

City Auditor's Office 2024 Annual Report



Calgary

City Auditor's Office

Message from the City Auditor

I am proud to present this summary of the City Auditor's Office 2024 activities. Our focus is on value-add service delivery, and throughout the 2023-2026 budget cycle, we have used the "four Rs" as our key values: Responsiveness, Risk Reduction, Reliability, and Resilience.

We focus on providing services that are responsive to emerging risks across The City of Calgary (The City). We utilized available resources to complete 94% of the 2024 Audit Plan, and additionally supported City Administration with advisory services to respond to high and emerging risks. During 2024, the Whistle-blower Program received the second highest number of reports in the 15-year history of the Program, and we were able to maintain our high level of responsiveness: responding to 100% of reports within one business day, and completing the initial assessment of 93% of reports within 15 calendar days.

Our team are proud to support risk reduction activities that mitigate The City's Principal Corporate Risks through their delivery of audits, analytics projects, and investigations. We delivered eleven audits, incorporating 67 recommendations to support risk mitigation, as well as three continuous auditing projects supporting analysis of risk through detailed analysis of data sets. Our on-going follow up of audit recommendations supported timely implementation of 39 action plans. We completed 22 whistle-blower investigations, which incorporated 25 recommendations for corrective action.

The reliability of our work – quality of service delivery – is critical to add value to The City, as well as provide appropriate assurance to Audit Committee. Our internal quality processes confirmed that our audit and advisory activities continued to be conducted in conformance to professional standards. The Institute of Internal Auditors updated their professional standards in 2024, and we have reviewed and adjusted our processes to remain in conformance. We continued our focus on professional skills and continuous learning and training to support excellence in service delivery.



The first of a kind Whistle-blower Program Benchmarking Report presented to Audit Committee in Spring 2024 analyzed data from the last 5 years of Program operations, to support on-going delivery of an efficient, trusted, and independent Program.





Our resilience-focused activities during 2024 focused on people and technology. We have a full complement of staff, as well as the ability to bring in contract resources to support unexpected absences, and subject matter expertise to support complex topics. We continued our team volunteer and learning activities to continue our sense of community and belonging, and our team mood scores remained high throughout the year. We created a Technology Roadmap, intentionally analyzing risks and benefits of utilizing types of technology to support our efficient and effective service delivery, and are now developing an accompanying AI Framework to support most effective use of these tools.

Further information on our 2024 activities is set out in this report, and our reports issued during the year are available at www.calgary.ca/auditor

A handwritten signature in blue ink that reads "Liz Ormsby".

Liz Ormsby, ACA, CIA, CFE, CAPM
City Auditor

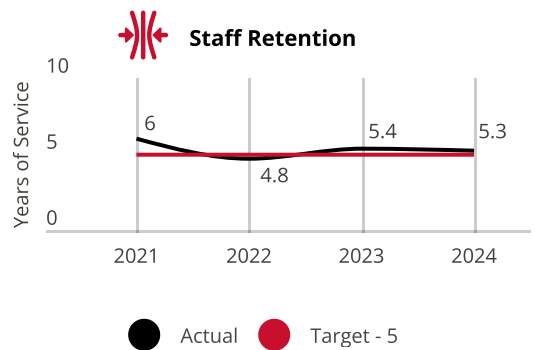
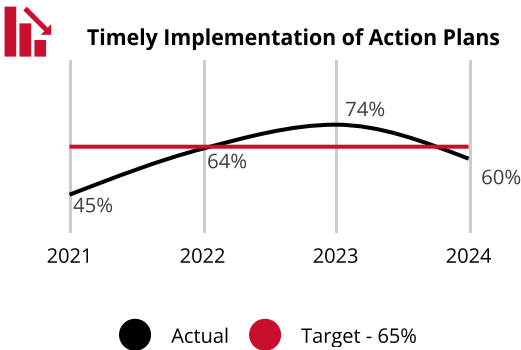
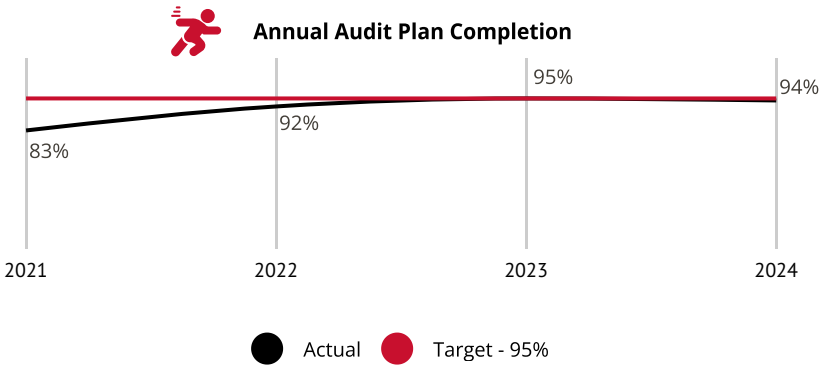
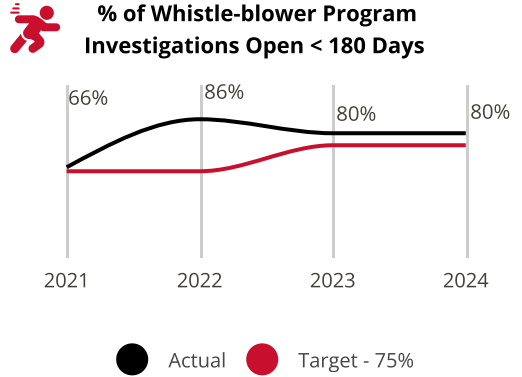
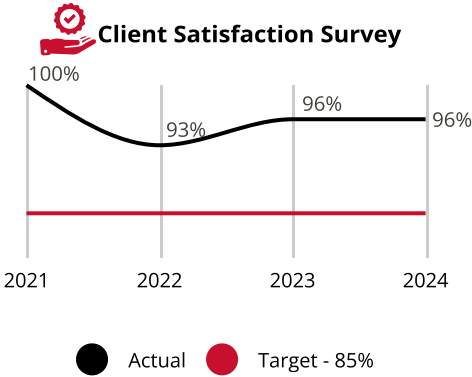
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1.0 One Calgary Accountability



The mandate of the City Auditor's Office is to provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. The City Auditor's Office tracks five performance measures that align to our guiding principles of Responsiveness, Risk Reduction, Reliability and Resilience. These measures will be utilized in the 2023-2026 Service Plans and Budget cycle to measure on-going performance.

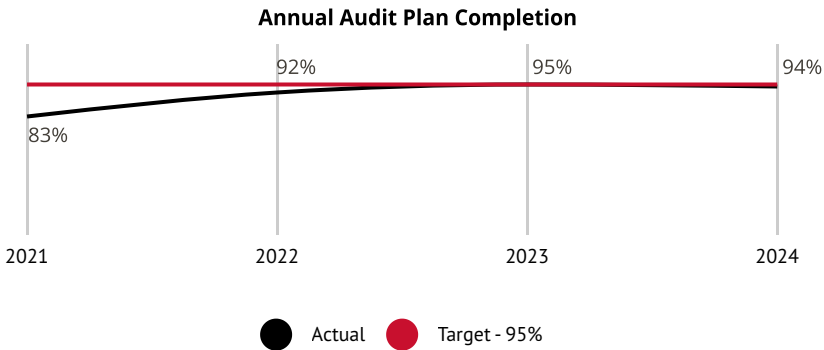


Responsiveness: The ability to assess and react to current and emerging risks through audit assurance, advisory and investigative services.

2.1 Audit Services

The annual Audit Plan sets out the planned audit services to be delivered by the City Auditor’s Office in the upcoming year. The City Auditor’s Office tracks the percentage of the Audit Plan completed, based on the schedule established when the Audit Plan is approved. The 2024 Audit Plan was approved by Audit Committee at the November 2023 meeting, and during 2024 the City Auditor’s Office delivered 94% of the approved Audit Plan. The City Auditor’s Office utilized internal and external audit resources, including subject matter experts, to support the delivery of eleven audit projects. At December 31, 2024, five audits from the 2024 Audit Plan were in progress and will be finalized during the first half of 2025 as part of our continuous project delivery.

