

City Auditor's Office 2025 Annual Report



Calgary

City Auditor's Office

Message from the City Auditor

Throughout 2025, I have had the privilege of leading the City Auditor's Office in our mandate of providing independent and objective assurance, advisory and investigative services to add value to the City of Calgary and enhance public trust. Throughout the 2023-2026 budget cycle, we have used the "four Rs" as our key values: Responsiveness, Risk Reduction, Reliability, and Resilience, and report on our summary of 2025 activities using these values.

Our services must be responsive to emerging and high risks to add value to The City of Calgary (The City). We used available resources to complete 100% of the 2025 Audit Plan, which was aligned to The City's Principal Corporate Risks, and additionally supported City Administration with advisory services to respond to high and emerging risks. During 2025, the Whistle-blower Program received the 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 99% of reports within one business day and completing the initial assessment of 98% of reports within 15 calendar days.

We support Administration's risk reduction activities that mitigate The City's Principal Corporate Risks through the delivery of audits, analytics projects, and investigations.

We delivered ten audits incorporating 34 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 45 action plans. We completed 20 whistle-blower investigations, which incorporated 31 recommendations for corrective action.

It is vital that our work is reliable to provide appropriate assurance to Audit Committee, add value to Administration, and enhance public trust. Our internal quality processes confirmed that our assurance and advisory activities continued to be conducted in conformance to the Institute of Internal Auditors' Global Internal Audit Standards.



We presented a second edition of the Whistle-blower Program Benchmarking Report to Audit Committee, analyzing data from the last five years of Program operations, to support on-going delivery of an efficient, trusted, and independent Program. The Whistle-blower Program team also presented their benchmarking journey to the local meeting of the Association of Certified Fraud Examiners, and worked with other Canadian Municipalities to move forward with data sharing on key metrics.

Our team is our biggest asset and during 2025, we had a full complement of staff, as well as the ability to bring in contract resources to support unexpected absences and strengthen our resilience, and subject matter expertise to support specific topics, such as cybersecurity. Learning as a team is important to us, and we attended City of Calgary training on psychological safety and ideas generation, and external professional training on report writing as a group. We created and implemented an AI Roadmap, analyzing and balancing the risks and benefits of using these tools.

Further information on our 2025 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". The signature is written in a cursive, flowing style.

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

Table of Contents

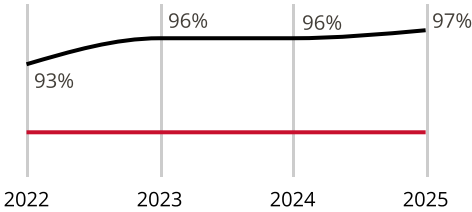
	Message from the City Auditor	2
	1.0 - One Calgary Accountability	4
	2.0 - Responsiveness	5
	2.1 - Audit Services	5
	2.2 - Advisory Services	6
	2.3 - Investigation Services - Whistle-blower Program	6
	3.0 - Risk Reduction	10
	3.1 - Audits Completed	10
	3.2 - Data Analytics Program Update	18
	3.3 - Audit Recommendations	20
	3.4 - Implemented Audit Recommendations	21
	3.4 - Audit Recommendations Follow-up	22
	3.5 - Whistle-blower Investigation Recommendations	23
	4.0 - Reliability	27
	4.1 - Audit and Advisory Professional Standards	27
	4.2 - Whistle-blower Investigation Practices	27
	4.3 - Client Satisfaction Survey	30
	4.4 - Professional Designations	30
	4.5 - Staff Training	31
	4.6 - Professional and Community Volunteer Activity	32
	5.0 - Resilience	33
	5.1 - Budget	33
	5.2 - Business Continuity	34
	5.3 - Staff Engagement and Retention	35

1.0 One Calgary Accountability



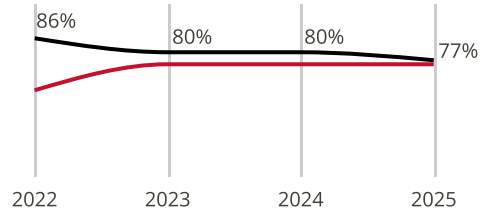
The mandate of the City Auditor's Office is to provide independent and objective assurance, advisory and investigative services to add value to The City of Calgary and enhance public trust. The City Auditor's Office tracks five performance measures that align to our guiding principles of Responsiveness,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

Client Satisfaction Survey



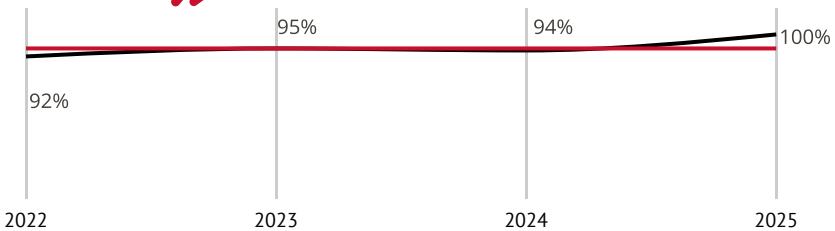
● Actual ● Target - 85%

% of Whistle-blower Program Investigations Open < 180 Days



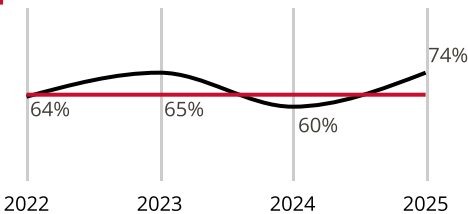
● Actual ● Target - 75%

Annual Audit Plan Completion



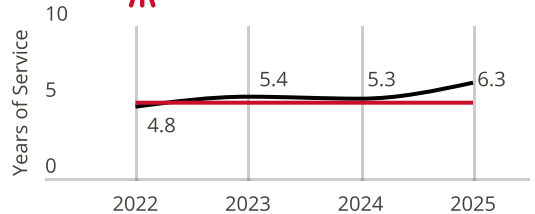
● Actual ● Target - 95%

Timely Implementation of Action Plans



● Actual ● Target - 65%

Staff Retention



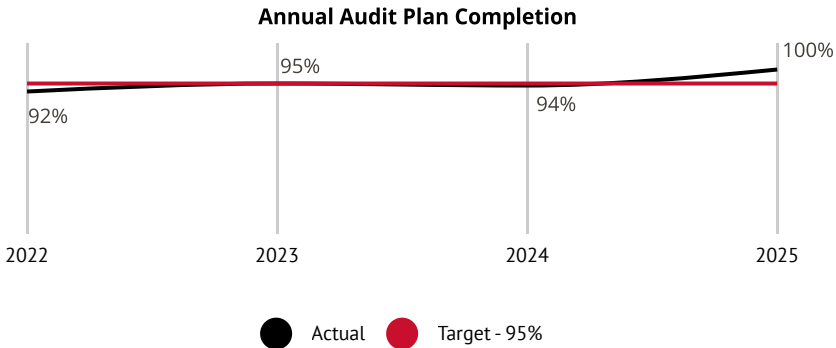
● Actual ● Target - 5

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 2025 Audit Plan was approved by Audit Committee at the November 2024 meeting, and during 2025 the City Auditor’s Office delivered 100% 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 ten audit projects. At December 31, 2025, five audits from the 2025 Audit Plan were in progress and will be finalized during the first half of 2026 as part of our continuous project delivery.

