

THE CITY OF
CALGARY
CITY AUDITOR'S OFFICE

4TH QUARTER 2014 RECOMMENDATION FOLLOW-UP STATUS REPORT

January 22, 2015

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1. Introduction

The City Auditor is accountable to City Council and subject to the oversight of the Audit Committee in accordance with Bylaw 30M2004. The City Auditor's Office Charter specifies that the City Auditor will present, at least annually to Audit Committee, a report providing the status of Administration action on the recommendations contained in previous audit reports.

The City Auditor's Office conforms with the International Standards for the Professional Practice of Internal Auditing, which require the City Auditor's Office to establish a follow-up process to monitor and ensure that management actions to address audit report recommendations have been effectively implemented or that senior management has accepted the risk of not taking action.

In 2014, the City Auditor's Office enhanced our follow-up process to support an on-going approach. This report includes the results of follow-up activities from October 1 to December 31, 2014. The City Auditor's Office will issue an annual report to Audit Committee in February 2015 that will include comprehensive results of audit recommendation follow-up activity in 2014.

2. Results

In the 4th Quarter, we followed up on 22 recommendations with implementation dates on or before October 31, 2014. The results of our activities are included in the following charts:

Chart 1: Status of Cycle 3 Recommendation Follow-up (22 in total)

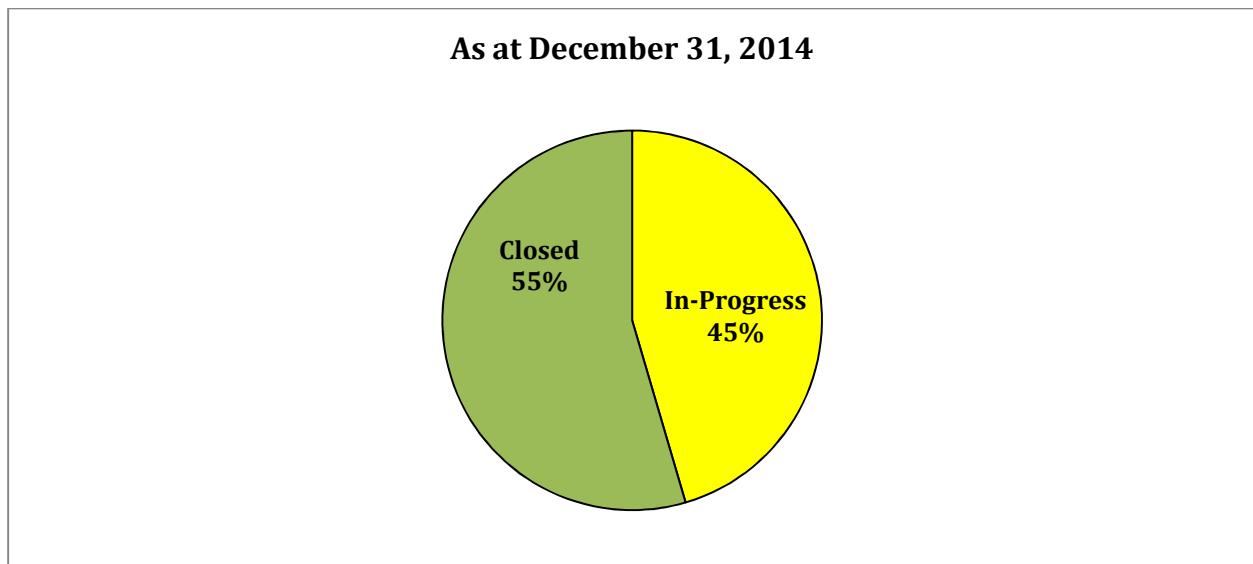
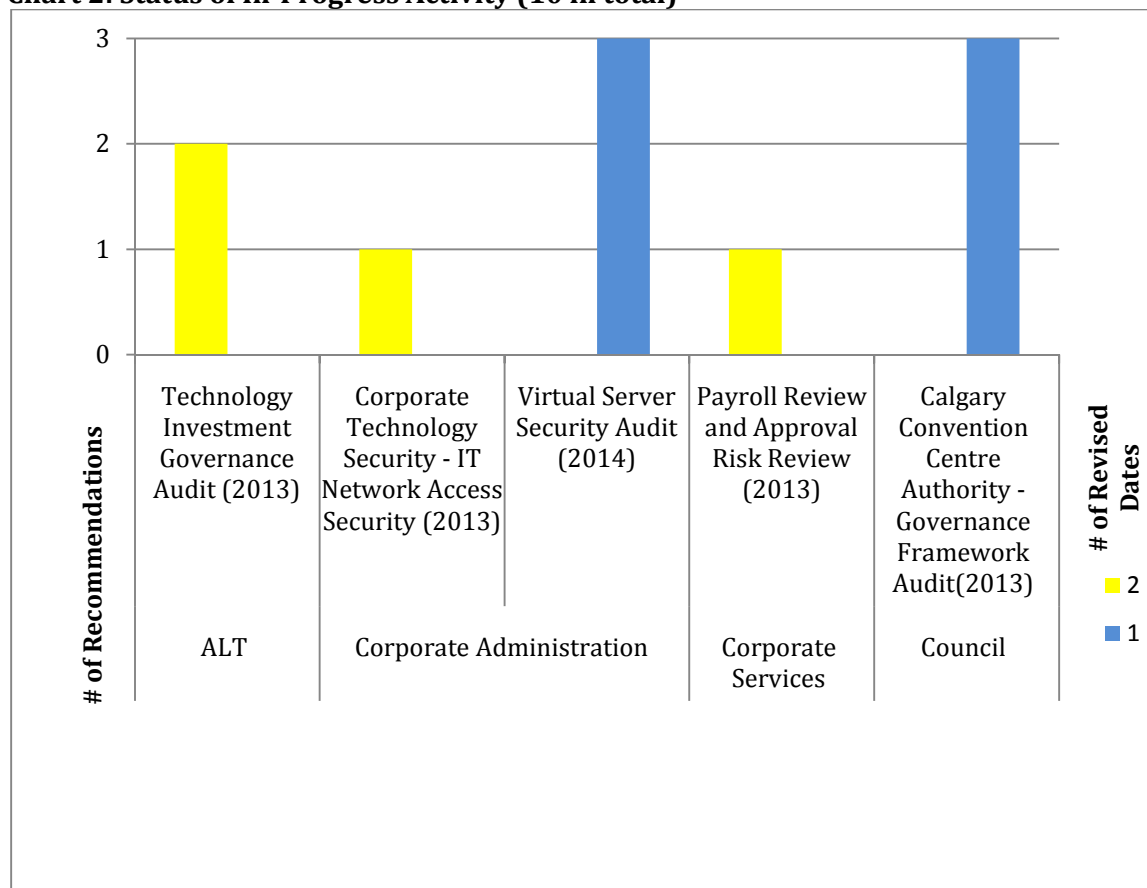


