Calgary

City Auditor's Office

1st Quarter 2016 Report
January 1, 2016 – March 31, 2016

May 19, 2016

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City Auditor

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1. Status Update

Key Performance Indicators

#	Performance Indicator	Target	Actual
1	*Efficiency:* On Track to Annual Plan	85%	**91%**
2	*Efficiency:* Project Budget Variance	0-10%	**10%**
3	*Effectiveness:* Recommendation Agreement	95%	**100%**
4	*Effectiveness:* Timely Implementation of Recommendations	N/A	**69%**
5	*Quality:* Client Satisfaction	75%	**100%**
6	*Staff:* Training Plan Achieved	80%	**100%**
7	*Staff:* Average Years of Service	3.5	**3.6**

Recommendation Follow-up

Results of 48 recommendations due in 1st quarter:

- 75% implemented
- 8% management accepts risk
- 6% closed, tracking to next milestone
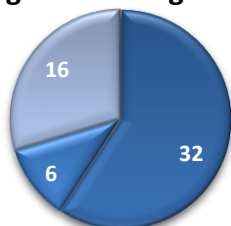- 11% require additional time to implement

Outstanding Recommendations
# of Revised Dates
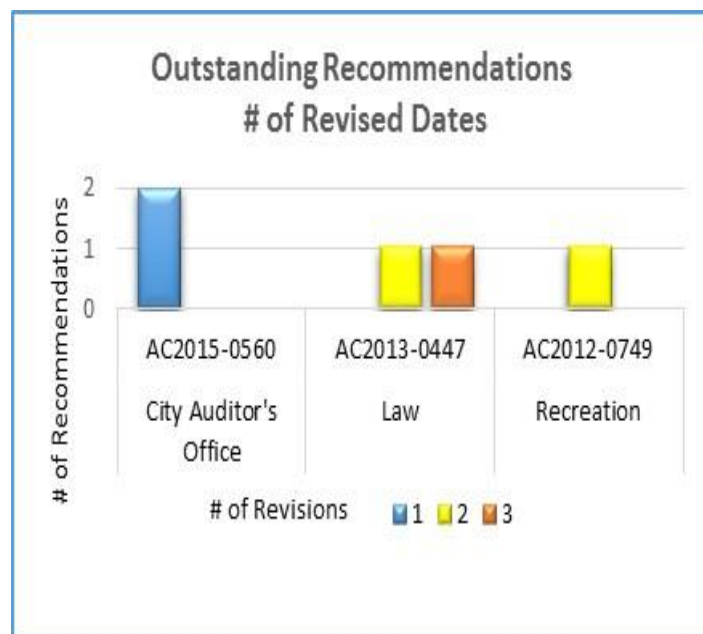
Whistle-blower Program

1st Quarter Activity:
- 20 New Reports
- 46 Closed
- 54 In-Progress

In-Progress Investigations (54)

- City Auditor's Office
- City of Calgary Departments
- Corporate Security/HR

Operating Budget ($'000's)

	2016 Annual Budget	1st Quarter Budget	Actual	Variance
Salary	$2,256	$562	$506	$56
Contracts	$375	$41	$19	$22
Training	$75	$19	$4	$15
Other	$116	$29	$18	$11
Total	**$2,822**	**$651**	**$547**	**$104**