During 2025, the City Auditor’s Office developed the 2026 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 2026 Audit Plan includes twelve audits, assuming a fully resourced audit team, and the incorporation of external subject matter expertise as necessary to deliver value-add assurance. We expect two of the audits to be delivered as audits integrated with data analytics to support in depth analysis of controls in operation. 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. Providing advisory services supports both The City's continuous improvement and risk mitigation, as well as our ongoing collaborative relationship with Administration. The Institute of Internal Auditors endorses that where high-risk areas are at earlier stages of maturity, advisory projects are an appropriate mechanism for audit teams to add value. We ensure advisory services provided do not impede our ability to conduct objective audits in an area at a future date.

We supported City of Calgary IT with an advisory project focused on the development of an AI Audit Framework. Our work has included input on AI system risk classification, controls, and auditing standards. This framework will be a key structure to support future City of Calgary use of AI that balances risk with efficiency opportunities.

We also leveraged our knowledge of risk, control and governance frameworks along with our understanding of The City's operations to:

- Input to a Business Unit updating a policy;
- Input to a Business Unit reviewing system functionality; and
- Input to a leader establishing a City of Calgary second line assurance function.

Additionally, the City Auditor provided on-going input to members of Audit Committee by sharing trends and insights from the audit profession, as well as providing input to Notices of Motion referencing audit activity.

2.3 Investigation Services - Whistle-blower Program



By the Numbers

WBP Activity for the year ending December 31, 2025



168

New reports submitted (16.6% increase)



419

Allegations reported (10.9% increase)



20

Investigations completed (57 allegations)



30%

Investigation substantiation rate



31

corrective action recommendations (24% increase)

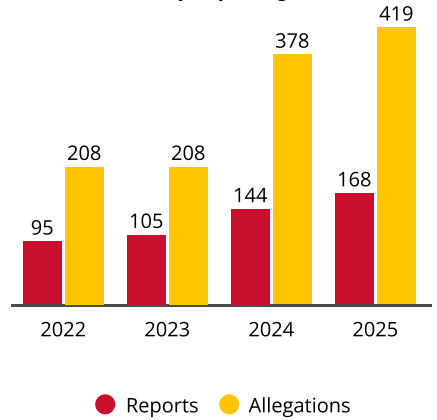
2.3 Investigation Services - Whistle-blower Program (continued)

Monitoring reporting volume informs on the awareness and availability of the WBP as a method available to report wrongdoing, and how concerns of potential violations of policy or procedure may be reported by Calgarians and City employees. Reporting volume in 2025 exceeded typical annual volumes, however, most notable was the continued increase in the number of allegations raised requiring assessment. The consistent increase in average reporting volume, when viewed in five-year segments, indicates that the WBP is well-utilized.

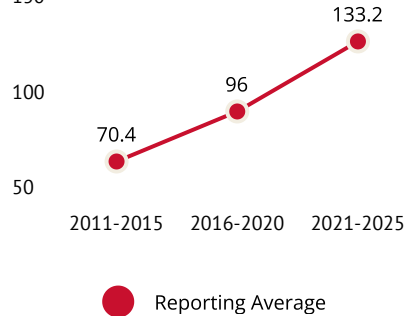
Consistent messaging to employees by Administration throughout 2025 reinforced employee behaviour expectations and actively encouraged employees to report suspected wrongdoing through all available reporting channels, including the WBP. Due to the WBP being only one of multiple avenues available for 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 where merited.

Historically, employees have accounted for 57% of all reports submitted to the WBP. In 2025, employees accounted for 50% of all concerns reported.

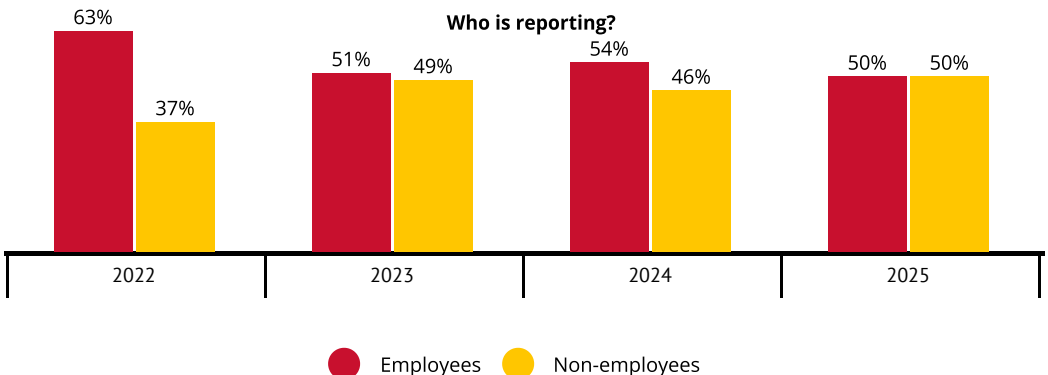
Yearly Reporting



Annual Reporting (Five-year Segments)



Who is reporting?



Consulting & Other Inquiries

A lesser known but equally important component of the WBP is the availability of investigators to discuss and consult with employees and others who may be uncertain whether their concern merits formal 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 should the matter be formally reported through to the WBP or other reporting channel within Administration.

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.

Other inquiries and general points of contact with the WBP also occur which do not result in further assessment by the WBP or the generation of a formal reporting file.

In 2025, the WBP had 35 consultations and touchpoints that were not further assessed.

"Thank you for reviewing my concerns so thoroughly, I can appreciate that it makes sense that your body would not investigate what is to be investigated by [another process]."

Anonymous Employee

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 and/or professionally for some time prior to reporting, and an incomplete or untimely investigation only prolongs and exacerbates their negative experience. Therefore, 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. Typically, this is when a Reporter is informed of the investigation outcome.

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.

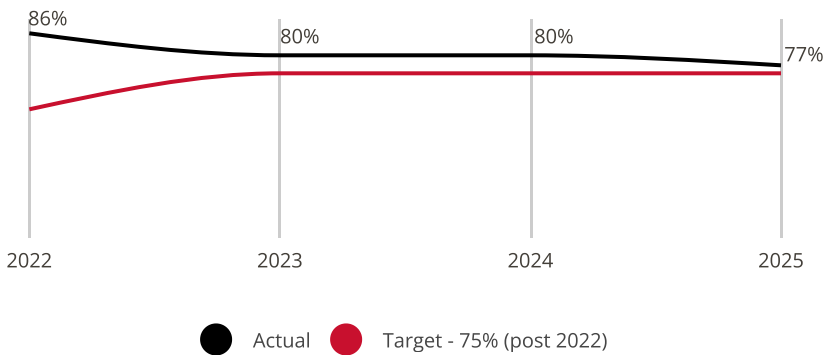
Investigation Closing Rates - Continued

It is expected that closing rates will naturally fluctuate with reporting volume and available investigative resources.

Recognizing the complexity and risk exposure for each investigation, the WBP strives to close out investigations within six months, 75% of the time, as aligned with our One Calgary accountability targets. Prior to 2023, this target was 65%.

