



Calgary

City Auditor's Office

**City Auditor's Office
2023 Audit Plan**

November 17, 2022

Table of Contents

1.0	Audit Plan Governance	3
2.0	Audit Plan Development	4
2.1	Background.....	4
2.2	Decision to Develop a 2023 Audit Plan.....	4
2.3	Approach to the 2023 Audit Plan Development.....	4
2.4	Future Audit Plan Development.....	5
3.0	Audit Plan Execution	5
	Appendix - 2023 Audit Plan	6

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

1.0 Audit Plan Governance

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.

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. The annual presentation of the CAO Audit Plan outlines the details of the planned audit activities, which could include:

- 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 Development

2.1 Background

The City Auditor has historically developed a two-year Audit Plan for Audit Committee approval, with greater detail provided in the first year of the plan on scope and timing. During the first year of the plan, a validation exercise confirmed the audits to be included in the second year of the plan and refined scope and timing. The plans were based on the CAO's four-year risk-based road map, which was intended to align to The City's four-year Service Plans and Budget cycle. The basis of the road map was a risk universe assessment supporting the frequency of audits of each business unit. The intent of the two-year Audit Plan was to allow flexibility for the CAO, as well as provide line of sight for Administration on planned audits.

2.2 Decision to Develop a 2023 Audit Plan

The CAO is currently completing the audits included in the 2021-2022 Audit Plan. Instead of developing a 2023-2024 plan in 2022, the City Auditor made the decision to develop and present to Audit Committee for approval a 2023 Audit Plan (one year plan). Developing a one-year Audit Plan supports:

- Subsequent alignment with The City's One Calgary four-year Service Plans and Budget cycle. The 2023–2026 Service Plans and Budgets will be confirmed following Council approval in November 2022 and will be available to the CAO during the first half of 2023 to support the development of future risk-based Audit Plans.
- The development of future Audit Plans based on The City's Organization Realignment and new organizational structure effective August 1, 2022.
- More immediate analysis of risks/potential audit topics due to the current rapidly changing risk environment at The City.

2.3 Approach to the 2023 Audit Plan Development

The development of the Audit Plan included the following steps:

"Where" Audits Will Be Conducted:

1. Confirmation through analysis of financial and HR data that the risk profile of The City's organization structure has not changed significantly such that a change to the four-year road map was needed.
2. Analysis of the existing road map (based on pre-realignment organizational structure) to identify highest priority areas of The City to include in the 2023 Audit Plan.
3. Analysis of available audit resources to identify 2023 audit capacity.
4. Overlay of audit capacity to the priority areas identified in the road map analysis to determine which areas should be included in the 2023 Plan.

"What" Audits Will Be Conducted:

5. Input from key contacts on potential audit topics/emerging risks including members of Audit Committee, Council, and members of The City's Executive Leadership Team.
6. Comparison of priority audit areas to priority risks/audit topics to create a list of potential audits, including input from CAO staff.
7. Finalization of Audit Plan through one-to-one meetings with Directors to discuss and confirm scope/timing of audits.
8. Creation of a draft resourcing spreadsheet for 2023 incorporating the expected resource and skill requirements, and anticipated budget and cycle time required to complete each audit to confirm capacity.

The draft 2023 Audit Plan was shared with The City's Executive Leadership Team for information and awareness. In addition, audit topics 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.

2.4 Future Audit Plan Development

In 2023, the CAO will utilize the 2023-2026 approved budgets, ERM analysis, and the updated organizational structure to create a refreshed four-year road map of future planned audit activity based on review of the risk universe and coverage, including recent audit activity in business/service areas. The CAO will then initiate development of a 2024 Audit Plan based on the road map, incorporating assessment of emerging risks and input from key contacts including members of Audit Committee, Council, and The City's Executive Leadership Team, and CAO staff analysis.

3.0 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.

The City Auditor will monitor progress against the approved 2023 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 assurance activities.

The 2023 Plan is based on full staffing complement of eight senior auditors conducting the audits, 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. Contract audit resources will be utilized where appropriate to support gaps in staffing due to vacancies. The ability of the CAO to deliver the 2023 Audit Plan could be impacted by a number of risks including Administration's capacity following Organization Realignment, vacant audit positions, and any future direction from Audit Committee to complete additional audit or advisory projects in response to emerging risks.

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.

Appendix – 2023 Audit Plan

City Auditor’s Office 2023 Audit Plan			
#	Title	Description	Report Target
2022 In-progress Audits			
1	Real Estate and Development Services– Enhanced Rationalization Program	An operational audit assessing the effectiveness of the Enhanced Rationalization Program supporting the management of City-owned land.	Q1 2023
2	Calgary Housing Company– Vendor Procurement and Management	An operational audit assessing the effectiveness of processes to procure and manage vendors.	Q1 2023
3	Code of Conduct Program Audit	An operational audit assessing the effectiveness of City Administration’s Code of Conduct Program supporting an ethical workplace.	Q1 2023
4	Recruitment Processes	An operational audit of the effectiveness of the alignment of recruitment processes with The City’s diversity objectives.	Q2 2023
5	Calgary Parks– Project Management	An operational audit assessing the effectiveness of capital project management.	Q2 2023
2023 Audit Plan			
1	Calgary Transit Annual Investment Program (AIP)	An operational audit of the effectiveness of the management of Calgary Transit’s Rail Systems Lifecycle Asset Management AIP.	Q2 2023
2	Green Line Program Risk Management	An operational audit of the Green Line Program’s risk management process.	Q2 2023
3	Downtown Calgary Development Incentive Program	An operational audit of the Downtown Calgary Development Incentive Program’s grant administration.	Q3 2023
4	Community Safety Initiative	An operational audit of the effectiveness of Administration’s Partner Agency Liaison initiative to address encampments.	Q3 2023
5	Waste Management Facility Cash Handling	An operational audit of the effectiveness of controls that support the complete and accurate collection and deposit of waste management facility cash revenue.	Q3 2023

City Auditor's Office 2023 Audit Plan			
#	Title	Description	Report Target
6	Financial Reserves	An operational audit of the effectiveness of the management of City of Calgary financial reserves.	Q4 2023
7	Cloud Vendor and Solution Management	An IT audit to review processes for identifying, assessing, and monitoring cloud software solutions and vendors.	Q4 2023
8	Safety Management	An operational audit of the effectiveness of the Occupational Health & Safety Business Unit's monitoring and mitigation of safety incidents.	Q1 2024
9	Streetlights	An operational audit of streetlights maintenance and repair.	Q1 2024
10	Project and Portfolio Management Tool (P2M)	An operational audit of the Utilities Delivery Business Unit's utilization of P2M.	Q1 2024