During 2024, the City Auditor’s Office developed the 2025 Audit Plan using a risk-based framework to ensure audit resources were directed to the most significant areas of The City. Activities included confirming The City’s risk profile, identifying areas of highest priority, engaging with key City partners, including members of Audit Committee, Council, and Administration, and assessing available resources. The development of the Audit Plan utilized The City’s ERM framework, and audits on the Audit Plan are aligned to The City’s Principal Corporate Risks. The 2025 Audit Plan includes eleven audits, assuming a fully resourced audit team, and the incorporation of external subject matter expertise as necessary to deliver value-add assurance. To ensure the continued effective allocation of our audit resources, we additionally identified two ‘reserve’ audits which can be conducted if we are unable to perform other planned audits, and resources are available.



2.2 Advisory Services

The City Auditor’s Office provides independent and objective advisory services on an issue or project-specific basis as requested by Administration. Based on our knowledge of best practice on risks, controls and governance frameworks along with our deep understanding of The City, we are well positioned to provide advice on mitigation of significant risks and opportunities to improve City operations. We ensure advisory services provided do not impede our ability to conduct objective audits in an area at a future date. Providing advisory services supports both The City’s continuous improvement and risk mitigation, as well as our on-going collaborative relationship with Administration.

During 2024, members of the City Auditor’s Office provided:

- Support to IT developing The City’s AI strategy;
- On-going touchpoints with a group further developing The City’s public reporting;
- Input to a team developing a multi-party project agreement;
- Advice to a Business Unit reviewing risks related to access to confidential data; and
- Input to a Business Unit on the prioritization of policy updates.

The City Auditor was a member of the Audit Committee Infrastructure Working Group during Q3/4 of 2024. Additionally, the City Auditor provided on-going input to members of Audit Committee by sharing trends and insights from the audit profession.

2.3 Investigation Services - Whistle-blower Program



By the Numbers

WBP activity for the year ending December 31, 2024 (numbers in parentheses represent 2023 figures and are provided for comparative purposes only.)

1 - Intake & Assessment

- 144 (105) new reports received representing:
- 378 (208) new allegations raised and assessed.

2 - WBP Investigation

- 31 (15) new reports approved for further investigation.
- 4 (7) investigations carried forward from prior years.
- 77 (28) total allegations investigated.

3 - Conclusion & Reporting

- 22 (18) investigations concluded.
- 45% (43%) substantiation rate.
- 13 (4) investigation files carried forward into 2025.

4 - Recommendations & Closing

- 25 (55) opportunities for improvement and/or corrective corrective actions were identified and recommended to Administration.

2.3 Investigation Services - Whistle-blower Program (continued)

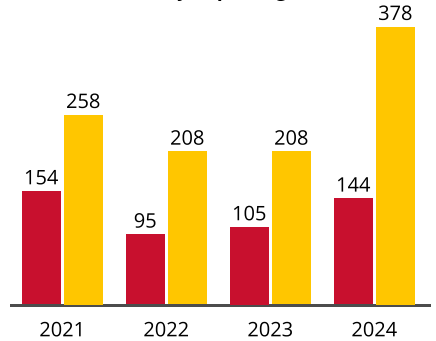
Reporting volumes are tracked and considered to be an indicator of the awareness and availability of the WBP as a method available to report suspected wrongdoing, and how concerns of potential violations of policy or procedure may be reported by Calgarians and City employees. Reporting volume in 2024 exceed typical annual volumes, however, most notable was the significant increase in the number of allegations raised requiring assessment.

Consistent messaging to employees by Administration throughout 2024 reinforced employee behaviour expectations and actively encouraged employees to report suspected wrongdoing through all available reporting channels, including the WBP. Consistent reporting volumes year-over-year indicate general awareness of, and easy access to, the WBP by employees and Calgarians alike.

Due to the WBP being only one of multiple avenues available for employees to raise concerns, there is no 'right' or 'wrong' volume of reporting in any given year. However, higher reporting volume attributed to employees specifically is generally indicative of their empowerment to report, their confidence that concerns raised will be objectively assessed, and allegations will be investigated appropriately as merited.

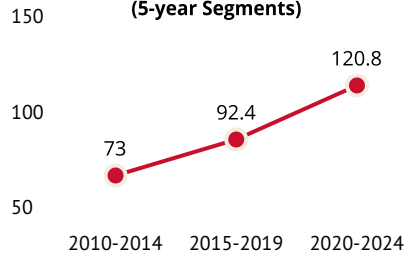
Historically, employees have accounted for 57% of all reports submitted to the WBP. In 2024, employees reported 54% of all concerns.

Yearly Reporting



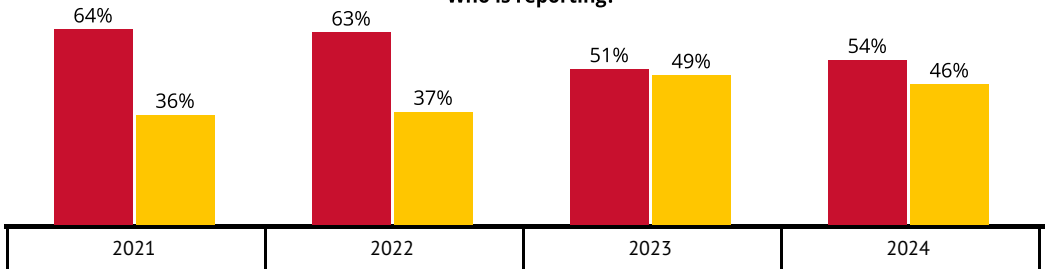
● Reports ● Allegations

Annual Reporting (5-year Segments)



● Reporting Average

Who is reporting?



● Employees ● Non-employees

Consulting & Other Inquiries

A lesser known but important component of the WBP is the availability of investigators to employees and others uncertain of whether their concern merits reporting, and if so, to whom. Investigators will engage in discussions to understand the issues of concern, what actions have been taken to date, and what outcomes are expected by pursuing the matter through a formal report to the WBP or other reporting channel within Administration. Other inquiries and general contact with the WBP also occur which do not result in further assessment by the WBP.

Discussions with City employees are clearly communicated as consultation that will not result in action by the WBP until a formal report is submitted. Should the nature of discussion be of a serious nature necessitating action, investigators will inform the individual of The City's legislative or legal requirement to act and will transition the discussion to a formal intake for assessment.

Otherwise, individuals leave these valuable touchpoints with WBP investigators having been afforded a safe space for authentic dialogue and are better informed to fully understand what their next steps may look like.

In 2024, the WBP had 19 consultations and touchpoints that were not further assessed.

"Thank you for the conversation today. I really appreciated your empathy and kindness."

Employee, Anonymous

Investigation Closing Rates

A key measure of responsiveness for the WBP is the timely completion of investigations. We acknowledge that for many individuals the issue reported has negatively impacted them personally or professionally for some time prior to reporting, and an incomplete or untimely investigation only prolongs and exacerbates their negative experience. The WBP considers an investigation open from the date a recommendation to investigate is approved by the City Auditor, through to the signing-off of an investigation report concluding on allegations raised.

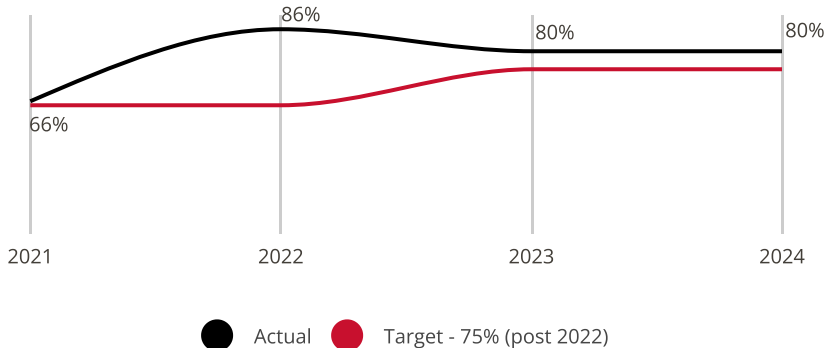
Every investigation is unique in its own set of variables including: the timelines between an originating event and reporting to the WBP, the quantity and complexity of allegations raised, the availability of evidence and witnesses needing to be interviewed, the availability of investigative resources, and the prevailing risk exposure to The City for unconcluded allegations. All open investigations are regularly reassessed and reprioritized based on their progress and risk exposure.