Investigations completed within the six-month target during 2025 ranged from 14 to 173 calendar days.

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



Of the investigations which exceeded the 180-day target was an investigation which was closed after 580 calendar days. The file necessitated being held in abeyance for approximately 15 months as a separate, external investigation and legal proceeding took precedence.

The WBP applies an approach to continual improvement by applying enhancements and efficiencies to its procedures on an ongoing basis. This minimized the overall impact with year-over-year improvement in the timely assessment and response to concerns reported. In 2025, this resulted in:

- A single outstanding investigation aged greater than one year, on December 31.
- Identification that, despite robust and consistently applied processes, the investigation closing rate (average number of calendar days required to complete investigations) rose for a third consecutive year, from 145 (2024) to 159 (2025). This is largely attributed to the above-referenced investigation held in abeyance for an extended period.
- A decrease in the number of open investigations being carried forward into 2026 (7) compared to 13 carried into 2025.

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

3.1 Audits Completed

In 2025, we issued 10 audit reports and three continuous auditing project reports. These reports contained 34 recommendations aimed at mitigating high and medium risks, with Administration providing action plans for each recommendation.

Utilities Delivery - Deer Run Lift Station Project Management Audit, AC2025-0420

Why we did this

The audit assessed the effectiveness of project management processes for the Deer Run Lift Station Upgrade, a Level Two capital project under The City's Corporate Project Management Framework (CPMF). Lift stations are critical to Calgary's wastewater and stormwater systems, and several are nearing end-of-life. Strong project management is essential to deliver upgrades on time, within budget, and in compliance with safety and operational standards.



What we concluded

The project adhered to CPMF standards and, in some cases, exceeded expectations by incorporating Level Three guidance. Key practices included a comprehensive Project Charter and Management Plan, structured risk management with monthly reporting, formal change control, and documented quality management supported by inspections and progress reporting. The project was delivered within budget and schedule. We identified three opportunities to strengthen future projects:

- Develop a risk management framework with clear assessment criteria and escalation processes.
 - Create a centralized lessons learned repository to support continuous improvement.
 - Formalize quality management guidelines, including inspection frequency and reporting requirements.
- Utilities Delivery agreed to implement these recommendations by September 30, 2025.

Why it matters

Effective project management ensures infrastructure upgrades are delivered efficiently, safeguarding the reliability of essential wastewater and stormwater systems. Implementing these recommendations will enhance consistency, reduce risk, and support successful delivery of future lift station projects.

Public Transit Safety Strategy Audit, AC2025-0588

Why we did this

The audit assessed the effectiveness of program management for The City's Public Transit Safety Strategy, which aims to create a safe, reliable, and welcoming transit system for passengers and employees. The Strategy, approved by Council in October 2023, is being implemented as a program with multiple initiatives and a completion target of December 31, 2025. Effective program management is critical to ensure timely delivery, manage risks, and achieve benefits for Calgarians.



What we concluded

Key program management structures and processes were established, including a Program Charter, governance framework, risk register, baseline schedule, and performance measures. Three major initiatives—Transit Peace Officer expansion, south district office opening, and Transit Bylaw amendments—were completed. However, improvements are needed to strengthen program delivery. We identified four areas for enhancement:

- Develop a formal change management process to log, assess, and approve changes.
- Standardize program progress reporting for completeness and consistency.
- Implement ongoing monitoring of risks and establish an issue register.
- Align the progress schedule with the baseline schedule for clarity and transparency. Emergency Management & Community Safety agreed to implement these recommendations by December 31, 2025.

Why it matters

Effective program management ensures the Strategy delivers on its objectives to improve transit safety and public confidence. Strengthening these processes will reduce risks, enhance accountability, and support the successful implementation of remaining initiatives, contributing to a safer and more reliable transit system for Calgarians.

"The City Auditor's Office were great to work with. They were patient, transparent and took the time to explain process. I really appreciated both of them for their professionalism, knowledge and willingness to assist throughout the process."

*Marcia Gonder,
Chief, Public Vehicle Standards,
Emerg Mgmt Community Safety*

Home is Here – AC2025-0987

Why we did this

The audit assessed whether processes and controls are designed and operating effectively to support Objective 1A of The City's Home is Here Housing Strategy (2024–2030): making more City-owned real property assets available for housing in all communities.

With one in five Calgary households facing housing affordability challenges and 110,000 new residents expected in the next four years, effective implementation of this Strategy is critical to address growing demand and ensure equitable access to housing.



What we concluded

The Chief Housing Office has established a governance framework and foundational tools—such as defined roles for Council and project teams, an annual progress tracker, and structured application review processes—that have supported implementation of eight sampled actions. However, key processes remain informal or incomplete. Improvements are needed in:

- Formalizing change management, risk management, and schedule management processes.
 - Clarifying roles and responsibilities for Project Managers and Strategy Coordinators.
 - Standardizing documentation and communication protocols to ensure reliable monitoring and reporting.
- We raised three recommendations to strengthen governance and accountability. The Chief Housing Office agreed and plans to implement these by March 31, 2026.

Why it matters

Strengthening governance and documentation practices will enhance transparency, reduce risks of delays or miscommunication, and support timely achievement of housing objectives. These improvements are essential to ensure the Strategy delivers on its promise of affordable housing for all Calgarians by 2030.

“I think this is one of the great features of our City Auditor’s Office... This audit came early in the work of the Home is Here strategy. That’s one of the great things our audit function does. It comes in early on projects and initiatives and it gives you early advice to make you better.”

*Stuart Dalgleish
Chief Operating Officer
City of Calgary*

2025 Municipal Election – AC2025-0794

Why we did this

The audit assessed Elections Calgary's readiness to deliver the 2025 Municipal Election effectively. Legislative changes—including the shift from tabulators to manual ballot counting and the introduction of the Permanent Electors Register (PER)—along with population growth, require significant process and technology adjustments. Ensuring readiness is critical to provide Calgarians with a safe voting environment and accurate, timely results.



What we concluded

Elections Calgary has designed comprehensive plans and processes to mitigate key risks related to staffing, logistics, technology, and security. These include increasing election workers by 20%, adding voting stations, implementing vote-anywhere options for advance voting, and introducing new technology for PER and election management.

We identified additional steps to strengthen readiness, such as defining timelines for outstanding tasks and implementing access controls for PER. Elections Calgary promptly incorporated these measures.

Key risk areas addressed include:

- Staffing and training for manual ballot counting
- Logistics for election carts, ballots, and print materials
- Technology resilience and backup plans for PER and election systems
- Cybersecurity measures and access controls

Elections Calgary agreed to implement all recommendations and actively monitor progress.

Why it matters

Effective election delivery underpins public trust in democracy. Strengthening readiness ensures compliance with legislation, mitigates operational and security risks, and supports a smooth voting experience for Calgarians.

"I really appreciated the real-time recommendations to enable us to adjust our 2025 General Election planning. I also really appreciated that The City Auditor's team invested the time to learn about the municipal election processes as part of the audit."

