



### Summary of Key Changes

The following key changes are proposed to

- 1) Bylaw 30M2004
- 2) City Auditor Model (AC2004-09)/City Auditor's Office Charter

#### Bylaw 30M2004

One additional clause and two deletions to clauses are proposed to the existing Bylaw 30M2004:

	Change	Rational
<b>Additions</b>		
1.	Additional "whereas" clause making reference to the Charter.	Provides clear linkage between Bylaw 30M2004 and Charter to ensure that the two documents are referred to in tandem.
<b>Deletions</b>		
1.	Removal of clause detailing the type of work that the City Auditor may provide.	Previously duplicated but with inconsistent wording in the Model/Charter and Bylaw 30M2004. Now included in Charter alone.
2.	Removal of clause stating that the City Auditor will prepare an annual audit plan and annual budget for Council approval.	Already included in Bylaw 48M2012 with more up to date wording, taking into account the City's multi-year budgeting process. Included in the Charter alongside the other required outputs from the City Auditor's Office.

#### City Auditor Model (AC2004-09 Attachment 2)/City Auditor's Office Charter

Twelve additions to content are proposed in turning the contents of the City Auditor Model into the City Auditor's Office Charter. Eleven statements included in the City Auditor Model are proposed to be deleted (i.e. not included) in the City Auditor's Office Charter. These deletions primarily reflect elimination of duplication of content between the Bylaw and Model/Charter.

	Change	Rational
<b>Additions</b>		
1.	Addition of introduction setting out the role of internal audit.	Provides context.
2.	Addition of role section stating that the position of the City Auditor is established through Bylaw 30M2004.	Provides clear linkage between Bylaw 30M2004 and Charter to ensure that the two documents are referred to in tandem.
3.	Addition of statement that City Auditor governs City Auditor's Office in adherence with Institute of Internal Auditors' (IIA) Standards.	Required to be stated under IIA Standards, formalizes existing practice.
4.	Addition of statement that employees are requested to assist the City Auditor's Office in fulfilling its roles and responsibilities.	Formalizes existing practice.
5.	Addition of statement that City Auditor's Office has free and unrestricted access to Audit Committee.	Required to be stated under IIA Standards, formalizes existing practice.



	<b>Change</b>	<b>Rational</b>
<b>Additions</b>		
6.	Addition of statement detailing City Manager administrative support to the City Auditor's Office.	Formalizes existing practice.
7.	Additional wording more explicitly setting out the independence and objectivity of the City Auditor's Office.	Formalizes existing practice, provides additional clarity regarding this important IIA Standards requirement.
8.	Addition of statement that City Auditor will determine appropriate methodology, scope and delivery options to discharge responsibilities.	Formalizes existing practice and reinforces the independence of the City Auditor's Office as expected by IIA Standards.
9.	Additional statements clarifying roles and responsibilities regarding the annual audit plan.	Aligns wording to Bylaw 48M2012, formalizes existing practice.
10.	Addition of section on reporting and monitoring	Formalizes existing practice.
11.	Addition of section on City Auditor's Office quality assurance and improvement program.	Formalizes existing practice, demonstrates City Auditor's Office conformance with IIA Standards requirements.
12.	Addition of review section stating that City Auditor will review charter periodically.	Periodic review of charter is required by IIA Standards.
<b>Deletions</b>		
1.	Removal of statement that City Auditor is accountable to Council.	Already included in Bylaw 30M2004, duplication not required.
2.	Removal of statement that the City Auditor has full control of the City Auditor's Office.	Already included in Bylaw 30M2004, duplication not required.
3.	Removal of the statement that the City Auditor's scope of work includes all City departments, agencies, boards and commission and corporations and the offices of the Mayor and Council.	Wording more appropriately phrased later in Charter to refer to organizations that have an operating agreement with The City.
4.	Removal of section detailing City Auditor's control of City Auditor's Office personnel.	Already included in Bylaw 30M2004, duplication not required.
5.	Removal of section detailing Client/Auditee reporting protocol.	Content is more appropriately documented in internal City Auditor's Office procedures.
6.	Removal of section stating City Auditor may delegate power, duty or function to an employee of the City Auditor's Office.	Already included in Bylaw 30M2004, duplication not required.
7.	Removal of section stating City Auditor may retain consultants subject to budget limits.	Already included in Bylaw 30M2004, duplication not required.
8.	Removal of section stating the External Auditor reviews City Auditor's Office expenditures.	Not required – City Auditor's Office costs are part of the City's financial statements and therefore included in the scope of the External Auditor role.



	<b>Change</b>	<b>Rational</b>
<b>Deletions</b>		
9.	Removal of section stating that City Auditor's expenses are reviewed and approved by the Chair of Audit Committee.	Already included in Bylaw 30M2004, duplication not required.
10.	Removal of section detailing appointment and term of City Auditor position.	Already included in Bylaw 30M2004, duplication not required.
11.	Removal of section detailing additional terms of employment of City Auditor position.	Content should be part of individual contract with person appointed to role.



## **CITY AUDITOR'S OFFICE CHARTER**

### **INTRODUCTION:**

Internal Auditing is an independent and objective assurance and advisory activity that is guided by a philosophy of adding value to improve the operations of The City of Calgary. It assists The City in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control.

### **ROLE:**

The designated officer position of the City Auditor is established by Bylaw 30M2004 (as amended).

### **PROFESSIONALISM:**

The City Auditor will govern the City Auditor's Office by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations.

