Calgary

City Auditor's Office

1st Quarter 2023 Report
January 1, 2024 – March 31, 2024

April 18, 2024

This page intentionally blank

1. Status Update

Key Performance Indicators

Measure Area	Performance Indicator	Target	Q4 2023	Q1 2024
Efficiency	On Track to Annual Plan	Q1-25% Q2-56% Q3-81% Q4-95%	95%	19%
Effectiveness	Timely Implementation of Audit Rec.	65%	80%	75%
Quality	Client Satisfaction	85%	92%	93%
Staff	Training Plan Achieved	90%	95%	100%

Budget ($'000's)

Category	2024 Annual Budget	Q1 Cumulative Budget	Actual to Date	Variance
Salary	3,105	770	707	63
Tools & Technology	166	41	38	3
Training	68	17	10	7
Professional Memberships	20	5	3	2
Contracted Services	150	37	0	37
Employee Recognition	3	1	0	1
Operating Costs	38	12	5	7
Total	3,550	883	763	120

Whistle-blower Program Activity

New Reports (Q1 – 2024)
28

Active Investigations (Q1 – 2024)
10

Closed Investigations (Q1 – 2024)
1

Reports by Quarter

Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
29	24	24	28	28

Aging of Active Investigations

- < 3 months (7)
- 3 - 6 months (2)
- > 12 months (1)

Classification of Substantiated Allegations*

100% ■Unsubstantiated

*An investigation may be comprised of multiple allegations and may result in multiple recommendations/corrective actions. Substantiated allegations and matters resulting in corrective action are summarized at www.calgary.ca/whistle

Recommendation Follow-up

Results of 20 Recommendations Due in Q1 (Q4 2023 - 11)

- ■ 16 Closed - Implemented (Q4 - 73%) — 80%
- ■ 0 Closed - Alternative Mitigation (Q4 - 9%)
- ■ 4 Required Additional Time (Q4 - 18%) — 20%

Outstanding Recommendations # of Revised Date Requests

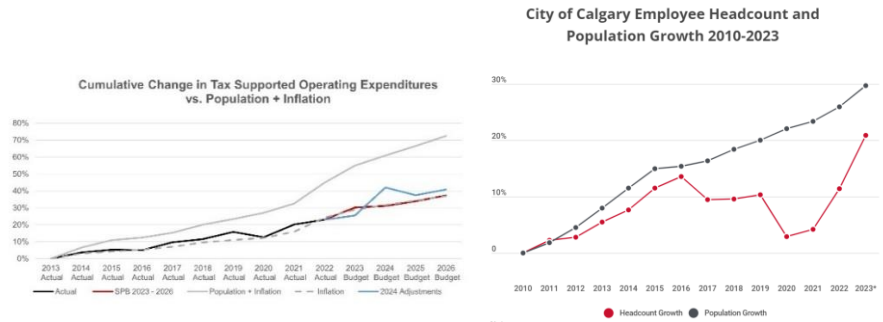|	1st revised date
AC2023-0049 Infrastructure Services	2
AC2022-0727 Infrastructure Services	1
AC2022-1148 Infrastructure Services	1

2. Initiative Briefing

Data Analytics Strategy (2024)

Strategy

Complement and extend City Auditor's Office assurance coverage through:
- Planned continuous auditing projects that leverage data to automate testing of risk and controls.
- Responsive data analytics advisory services that provide ongoing support to City Auditor's Office audits and investigations

Drivers

- City of Calgary employee headcount and operating budget has lagged population growth. This strategy provides insight into risk exposures and control effectiveness in a manner that requires reduced Administration time.

Sourced from https://www.calgary.ca/our-finances/management.html and https://www.calgary.ca/our-finances/workforce-management.html

- Leveraging growing availability of City of Calgary data and planned improvements by Administration in data management and governance.
- Technological improvements and increased availability of tools to analyze data, including cloud services and artificial intelligence.

Data Analytics Roadmap

1. Grow number of continuous auditing projects by 25% from current target of three per year to five per year by end of 2026.

| 2024	2025	2026
3	4	5

2. Maintain response levels to expected modest growth in requests for analytics to support audits, Whistle-blower Program investigations and City Administration high priority initiatives.

Continuous Auditing Project Prioritization

We will identify annual priorities for planned analytic projects balancing:
1. Coverage of areas with good availability of data which will primarily focus on transaction rich enabling services (Finance, Supply Management, IT and HR) with data sets that cut across multiple business units. Secondary focus on enabling services with subject-specific data such as Corporate Security, Assessment and Tax (example: tax data). Future roadmaps will consider expanding to other operational services.
2. Other assurance coverage provided through the City Auditor's Office Audit Plan.
3. Risk exposure, for example Principal Corporate Risks.

Delivery Framework

The following delivery framework sets out our approach to growing the number of continuous auditing projects delivered through increased efficiency and thoughtful resourcing decisions, along with further increasing the value these projects deliver through innovation and maintaining our responsiveness to advisory requests.

People	• Increased flexibility in resourcing model through use of Senior Analytics Auditor role that can deliver both data analytics advisory and continuous audit projects. • Just-in-time learning to provide ongoing upskilling to take advantage of new technologies. • Monitor resourcing levels against plan delivery including use of temporary resources when appropriate.

Process	• Project methodology designed to conform with the Institute of Internal Auditors Global Internal Audit Standards.
	• Ongoing improvements to methodology by leveraging City Auditor Office Quality Assurance and Improvement Program.
	• Processes reflect clear delineation of Administration's responsibility for on-going continuous monitoring. We will:
	    • Support Administration in improving their capacity in this area by sharing code/scripts used in our projects for them to maintain and adapt on a go forward basis.
	    • Run continuous auditing scripts after the initial report to Audit Committee to verify if improvements were made and consider these results in planning future City Auditor Office activity.