Kate Martin, Director/City Clerk/Returning Officer, City Clerk's Office, Law, Legislative Services & Security

Community Association Support Audit, AC2025-0255

Why we did this

The objective of this audit was to assess the effectiveness of Community Associations (CAs) support provided by The City's Neighborhood Partnership Coordinator (NPC) Team. The objective was achieved by reviewing the design and operating effectiveness of key NPC activities, such as:

- Organizational Development
- Partnership Management
- Relationship Building and Connecting Resources



What we concluded

Effective support is provided to enhance CA's organizational development, manage partnerships and relationships, and connect CAs to City services and funding sources. We identified opportunities to further refine and standardize current practices, as well as formalize the relationship with CAs without lease/License of Occupation (LOC) agreements.

Why it matters

The City partners with 155 CAs to increase the quality of life for residents and provides them with a means of formal representation and advocacy, contributing to vibrant communities.

Cyber Security Detect Posture Audit - AC2025-0359

Why we did this?

The City uses over 600 applications to support internal and external service delivery. Effective identification of cybersecurity events is critical to The City's uninterrupted service delivery, and to protect sensitive data.

Why it matters

Emerging technologies such as artificial intelligence (AI), data science, and quantum computing has dramatically altered the threat landscape, introducing new complexities and risks.

These technologies enhance the capabilities of cyber attackers and accelerate the speed at which they can exploit vulnerabilities, making it critical for organizations to detect and respond to cybersecurity events in a timely manner.



Equity, Diversity, Inclusion and Belonging Workplans Audit, AC2025-0986

Why we did this

The objective of this audit was to assess the effectiveness of the development and implementation of Equity, Diversity, Inclusion, and Belonging (EDIB) Workplans in supporting the EDIB Corporate Framework and Strategy. The objective was achieved by reviewing the design and operating effectiveness of key processes employed by the EDIB Team within HR (Human Resources).



What we concluded

The effectiveness of the development and implementation of EDIB workplans in supporting the EDIB Corporate Framework and Strategy has been limited by the absence of formalized processes and structured mechanisms for progress monitoring and reporting. To enhance the effectiveness and ensure alignment with the EDIB Corporate Framework and Strategy, standardized processes should be developed to support consistent execution and provide a structured approach to progress tracking across the organization.

Why it matters

Effective development and implementation of EDIB workplans supports The City's commitment to fostering a safe and inclusive public service environment. This helps employees with diverse backgrounds, varied perspectives, skills and experiences to feel empowered to collaborate in delivering exceptional public service and making The City an employer of choice.

Local Area Planning Engagement Process Audit, AC2025-0605

Why we did this

The objective of this audit was to assess the effectiveness of the Local Area Planning (LAP) engagement process. The objective was achieved by reviewing the design and operating effectiveness of key processes employed in Phases 1: Envision, Phase 2: Explore and Phase 3: Refine.



Key risks examined in these phases included:

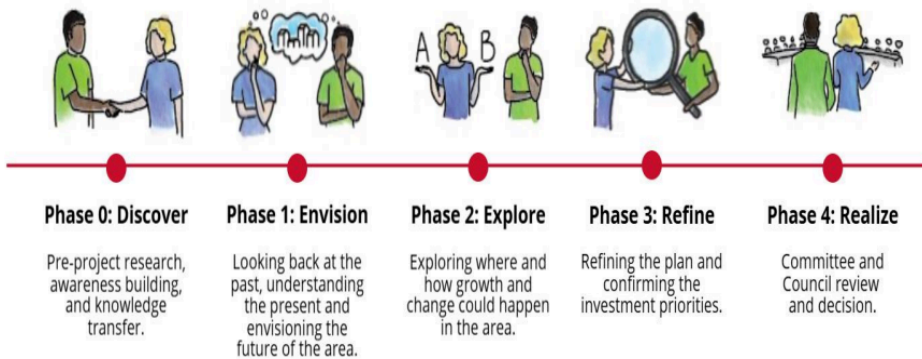
- Risk of Inequitable Representation
- Risk of Superficial Engagement
- Risk of Communication Barriers
- Risk of Poor Communication
- Risk of Engagement Fatigue
- Risk of Undefined KPI (Key Performance Indicators for Engagement)

What we concluded

Engagement processes were generally effective in design and operation to support the ongoing engagement efforts for recent LAP projects. Further improvements in engagement planning and monitoring were identified that will support future effectiveness of the engagement process.

Why it matters

Effective public engagement processes are important in supporting the LAP process as this ensures that community voices are heard and considered in decisions that shape neighborhoods.



2025 Alberta Pension Service (APS) Compliance Audit

Why we did this

APS requires an audit of the City's main pension plans; Local Authorities Pension Plan (LAPP) and the Special Forces Pension Plan (SFPP) be completed by an independent auditor every three years to verify pension details being sent to APS. The City Auditor's Office was utilized as we are inherently qualified to perform such an audit and secondarily, to be both cost and time efficient.



What we concluded

The compliance audit was submitted to APS by the deadline of June 30, 2025, with no material errors noted.

Why it matters

The audit supports Administration in their on-going mitigation activities related to the Employee Experience Principal Corporate Risk.

Vehicular Bridge Inspections Audit, AC2025-0822

Why we did this

The objective of this audit was to assess the effectiveness of vehicular bridge inspections as part of asset maintenance. The objective was achieved by reviewing the design and operating effectiveness of mitigation controls to control the following risks:

- Risk of Untimely or Missed Bridge Inspections
- Risk of Inaccurate Bridge Conditions or Structural Issues
- Risk of Ineffective or Untimely Management of Bridge Deficiencies



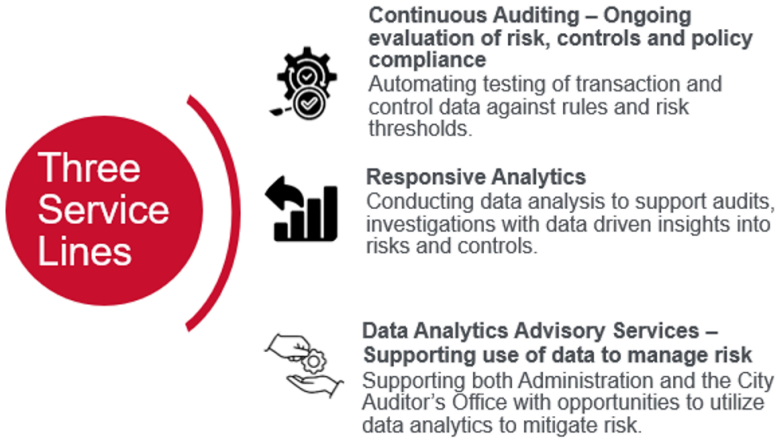
What we concluded

Vehicular bridge inspection processes and controls are generally effective in design and operation to support asset maintenance. However, enhancements will better support monitoring, reporting and decision-making for vehicular bridge inspections and deficiencies.

Why it matters

Calgarians rely on vehicular bridges to be well maintained to support safe travel, minimal mobility disruptions, and to reduce the need for costly major reconstruction. City Council approved \$59.9 million for the repair and preservation of bridge assets in the 2023-2026 budget.

3.2 Data Analytics Program Update



Our continuous auditing projects consist of planned data analytics activities. Responsive analytics is largely request-driven by the City Auditor’s Office, with certain projects that have the potential for significant impact identified and included through annual planning. Finally, the Data Analytics Advisory Service is a responsive activity that is generally initiated in response to emerging opportunities.