Closing rates will naturally fluctuate with reporting volume and available investigative resources.

Investigation Closing Rates - Continued

Recognizing the complexity and risk exposure for each investigation, the WBP strives to close investigations within six months, 75% of the time, as aligned with our One Calgary accountability targets. In 2023, this target was raised from the previous 65% and the new target was met again in 2024. Investigations completed within the six-month target during 2024 ranged from 16 to 178 calendar days

% of Investigations Open Less Than 180 Days - WBP Responsiveness Measure



The WBP applies an approach to continual improvement by applying enhancements and efficiencies to WBP procedures on an ongoing basis. This results in minimizing the overall impact with year over year improvement in the timely assessment and response to concerns reported. In 2024, this resulted in:

- No outstanding investigations aged greater than one year.
- Identification that despite robust and consistently applied processes, the investigation closing rate (average number of calendar days required to complete investigations) rose for a second consecutive year, from 98 (2023) to 145 (2024).
- Further analysis which identified that post-COVID 19, a consistent increase in volume and complexity of reports requiring collaboration from limited sources within Administration prevented more timely completion of certain matters. This has additionally resulted in an increase in the number of open investigations being carried forward into 2025 (13) compared to four carried into 2024.

Risk Reduction: Audit, advisory and whistle-blower recommendations cost-effectively address risk and are implemented in a timely manner.

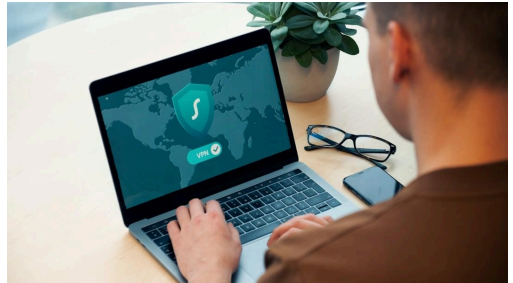
3.1 Audits Completed

During 2024, we issued 11 audit reports and three continuous auditing project reports. Our audit reports included 67 recommendations, focused on mitigating high or medium risks to which Administration provided action plans.

Cloud Vendor and Solutions Management Audit - AC2024-0104

Why we did this The Cloud Vendor and Solutions Management Audit reviewed processes for identifying, assessing, and monitoring cloud software solutions and vendors.

Why it matters As The City continues to adopt cloud computing solutions, it is important to manage the cloud computing process and technology security controls effectively.



Recommendations in this audit report support Administration in their on-going mitigation activities related to the Technological Disruption Principal Corporate Risk.

Note: This is a confidential report per Sections 20(1)(k) and (m) of the Freedom of Information and Protection of Privacy Act.

Downtown Calgary Development Incentive Program Audit - AC2024-0238

Why we did this The Downtown Calgary Development Incentive Program Audit assessed the effectiveness of the Program’s incentive administration process. As of March 2023, \$130M has been allocated to 13 office-to-residential conversion projects.

Given the significance of the investment, and high priority to Council, an effectively administered Incentive Program is vital to ensure fairness, enhance transparency, and mitigate associated reputational risks to The City and attract future Incentive Program applicants.

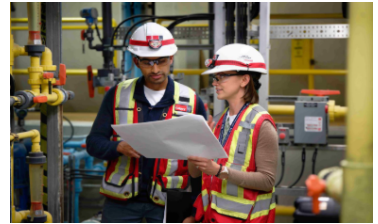


Why it matters Recommendations in this audit report support Administration in their on-going improvement and mitigation activities related to the Reputational Principal Corporate Risk.

Note: This is a confidential report per Section 16(1) of the Freedom of Information and Protection of Privacy Act.

Safety Management Audit - AC2024-0488

Why we did this The objective of this audit was to assess the effectiveness of the Occupational Health and Safety Business Unit's (OHS BU) monitoring and mitigation of safety incidents.



What we concluded Governance structures, processes, and supporting tools in place are partially effective in supporting the monitoring and mitigation of safety incidents. The OHS BU has established key structures to monitor and mitigate safety incidents, including an Occupational Health and Safety Management System (OHSMS), Training Guidelines, and an Incident Management Standard.

They regularly update employees on safety through various channels. However, updates are needed for key documents and processes to improve effectiveness. Five key actions identified include enhancing the OHSMS, updating the Incident Management Standard, refining the Safety Data Management System, developing a standardized leader safety reporting process, and enhancing the corporate-level safety dashboard.

Why it matters The City of Calgary has identified health, physical safety, and psychological safety as key priorities. Effective monitoring and mitigation of safety incidents are critical to support The City in meeting its health and safety targets. The City is aiming to achieve Lost Time Claim Frequency of 4.5 by 2026 (2023 mid-year results are 5.7). Keeping employees safe is a core value at The City, as it supports resilient service delivery and underpins The City's ability to attract and retain employees.

Financial Reserves Audit - AC2024-0569

Why we did this The objective of this audit was to assess the effectiveness of the management of The City's financial reserves. The objective was achieved by reviewing the design and operating effectiveness of the processes and controls that mitigate key risks that could impact the achievement of The City's reserve objectives.



What we concluded Key processes and controls established to manage financial reserves are designed and operating effectively. Finance has established a framework of governance structures, processes, and controls to support effective management of reserves.

The Triennial Reserve Review (TRR) conducts a review of every active reserve at least once every three years, to ensure their proper management, ascertain if reserve activities align with terms and conditions, and determine if reserves are still necessary in their current configuration. Furthermore, the Administrative Review Committee (ARC) offers oversight by questioning appropriateness of reserve target balances, proposing the closure of reserves no longer needed in their current state, and presenting recommendations from the TRR report to the Executive Committee and Council.

Why it matters Reserves are used to accumulate funds over time to replace capital assets, and to provide a measure of financial flexibility to react to budget shortfalls or the financial impact of significant unexpected issues. The City had 50 reserves totaling \$4 billion on December 31, 2022 (2021: \$3.5 billion).

- Effective reserve management and alignment with best practices mitigate the risk.
- Reserve balances are not adequate (underfunded) to respond to shortfalls and unanticipated/uncontrollable events.
- The City collects tax revenues in excess of service delivery costs while reserve balances are not used (overfunded).
- Reserve transactions are not consistent with reserve purpose, conditions, and City policies.

Streetlight Maintenance & Repair Operations Audit - AC2024-0622

Why we did this The objective of this audit was to assess the efficiency and effectiveness of streetlight maintenance and repair operations.

What we concluded The streetlight maintenance and repair processes are partially effective to mitigate key risks and support service delivery.

The City awarded a service contract to a new vendor in November 2022, establishing structures for effective contract management, including contract obligations and Key Performance Indicators (KPIs). Performance obligations are defined in the agreement and monitored by the Street Light team, with effective preventive maintenance processes like as-built design reviews. The team also engages in benchmarking for service improvement.



However, the audit identified the need for better contract management, particularly in corrective maintenance and variable cost monitoring. Response times for corrective maintenance exceeded KPIs by over 400%, impacting risk mitigation and service delivery. A dedicated contract compliance monitoring process and improved service delivery prioritization are needed. Additionally, the Work Management System lacks sufficient data for effective operations and contract management. Enhancing data completeness and implementing a review process will support efficient service delivery and cost management through better data analytics and insights.

Why it matters Given the significance of streetlighting for appropriate levels of lighting to support mobility, crime prevention, and safety, an effective and efficient operation of streetlight maintenance and repair services is essential to meet objectives and manage risks effectively.

"I was very impressed with the audit team regarding the audit. Through your efforts and analysis, we have developed a very strong system moving forward with some upgrades pending. So thankful for your efforts."

