



City Auditor's Office

# **3rd Quarter 2016 Report July 1, 2016 –September 30, 2016**

**October 20, 2016**

**Katharine Palmer  
City Auditor**

This page intentionally blank

## 1. Status Update

### Key Performance Indicators

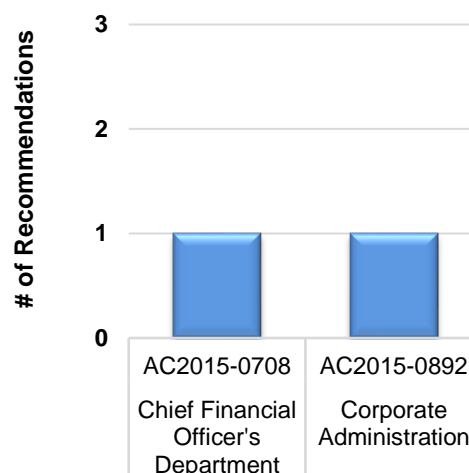
#	Performance Indicator	Target	Q2	Q3
1	Efficiency: On Track to Annual Plan	85%	94%	100%
2	Efficiency: Project Budget Variance	+/-10%	2%	(2%)
3	Effectiveness: Recommendation Agreement	95%	100%	95%
4	Effectiveness: Timely Implementation of Recommendations	N/A	78%	70%
5	Quality: Client Satisfaction	75%	98%	91%
6	Staff: Training Plan Achieved	80%	100%	100%
7	Staff: Average Years of Service	3.5	3.6	3.9

### Recommendation Follow-up

Results of 10 recommendations due in 3rd quarter (18 Q2):

- 80% implemented (Q2 89%)
- 20% required additional time (Q2 11%)

#### Outstanding Recommendations # of Revised Dates



■ 1 Reflects 1st time revised date request

### Whistle-blower Program

#### 3<sup>rd</sup> Quarter Activity:

- 21 New Reports (Q2 24)
- 32 Closed (Q2 26)
- 42 In-Progress (Q2 53)

#### In-Progress Investigations (42)



- City Auditor's Office
- City of Calgary Departments
- Triage Partners (HR/Corporate Security)
- Not Yet Assessed

### Operating Budget (\$'000's)

	2016 Annual Budget	Q3 Cumulative Budget	Actual to Date	Variance
Salary	\$2,323	\$1,745	\$1,616	\$129
Contracts	\$375	\$229	\$78	\$151
Training	\$75	\$56	\$41	\$15
Other	\$116	\$90	\$60	\$30
<b>Total</b>	<b>\$2,889</b>	<b>\$2,120</b>	<b>\$1,795</b>	<b>\$325</b>

- Variance reduction expected in Q4 due to additional contracted audit and term positions within WB Program and data analytics.

## 2. Initiative Briefing: Quality Assurance and Improvement Program

In conformance with IIA *Standards*, the City Auditor's Office (CAO) has a Quality Assurance and Improvement Program (QAIP). The intent of this program is to monitor conformance to IIA *Standards*, and to identify opportunities for continuous improvement to processes. The components of the QAIP are external and internal assessments.

External assessments must be conducted at least once every five years. An assessment team from the Institute of Internal Audit will conduct the next review in Q2 2017. The review will result in a report to Audit Committee that will include:

- Opinion on CAO's conformance with IIA *Standards*, the Definition of Internal Auditing, and the Code of Ethics; and
- Recommendations to address any non-conformance, or to consider implementation of leading audit practices.

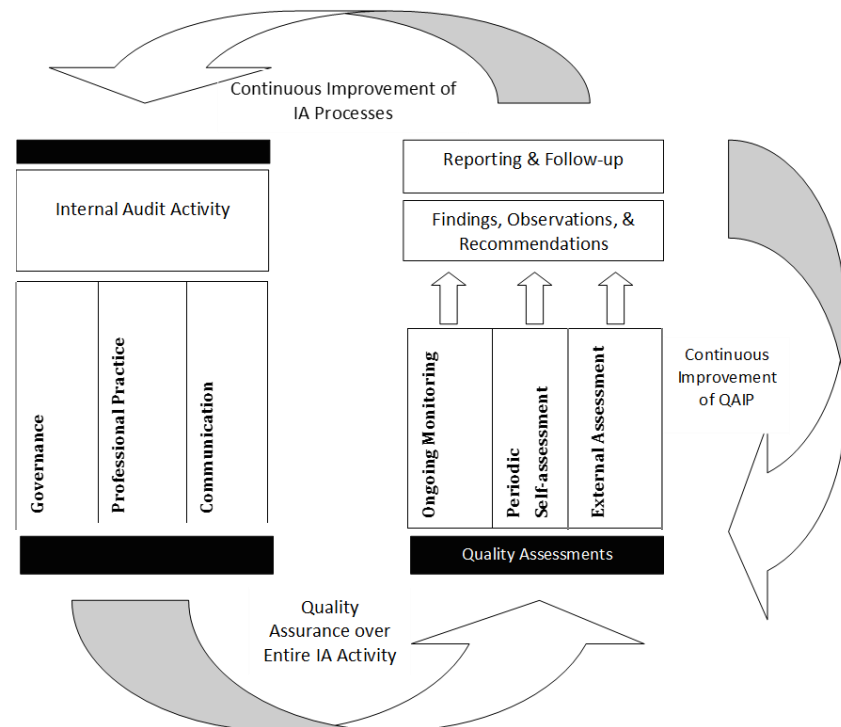
As part of this review, the assessors will meet with key stakeholders which may include members of Audit Committee, the Mayor, senior members of Administration and CAO staff to gain further understanding of the audit practices and deliverables.