Our planned and targeted activities were presented to Audit Committee in November 2024 as part of our 2025 Data Analytics Areas of Focus. We presented three projects to Audit Committee for 2025: User Account Management – Mobility Operations Centre, Property Tax Bill Adjustment, and Fleet Maintenance.

We continue to deliver Data Analytics Advisory Services and Responsive Analytics to support audit projects and investigations. This support includes identifying tests that can be enhanced through data analytics, extracting data from various source systems, preparing data in a format suitable for analysis, and supporting the investigator or auditor in completing their analysis.

User Account Management – Mobility Operations Centre, AC2025-0099

Why we did this?

User account management include tasks such as creating, modifying, and deleting user accounts, as well as setting access levels. User Account Management mitigating several key information security risks including intrusion or unauthorized access, spread of ransomware, and unavailable systems.

Why it matters

The data analysis outlined in this report supports Administration in their on-going mitigation activities related to Technological Disruption, Reputation and Service Delivery Principal Corporate Risks.



Property Tax Bill Adjustment Continuous Auditing Project, AC2025-0205

Why we did this

Property tax billing involves issuing tax bills for all property and Business Improvement Areas (BIAs), managing tax payments, and handling various adjustments such as penalties, refunds, and corrections of misapplied payments.

These adjustments carry risks due to the manual and human intervention nature of adjustments required to execute these entries.



Specific risks associated with adjustments include tax penalties not being applied due to system coding errors, improper adjustments caused by bypassing approval workflows, and unauthorized access to enter adjustments. These risks, if not effectively mitigated, can lead to financial losses, and undermine the integrity of the property tax system.

What we concluded

Overall, the controls we tested were effective to maintain the integrity of property tax account data.

Why it matters

This project supports activities that mitigate the Financial Sustainability and Reputation Principal Corporate Risks.

"It was an absolute pleasure working with The City Auditor's Office. They are very professional and knowledgeable. They shared some the SQL queries they used which will be very helpful to us going forward. Thank you!"

*Paramvir Hothi,
Leader, Billing
Assessment and Tax*

Fleet Maintenance Continuous Auditing Project, AC2025-0795

Why we did this? The Fleet & Inventory Business Unit maintains over 4,500 vehicles and equipment for The City of Calgary and external customers.

Fleet maintenance is the systematic process of keeping an organization's fleet of vehicles in optimal working condition by scheduling regular inspections, performing preventive maintenance, and adhering to safety and regulatory compliance.

Effective fleet maintenance mitigates the risks of vehicle downtime, repair costs, safety incidents and regulatory fines. Data needs to be accurate since it is the primary source of information for maintenance schedules, maintenance task lists and vehicle information. This data is critical in ensuring that the right maintenance tasks are done at the right point in time.

What we concluded

Overall, the quality of data tested was sufficient to support preventative maintenance and compliance with regulatory inspection requirements. Improvements are needed in user access controls to sustain this.

Why it matters

This project supports activities that mitigate the Service Delivery, Reputational and Legal Principal Corporate Risks.

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.

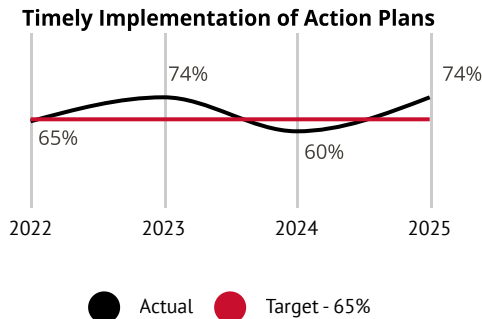
We ask Administration to respond with defined action plans that mitigate business risks to an appropriate risk tolerance. Our audit recommendations intentionally focus on high and medium residual risk exposure to help Administration prioritize resources on areas of greater importance and value. This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



3.4 Implemented Audit Recommendations

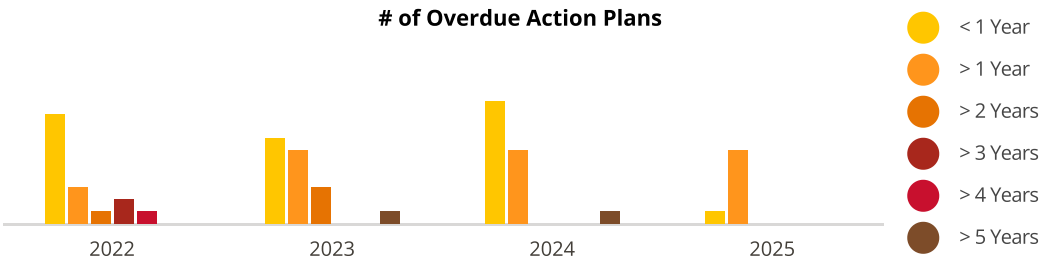
The City Auditor's Office tracks the timely implementation of recommendation action plans quarterly. We expect that results vary from quarter to quarter as Administration's commitments can be impacted by other City priorities, initiatives and projects.

Timely implementation is defined as, recommendations implemented within 30 days of the original due date. The cumulative timely implementation % during 2025 was 74% (see chart below), which exceeds our target KPI of 65% and represents a 14% improvement from 2024, which was exactly at 60%.



During 2025, our office followed up on 83 Administration action plans and we were able to close 69 of them (83%). At year-end, there were 45 action plans to be implemented compared to 74 in 2024. Of these 45, only seven had passed their first or subsequent implementation date where Administration required more time to fully implement them. Of the seven recommendations that did not meet their original due date, six are due between one to two years from the original due date, and one is due within one year from the original due date (see chart below).

We will continue to support Administration's commitment through quarterly monitoring of action plans and assessment of residual risk. Of note, our office policy requires Administration to implement action plans within three years of the audit report date or within four years of the audit report date for revised action plan due dates. Where action plans are outside of these parameters, we deem this as Administration accepting the risk and communicate this to Audit Committee.



3.4 Audit Recommendations - Follow-up

Driving positive change is key to delivering our mission of adding value to The City of Calgary and enhancing public trust. During the final months of 2025 we reached out to business areas where recommendations had been recently implemented, to identify continuous improvement actions and associated outcomes that had taken place as a result of the audits. The table below highlights seven audits from 2024 and 2025 where actions have supported risk mitigation and positive change during 2025.