*Troy McLeod
Director, Mobility
Operational Services*

Utilities Delivery's Utilization of the Program and Project Management System (P2M) Audit - AC2024-0707

Why we did this The objective of this audit was to assess the effectiveness of Utilities Delivery's (UD) utilization of the Program and Project Management System (P2M) to manage and report on projects. The objective was achieved by reviewing the design and operating effectiveness of key processes and controls in the pre-implementation, implementation, and sustainment phases.

What we concluded The risk management process was designed effectively, and based on our sample, was operating as designed. The Risk Management Framework incorporated processes to identify, analyze, mitigate, and monitor risks through tools such as the risk register, risk breakdown structure and risk software applications.



Why it matters P2M is a corporate wide standardized IT system solution. The scope of the P2M implementation included all capital City of Calgary (City) Programs, Projects, and Annual Investment Programs. In November 2023, there were 1,617 Projects and Programs listed in P2M from multiple business units such as Parks, Open Spaces, UD, Facility Management, and Water Services.

Within the Infrastructure Services Department, the UD business unit had 330 projects and programs in P2M. Effective utilization of P2M supports consistent, transparent, and timely oversight of projects and programs both across The City and in individual business units.

"The audit process went very smoothly and did provide us with insights that immediately improved the program and will be leveraged for future iterations of the program."

Anonymous, Client Satisfaction Survey

Parks & Open Spaces – Contracted Mowing Services Audit - AC2024-0843

Why we did this The objective of this audit was to assess the effectiveness of Parks & Open Spaces' (Parks) management of contracted mowing services. The objective was achieved by reviewing the design and operating effectiveness of mowing processes and controls that mitigate the risk contracted mowing does not meet timeliness and quality standards.

Calgary's parks system includes regional and neighborhood parks, and natural areas that provide Calgarians with safe, inclusive, active-living opportunities that enhance quality of life. Parks maintains and stewards almost 8,700 hectares of public spaces (the equivalent of 11,000 football fields spread out citywide over 5,200 parcels of land).

Calgarians have consistently rated Parks services with high importance and satisfaction and in the 2024 Spring Survey of Calgarians rated the service at 96% importance and 89% satisfaction.

What we concluded Parks experienced challenges with contracted mowing services in 2023 due to significant performance concerns with one sampled contractor and cycle time delays at the beginning of the season with another. Monitoring, payment, and vendor performance management processes in sampled zones generally supported effective management of contracted mowing services. However, improvements are needed to performance measurement and inspection processes to support meeting quality and timeliness standards and ensure information is available to evaluate alternatives to respond to future performance challenges.

Why it matters Effective management of contracted mowing services is critical to support The City in maintaining a healthy and vibrant parks system to enhance the quality of life for Calgarians.



Clean Energy Improvement Program Audit - AC2024-0960

Why we did this The objective of this audit was to assess the effectiveness of the administration of the Clean Energy Improvement Program (CEIP).

The objective was achieved by reviewing the design and operating effectiveness of City of Calgary (City) processes and controls that mitigate the risk The City is unable to recover financing from participants and non-compliance with legislation.



What we concluded The processes and controls established to administer CEIP were effectively designed. However, given a number of processes are manual and rely on accurate data entry, enhancements are required to review processes and spreadsheet controls to ensure only eligible property owners receive financing and incentives, and final agreements include accurate financing and costs.

CEIP was a new program The City offered to Calgarians in 2023. Calgarians showed great interest in the first intake of applications such that Climate & Environment had to establish limits in three subsequent intakes. Climate & Environment established Program Process Guidelines, developed tracking spreadsheets, and coordinated with other business units to administer CEIP in compliance with legislation and terms & conditions. They generally had well-designed processes in-place for verifying program eligibility and preparing CEI Agreements and payout notices. They also ensured financing was within the legislated financing limits and had good overall program management in-place.

Why it matters In 2022, Calgary City Council included climate resilience as a foundation of their strategic direction for 2023-2026. The City implemented CEIP with a \$20.6M budget to provide low-interest financing to Calgarians for efficient and renewable residential upgrades that save energy and reduce GHG emissions. Effective CEIP administration supports achieving the program's climate objectives and mitigates financial and reputational risks by ensuring:

- Ineligible applicants do not receive CEIP financing and incentives;
- Legislated financing limits are not exceeded;
- The CEI Agreement accurately captures project costs and financing;
- Property owner payout notices are accurate.

"Thanks for all your guidance and support throughout this process. Looking forward to our future collaboration. A huge thank you Audit team! We always appreciate working with you."

*Carolyn Bowen,
Director, Climate and Environment
&
Dick Ebersohn,
Manager, Climate Mitigationman Resources*

Water Metering Audit - AC2024-1033

Why we did this The objective of this audit was to assess the effectiveness of The City's water meter installation processes.

What we concluded Water meter installation processes are generally effective in design and operation to support the current volume of installations required. However, improvements in the design of installation processes and controls will better support the future effectiveness of installations as demand increases.



New buildings requiring water meter installations are identified through building permit data. From January 1, 2023, to March 31, 2024, 96% of new meter installations were completed within one day. All 25 sampled locations had new billing accounts created, and monthly reconciliations are conducted to compare water meter data against billing contractor data. Standard operating procedures guide installations, and new employees are trained through job shadowing and courses. Five recommendations were made to improve efficiency, establish KPIs, manage spacer inventory, follow up on reconciliations, and oversee training and development.

Why it matters Effective water meter installation processes support accurate measurement of the amount of water consumed by each property, allowing for fair billing, and promoting water conservation efforts.

Calgary has seen a surge in new properties over the past decade, both in new and existing communities. This trend, which aligns with The City's Housing Strategy, is anticipated to continue, thereby escalating the need for effective and timely water meter installations.

Event Centre Governance Audit - AC2024-1220

Why we did this The objective of this audit was to perform an operational audit of The City's governance of the Event Centre project. The objective was achieved by assessing the governance structures established for the Event Centre project to determine their alignment with The City's Corporate Project Management Framework (CPMF).

What we concluded The City has established key governance structures and processes to support the execution and delivery of the Event Centre project. However, further enhancements to risk management and quality management processes are required to best support City oversight of this critical project.



The City has established key structures and processes for project management, aligning with best practices in the CPMF. Team roles and responsibilities are defined, and a project charter outlines the project manager's responsibilities. There are documented plans for managing project scope, schedule, cost, communication, and close-out activities. Monthly reporting to committees is established. However, enhancements are needed in risk and quality management processes to improve governance, including better risk assessment, quality management, and project closure planning.

Why it matters The Event Centre is a key project that supports The City's Greater Downtown Plan to encourage more people to visit and enjoy Calgary's downtown and its businesses. The project is being executed to enhance the emerging Culture + Entertainment District and continue to place Calgary as a tourist and entertainment hub. Effective governance supports the delivery of the project within planned time frames and budgets and to the specifications and quality expected.

IT Disaster Recovery Audit – AC2024-1332

Why we did this The City relies on more than 600 IT applications and systems to provide all lines of service. These IT systems must be reliable and secure to support timely delivery of essential services to citizens. A Disaster Recovery Plan (DRP) helps an organization respond to unexpected events and restore operations.

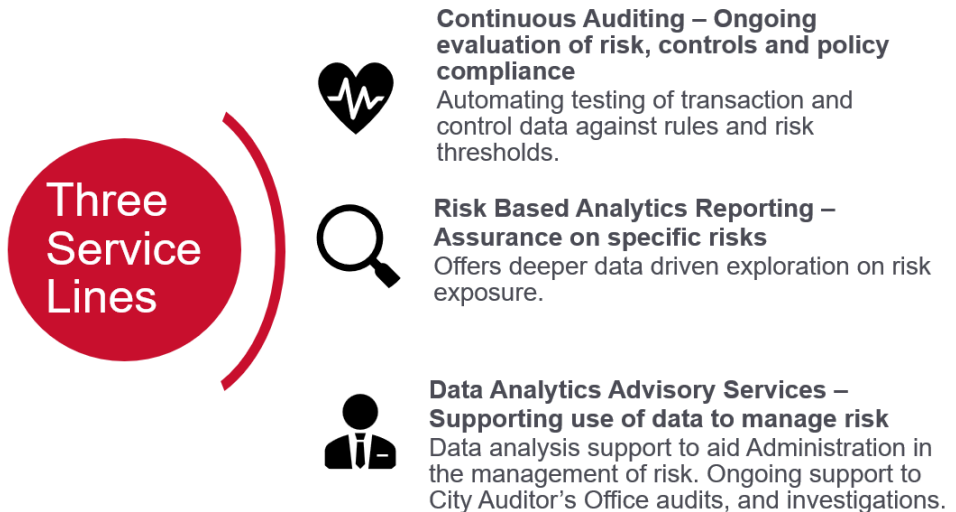
Why it matters A DRP ensures that essential services for Calgarians continue even following disasters like power outages, ransomware, malware attacks, and natural disasters.



