

CITY AUDITOR BYLAW 30M2004 PROPOSED AMENDMENTS AND RATIONALE			
Page #, Schedule and Section	Current State of Bylaw	Proposed Amendments (Bolded)	Comments / Rationale
Page 1 Section 5	5. The City Auditor shall be subject to the supervision of and accountable to Council and report to Council through Audit Committee.	Delete Section 5 and replace with following: 5. The City Auditor is accountable to Council and reports to Council through Audit Committee. Supervision of the City Auditor is provided by the Chair of Audit Committee. The Chair of Audit Committee facilitates two-way communication of information on emerging risks, controls and governance between the City Auditor and Council members.	<u>Reporting lines</u> Proposed amendment provides greater clarity regarding reporting lines.
Page 1 Section 7	7. The City Auditor's mandate is to audit: (a) any area of City operations reporting to the City Manager; (b) any entity that receives any type of benefit from The City, whether financial, assets or in-kind, or (c) any entity that The City owns, in whole or in part; where The City has the legal authority to conduct an audit.	Delete Section 7(a), (b), (c) and replace with following: 7. (1) The City Auditor's primary mandate is to audit any area of City operations reporting to the Chief Administrative Officer. (2) The City Auditor may also conduct audits of any entity that receives any type of benefit from The City, whether financial, assets, or in-kind, if there is the legal authority to conduct an audit, and if there are no other providers of assurance.	<u>Mandate and scope of work</u> Proposed amendment provides greater clarity regarding the City Auditor's mandate and scope of work. This is the main focus of the City Auditor's mandate.

<p>Page 4 Schedule 'A' Section 1</p> <p><u>Mandate</u></p>	<p>The City Auditor will:</p> <ul style="list-style-type: none"> (a) assist Council, through the Audit Committee, in its oversight of the Chief Administrative Officer's administration and accountability for stewardship over public funds and achievement of value for money in City operations; and (b) provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. 	<p>Delete Section 1 and replace with following:</p> <p>The City Auditor will:</p> <ul style="list-style-type: none"> (a) assist Council, through the Audit Committee, in its oversight of the Chief Administrative Officer's administration and accountability for stewardship over public funds and achievement of value for money in City operations; and (b) provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. <p>For clarity, the City Auditor does not have a mandate to audit Council decisions.</p>	<p><u>Mandate</u></p> <p>Proposed amendment provides greater clarity regarding the City Auditor's mandate and scope of work.</p>
<p>Page 4 Schedule 'A' Section 2(a)</p> <p><u>Professionalism and Independence</u></p>	<p>The City Auditor and any staff reporting to the City Auditor will:</p> <ul style="list-style-type: none"> (a) conduct all audit and advisory services through adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards); 	<p>Delete Section 2(a) and replace with following:</p> <p>The City Auditor and any staff reporting to the City Auditor will:</p> <ul style="list-style-type: none"> (a) conduct all audit and advisory services through adherence to The Institute of Internal Auditors' Global Internal Audit Standards. 	<p><u>Conform to IIA Global Internal Audit Standards</u></p> <p>Proposed amendment reflects updates made to the Institute of Internal Auditors' professional standards, to which the City Auditor's Office conforms.</p>

