

CITY AUDITOR'S OFFICE 2016/17 ANNUAL AUDIT PLAN

EXECUTIVE SUMMARY

This report provides the City Auditor's Office (CAO) 2016/17 Audit Plan for Audit Committee approval. This annual plan now represents a two year span of activity in order to provide greater transparency and support efficiencies in audit delivery to Council. The 2016/17 Audit Plan consists of 24 audits in total representing compliance, IT, operational and formal follow-up audits which have been determined using a defined risk based approach. The 2016/17 Audit Plan is a critical deliverable provided by the CAO to ensure audit resources are directed to the most significant areas of The City of Calgary (The City). The CAO's mission is to provide independent and objective assurance, advisory and investigative services to add value to The City and enhance public trust.

RECOMMENDATIONS:

1. That Audit Committee approve the City Auditor's Office 2016/17 Annual Audit Plan and forward to Council for information; and
2. That Audit Committee recommend to Council that the City Auditor present the City Auditor's Office 2016/17 Annual Audit Plan to Council.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2015 DECEMBER 10:

That Council approve the City Auditor presentation to Council of the City Auditors Office 2016/17 Annual Audit Plan.

Excerpt from the Minutes of the Regular Meeting of the Audit Committee, held 2015 December 10:

"CLERICAL CORRECTIONS

At the request of the City Auditor, a clerical correction was noted in the Attachment on page 11 of 12, # 24, Title, by deleting the word "Centres" and by substituting the word "Associations" and in the description by deleting the word "Centres" following the words "An operational audit on the service delivery provided by Community" and by substituting the word "Associations".

PREVIOUS COUNCIL DIRECTION / POLICY

Schedule C of Bylaw 48M2012 states that Audit Committee "reviews and approves the City Auditor's Office annual work plan and forwards to Council for information". AC2013-0830 Attachment 2, City Auditor's Office Charter, requires the City Auditor to present an annual risk-based audit plan to Audit Committee for approval and to Council for information.

BACKGROUND

The CAO provides independent and objective internal audit services for The City. The CAO Charter states that the City Auditor is responsible for assisting Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

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The annual audit planning process involves:

1. Updating the audit risk universe;
2. Meeting with stakeholders to obtain input on audit themes;
3. Prioritization based on a four year assurance roadmap;
4. Calculating available resources; and
5. Preparation of the audit plan for approval.

Stakeholder Engagement, Research and Communication

The creation of the audit plan involves risk-based analysis based on numerous sources including:

- The City's organizational structure and staffing;
- The 2015/2018 Action Plan;
- The City's operating and capital budgets;
- The City's Integrated Risk Management;
- Results from previous CAO activity; and
- Auditor judgment on the technical complexity and criticality of information systems.

As part of the preparation for the 2016/17 Audit Plan, the City Auditor conducted forums on audit themes with members of Council, General Managers and Directors. In addition, individual meetings were held with the Mayor, City Manager, Chief Financial Officer, and members of Administration impacted by proposed audits.

Strategic Alignment

The CAO's annual audit planning process is designed to ensure that audit resources are focused on areas of significant risk and value to The City. The Annual Audit Plan is aligned to support Council's priority of a well run City.

Social, Environmental, Economic (External)

This report has been reviewed for alignment with The City's Triple Bottom Line (TBL) Policy Framework. No implications are identified.

Financial Capacity

Current and Future Operating Budget:

The City Auditor's 2016/17 Annual Audit Plan has been developed in accordance with The City's 2015-2018 budget requirements. The 2016/17 Annual Audit Plan is based on additional planned resources in 2016 including fulfillment of a secondment from Administration.

Current and Future Capital Budget:

N/A

Risk Assessment

To be most effective, the Annual Audit Plan must be developed independently through a risk-based approach that utilizes the input of Senior Administration and Council. City Council has established the independence of the City Auditor's Office through Bylaw 30M2004. The City Auditor has established a rigorous annual audit planning process to prioritize areas of focus for the CAO.

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REASONS FOR RECOMMENDATIONS:

1. City Auditor's Office Charter requires the City Auditor to prepare an annual audit plan for approval by Audit Committee. Bylaw 48M2012 states that Audit Committee reviews and approves the City Auditor's Office annual work plan and forwards to Council for information; the Audit Committee, or Council, may not remove items from the City Auditor's work plan but may direct items to be added to the plan.
2. Bylaw 48M2012 states that the City Auditor shall present the annual audit work plan to Council for information.

ATTACHMENT

1. City Auditor's Office 2016/17 Annual Audit Plan, **as corrected**.