- Variance due to staff vacancies
- Recruitment underway for WB staff Secondment position filled in early Q2
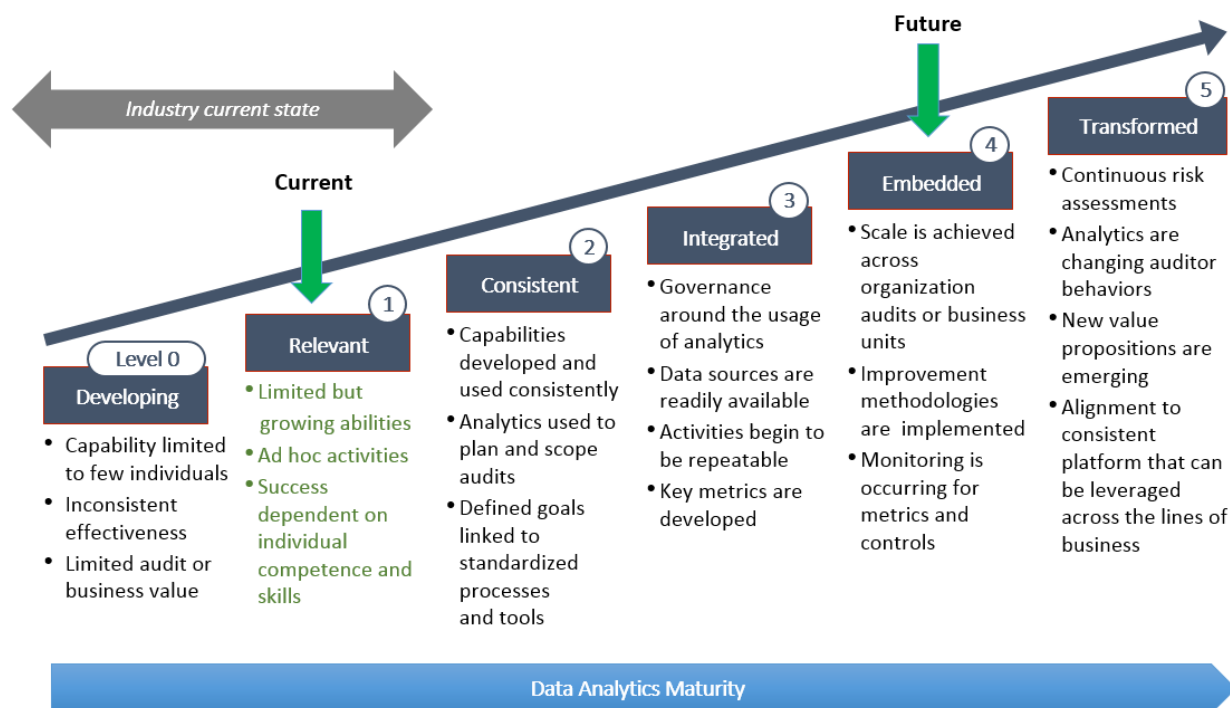
2.   Initiative Briefing: Data Analytics

Data analytics is an analytical process by which insights are extracted from operational, financial, and other forms of electronic data. These insights can be historical, real time, or predictive and can also be risk-focused (e.g. controls effectiveness, policy/regulatory noncompliance) or performance focused (e.g. decreased costs, improved profitability). The goal of data analytics is to identify areas of key risk; verify process effectiveness; increase audit coverage; identify exceptions; improve business efficiencies and assist with business decisions.

The City Auditor's Office is using ACL (Audit Command Language) to extract and analyze City financial data via scripts in ACL. An ACL script is a series of ACL commands that performs a particular task, or several related tasks. Since December 2015, we have written over 25 scripts.

Over time, as we gain more proficiency, the CAO will develop a full library of repeatable data analytic scripts. The analytics will be fully automated and run at regularly scheduled intervals. A continuous run of analytics enables the immediate identification of potential exception transactions. This will result in more focused audits that have the ability to zero in on specific areas of risk, and assist with more dynamic audit planning.

As the CAO seeks to advance its approach by using data analytics the use of a maturity model can help to benchmark our progress. As demonstrated in the maturity model shown below the CAO is currently at level 1 (Relevant). It is our plan to progress quickly to a consistent level (level 2) with a long term goal of being fully embedded (level 4). A fully embedded state will support the greatest efficiency opportunity in our audits as well as providing excellent insight on potential new risks.

Data Analytics – Maturity Model

2016 Annual Audit Plan – Status as of March 31, 2016

#	Title	Description	Report Target	Status
2016 Annual Audit Plan				
2015 In-Progress				
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	Reporting
Risk Assessed Priority: 2016				
3	Pensions	A compliance audit to meet legislation requirements, which requires independent assurance every 3 years.	Q2	Fieldwork
4	Finance	A compliance desk top audit utilizing data analytics.	Q2	Planning
5	Environmental & Safety Management	An operational audit assessing the effectiveness and efficiency of environmental and safety management processes.	Q2	Fieldwork
6	Parks – Urban Forestry	An operational audit assessing the effectiveness of the City's investment and management of trees.	Q2	Fieldwork
7	Hedging	An operational audit assessing the effectiveness of hedging processes.	Q3	Planning
8	Human Resources – Succession Planning	An operational audit assessing the effectiveness of succession planning strategies conducted across the organization.	Q4	Not Started
9	Landfill	An operational audit assessing the effectiveness of processes established to meet business objectives.	Q4	Not Started

2016 Annual Audit Plan				
#	Title	Description	Report Target	Status
10	POSSE System	An IT audit focusing on the data integrity and sustainability of the business application.	Q4	Not Started
11	911 Call Centre	An operational audit evaluating the efficiency of tools and resources employed in the emergency call handling processes.	Q1, 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	Not Started
	City Auditor Office Initiatives			
1	Recommendation 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 Assessment 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 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. Report on benchmarking and best practices.		
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. A 2017/18 Plan will be prepared in Q4 2016 which will reconfirm 2017 audits as well as audits proposed for 2018 using a risk-based approach.		