



THE CITY OF
CALGARY
CITY AUDITOR'S OFFICE

Quarterly Status Report
July 1, 2013 – September 30, 2013

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City Auditor

1. Introduction

The City Auditor is accountable to City Council and subject to the oversight of the Audit Committee in accordance with Bylaw 44M2006, *Procedure Bylaw*.

To support Audit Committee's oversight of the City Auditor's Office, the City Auditor provides Quarterly Status Reports to the Audit Committee.

This report presents the City Auditor's Quarterly Status Report for the period of July 1, 2013 to September 30, 2013. The report includes a progress update on the projects included in the 2013 Annual Audit Plan as well as an overview of the significant activities carried out by the office.

2. Status of Activities and Results

2.1. Audit Reports

The following reports have been issued to Administration and discussed in Audit Committee meetings during Quarter 3, 2013:

Report Name	Issue Date	Presented to A/C
West LRT Audit	2013/07/17	2013/07/25
Calgary Convention Centre Authority – Governance Framework Audit	2013/08/30	2013/09/12

2.2. Advisory Activities

The following project was been completed in the 3rd Quarter, 2013. A formal report was not issued to Audit Committee regarding this activity.

Pay for Performance Advisory Project

The City Auditor's Office was requested to provide advice to HR regarding appropriate internal controls as The City's Pay for Performance (PFP) process transitions from manual to automated.

2.3. Audit Office Activities

Recruitment

At September 30 the City Auditor's Office had two vacant positions. Recruitment was in progress for both a Senior Auditor and a Deputy Auditor to fill the vacant positions. A

successful candidate accepted the job offer for the Senior Auditor role commencing October 2013.

2.4. 2013 Annual Plan

Bylaw 30M2004, *City Auditor Bylaw*, established the City Auditor position. The Bylaw requires the City Auditor to submit an annual audit plan for approval by the Audit Committee.

The 2013 Annual Audit Plan was approved by Audit Committee on November 15, 2012. **Appendix 1** provides the status of each project in the plan as of September 30, 2013. The approved plan included an audit of Public Safety Communications (PSC). This project was described in the plan as a “Review of the oversight, management, and operating practices of the Public Safety Communications business unit to provide assurance that the unit is able to achieve its objectives”. During August and September 2013, The City Auditor’s Office held preliminary meetings with key stakeholders of PSC regarding this audit.

We understood from these meetings that during Q1 - Q3 2013, work had been on-going in PSC addressing both governance and operational topics. Actions were underway or complete addressing recommendations raised in a previous PSC Operational Review. In addition, a wide-ranging governance review was currently underway, and expected to report to the PSC Board of Governors in Q4 2013.

Given the work completed or in progress in PSC during 2013, we will not conduct any audit work in this area during this year. During Q4 2013 we will assess the potential for completing future audit or advisory work as part of our 2014 Annual Audit Plan. This change is reflected in *italic* text in **Appendix 1**.

2.5. 2013 Budget

Budget and Actual expenditures for the City Auditor’s Office for the period ended September 30, 2013 are presented in Exhibit 1.

Exhibit 1

City Auditor’s Office Operating Budget Results – January 1 to September 30, 2013

Budget	\$1,552,987
Actual	\$1,344,045
Variance	\$208,942

The positive variance reflects reduced salary expenses due to staff vacancies. At September 30 2013 one Senior Auditor position and one Deputy City Auditor position were unfilled, and one Auditor is on a leave of absence.

2013 Annual Audit Plan and Proposed Changes – Status as of 30 September, 2013

Project Title	Status	Target Completion
2012 In-Progress		
Transit Overtime Management	Complete – Report issued April 2013	April 2013
City Auditor Bylaw	In-Progress	December 2013
Convention Centre Authority	Complete – Report issued August 2013	September 2013
Calgary Police Service Security Check Process	Complete – Report issued December 2012	February 2013
Payroll Review and Approval Process	Complete – Report issued June 2013	June 2013
IT Hardware Inventory Management	Complete – Report issued June 2013	June 2013
Health & Safety Management	Removed from Audit Plan. Advisory support not required by Administration.	N/A
IT Network Access Security	Complete – Report issued May 2013	May 2013
PeopleSoft Access Security	Complete – Report issued May 2013	May 2013
Audit Committee/City Council Directed		
Whistle-Blower Investigations	In-Progress 40 new reports have been received in 2013 (1 January – 30 September 2013).	2013 Whistle-Blower Annual Report Q1- 2014
2014 Annual Audit Plan	In-Progress Audit Universe continuously updated.	December 2013
Risk Assessed Priority		
Recommendation Follow-up	Complete. 2nd Cycle 2012 Report issued May 2013.	May 2013
	In-progress. 1 st 2013 cycle initiated in June 2013.	December 2013

Project Title	Status	Target Completion
Risk Assessed Priority		
Emerging Issues - City Auditor discretion: <ul style="list-style-type: none"> - RFP External Auditor - Pay for Performance Advisory Project - Quality Assessment Review Recommendation Response 	Complete. Complete. In-Progress	May 2013 August 2013 2013 Year-End Report
Audit Committee Orientation (Lunch & Learn events)	Complete – March 21, April 18, May 16, and July 25.	Ongoing
Advisory support to Council	Complete.	May 2013
Quality Assessment Review	Complete. Report March 2013	March 2013
Integrated Risk Management	Planning complete. Fieldwork underway.	March 2014
Payroll Review and Approval Process-Part 2	Planning completed. Fieldwork underway.	January 2014
Facility Utilization	Planning completed. Fieldwork will not be conducted given current pressures on City facility management. Audit report to be issued covering observations from Planning. Further audit work may be completed as part of a future Annual Audit Plan.	January 2014
Privacy Health Check Process	Complete. Management Letter issued May 2013.	May 2013
Public Safety Communications	Cessation of audit work – other on-going initiatives in PSC underway. Further audit or advisory work will be evaluated as part of the preparation of the 2014 Annual Audit Plan.	N/A
West LRT	Complete. Report issued July 2013.	July 2013
Attainable Homes Calgary	Planning underway.	February 2014
Business Continuity/Disaster Recovery Plans	Audit cancelled, advisory support provided to Administration when requested during Q3 and Q4 2013 regarding reviews of recent Business Continuity events.	N/A
Virtual Server Security	Planning completed. Fieldwork underway.	February 2014