Audit Project	Summary of Actions and Outcomes Provided by the Audit Client
Code of Conduct Program Audit (June 2023)	<p>The audit identified a need to improve clarity, alignment, and accountability in managing employee concerns and investigations. To address these issues, clear and consistent messaging was introduced to guide employees on how to report concerns. In addition, investigation standards were streamlined and strengthened through the implementation of the Investigation Standards, Integrated Investigations Framework, and Investigation Handling Guidelines. These measures from the action plan aligned investigation groups under one set of rules. Early feedback from leaders, HR partners, policy subject matter experts, and union representatives indicates positive progress. These changes are reducing gaps and duplication while improving transparency and accountability in how investigations are managed. Although quantitative results are not yet available, anecdotal evidence suggests the initiatives are having a meaningful impact. New mandatory training modules for all employees scheduled for January 2026 help embed expectations and messages across the organization, supporting compliance and ethical behavior.</p>
Community Safety Partner Agency Liaison Initiative (August 2023)	<p>The Vulnerable Persons Team plays a critical role in supporting Calgary's vulnerable citizens. This team engages with rough sleepers, assesses their needs, collaborates with partner organizations to provide assistance, and addresses community concerns related to encampments. Their work on encampments addresses complex challenges in a dynamic environment where safety and health risks vary requiring agile, thoughtful, and innovative responses.</p> <p>The audit by the City Auditor's Office strengthened oversight and improved management of these issues. Through the audit, duplicate citizen complaints have been consolidated, proactive response strategies have been enhanced, and key performance indicators for the program have been established. These measures ensure no service requests—and more importantly, no individuals—slip through the cracks. The newly established framework created through the audit strengthens accountability, reduces duplication, and optimizes resources, enabling timely support for vulnerable individuals which reinforces a balanced focus on public safety, health, and compassionate outreach.</p>

3.4 Audit Recommendations - Follow-up

Audit Project

Summary of Actions and Outcomes Provided by the Audit Client

Following the audit, a key action plan item was the implementation by the Occupational Health and Safety (OHS) Business Unit of an OHS Audit Program in June 2025.

This program is designed to assess the conformance of The City's OHS programs against relevant legislation, codes, standards, and best practices, including the Partners in Injury Reduction Certificate of Recognition (COR) program.

A key improvement was the introduction of Directive Document Audit Tools (DDAT), which provide clear criteria for each OHS program element—such as policy, emergency planning, and noise management. They define legislated and COR best practice requirements, guide the creation and updates of program elements, support auditing against compliance criteria, and communicate findings and recommendations for revisions.

The introduction of DDAT has significantly improved the development and update process for OHS program elements. By providing clear criteria, these tools ensure that program authors work efficiently and maintain compliance with legislation while aligning with COR best practices. This structured approach reduces ambiguity and strengthens the integrity of OHS programs.

Overall, the OHS Audit Program and DDAT have enhanced oversight and consistency, enabling The City to maintain high standards of occupational health and safety. These improvements support a proactive approach to compliance and continuous improvement, reinforcing the organization's commitment to workplace safety.

Safety Management (April 2024)

Financial Reserves (April 2024)

The implementation of audit action plans strengthened reserve management practices across The City. Operational and Finance Leads conducted a comprehensive review of reserves, enabling them to propose appropriate minimum and maximum target balances that support both operational requirements and long-term financial sustainability. These proposals will be brought forward through the Triennial Reserve Review and ultimately to Council for approval.

The consistent definition of reserve types, originally established through the annual Reserves and Long-term Liabilities report in 2018, provided a strong foundation for uniformity. Updating the policy for reserve inclusion ensures consistent application of reserve classifications throughout The City, reinforcing transparency and accountability in financial management.

3.4 Audit Recommendations - Follow-up

Audit Project	Summary of Actions and Outcomes Provided by the Audit Client
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The Accounts Receivable Audit identified a requirement to reinforce commitment to data integrity while addressing risks related to duplicate customer accounts and workload distribution. The corresponding task was to implement enhancements to strengthen internal controls, improve data quality, and optimize operational efficiency across work groups.

Accounts Receivable (December 2024)	<p>To achieve this, efficient procedures were introduced to ensure proper segregation of duties and minimize the creation of duplicate customer accounts. System user access is being restricted to align with operational needs, reducing unnecessary exposure. The team also prioritized customer data quality by identifying and resolving account profile inconsistencies, while redistributing tasks to balance workloads.</p>
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Through this work, The City strengthened the accuracy and reliability of its financial operations. These improvements reduced risks associated with duplicate accounts and enhanced overall efficiency and accountability. By maintaining a strong focus on data integrity and governance, the audit delivered on continuous improvement and operational excellence.

Utilities Delivery - Deer Run Lift Station (April 2025)	<p>The audit of the Deer Run Lift Station project provided several valuable recommendations aimed at strengthening project delivery across The City. This led to the development of a risk management plan, a quality management plan, and a lessons learned repository. These tools will support continuous improvement and can be applied not only to future lift station projects but also to a wide range of other Infrastructure Services initiatives.</p>
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The City Auditor's Office recommendations aligned closely with ongoing efforts within Infrastructure Services, including the recent initiation of a quality management plan. The audit reinforced the importance and value of these initiatives, validating Infrastructure Services' commitment to project excellence.

The audit contributed to positive organizational change by identifying opportunities to enhance project management practices and accelerating the adoption of key tools and processes. These improvements will help ensure greater consistency, quality, and risk management.

3.4 Audit Recommendations - Follow-up

Audit Project

Summary of Actions and Outcomes Provided by the Audit Client

During the audit of the Public Transit Safety Strategy, gaps were identified in reporting, accountability, and risk management practices. The audit included recommendations to strengthen governance, improve project management processes, and enhance risk management through the adoption of Enterprise Risk Management (ERM) principles.

Public Transit Safety Strategy (May 2025)

The audit recommended adopting ERM for better oversight of risks, highlighted deficiencies in standard project management practices, and provided insights that could be applied across other programs. Additionally, the audit supported the establishment of a strong governance structure to streamline decision-making and improve cross-corporate communication.

Through the implementation of audit action plans, the program improved its reporting integrity and accountability, reinforcing its credibility. Risk management practices have been enhanced through ERM adoption, reducing operational exposure. The insights gained were successfully transferred to other programs, creating broader organizational value. Furthermore, the strengthened governance structure led to efficient decision-making and better communication across departments, driving alignment and operational effectiveness.

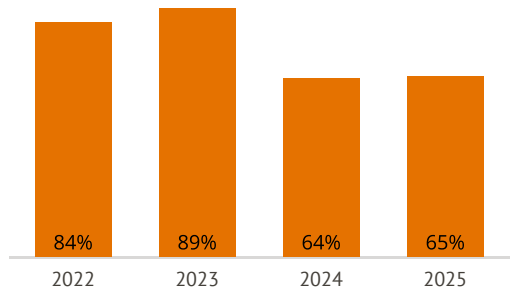
3.5 Whistle-blower Investigation Recommendations

The Whistleblower Program serves not only as an investigative body responding to reports of suspected wrongdoing but also as a strategic partner in strengthening organizational integrity. Beyond addressing alleged wrongdoing, the WBP adds value to Administration by identifying root causes of issues uncovered during investigations. This approach enables Administration to implement timely corrective actions—either at the business unit level or across the organization—helping to prevent recurrence of similar activities. Identifying and addressing root causes is essential to the success of any employee reporting program and the WBP investigation team is committed to providing Administration with thoughtful, relevant recommendations that support continuous improvement.

Recommendations for corrective action are designed as opportunities for improvement. They assist Administration in addressing behaviors or process deficiencies that may have contributed to the investigated activity.

- Corrective actions were identified in 65% of investigations concluded in 2025.
- 91% of recommendations made in 2025 were completed and closed by December 31.
- Corrective actions recommended were completed by Administration within 87 calendar days (average).

