

**City of Calgary  
City Auditor Model**

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**I. Mandate**

The major elements of the City Auditor's mandate include:

- a) The City Auditor is accountable to Council for the exercise of all powers, duties, and functions delegated to the City Auditor by Council.
- b) The City Auditor is independent of the City Administration.
- c) The City Auditor is responsible for assisting City Council in its role of ensuring City Administration accountability for the quality of stewardship over public funds, and for the achievement of value for money in City operations.
- d) The City Auditor:
  - i) Has full carriage and control of and is fully responsible for the conduct of the City Auditor's office.
  - ii) Is responsible for carrying out financial (excluding attest), compliance and performance audits of all programmes, activities and functions of all City departments, agencies, boards, and commissions and corporations and the offices of the Mayor and members of Council.

**II. Scope of Audit Activities**

The City Auditor's Office activities include the conduct of:

- a) Independent, objective performance reviews and evaluations of City operations, programs, processes and systems.
- b) Compliance reviews to determine the extent of general compliance with corporate policies and procedures.
- c) Financial (excluding attest) audits.
- d) Specific and focused reviews on third-party organizations that have an operating agreement with the City.

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- e) Consulting services, including financial advisory, risk management, information technology systems security and control, and general management advisory services.

**III. Access to Information**

The City Auditor's Office has unrestricted access to all personnel, records, property, functions, policies, procedures, processes and systems necessary to the conduct of a comprehensive program of operational & financial audits.

**IV. Audit Plan**

- a) The City Auditor prepares an annual audit plan that is submitted to Audit Committee for approval.
- b) Audit Committee may direct changes to the annual audit plan.

**V. Annual Budget**

- a) The City Auditor prepares an annual budget and submits it to Audit Committee for approval.
- b) The City Auditor's Office annual budget, once approved by Audit Committee, is submitted to Council for approval as part of the City's annual budget process.

**VI. Personnel and Related Authority**

The City Auditor:

- a) Is authorized to hire, dismiss, evaluate and discipline staff within the Office of the City Auditor subject to any applicable legislation and any contract or agreement binding on the City, and within general corporate guidelines.
- b) Is authorized to establish the structure of the Office of the City Auditor, including establishing a managerial hierarchy and administrative policies and procedures for the Office.

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**VII. Public Reporting Protocol**

- a) The City Auditor submits a quarterly report to Audit Committee that summarizes the audits completed in the quarter. Once approved by Audit Committee, the report is forwarded to Council for information.
- b) In addition to quarterly reports, the City Auditor submits an annual report to Audit Committee for approval. Once approved by Audit Committee the annual report is forwarded to Council for information.
- c) The completed audit reports are provided to Audit Committee's Legislative Resource Group for access by members of Council on request.

**VIII. Client/Auditee Reporting Protocol**

- a) Upon completion of an audit, the City Auditor prepares a preliminary audit report. The report is issued to the responsible Manager or Director and copied to a number of senior executives, including the CEO, CFO and others as deemed appropriate by the City Auditor.
- b) The responsible Manager or Director has thirty days to prepare, sign and forward a written response called the Action Plan to the City Auditor, that must include:
  - i) The action planned or taken to address each recommendation.
  - ii) The timeframe within which action will be taken.
  - iii) The position of the individual who will be accountable for taking action.
  - iv) If the CEO disagrees with the conclusions & recommendations, the reason for disagreeing or suggested modifications should be provided.
- c) The City Auditor incorporates the Action Plan in all Final Audit Reports.
- d) Final Audit Reports are then issued, with copies sent to the responsible Manager or Director and copied to a number of senior executives, including the CEO, CFO, Audit Committee, the External Auditor and others as deemed appropriate by the City Auditor.

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**IX. Delegation of Authority**

The City Auditor may delegate to an employee in the Office of the City Auditor any power, duty or function of the City Auditor.

**X. Engagement of Consultants**

The City Auditor is authorized to retain the services of any individual or corporation for purposes related to the operations of the Office of the City Auditor, subject to budget limits.

**XI. Financial Audits of the City Auditor's Office**

The City's External Auditor conducts limited supplementary verification of the City Auditor's Office expenditures, as part of the annual financial (attest) audit of the City of Calgary.

**XII. Financial Processes**

The City Auditor's personal expense reports are reviewed and approved by the Chairman of Audit Committee or the Vice-Chairman in the Chairman's absence.

**XIII. Appointment and Term**

- a) The position of designated officer for the purpose of internal auditing is established, and the individual appointed to that position has the title "City Auditor".
- b) The position of City Auditor reports to Council through Audit Committee.
- c) Council, by resolution, appoints an individual to the position of City Auditor and establishes terms and conditions of such appointment.
- d) The appointment of a person to the position of City Auditor may be made, suspended or revoked only if the majority of the whole Council vote to do so.

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- e) An individual is appointed to the position of City Auditor for a term not exceeding five (5) years.
- f) The City Auditor is eligible for reappointment without limitation as to the number of terms that may be served.

**XIV. Additional Terms of Employment**

- a) The position of City Auditor is, for organizational purposes, rated the same level as the City Solicitor, currently Level 3 Director.
- b) The compensation for the City Auditor is as follows:
  - i) Salary to be negotiated at the beginning of each term, within the range designated for the City Auditor position. For 2004 the salary range shall be \$110,000-\$161,150. The range is determined as the Level 3 - Director range (the same range as for the City Solicitor), adjusted upwards by the variable compensation factor for the Director level (10% in 2004).
  - ii) Salary adjusted annually by the same change factor as approved by Council for the Level 3 Director (L3) salary range.
  - iii) No eligibility for variable compensation.
  - iv) All benefits and perquisites as available to Directors (L3) at the beginning of each term.
- c) The performance of the City Auditor is assessed annually by the Chairman of Audit Committee, in conjunction with a self-assessment by the City Auditor and subject to discussion and approval by Audit Committee. The City Auditor's performance is evaluated on the attainment of agreed upon goals and targets of performance.