A DRP should be customized to meet the needs of the organization. Recommendations in this audit report support Administration in their on-going mitigation activities related to Technological Disruption Principal Corporate Risk.

Note: This is a confidential report per Sections 20(1)(k) and (m) of the Freedom of Information and Protection of Privacy Act.

3.2 Data Analytics Program Update



Our continuous auditing and risk-based analytics projects are planned data analytics activities. Our planned 2024 Data Analytics Areas of Focus was presented to Audit Committee in November 2023, and we presented three projects to Audit Committee during 2024 covering Endpoint Management, Supplier Billing Contract Compliance and Accounts Receivable.

We continue to deliver Data Analytics Advisory Services to support audit projects and investigations. Our support involves extracting data from various source systems, delivering it in a format suitable for analysis and supporting the investigator or auditor in their analysis.

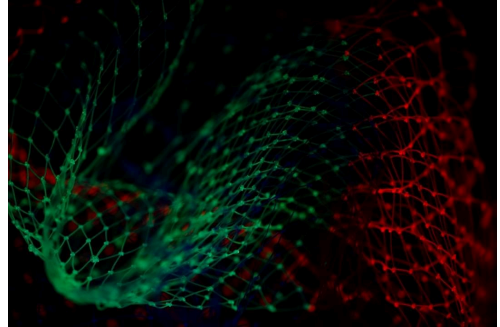
“Ebose and Ross were great to work with. They were very responsive to any questions. Data gathered is helpful and really looking forward to this transition to the working teams for continuous monitoring. The dashboard will be a helpful tool for leaders managing this work.”

Tracy Hayter,
Finance Leader

Endpoint Management Continuous Auditing Project - AC2024-0630

Why we did this Endpoints are devices that connect to and exchange information with a computer network. Examples of endpoints are mobile devices, desktop computers, virtual machines, embedded devices, and servers. Internet-of-Things devices—like cameras and thermostats—are also endpoints.

Risks associated with endpoints include loss or theft of the device and running outdated software. Outdated software (including the operating system) represents a security threat as it contains known vulnerabilities that can be exploited by an attacker, leading to data breaches and unavailable critical systems. Controls to prevent these risks include maintaining a complete device inventory and using device management software to patch devices regularly.



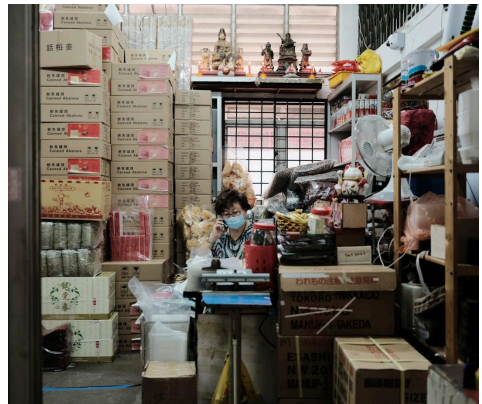
Why it matters The data analysis outlined in this report supports Administration in their on-going mitigation activities related to Technological Disruption Principal Corporate Risk.

Held confidential pursuant to Sections 20(1)(k) and (m) of the Freedom of Information and Protection of Privacy Act.

Supplier Billing Compliance Continuous Auditing Project - AC2024-0708

Why we did this Compliance with contract terms negotiated with suppliers contributes to ensuring that The City pays the right amount for good / services contracted, the quality of good / services meets requirements, and suppliers are paid on time. This project reviewed invoices and supporting documentation for a single supplier.

Why it matters The data analysis outlined in this report supports Administration in their on-going mitigation activities related to Principal Corporate Risks of Reputation and Service Delivery.



Held confidential pursuant to Section 16(1) of the Freedom of Information and Protection of Privacy Act.

Accounts Receivable Continuous Auditing Project - AC2024-1287

Why we did this? Accounts Receivables (AR) represents the amount of money that customers owe The City for products or services provided. As of December 31, 2023, the annual total non-tax general receivables was \$451 million. Risks associated with Accounts Receivables include inaccurate bills and receivable balances, credit losses, access to customer data and fraud.

What we concluded?

Overall, controls are in operation to mitigate risks in the Accounts Receivable process. We identified improvement opportunities in system access, customer data management, and procedures for handling unmatched cheques.



Why it matters

The data analysis outlined in this report supports Administration in their on-going mitigation activities related to Principal Corporate Risk of Financial Sustainability.

3.3 - Audit Recommendations

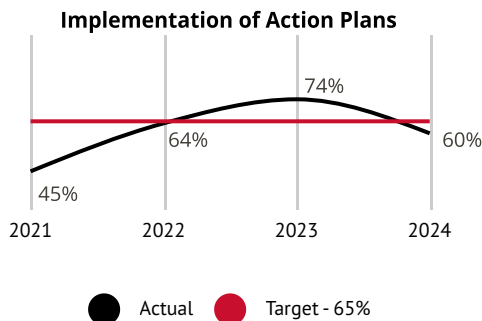
The City Auditor's Office takes a risk-based approach throughout the execution of each audit by focusing on key risks to the achievement of Administration's objectives, which supports meeting City priorities. With Administration's input, we rank identified risks from high to low based on the impact and likelihood should the risk event occur. Where audit testing determines existing processes and controls result in unmitigated risk exposure (i.e. residual risk), we raise audit recommendations that consider practicality, cost efficiency, and root cause.

We ask Administration to respond with defined action plans that mitigate business risks to an appropriate risk tolerance. Our audit recommendations intentionally focus on high and medium residual risk exposure to help Administration prioritize resources on areas of greater importance and value. This approach reinforces the importance of effective risk management and decision-making utilizing a risk-based approach.

3.4 Implemented Audit Recommendations

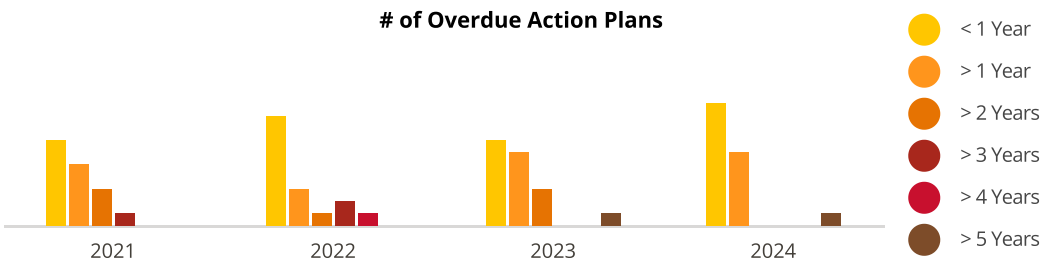
The City Auditor's Office tracks the timely implementation of recommendation action plans quarterly. We expect that results vary from quarter to quarter as Administration's commitments can be impacted by other City priorities, initiatives and projects.

The cumulative timely implementation % during 2024 was 60%, representing two quarters of slightly above target (65%) and two quarters of slightly below target achievement. Although a slight drop from 2023, this performance still represents an upward trend from 2020-2021, where the impact of the pandemic and organizational realignment limited the capacity of Administration to complete action plans in a timely manner.