Investigations Resulting in Corrective Action



Recommendations provided by the WBP in 2025 aligned with risks categories identified in Administration's Enterprise Risk Management (ERM) framework, distributed as follows:

Employee Experience	18%
Legal	36.5%
Reputation	45.5%

Occasionally, investigations reveal systemic issues that extend beyond a single division or business unit. These observations are escalated appropriately and may result in organization-wide corrective action recommendations. Recommendations can arise from any completed investigation, including those where allegations were not substantiated.

Each investigation resulting in a recommendation is summarized quarterly at www.calgary.ca/whistle. These summaries are presented in a sanitized format to uphold confidentiality, reporter protection, and privacy for all individuals involved. Publishing these summaries demonstrates transparency and accountability in how the organization responds to reports submitted to the WBP.

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. Our deliverables must be complete, accurate, objective and timely to add value to Administration, Audit Committee members, and Council members representing citizens of Calgary. The City Auditor's Office conducts audit and advisory activities in conformance with the Institute of Internal Auditors' (IIA) Global Internal Audit Standards (Standards). The IIA released these updated Standards in January 2024, and during 2025 we have continued and completed updates to our governing documents, existing processes, templates and practices to support on-going general conformance.

The Standards require the implementation of an internal quality program. Our 2025 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.

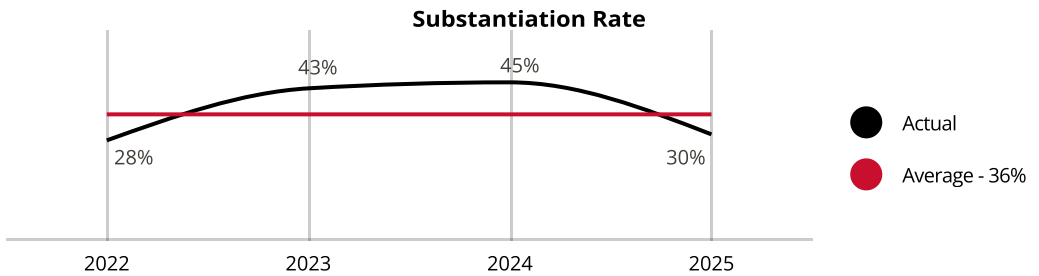
The results of our internal quality program activities during 2025 indicate that we continue to conform with IIA professional standards. There were no impairments to the City Auditor's Office independence caused by non-audit roles or other circumstances. The updated IIA Standards incorporate Topical Requirements. Topical Requirements are expected to provide minimum baseline and relevant criteria for a consistent, comprehensive approach to assessing the design and implementation of governance, risk management, and control processes in particular risk areas (the topics). Three Topical Requirements were issued during 2025. We designed and implemented an approach to these Topical Requirements, which is outlined in the Appendix to the City Auditor's Office 2026 Audit Plan. The approach includes consideration of these risks in both the Audit Plan and individual audit risk assessments, and included the development of a cybersecurity checklist to support the rigorous consideration of cybersecurity risks in every audit.

During 2025, we additionally updated our Competency Framework for auditors to reflect the latest guidance issued by the IIA, and updated our end of project evaluations forms to align to the revised Framework. We also continued to implement regular process improvement opportunities identified through training and lessons learned exercises, for example adding a step in planning to consider service equity in relation to the audit topic, and updating our Audit Plan client communication template to improve communication of key information. We updated our Information Security and Records Retention procedures to reflect the introduction of the Provincial Access to Information Act and Protection of Privacy Act.

4.2 Whistle-blower Investigation Practices

Whistle-blower investigations are carried out using recognized best practices. Investigators in the Whistle-blower Program follow the professional conduct standards of the Association of Certified Fraud Examiners and the Association of Certified Forensic Investigators of Canada. Each report received is carefully reviewed to decide the most appropriate response to the concerns raised by employees or non-employees. Not all concerns require a formal investigation—some issues can be handled more effectively by Administration through non-investigative actions. In other cases, the information provided does not support any action by the Whistle-blower Program. In 2025, fifty-five percent (55%) of the reports reviewed resulted in either an investigation or a non-investigative response by Administration.

Only a formal investigation can determine whether the reported activity or behaviour is proven to be a violation of City policy, based on a balance of probabilities. In 2025, 30% of the allegations that were investigated were found to be substantiated. The substantiation rate is calculated by dividing the number of substantiated allegations by the total 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.

Sensitive Reports

A sensitive report is defined as either (a) a report that includes allegations involving any staff member of the City Auditor’s Office (including the WBP) or (b) a report that questions the objectivity of the City Auditor or the Manager, Whistle-blower Program.

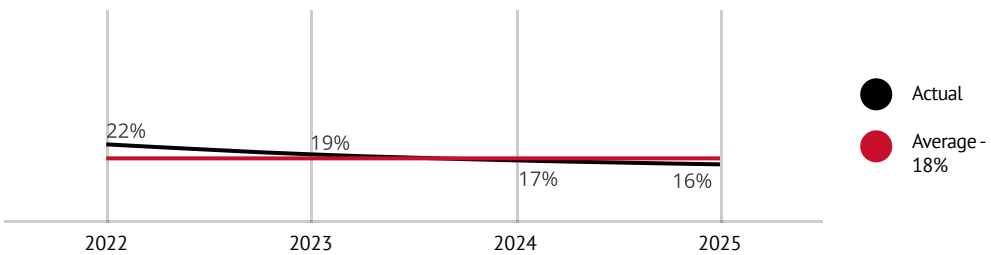
Sensitive reports are independently reviewed by the Chair of the Audit Committee, or their designate. Reports submitted online under the category “City Auditor’s Office” are automatically routed to the Chair, or designate, for confidential review., ensuring the report bypasses all staff involved in the daily operations of the WBP. If the Chair, or designate, determines that a report does not meet the criteria for a sensitive report, it is redirected to the WBP for assessment and normal processing. Reports that remain classified as sensitive and are not redirected are excluded from all statistics reported by the WBP. The Chair of the Audit Committee, or their designate, has confirmed that any sensitive reports received in 2025 were properly assessed and are now considered closed.

Whistle-blower Protection

CP2022-06 Whistle-blower Policy explains who is eligible to report and how reporters are protected. The WBP recognizes that reporting wrongdoing is often difficult, especially when it involves a supervisor or co-worker with whom the reporter has a close working relationship. In 2025, sixteen percent (16%) of employees who contacted the WBP reported that they feared reprisal. Even though reprisal may not occur, employees are encouraged throughout the reporting and investigation process to monitor their situation and report any suspected reprisal to the City Auditor.

No suspected acts of reprisal related to reporting to the WBP were reported to the City Auditor in 2025.

Reports by Employees Communicating Fear of Reprisal



Internal Benchmark Report

In 2025, the WBP delivered its comprehensive internal benchmark report communicating norms established from data collected from every report submitted to the WBP and comparing 2024 activity to the previous 5-year period. The report identified insightful trends and prompted discussions on what the data was informing and why.

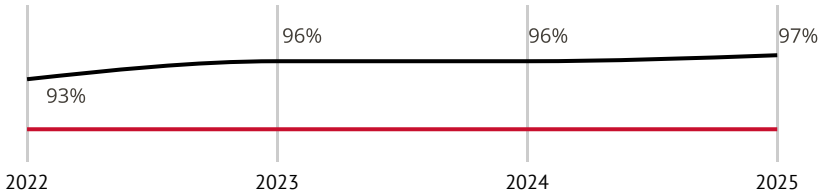
Some highlights of the report included:

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

The 2025 Whistle-blower Program Internal Benchmark Report is available at www.calgary.ca/whistle.