<p>Page 4 Schedule 'A' Section 2(f)</p> <p><u>Professionalism and Independence</u></p>	<p>The City Auditor and any staff reporting to the City Auditor will:</p> <ul style="list-style-type: none"> (a) conduct all audit and advisory services through adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards); (b) conduct all investigative services through adherence to Association of Certified Fraud Examiner's Code of Professional Standards. These standards of professional conduct will be adhered to as they pertain to integrity and objectivity, professional compliance, due professional care, communication and confidentiality; (c) remain free from interference by any element in the organization in the conduct of assurance, advisory and investigative services to permit maintenance of a necessary independent and objective mental attitude; (d) have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement; and (e) exhibit the highest level of professional objectivity in gathering, evaluating, and communicating results. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements. 	<p>Add a new Section 2(f) as follows:</p> <p>(f) conform to relevant laws and regulations that are applicable to The City of Calgary.</p>	<p><u>Conform to IIA Global Internal Audit Standards</u></p> <p>Proposed amendment reflects updates made to the Institute of Internal Auditors' professional standards, to which the City Auditor's Office has an explicit requirement to conform.</p>
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<p>Page 5 Schedule 'A' Section 3</p> <p><u>Assurance Services</u></p>	<p>The City Auditor will:</p> <p>(a) utilize a risk-based approach, and communicate audit assurance activities to Audit Committee for approval through the development of an annual audit plan, which, without limiting the scope of the foregoing, includes:</p> <p>(i) <u>Compliance Audits</u></p> <p>Review the systems established to ensure compliance with policies, plans, procedures, ethical and business norms, as well as laws, regulations, and contracts which can have a significant impact on operations and reports and determining whether the organization is in compliance.</p> <p>(ii) <u>IT Audits</u></p> <p>Review and evaluation of automated information processing systems, related non-automated processes and the interfaces among them to ensure business risks are minimized appropriately.</p> <p>(iii) <u>Operational Audits</u></p> <p>Utilizing a risk-based approach, review operations, services, processes and/or systems to determine whether they are effective and implemented as planned to achieve their objectives. This type of audit may include assessing the efficiency with which resources are utilized.</p>	<p>Add a new Section 3(c) as follows:</p> <p>(c) deliver data analytics assurance projects, which will assess risk and controls through the use of data analytics to complement, support and extend activities in 3(a). Projects may include continuous auditing (ongoing assessment of risk, controls and policy compliance against rules and risk thresholds) along with other data driven exposures of specific risks. Data analytics priorities will be presented to Audit Committee on an annual basis.</p>	<p><u>Clarifying current practice</u></p> <p>Proposed amendment articulates the practice of the City Auditor's Office to conduct data analytics projects to compliment and extend the assurance provided through audits.</p> <p>This amendment solidifies current practice.</p>
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	<p>(iv) <u>Follow-up Audits</u></p> <p>Review the effectiveness of the corrective action implemented in response to previous audit recommendations to ensure the underlying risk was mitigated as intended to support achievement of the objective. This type of audit is generally limited in scope, however, may identify efficiency opportunities resulting from operational changes and/or redundant control structures.</p> <p>(b) determine the appropriate methodologies, project scope, including utilization of data analytics to discharge the above, as well as considering the involvement and work performed by other assurance groups.</p>		
<p>Page 6 Schedule 'A' Section 5(c)</p> <p><u>Investigative Services</u></p>	<p>The City Auditor will:</p> <p>(a) ensure sufficient professional staffing and technology are employed to support the Whistle-blower Program including intake, assessment, investigation, reporting and corrective action recommendation processes;</p> <p>(b) ensure all activities of the Whistle-blower Program are confidential and shared only on a need-to-know basis or as necessary to conclude on the investigation and/or recommended corrective action; and</p> <p>(c) establish processes in compliance with Council Whistle-blower Policy CC026.</p>	<p>Amend Section 5(c) as follows:</p> <p>(c) establish processes in compliance with <u>Whistle-blower Policy (Council Policy CP2022-06)</u>.</p>	<p><u>Housekeeping amendment</u></p> <p>Proposed amendment required to reflect the updated numbering of the Whistle-blower Council Policy.</p>

<p>Page 6 Schedule 'A' Section 6(d) <u>Activity Report</u></p>	<p>The City Auditor will:</p> <ul style="list-style-type: none"> (a) provide a quarterly report to Audit Committee that includes trending and achievement of City Auditor's performance measures as established to reflect effective delivery of the City Auditor's mandate, status of Administration action on the current recommended action plan commitments agreed upon in previous audit reports, and status of deliverables against the approved annual audit plan; (b) amend the annual audit plan as needed if the risk profile, on which the annual audit plan is based, significantly changes during any given year, by presenting proposed change to Audit Committee for approval; (c) provide an annual report to Audit Committee that provides a retrospective summary of highlights and achievements of the year, reflecting the assurance, advisory and investigation services provided. 	<p>Add a new Section 6(d) as follows:</p> <ul style="list-style-type: none"> (d) be responsible for the development, implementation, and maintenance of a quality assurance program, and report on the results of the program to Audit Committee. 	<p><u>Conform to IIA Global Internal Audit Standards</u></p> <p>Proposed amendment reflects updates made to the Institute of Internal Auditors' professional standards, to which the City Auditor's Office conforms.</p>
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