During 2024, Administration implemented 65 action plans, of which 38 were high, 26 medium and 1 low risk. At year-end, there were 74 outstanding action plans compared to 72 in 2023. Of these, 17 had passed their first or subsequent implementation date and Administration required more time to fully implement action plan commitments. Of the 17, 8 are high risk, and 9 are medium risk. Of the 17 recommendations, 6 were initially expected to be completed in 2023, and 10 had initial expected completion in 2024, meaning they are less than a year overdue.

One further action plan (AC2017-0590 Confidential) is overdue by more than six years, as it was initially expected to be implemented by June 2018. We communicated the on-going high risk exposure to Audit Committee at the April 2024 meeting and will follow-up in Q1 2025 as part of our commitment to follow-up 30 days after the revised action plan implementation date. We will continue to support Administration's commitment through quarterly monitoring of action plans and assessment of residual risk. During 2024 we adjusted our follow up processes so that going forward, we do not accept implementation dates more than three years from the report issue date or revised implementation dates more than four years after the report issue date. Where action plans are outside these parameters, we deem this as Administration accepting the risk, and communicate as such to Audit Committee.



3.4 Implemented Audit Recommendations - Continued

In 2024, the City Auditor's Office closed the final recommendations on eight audit reports. This highlights the collaboration and commitment to the appropriate mitigation of risk and the continuous improvement of Administration's processes, supporting efficient and effective service delivery.

Two examples from these eight audits that illustrate the positive change arising from our audit work are the Public Protection Site Safety Audit and the Public Spaces Delivery – Parks & Open Spaces Audit.

Public Protection Site Safety Audit:

The objective of this audit was to assess the design and operating effectiveness of the PPSSP (Public Protection Site Safety Plan) process to mitigate construction site safety risk.

The audit recommendations were fully implemented in Q1 of 2024, which further enhanced the risk mitigation procedures to better align with the stated site safety process objectives. Implementation action plans included:

- Refining the PPSSP process to ensure inspections are taking place and site safety best practices are being used in consistent manner.
- Utilization of an automated key risk indicators dashboard to monitor the effectiveness of construction site safety plans.

Public Spaces Delivery – Parks & Open Spaces:

The objective of the audit was to assess the effectiveness of the capital project management and delivery processes. This audit focused on Level 2 projects that represent a high proportion of Public Spaces Delivery project management activity (\$25 million allocated budget between 2020–2023). Parks & Open Spaces capital projects are particularly valued by Calgarians.

The audit recommendations were fully implemented in Q1 of 2024, which further supports effective project management processes for future medium-sized projects. Implementation action plans included:

- The development of more precise project management tools, like P2M, which track project plans, schedules, budgets, cash flows and contingencies.
- A “lesson learned” follow-up process whereby project managers present their projects to their peers and managers to ensure risk management best practices.

3.5 Whistle-blower Investigation Recommendations

The WBP distinguishes itself as more than an investigative body tasked with responding to reports of suspected wrongdoing by providing Administration with added value through the identification of root causes of issues investigated. By recommending timely corrective actions, causal issues identified can be reviewed at either the business unit level or more broadly across the entire organization and, as necessary, corrected in support of mitigating against recurrence of similar activity. Identifying and correcting root causes is a necessary component in determining the success of an employee reporting program and the WBP investigation team takes pride in presenting thoughtful and relevant recommendations to Administration.

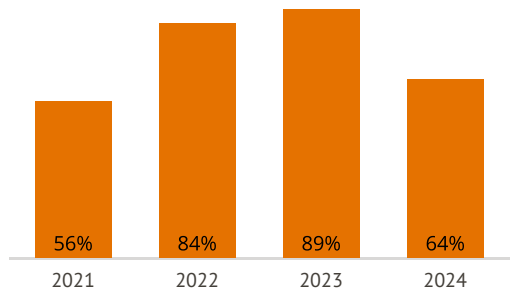
Our recommendations for corrective action are opportunities for improvement and are provided to assist Administration in correcting behaviour or deficient processes which may have contributed to an activity investigated.

Corrective actions were identified in 64% of investigations concluded in 2024 and regular follow-up with Administration occurred to confirm their completion. Ninety-two percent of recommendations made by the WBP in 2024 were completed and considered closed at December 31. Outstanding recommendations are related to investigations completed in late Q3, are not considered high risk to the organization, and the WBP will continue to monitor their completion status.

Occasionally, investigations identify broader, or systemic issues that reach beyond a specific division or business unit. These observations are appropriately raised with Administration and can result in organization-wide corrective action recommendations. A summary of each WBP investigation resulting in a recommendation by the WBP is disclosed on our webpage at: www.calgary.ca/whistle, which is updated on a quarterly basis.

Recommendations are opportunities for improvement and can be made for any completed investigation and are not limited to only investigations with substantiated allegations. The publishing of summarized corrective actions provides transparency of our process and demonstrates accountability in taking appropriate investigative action in response to reports submitted to the WBP. Summaries are presented in a sanitized manner in support of our commitment to confidentiality, reporter protection, and privacy of all individuals involved.

Investigations Resulting in Corrective Action



Reliability: Audit, advisory and investigative services add value and are effectively completed by skilled, experienced professionals.

4.1 Audit and Advisory Professional Standards

Reliability is a key attribute of all work performed by the City Auditor's Office. Audit Committee members, Council members, Administration, and citizens all must have confidence in the quality of work performed by the team, and trust that deliverables are complete, accurate, objective, and timely.

The City Auditor's Office conducts audit and advisory activities in conformance with the Institute of Internal Auditors' (IIA) professional standards, which require the implementation of an internal quality program. Our 2024 internal quality program included:

- Quarterly audit file peer reviews (by an auditor not involved in the audit);
- Quarterly KPI monitoring;
- Post-audit lessons learned exercises and client surveys; and
- Periodic review and update of key audit processes.

The results of our internal quality program activities during 2024 indicate that we continue to conform with IIA professional standards. There were no impairments to the City Auditor's Office independence caused by non-audit roles or other circumstances.

During 2024, we have implemented our approach to assurance mapping, in response to an opportunity for improvement identified in our 2022 external assessment. We have utilized these assurance maps in the development of our 2025 Audit Plan, and day to day audit work.

Additionally, during 2024 we have implemented our updated audit report format in our reporting to Audit Committee. The revised format was intended to enhance clarity and succinctness of our audit communication.

In January 2024, the IIA released updated professional standards for internal auditors: the Global Internal Audit Standards. The updated professional standards took effect from January 9, 2025. The City Auditor's Office audit leaders have reviewed governing documents, existing processes, templates, and practices during the second half of 2024, and have made minor changes to support on-going conformance.

4.2 Whistle-blower Investigation Practices

Whistle-blower investigations are executed in alignment with best practices. WBP investigators' conduct aligns with the codes of professional conduct of the Association of Certified Fraud Examiners or Association of Certified Forensic Investigators of Canada.

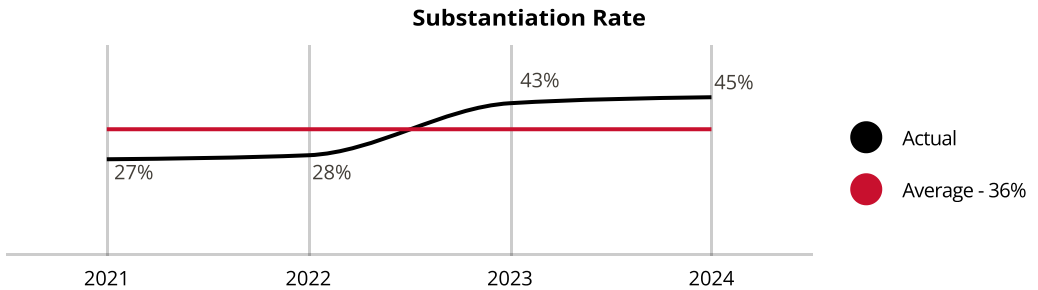
Assessment procedures applied to each report received determines the most appropriate action to address the allegation, or allegations, raised by employees and non-employees. Not all concerns raised support investigation - some matters can be more effectively addressed by Administration through non-investigative actions, while other matters raised simply do not support any action by the WBP. Fifty-eight percent (58%) of the matters assessed in 2024 supported action by investigation or a non-investigative response by Administration.