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 2025 covering thirteen projects, with a response rate of 70% (2024 – 86%). Our overall rating received was 97%, illustrating 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.

Professional Designation Category	Number of Staff
Internal Audit	12
Fraud Investigations	3
Accounting	6
Risk Management	4
IT Audit	5
Project Management	2
Data Analytics	3

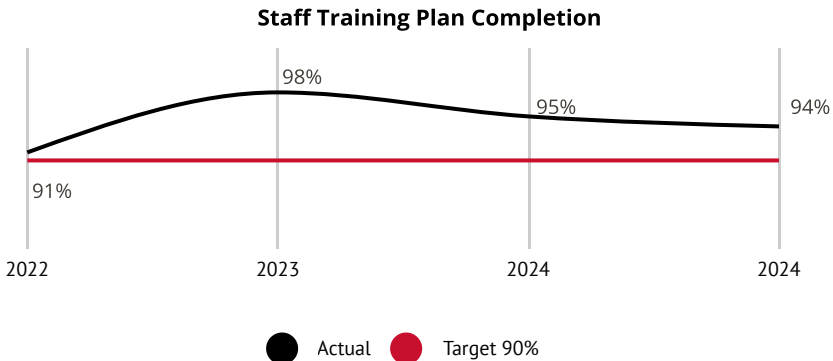
Members of our team also hold other relevant professional designations such as Chartered Accountant, Project Management Professional, and Microsoft Power BI Data Analyst Associate, that are invaluable in supporting specific projects. During 2025, our team gained five additional professional certifications across the fields of IT, Cyber Security, and AI audit.

4.5 Staff Training

Commitment to staff training supports keeping current on best practices, individual growth and development, and team engagement. During 2025, our staff participated in professional training opportunities to enhance their skills and our team capacity. Team members were able to attend virtual conferences and events hosted by the IIA, Association of Certified Fraud Examiners, and the Association of Local Government Auditors, and share knowledge gained back with our team. Two City Auditor’s Office leaders attended Canadian audit professional conferences in person to support meeting opportunities with leaders from other Municipal audit teams across Canada.

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 2025, we completed 94% of our staff training plan, in excess of our 90% target.

We enjoy using training opportunities to build our shared team experiences and knowledge. As a team, we completed a day of training focused on report writing, which is key to effective communication of our work to Administration and Audit Committee.



We also collectively attended three sessions delivered by The City’s Innovation Lab, covering innovation and psychological safety, creative ideation and brainstorming, and the art of getting others onboard. In November 2025 we spent a day together as a team putting our learning into practice by sharing ideas that will form the basis of the City Auditor’s Office 2027-2030 Service Plan and supporting initiatives.

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, including hearing from other providers of assurance and risk mitigation such as the ERM team, Insurance team, and Internal Financial Controls team.

4.6 Professional and Community Volunteer Activity

Volunteering and building connections provides significant benefit to our team both collectively and as individuals, and to our local community and professions. During 2025, the City Auditor's Office continued to expand and develop professional connection points. We have continued our strong relationship with Municipal audit and Whistle-blower Program leaders through a number of channels.

The City Auditor has participated in quarterly virtual meetings with City Auditors/Auditor Generals from Canada's largest cities, as well as holding individual virtual one to one meetings with these leaders on a quarterly basis. These meetings have supported sharing of audit plans and Municipal audit leading practices. The City Auditor's Office leadership team also meets with the Edmonton Office of the City Auditor's leadership team on a bi-annual basis to share ideas and best practice relevant to the two largest Alberta municipalities.

The Audit Manager IT is the current past President of the Association of Local Government Auditors Board, which has supported wider touchpoints and opportunities to share ideas with Municipal auditors across North America.

The Manager and Investigator presented to the Calgary Chapter of the Association of Fraud Examiners on the development and the learnings from the 2025 Whistle-blower Program Benchmark Report. Presenting to our professional associations supports growth of the profession, as well as showcasing our successful work.

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 12th Annual Toy Mountain campaign.



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 2025 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.

(\$'000's)	2022 Annual Budget	2022 Actual	2023 Annual Budget	2023 Actual	2024 Annual Budget	2024 Actual	2025 Annual Budget	2025 Actual	Variance
Salary	2,825	2,274	2,955	2,730	3,200	3,077	3,335	3,259	76
Tools & Technology	130	125	162	137	166	164	160	146	14
Training	56	38	63	57	68	62	66	56	10
Professional Memberships	17	15	19	17	20	20	18	19	-1
Contracted Services	7	193	150	111	150	128	300	165	135
Employee Recognition	3	0	3	1	3	2	3	1	2
Office Operating Costs	48	53	48	43	48	52	48	64	-16
Total	3,086	2,698	3,400	3,096	3,655	3,506	3,930	3,710	220

5.2 Service Delivery Resilience

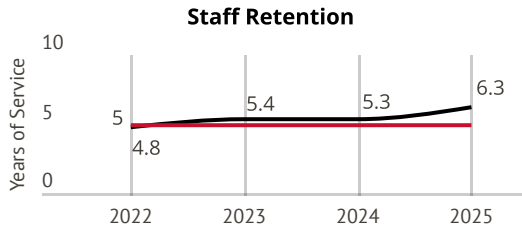
The City Auditor's Office conducts regular activities to support business continuity so that services can be delivered with minimal interruption in the event of a disruption. Annually, the City Auditor's Office Business Continuity Plan is updated, communicated and tested. Quarterly workplace safety walkthroughs of the office space support an on-going safe working environment. During 2025, the City Auditor's Office contributed as a Business Unit to the City of Calgary's Provincial Safety COR (Certificate of Recognition).

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. We are also able to utilize, if required, contract investigator resources via contracts held by The City with organizations specializing in workplace investigations. The City Auditor's Office has budget to utilize subject matter expertise (SME) to provide depth of assurance on emerging risks, and used this budget during 2025 to support the delivery of two cyber security audits, and advisory input on supply chain resilience.

Considering how technology can support more efficient and effective service delivery is a long-standing focus for the City Auditor's Office. During 2025 we developed and implemented an AI Framework to support intentional, value-add utilization of AI technology in line with City of Calgary policies. We continued to utilize existing technology contracts to support audit, analytics, and investigation service delivery, and will evaluate these contracts during 2026 as part of our procurement cycle.

5.3 Staff Engagement and Retention

As at December 31, 2025, the City Auditor’s Office is fully staffed, with all roles filled on a permanent basis. There were no changes in personnel during 2025. Average years of service remain slightly above target.



During 2025, we continued to build team engagement through attending group training together, and completing team community volunteering activities. We collectively completed The City’s Anti-Racism training as part of our City Auditor’s Office 2025 EDIB Work Plan, and continued our focus on psychological wellbeing through a team session on resilience facilitated by HR.

We also took part as a team in a short facilitated HR activity capturing our team culture so that we have an on-going visual reminder of what is underpinning our work as a team.



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.

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.