



**Calgary**

City Auditor's Office

**3rd Quarter 2021 Report  
July 1, 2021 – September 30, 2021**

**November 19, 2021**

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# 1. Status Update

| Key Performance Indicators |                                     |                            |         |         |
|----------------------------|-------------------------------------|----------------------------|---------|---------|
| Measure Area               | Performance Indicator               | Target                     | Q2 2021 | Q3 2021 |
| Efficiency                 | On Track to Annual Plan             | Q1-17%<br>Q2-36%<br>Q3-72% | 32%     | 58%     |
| Effectiveness              | Timely Implementation of Audit Rec. | 65%                        | 0%      | 45%     |
| Quality                    | Client Satisfaction                 | 85%                        | 100%    | 100%    |
| Staff                      | Training Plan Achieved              | 90%                        | 95%     | 92%     |

| Budget (\$'000's)        |                    |                      |                |              |
|--------------------------|--------------------|----------------------|----------------|--------------|
| Category                 | 2021 Annual Budget | Q3 Cumulative Budget | Actual to Date | Variance     |
| Salary                   | 2,802              | 2,091                | 1,810          | (281)        |
| Tools & Technology       | 130                | 115                  | 109            | (6)          |
| Training                 | 56                 | 41                   | 17             | (24)         |
| Professional Memberships | 18                 | 14                   | 14             | 0            |
| Contracted Services      | 7                  | 7                    | 25             | 18           |
| Employee Recognition     | 3                  | 2                    | 0              | (2)          |
| Operating Costs          | 47                 | 40                   | 32             | (8)          |
| <b>Total</b>             | <b>3,063</b>       | <b>2,310</b>         | <b>2,007</b>   | <b>(303)</b> |

### Whistle-blower Program Activity

**New Reports (Q3 – 2021)**  
**42**

**Reports by Quarter**

| Quarter | Number of Reports |
|---------|-------------------|
| Q3 20   | 20                |
| Q4 20   | 29                |
| Q1 21   | 35                |
| Q2 21   | 41                |
| Q3 21   | 42                |

**In-Progress Investigations (Q3 – 2021)**  
**13**

- 2 City Auditor's Office
- 10 WBP Triage Partners
- 1 Management

**Closed Investigations (Q3 – 2021)**  
**5**

**Recommendation Categories\***

- 8 HR, Diversity & Respectful Workplace

### Recommendation Follow-up

**Results of 12 Recommendations Due in Q3 (Q2 2021 - 9)**

- 9 Closed - Implemented (Q2 - 56%)
- 3 Required Additional Time (Q2 - 44%)

### Outstanding Recommendations # of Revised Date Requests

| Recommendation ID                   | # of Revised Date Requests |
|-------------------------------------|----------------------------|
| AC2020-0343 Chief Financial Officer | 1                          |
| AC2021-0313 City Manager            | 2                          |

■ 1st revised date

\*Each investigation could result in any number of recommendations.  
\*Recommendations/Corrective Actions are published at [www.calgary.ca/whistle](http://www.calgary.ca/whistle)

## 2. Initiative Briefing: Quality

The City Auditor's Office (CAO) mission is to provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. One of the CAO's underpinning values is Reliability. Stakeholders, including Audit Committee, must have confidence CAO deliverables meet quality expectations and are complete, accurate, objective, and timely. The CAO has developed a framework that supports our commitment to quality and continuous improvement comprised of KPIs, conformance to professional standards, and on-going identification and implementation of process improvements.

The CAO's KPIs (page 3) are designed to measure, through selected indicators, the efficiency, effectiveness, and quality of our services, as well as staff experience and knowledge. Our KPIs compromise a "balanced scorecard", which is a range of measures that capture performance related to multiple drivers of success. Each KPI is calculated using a defined methodology to ensure objective and consistent monitoring and reporting and support the identification of trends and opportunities for improvement.

CAO assurance and advisory services are conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*. CAO quality activities to support conformance with IIA Standards and identify process improvements include:

- Quality review of every working paper file and draft report;
- Post project client surveys and lessons learned sessions;
- Independent post-project file reviews (by an auditor not involved in the audit); and
- Periodic internal process evaluations and updates.

Activities completed to date during 2021 confirm ongoing conformance with IIA Standards.

IIA Standards require the CAO to conduct an external assessment at least once every five years by an independent qualified reviewer. The last CAO external assessment was completed in 2017 and concluded that the CAO "generally conforms" (the highest rating available) to IIA Standards. The next external assessment will be conducted, by the IIA, and reported to Audit Committee in Q2 2022. We are expecting the assessment to confirm conformance and provide additional opportunities for improvement.

*Council Policy CC026* directs the City Auditor to establish procedures for receiving, assessing, and appropriately investigating and reporting the outcome of all allegations received by the Whistle-blower Program. Whistle-blower investigations are executed in alignment with best practices and the codes of conduct of the Association of Certified Fraud Examiners and Association of Certified Forensic Investigators of Canada. Quality activities to support alignment with best practices for managing an employee hotline and conducting related workplace investigations include:

- Review of all completed investigations; and
- Routine reviews of investigation processes and updates.

In support of the CAO's commitment to ongoing improvement, a one-of-a-kind independent review of the practices and procedures of the Whistle-blower Program took place during Q1 2021. The CAO is currently implementing the reviewer's recommendations to further enhance the program.