"Thank you for follow up with that conclusion. I also appreciate the respectful manner in which the allegations were conducted regardless of the conclusion."

Employee, Anonymous

4.2 Whistle-blower Investigation Practices - Continued

Only an investigation can determine whether an alleged activity or conduct as reported is substantiated as a violation of City policy, based on a balance of probability. The substantiation rate of allegations investigated in 2024 was 45%. To calculate the substantiation rate, the number of allegations substantiated is divided by the number of allegations investigated.



An unsubstantiated allegation may not represent an alleged action which did not occur, or that the report to the WBP should not have been made – an unsubstantiated allegation may simply be the result of available evidence not sufficiently supporting the allegation as raised. Substantiation rates are expected to fluctuate year over year and are helpful in identifying potential problems in both reporting and investigation processes. For example, a consistently low substantiation rate could indicate a need to better educate reporters on what information is necessary to support a successful investigation or it could be indicative of investigation practices requiring improvement.

Conversely, a consistently high substantiation rate could question the investigators’ objectivity or support further examination to identify trends that require corrective action. All investigation activity is scrutinized to ensure thoroughness, objectivity and quality before an investigation can be considered concluded.

Good Faith Reporting

The integrity of the whistle blower program relies on individuals reporting matters in good faith.

CP2022-06 Whistle-blower Policy states: "A report is submitted in good faith when it is genuine and based on reasonable belief/grounds and not made with malicious intent, solely for self-interest, and/or in support of a personal or political agenda." The policy further states that if a report is determined to have not been reported in good faith, an employee may be subject to disciplinary action, up to and including dismissal, as determined appropriate by Administration. Similar messaging is provided in Administration Policy ALT2020-1092 Respectful Workplace Policy regarding the submission of false or frivolous complaints.

Where a report is deemed to have not been submitted in good faith, the City Auditor has sole discretion regarding the disposition of an allegation received including whether to consider further investigation.

In 2024, there were allegations submitted in a report to the Whistle Blower Program that were deemed to not have been made in good faith. In this case, the City Auditor exercised their discretion and made the extraordinary decision to investigate a whistle-blower in order to maintain trust in the reporting process, maintain integrity of the investigation process, and support the employee experience in a speak up culture, including those employees against whom false allegations are made.

Inaugural Internal Benchmark Report

In 2024, the WBP delivered its first comprehensive internal benchmark report communicating norms established from data collected from every report submitted to the WBP and comparing 2023 activity to the last 5-year period. The report identified insightful trends and prompted discussions on what the data was informing and why. Some highlights of the report included:

- The Whistle-blower Program is accessible.
- Reporting quality is strong...but can be improved.
- City Employees are empowered to report wrongdoing.
- Anonymous reports merit action.

The 2023 Whistle-blower Program Internal Benchmark Report is available at www.calgary.ca/whistle.

Sensitive Reports

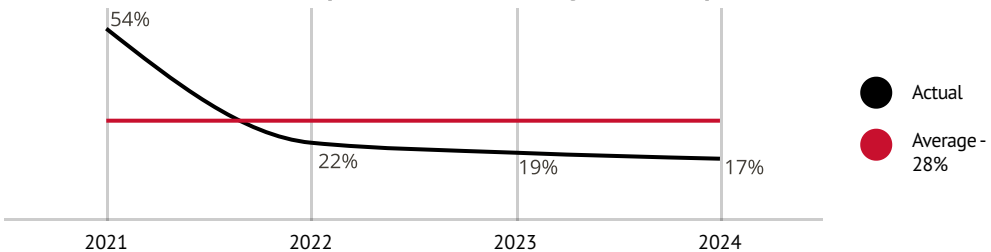
A sensitive report is (a) a report with allegations involving any staff member of the City Auditor’s Office (including the WBP), or (b) a report which questions the objectivity of either the City Auditor or the Manager, Whistle-blower Program. Sensitive reports are independently assessed by the Chair of Audit Committee, or their designate. Sensitive reports submitted online under the category ‘City Auditor’s Office’ are automatically directed to the Chair, or designate, for confidential review, bypassing all staff associated with the day-to-day operations of the WBP. If the Chair, or designate, determines a report received as not meeting the criteria to be considered sensitive, the report is redirected to the WBP for assessment and normal processing. Reports identified as sensitive and not redirected to the WBP are not included in any statistics reported by the WBP. The Chair, Audit Committee, or designate, has confirmed that any sensitive reports received in 2024 have been appropriately assessed and are considered closed.

Whistle-blower Protection

CP2022-06 Whistle-blower Policy outlines reporter protection and eligibility. WBP staff recognize that reporting wrongdoing is rarely easy, and it becomes more difficult when it involves supervisors or colleagues with whom close working relationships exist. In 2024, 17% of employees who reported to the WBP expressed a fear of reprisal. Although the reprisal they fear may never materialize, employees are nonetheless informed and encouraged throughout the reporting and investigation process to self-monitor and to report suspected reprisal to the City Auditor.

No suspected acts of reprisal resulting from reporting to the WBP were reported to the City Auditor in 2024.

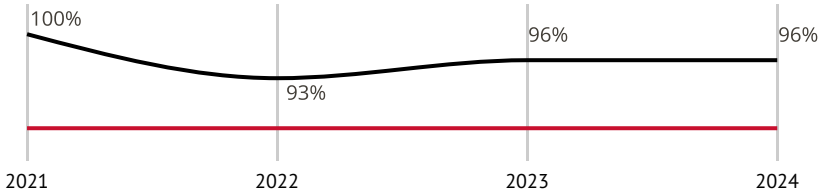
Reports Communicating Fear of Reprisal



Retaliation experienced by employees resulting from activities undertaken by Administration and unrelated to reporting to the WBP is against the Code of Conduct and violations are addressed by Administration, and do not qualify for reporter protection under the CP2022-06 Whistle-blower Policy.

4.3 Client Satisfaction Survey

The City Auditor’s Office requests Administration’s feedback at the conclusion of each audit or continuous auditing project through a survey incorporating questions focused on audit delivery and audit value. Fourteen client surveys were received during 2024 covering 12 projects, with a response rate of 86% (2023 – 83%). Our overall rating received was 96%, which illustrates Administration’s value-add view of our work.



4.4 Professional Designations

We take pride in maintaining and developing our professional skills and knowledge – the collective expertise of members of the City Auditor’s Office is key to delivering value-add audits, advisory projects and investigations.

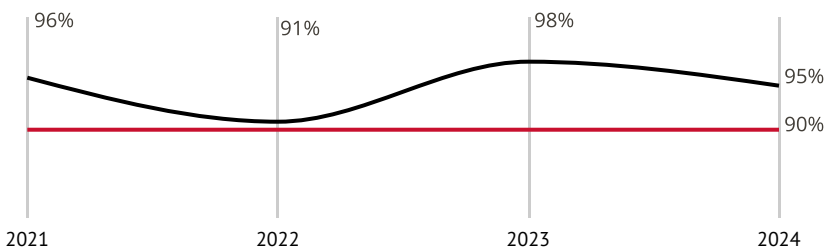
All staff conducting audits, advisory and whistle-blower investigations have at least one of the Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner or Certified Forensic Investigator designations. Members of our team also hold other relevant professional designations such as Chartered Accountant, Project Management Professional, and Microsoft Power BI Data Analyst Associate, that are invaluable in supporting specific projects.

Professional Designation Category	Number of Staff
Internal Audit	12
Fraud Investigations	3
Accounting	7
Risk Management	3
IT Audit	3
Project Management	2
Data Analytics	3

4.5 Staff Training

Commitment to staff training supports keeping current on best practices, individual growth and development, and team engagement. All members of the City Auditor’s Office set annual training plans, and monitoring completion of these plans helps us to track our commitment to on-going excellence and reliability of service delivery. During 2024, we completed 95% of our staff training plan, in excess of our 90% target.