Technology	• Align with overall City technology direction to leverage existing and planned enterprise applications, such as Power Platform. Supplement primarily through widely used open-source tools (e.g., Python) and where appropriate leverage existing proprietary software that still provides value.
	Goals of approach are to:
	    a) Support transition of continuous auditing tools to Administration when requested for continuous monitoring.
	    b) Efficient use of City resources through reuse of existing enterprise applications and lower cost open-source technology.
	    c) Use widely used technologies that are under active development to ensure availability of talent in the market.
	    d) Retain a up to date technology platform to leverage new market innovations.
	• Leverage AI in a responsible manner aligned with The City's strategy to deliver more comprehensive assurance and increase efficiency.

2024 Audit Plan – Status as at March 31, 2024

#	Title	Description	Report Target	Status
**2024 Audit Plan**			
**2023 Audit Plan Carry Forward**			
1	Downtown Calgary Development Incentive Program	An operational audit of the Downtown Calgary Development Incentive Program's grant administration.	Q1	Complete/ Reported 2/15/2024
2	Financial Reserves	An operational audit of the effectiveness of the management of City of Calgary financial reserves.	Q2	Reporting
3	Cloud Vendor and Solution Management	An IT audit to review processes for identifying, assessing, and monitoring cloud software solutions and vendors.	Q1	Complete/ Reported 1/18/2024
4	Safety Management	An operational audit of the effectiveness of the Occupational Health & Safety Business Unit's monitoring and mitigation of safety incidents.	Q2	Reporting
5	Streetlights	An operational audit of streetlights maintenance and repair.	Q2	Reporting
6	Project and Portfolio Management Tool (P2M)	An operational audit of the Utilities Delivery Business Unit's utilization of P2M.	Q2	Reporting
**2024 Audit Plan**			
1	Climate & Environment - Clean Energy Improvement Program	An operational audit of the Clean Energy Improvement Program. *Principal Corporate Risk: Sustainable City*	Q3	Fieldwork
2	Water Services - Water Metering	An operational audit of the effectiveness of The City's water metering processes and policies. *Principal Corporate Risk: Service Delivery*	Q3	Fieldwork

		2024 Audit Plan		
#	**Title**	**Description**	**Report Target**	**Status**
3	Parks & Open Spaces - Mowing Services	An operational audit to assess the effectiveness and efficiency of Parks & Open Spaces' mowing services. *Principal Corporate Risk: Financial Sustainability*	Q3	Fieldwork
4	Partnerships - Neighbourhood Partnership	An operational audit of the Neighbourhood Partnership Coordinator Team's Community Association support. *Principal Corporate Risk: Service Delivery*	Q4	Not Started
5	Events Centre	An operational audit of The City's governance of the Events Centre project. *Principal Corporate Risk: Capital Infrastructure*	Q4	Planning
6	IT - Disaster Recovery	An IT audit of disaster recovery processes to provide assurance essential systems are identified and appropriate recovery procedures and infrastructure are in place. *Principal Corporate Risk: Service Delivery*	Q4	Not Started
7	Corporate Security – Cyber Security	An IT audit to assess the effectiveness of activities to detect the occurrence of cyber security events within The City's IT environment. *Principal Corporate Risk: Technological Disruption*	Q1 2025	Not Started
8	Community Planning -Local Area Plan Process	An operational audit to assess the effectiveness of engagement in the Local Area Plan Process. *Principal Corporate Risk: Reputational*	Q1 2025	Not Started

2024 Audit Plan				
#	Title	Description	Report Target	Status
9	Utilities Delivery - Project Management	An operational audit assessing the effectiveness of the project management of the Inglewood Sanitary Trunk project. *Principal Corporate Risk: Capital Infrastructure*	Q1 2025	Not Started
10	Supply Management - Corporate Supply Chain Resilience Strategy	An operational audit of Supply Management's processes that support the Corporate Supply Chain Resilience Strategy. *Principal Corporate Risk: Capital Infrastructure*	Q1 2025	Not Started

Q1 2024 Recommendation Follow-up– In-Progress Action Plans

Report # & Title	# of Revisions	Revised Date	Recommendation
AC2022-0727 Calgary Recreation Infrastructure Investment	1	December 31, 2024	#2 The Director, Capital Priorities and Investments, design and communicate formalized roles, responsibilities and associated high level expected processes to support the identification of potential infrastructure investment opportunities and the monitoring of value delivered by the portfolio.
AC2022-1148 Facility Management Asset Management	1	December 31, 2024	#5 The Manager, Investment Management (FM), coordinate with the Corporate Asset Management group to develop and implement level of service criteria in PowerPlan in accordance with the Asset Management Framework and incorporate them into the asset management planning and decision-making process.
AC2023-0049 Real Estate & Development Services- Enhanced Rationalization Program	1	September 30, 2024	#1c) The Coordinator of Enhanced Rationalization refine the Enhanced Rationalization program mandate and objectives to be specific, measurable, attainable, relevant, and time-bound and once approved by the Corporate Land Committee, prepare a risk management strategy to support program success.
AC2023-0049 Real Estate & Development Services- Enhanced Rationalization Program	1	September 30, 2024	#2 The Coordinator of Enhanced Rationalization monitor and evaluate the resourcing assigned to the Enhanced Rationalization program and recommend additional actions to the RE&DS Management Team if adjustments are required to fulfill the program's mandate.