Chart 2: Status of In-Progress Activity (10 in total)



Six of the in-progress recommendations are tracking against a revised commitment date for the first time. The remaining four in-progress recommendations are tracking against a revised commitment date for the second time. Management has expressed their commitment to fully address these recommendations by December 31, 2015 or earlier.

At December 31, 2014, there were 94 outstanding recommendations. These represent 59 recommendations that included multiple action plans, which will now be tracked separately to facilitate the follow-up process.

The City Auditor's Office will follow up on 48 recommendations with commitment dates between November 1 and December 31, 2014 in the first quarter of 2015.

2.1. Revised Commitment Dates

Throughout the follow-up process, the City Auditor's Office identifies trends and potential barriers to the completion of action plans. The following discussion highlights areas where the implementation commitment date has been revised twice.

Technology Investment Governance Audit (2013)

The objective of the Technology Investment Governance audit was to assess the adequacy of technology investment governance structures, technology investment decisions and performance measurement. Action plan implementation on two recommendations related to the project approval process and monitoring project outcomes required approval from the Administrative Leadership Team (ALT). Revised implementation dates were required due to ALT scheduling difficulties.

Corporate Technology Security- IT Access Security Audit (2013)

The objective of the Corporate Technology Security - IT Network Access Security audit was to assess the Network Security access processes in place during 2012 for internal users. Law – Corporate Security has developed an Enterprise wide IT Security Governance structure establishing overall accountability and authority in planning, management and implementation of information security throughout The City. This governance committee has been combined with the Information Management Governance Committee to ensure consistency and achieve efficiencies in combined information security and management for the Corporation. Law – Corporate Security continues to formalize the Information Security Policy for The City and is hiring additional resources to ensure this is completed in the first quarter of 2015. In addition, Law – Corporate Security received capital funding in the 2015-2018 Action Plan to begin implementing a roles based access management system and a security incident event management tool to mitigate the risks identified in the audit.

Payroll Review and Approval Risk Review (2013)

One of the objectives for this audit was to determine if Payroll payments for time and attendance are reviewed. We recommended the Manager Pay Services implement a Pay Confirmation report monitoring process. One part of Management's action plan was to work in collaboration with ESS (IT) to develop an exception monitoring report for Senior Management (Directors). The report would list those DeptID Owners not reviewing their Pay Confirm report on a regular basis. Implementation was delayed due to the departure of the IT resource initially assigned to develop the report. The Pay Confirmation monitoring report has now been developed, tested, and moved into production. The first quarterly report to Senior Management is scheduled to occur in March 2015.