## 2021 Audit Plan – Status as at September 30, 2021

| 2021 Audit Plan                      |  |  |               |                                    |
|--------------------------------------|--|--|---------------|------------------------------------|
| #                                    | Title                                      | Description  | Report Target | Status                             |
| <b>2020 Audit Plan Carry Forward</b> |  |  |               |                                    |
| 1                                    | 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).<br><br><i>Citizen Priority – A Well-Run City</i>  | Q1            | Complete/<br>reported<br>3/18/2021 |
| 2                                    | Integrated Risk Management                 | An operational audit assessing the effectiveness of the Integrated Risk Management Framework, which is a recurring audit (AC2014-0295) required under The Institute of Internal Auditor’s International Standards for the Professional Practice of Internal Auditing.<br><br><i>Citizen Priority – A Well-Run City</i> | Q2            | Complete/<br>reported<br>5/20/2021 |
| 3                                    | 311 Response                               | A City-wide operational audit assessing the effectiveness of processes to respond to citizen concerns received through 311.<br><br><i>Citizen Priority – A Well-Run City</i>   | Q2            | Complete/<br>reported<br>6/24/2021 |
| <b>2021 Audit Plan</b>               |  |  |               |                                    |
| 1                                    | Green Line Program 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).<br><br><i>Citizen Priority – A City that Moves</i>   | Q2            | Complete/<br>reported<br>6/24/2021 |
| 2                                    | 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.<br><br><i>Citizen Priority – A Well-Run City</i>   | Q3            | Complete/<br>reported<br>7/22/2021 |
| 3                                    | 2021 Municipal Election                    | An operational audit assessing readiness to deliver the 2021 Municipal Election.<br><br><i>Citizen Priority – A Well-Run City</i>  | Q3            | Complete/<br>reported<br>9/9/2021  |

| 2021 Audit Plan |  |  |               |  |
|-----------------|--|--|---------------|--|
| #               | Title  | Description  | Report Target | Status   |
| 4               | 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).<br><br><i>Citizen Priority – A Well-Run City</i>   | Q4            | Reporting  |
| 5               | 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.<br><br><i>Citizen Priority – A Well-Run City</i>   | Q1 2022       | Fieldwork  |
| 6               | Hyperion Systems Governance                          | An operational audit of the effectiveness of governance related to the Hyperion system.<br><br><i>Citizen Priority – A Well-Run City</i>   | Q1 2022       | Fieldwork  |
| 7               | Transportation Infrastructure – Construction Project | An operational audit of a project under the Main Streets Program.<br><br><i>Citizen Priority – A City that Moves</i>   | Q1 2022       | Planning   |
| 8               | Recreation Infrastructure Investments                | An operational audit assessing the effectiveness of processes implemented by Calgary Recreation to support equitable infrastructure investments.<br><br><i>Citizen Priority – A Healthy and Green City</i>   | Q2 2022       | Planning   |
| 9               | Recruitment Processes                                | An operational audit of the effectiveness of the alignment of recruitment processes with The City’s diversity objectives.<br><br><i>Citizen Priority – A Well-Run City</i>   | Deferred      | To be completed as part of the 2022 Audit Plan                     |
| 10              | 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.<br><br><i>Citizen Priority – A Well-Run City</i> | Deferred      | To be considered for inclusion as part of the 2023/2024 Audit Plan |

| 2021 Audit Plan                 |   |  |               |          |
|---------------------------------|---|--|---------------|----------|
| #                               | Title                                   | Description  | Report Target | Status   |
| 2022 Audit Plan Brought Forward |   |  |               |          |
| 1                               | Building Services – Virtual Inspections | An operational audit assessing the effectiveness and efficiency of virtual inspections.<br><br><i>Citizen Priority – A City of Safe and Inspiring Neighbourhoods</i> | Q2 2022       | Planning |

### Q3 2021 Recommendation Follow-up – In-Progress Action Plans

| Q3 2021 ACTION PLANS REQUIRING ADDITIONAL TIME TO IMPLEMENT      |                |                      |   |
|--|----------------|----------------------|---|
| Report # & Title   | # of Revisions | Revised Date         | Recommendation  |
| AC2021- 0313<br>Cyber Security<br>Incident Response<br>Follow-up | 1              | December 31,<br>2021 | #4- Details of this recommendation are confidential based on Section 20(1) of The Freedom of Information and Protection of Privacy Act, which states:<br><br>“The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to:<br>(k) facilitate the commission of an unlawful act or hamper the control of crime,<br>(m) harm the security of any property or system, including a building, a vehicle, a computer system or a communications system.” |
| AC2021- 0313<br>Cyber Security<br>Incident Response<br>Follow-up | 1              | March 31, 2022       | #5- Details of this recommendation are confidential based on Section 20(1) of The Freedom of Information and Protection of Privacy Act, which states:<br><br>“The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to:<br>(k) facilitate the commission of an unlawful act or hamper the control of crime,<br>(m) harm the security of any property or system, including a building, a vehicle, a computer system or a communications system.” |
| AC2020- 0343<br>Operating Budget<br>Management                   | 1              | December 30,<br>2022 | #2- The City Treasurer:<br><br>a. Assess whether the practices supporting the EIR completion can be enhanced and improved, or whether a different reporting tool should be implemented to provide Council with transparent communication.<br><br>b. Ensure communication disclosed to Council through implementation of an effective report supported by appropriate guidance to DeptID owners.   |