Internal assessments are conducted by the CAO through ongoing and periodic reviews. Ongoing reviews include supervisory review of audit work papers and associated reports to ensure compliance with applicable planning; fieldwork and reporting standards; along with stakeholder feedback from client survey on completed audits.

Periodic reviews are conducted throughout the year and are summarized quarterly. Activities include:

- Audit file peer reviews conducted by a CAO auditor who was not involved in the audit
- Performance metric collation and reporting
- Deputy City Auditor review of CAO conformance with individual IIA *Standards*

The internal and periodic review processes completed to date during 2016 have confirmed ongoing conformance with IIA *Standards*. Identified opportunities for improvement are documented and actioned by the City Auditor's Office as part of day to day audit activities and reflect our commitment to continuous improvement regarding delivery of valued audit and advisory services to our stakeholders.



Source: the IIA's Quality Assessment Manual

## 2016 Annual Audit Plan – Status as of September 30, 2016

2016 Annual Audit Plan					
#	Title	Description	Original Report Target	Revised Report Target	Status
<b>2015 In-Progress</b>					
1	Rocky Ridge Recreation Centre	A project management audit of the capital construction project to build the Rocky Ridge recreation centre.	Q1	-	Complete – Reported February
2	Attainable Homes Calgary Corporation	An audit assessing the effectiveness of the process to acquire and develop units that supports the mandate of Attainable Homes.	Q2	-	Complete – Reported April
<b>Risk Assessed Priority: 2016</b>					
3	Pensions	A compliance audit to meet legislation requirements, which requires independent assurance every 3 years.	Q2	-	Complete – Reported June
4	Finance	A compliance desk top audit utilizing data analytics.	Q2	Q4	Reporting
5	Environmental & Safety Management	An operational audit assessing the effectiveness and efficiency of environmental and safety management processes.	Q2	Q3	Complete – Reported September
6	Parks – Urban Forestry	An operational audit assessing the effectiveness of the City's investment and management of trees.	Q2	Q3	Complete – Reported July
7	Hedging	An operational audit assessing the effectiveness of hedging processes.	Q3	-	Complete – Reported July
8	Human Resources – Succession Planning	An operational audit assessing the effectiveness of succession planning strategies conducted across the organization.	Q4	Q1, 2017	Planning
9	Landfill	An operational audit assessing the effectiveness of processes established to meet business objectives.	Q4	Q1, 2017	Fieldwork

2016 Annual Audit Plan					
#	Title	Description	Original Report Target	Revised Report Target	Status
10	POSSE System	An IT audit focusing on the data integrity and sustainability of the business application.	Q4	Q1, 2017	Fieldwork
11	911 Call Centre	An operational audit evaluating the efficiency of tools and resources employed in the emergency call handling processes.	Q1, 2017	Q2, 2017	Not Started
12	New Central Library	An operational audit to provide assurance the project is on track and will meet business objectives of time, cost and quality.	Q1, 2017	-	Fieldwork
<b>Risk Assessed Priority: 2017</b>					
13	Community Associations	An operational audit on the service delivery provided by Community Centres.	N/A	Q2, 2017	Planning
<b>City Auditor Office Initiatives</b>					
1	Action Plan Follow-up	Ongoing follow-up on the status of management's action plans to address City Auditor recommendations. Results reported as part of City Auditor's Quarterly Status Report.			
2	Quality Assurance and Improvement Program	In accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, periodic self-assessments of the City Auditor's Office conformance with Standards and identification of opportunities for improvement will be conducted. In addition readiness preparations will begin for a scheduled external quality assessment review in early Q2 2017. External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.			
3	Assurance Mapping	A coordinated initiative to document the mandate and scope of providers (internal and external) that deliver assurance and/or assessments of City and administrative services. In accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, audit activities should be coordinated with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts and impact to business units.			
4	Data Analytics	Continue to expand utilization of existing audit tools to enhance the effectiveness and efficiencies of audits conducted.			
5	Annual Audit Plan	City Auditor's Office Charter requires the City Auditor to prepare an Annual Risk Based Audit Plan for approval by Audit Committee. Preparation of the 2017/18 Plan is well underway and the proposed plan will be presented at the November Audit Committee meeting.			