Staff Training Plan Completion



 Actual  Target 90%

During 2024, our staff participated in professional training opportunities to enhance their skills and our team capacity. Team members were able to attend virtual conferences hosted by the IIA, Association of Certified Fraud Examiners, and the Association of Local Government Auditors, and share knowledge gained back with our team. The Audit Manager IT, and City Auditor attended the annual Association of Local Government Association in person, utilizing the opportunity to hold in-person meetings with leaders from other Municipal audit teams across North America.

We enjoy using training opportunities to build our shared team experiences and knowledge. As a team, we completed a day of training focused on enhancing our presentation skills, as this is a critical component of the effective delivery of our work both to Administration and to Audit Committee. The audit and analytics team also completed a day of training focused on identifying, documenting and testing key internal controls, to support on-going efficiency and best practice in our assurance work.

We collectively attended The City's Experience Inclusion session on diversity data, as well as individually completing The City's Equity, Diversity, Inclusion and Belonging Foundational Training Course and The City's updated recruitment, interviewing and selection training for leaders as part of our City Auditor's Office EDIB Work Plan. We also continued our practice of inviting guest speakers from other City teams to our bi-weekly team meetings to share their latest initiatives to support our collective understanding of City priorities.

4.6 Professional and Community Volunteer Activity

As a team, we value and support volunteering and building connections both professionally and in our community. Professionally, the Audit Manager IT is the current President of the Association of Local Government Auditors Board. The City Auditor has been expanding informal connections across the Canadian City Auditor community during 2024, including touchpoints on Municipal audit trends, and Whistle-blower Program benchmarking with City Auditors/Auditor Generals from Canada's largest cities. City Auditor's Office leaders met with counterparts from Edmonton's City Auditor's Office twice during 2024 to share ideas and best practice relevant to the two largest Alberta municipalities.

In the community, the team continued our tradition of joining the Seniors Secret Service, a community volunteer initiative to donate Christmas gifts to those in the community who may not have friends and family to gift to them. We also supported the City's United Way campaign, and came together to donate toys to support CTV's 11th Annual Toy Mountain campaign. We also spent a morning making lunches as volunteers for Brown Bagging for Calgary's Kids, a charity dedicated to ensuring that no child is hungry at school.



Resilience: Establish and maintain structure and protocols, which provide adaptability and agility, to ensure the continued delivery of City Auditor's Office services.

5.1 Budget

The City Auditor's Office approved 2024 annual budget included costs associated with the delivery of audit, advisory and investigative services, as per the City Auditor's mandate. The majority of budget represents salary and associated costs for the professional team. The 2024 salary budget was slightly underspent due to team member leaves of absences. However, we were able to utilize additional contract resources to support the on-going delivery of the Supply Management - Corporate Supply Chain Resilience Strategy Audit, which will be reported to Audit Committee in the first half of 2025.

The City Auditor's Office approved budget includes funding to support hiring of subject matter expertise where this is required to provide appropriate depth of assurance. This budget was utilized in 2024 to support the retention of a subject matter expert in cyber security, to deliver the Cyber Security Audit focused on activities to detect the occurrence of cyber security events within The City's IT environment, which will be reported to Audit Committee in 2025.

(\$'000's)	2021 Annual Budget	2021 Actual	2022 Annual Budget	2022 Actual	2023 Annual Budget	2023 Actual	2024 Annual Budget	2024 Actual	Variance
Salary	2,802	2,454	2,825	2,274	2,955	2,730	3,200	3,077	123
Tools & Technology	130	140	130	125	162	137	166	164	2
Training	56	21	56	38	63	57	68	62	5
Professional Memberships	17	16	17	15	19	17	20	20	0
Contracted Services	7	25	7	193	150	111	150	128	22
Employee Recognition	3	0	3	0	3	1	3	2	1
Office Operating Costs	47	36	48	53	48	43	48	52	-4
Total	3,062	2,692	3,086	2,698	3,400	3,096	3,655	3,506	149

5.2 Service Delivery Resilience

The City Auditor's Office conducts regular activities to support business continuity so that services can be delivered with minimal interruption in the event of a disruption. Annually, the City Auditor's Office Business Continuity Plan is updated, communicated and tested. Quarterly workplace safety walkthroughs of the office space support an on-going safe working environment. The City Auditor additionally conducted a security review of the City Auditor's Office workspace in conjunction with Corporate Security, to support the on-going maintenance of a secure and confidential working environment.

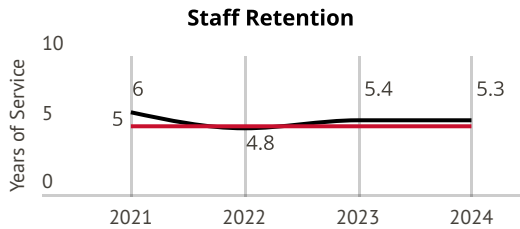
The City Auditor Bylaw 30M2004 (as amended) and Audit Committee Bylaw 33M2020 are foundational components of effective governance and support resilience in service delivery. During 2024, the City Auditor supported an Audit Committee sub-committee with reviewing final drafts of updates to both Bylaws, which were approved by Council in July 2024. The updates to both Bylaws support on-going continuous improvement, clarity, and adherence to IIA Professional Standards.

Skilled professionals are key to effective, efficient and resilient service delivery. The City Auditor's Office utilizes a contract with a professional services firm to provide contract audit support where unexpected absences occur within the audit team. During 2024, we renewed this contract for a further two years. We are also able to utilize, if required, contract investigator resources via contracts held by The City with organizations specializing in workplace investigations.

Considering how technology can support more efficient and effective service delivery is a long-standing focus for the City Auditor's Office. During 2024, we developed a Technology Roadmap that was presented to Audit Committee at the October meeting. The intent of developing this Technology Roadmap was to evaluate technology needs, opportunities and risks, and from this analysis, identify next steps and future technology initiatives. The Technology Roadmap aligns to our strategy for further increasing application of both traditional and generative AI, conducting more advanced data analytics, and maximizing value from our existing audit management tools. Following on from the development of the Technology Roadmap, during the second half of 2024 we have commenced renewal of contracts for both data analytics and audit technology, to continue to support resilience of service delivery. The development of an AI Framework is also underway, providing a structure for our future service delivery that balances technology risk with benefits.

5.3 Staff Engagement and Retention

As at December 31st 2024, the City Auditor’s Office is fully staffed, with all roles filled on a permanent basis. During 2024, our longest standing team member took well-deserved retirement after 15 years of service in the City Auditor’s Office. We were successful in recruiting a Deputy City Auditor through a competitive recruitment process ahead of this planned retirement, and conducted an extended handover of responsibilities to best support the on-going activities of the audit team. We also welcomed an additional Senior Data Analytics Auditor to our team to continue to enhance our analytics capacity. These staff changes are reflected in a slight reduction in the average years of service of the City Auditor’s Office.



All members of the City Auditor’s Office are invited to contribute to a monthly anonymous survey of team mood, and scores remained positive throughout the year. We continued to build team engagement through attending group training opportunities together, connecting with other City of Calgary groups focused on governance, risk and control, as well as participating in group community volunteering activities.

In January 2024, the City Auditor, supported by the Executive Advisor, developed the 2024 City Auditor’s Office Equity, Diversity, Inclusion and Belonging (EDIB) Work Plan. This aligns to activities across Administration, intentionally setting out actions we would be taking as a Business Unit during 2024 to support an inclusive workplace. Activities within our 2024 EDIB Work Plan focused on training, learning and sharing knowledge. The City Auditor’s Office has an Employee Voice Forum (EVF), which aims to support an inclusive and engaged workplace culture through dialogue and the generation and execution of ideas, activities and initiatives that support team equity, diversity, inclusion and belonging. The aims of the EVF are to build and maintain a sense of team engagement and belonging, provide a forum for collaboration on initiatives that enhance diversity and inclusion, and to provide a psychologically safe space for individual contributors to share ideas, suggest office policy changes etc.

Looking for more Information?

Visit our website at www.calgary.ca/auditor to find more information and to read our audit reports. You can also learn more about the WBP at www.calgary.ca/whistle.