>
<b>3.0</b>	<b>2022 Audit Plan Validation</b> .....	<b>6</b>
<b>4.0</b>	<b>2022 Audit Plan Execution</b> .....	<b>8</b>
<b>5.0</b>	<b>2023 Audit Plan</b> .....	<b>8</b>
	<b>Appendix - 2022 Audit Plan</b> .....	<b>9</b>

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

## 1.0 City Auditor's Office Audit Plan

The City Auditor's Office (CAO) provides objective audit assurance 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 audits delivered by the CAO are 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 the CAO Audit Plan outlines the details of the planned audit activities.

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:

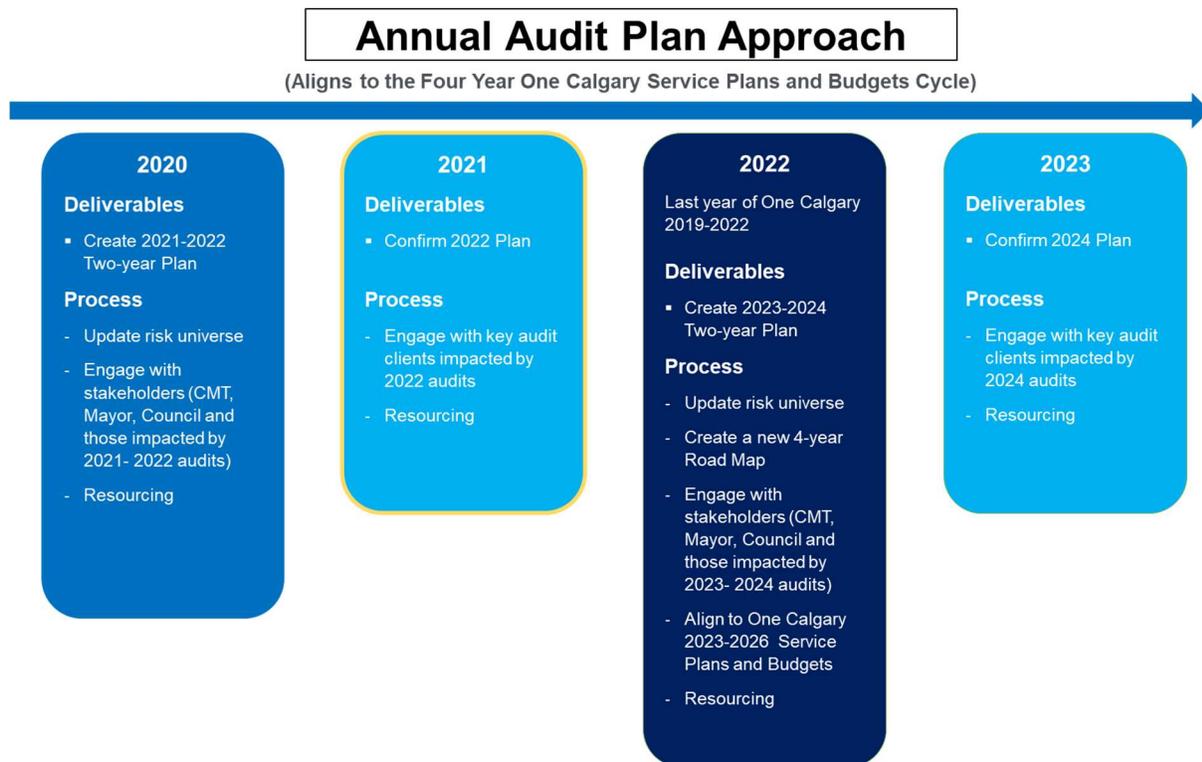
- Compliance Audits  
Review the systems established to ensure compliance with policies, plans, procedures, ethical and business norms, as well as laws, regulations, and contracts which can have a significant impact on operations and reports and determining whether the organization is in compliance.
- 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 (Standards), 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.

## 2.0 Audit Plan Approach

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.



The cornerstone of the approach is the development of a two year audit plan, where audits in the first year of the plan have more certainty in terms of timing and scope. This two year plan is presented to Audit Committee for approval. During the first year of the two year plan, activities take place to further refine the scope and timing of audits included in the second year of the audit plan. The confirmed plan is then presented to Audit Committee for information. These validation activities ensure that the audit plan remains risk based, relevant, and agile in response to changes at The City.

During 2020, the CAO developed the 2021-2022 Audit Plan (AC2020-1172) which was approved by Audit Committee at the October 22, 2020 meeting. This Plan included detailed scope and timings for audits planned for 2021, and high level scope for audits planned for 2022.

### 3.0 2022 Audit Plan Validation

During 2021, the CAO validated the 2022 Audit Plan by conducting the following activities:

- Engagement with key City stakeholders; and
- Assessment of available CAO resources.

#### Engagement

The CAO held individual meetings with Directors and Managers with responsibility for the 12 audits originally listed in the 2022 Audit Plan. The objective of these meetings was to ensure proposed audits continued to represent key objectives and risks, and if confirmed, further

articulate the planned audit scope and timing. The meetings also included discussion regarding the impact to the area of both The City's organization realignment, and on-going response to the COVID-19 pandemic.

As a result of the meetings, the City Auditor determined that three audits scheduled for 2022 within the 2021-2022 Audit Plan would be considered for inclusion in subsequent Audit Plans for the following reasons:

- Safety Management- Occupational Health and Safety Management Systems: Significantly impacted by both Administration's organizational realignment, and prioritization of on-going COVID-19 response.
- Transportation Planning - Capital Project Prioritization: As part of Administration's organizational realignment, capital project prioritization processes will be centralized within the Infrastructure Services Department during 2022.
- Waste & Recycling Services – Black Cart Collection Pilot Project: 2022 represents the first year of the Pilot. Greater value would be provided by an audit conducted later in the Pilot when additional data will be available.

The scope of the remaining nine audits was defined and is included along with planned report timing in the Appendix.

The validated 2022 Audit Plan was shared with The City's Executive Leadership Team for information and awareness. In addition, key changes arising from the validation activities were shared verbally with The City's External Auditor, and the internal auditor for Calgary Police Service as part of the CAO's commitment to coordinating activities with other assurance providers.

#### Resources

We assessed the provisional list of nine 2022 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.

As at December 2021, the City Auditor role and one of two Deputy City Auditor roles are filled on a temporary Acting basis, while recruitment is underway for the City Auditor position. This has created a temporary Senior Auditor vacancy. In January 2022, the CAO will also be recruiting to fill a Senior Auditor vacancy due to the upcoming retirement of a team member. The 2022 Plan is based on full staffing complement of eight senior auditors conducting the audits, once recruitment is completed, with 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.

Proposed timing of the nine audits planned for 2022 was determined and confirmed utilizing input from clients impacted by the proposed audits, and scheduled availability of CAO staff.

The ability of the CAO to deliver the 2022 Audit Plan could be impacted by a number of risks including the ongoing COVID-19 pandemic, delay in successfully filling vacant and temporary positions, and any future direction from Audit Committee and Council to complete additional audit or advisory projects in response to emerging risks.

## 4.0 2022 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 Standards, 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 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 33M2020, Audit Committee reviews and forwards these reports to Council for information.

## 5.0 2023 Audit Plan

In 2022, the CAO will continue our audit plan approach by initiating development of the 2023-2024 Audit Plan. Activities will include assessment of risk, review of coverage (which Business Units and services lines have been touched by recent audit activity), as well as stakeholder input. In developing the Audit Plan we will consider The City's on-going organization realignment, and continuing response to COVID-19, as well as any other significant emerging risks that impact City operations.

## Appendix – 2022 Audit Plan

City Auditor's Office 2022 Audit Plan			
#	Title	Description	Report Target
<b>2021 In-progress Audits</b>			
1	Hyperion Systems Governance	An operational audit of the effectiveness of governance related to the Hyperion system.  <i>Citizen Priority– A Well-Run City</i>	Q1 2022
2	Fleet Services– Operator and Public Safety	An operational audit assessing the design and operating effectiveness of key controls that support Fleet operator and public safety related to City Fleet operations.  <i>Citizen Priority– A Well-Run City</i>	Q1 2022
3	Transportation Infrastructure– Construction Project	An operational audit of a project under the Main Streets Program.  <i>Citizen Priority– A City that Moves</i>	Q1 2022
4	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>	Q2 2022
<b>2022 Audit Plan</b>			
1	Building Services– Public Protection Site Safety Plans (PPSSP)	An operational audit assessing the effectiveness and efficiency of Public Protection Site Safety Plans and associated inspections.  <i>Citizen Priority– A City of Safe and Inspiring Neighbourhoods</i>	Q2 2022
2	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>	Q2 2022 <sup>1</sup>
3	Green Line Program Schedule	An operational audit assessing the effectiveness of processes to create and monitor the baseline Program schedule.  <i>Citizen Priority– A City that Moves</i>	Q3 2022

<sup>1</sup> Report to Alberta Pensions Services on June 30, 2022.

<b>City Auditor's Office 2022 Audit Plan</b>			
<b>#</b>	<b>Title</b>	<b>Description</b>	<b>Report Target</b>
4	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>	Q3 2022
5	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>	Q3 2022
6	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>	Q4 2022
7	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>	Q1 2023
8	Calgary Parks- Project Management	An operational audit assessing the effectiveness of capital project management.  <i>Citizen Priority- A Healthy and Green City</i>	Q1 2023
9	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 2023