### **AUTHORITY:**

The City Auditor's Office shall be provided with unrestricted access to all municipal personnel, records, property, policies, procedures, processes and systems necessary to conduct audits. All employees are requested to assist the City Auditor's Office in fulfilling its roles and responsibilities. The City Auditor's Office will also have free and unrestricted access to Audit Committee through in camera sessions scheduled as part of each Audit Committee meeting and as requested/required.

The City Auditor has sole administrative authority and control over staff reporting to that position.

The City Manager will provide administrative support as required to the City Auditor including:

- a. legal services,
- b. human resources and payroll,
- c. corporate communications,
- d. information technology, and
- e. materials management, budget and accounting.

**ORGANIZATION:**

The City Auditor shall be subject to the supervision of and accountable to Council and report to Council through Audit Committee.

**INDEPENDENCE AND OBJECTIVITY:**

The City Auditor's Office will remain free from interference by any element in the organization in the conduct of individual audits (including matters of audit selection, scope, procedures, frequency, timing, or report content) to permit maintenance of a necessary independent and objective mental attitude.

The City Auditor's Office will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

The City Auditor's Office will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The City Auditor will confirm to Audit Committee annually the independence of the City Auditor's Office.

**RESPONSIBILITY:**

The City Auditor's Office is responsible for assisting Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations, which, without limiting the scope of the foregoing, includes:

- a) Independent, objective reviews and evaluations of City operations, programs, processes and systems; and
- b) Compliance reviews to determine the extent of general compliance with corporate policies and procedures; and
- c) Financial audits, excluding those performed by the external auditor appointed under s. 280 of the Municipal Government Act ("the Act")
- d) Specific and focused reviews on third-party organizations that have an operating agreement with The City; and
- e) Consulting services, including financial advisory, risk management, information technology systems security and control, and general management advisory services.

The City Auditor will determine the appropriate methodologies, project scope and service delivery options necessary to discharge the above responsibilities.

**INTERNAL AUDIT PLAN:**

The City Auditor shall present an annual risk-based audit plan to Audit Committee for approval and to Council for information. The City Auditor will present a corresponding budget to Audit Committee for their review and their recommendation onto Council for approval. The Audit Committee or Council may not remove items from the City Auditor's annual audit plan but may direct items be added to the plan. The City Auditor may request additional resources where items are added to the plan.

If the City's risk profile, on which the annual audit plan is based, significantly changes during any given year, The City Auditor should amend the annual audit plan as needed by presenting proposed changes to Audit Committee for approval.

The City Auditor will coordinate related activities with the City's appointed External Auditor to minimize duplication of efforts. The City Auditor will consider work done by other internal City assurance groups to avoid duplication of efforts.

**REPORTING AND MONITORING:**

The City Auditor will present audit reports to Audit Committee upon completion. Reports are shared with members of Audit Committee and enter the public domain through the Audit Committee agenda. The City Auditor may share finalized audit reports with the Chair of Audit Committee in advance of publication of the Audit Committee agenda.

The City Auditor submits a quarterly report to Audit Committee that summarizes the status of deliverables against the annual audit plan. In addition to quarterly reports, the City Auditor presents to Audit Committee and to Council an Annual Report summarizing activities undertaken by the City Auditor's Office in the past year.

The City Auditor shall present, at least annually to Audit Committee, a report providing the status of Administration action on the recommendations contained in previous audit reports. All significant recommendations will be followed up by the City Auditor's Office until cleared/closed.

**QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:**

The City Auditor's Office will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether the City Auditor's Office applies the Code of Ethics. The program also assesses the efficiency and effectiveness of the City Auditor's Office and identifies opportunities for improvement. The City Auditor will report annually to Audit Committee on the City Auditor's Office quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.



THE CITY OF  
**CALGARY**  
CITY AUDITOR'S OFFICE

Attachment 2  
AC2013-0830  
ISC: Unrestricted

**REVIEW:**

The City Auditor will review this Charter and Bylaw 30M2004 periodically, and present any proposed changes to Audit Committee and Council for approval.

**PROPOSED WORDING FOR A BYLAW TO AMEND BYLAW 30M2004**

1. Bylaw 30M2004, as amended, is hereby further amended.
2. The following is added to the Preamble to Bylaw 30M2004:  
  
“WHEREAS Council has considered AC2013-0830 and has approved the City Auditor's Officer Charter;”
3. Sections 6 and 8 are deleted.
4. This Bylaw comes into force on the day it is passed.

## **City of Calgary City Auditor Model**

## **AC2004-09 Attachment 2**

### **I. Mandate**

The major elements of the City Auditor's mandate include:

- a) The City Auditor is accountable to Council for the exercise of all powers, duties, and functions delegated to the City Auditor by Council.
- b) The City Auditor is independent of the City Administration.
- c) The City Auditor is responsible for assisting City Council in its role of ensuring City Administration accountability for the quality of stewardship over public funds, and for the achievement of value for money in City operations.
- d) The City Auditor:
  - i) Has full carriage and control of and is fully responsible for the conduct of the City Auditor's office.
  - ii) Is responsible for carrying out financial (excluding attest), compliance and performance audits of all programmes, activities and functions of all City departments, agencies, boards, and commissions and corporations and the offices of the Mayor and members of Council.

### **II. Scope of Audit Activities**

The City Auditor's Office activities include the conduct of:

- a) Independent, objective performance reviews and evaluations of City operations, programs, processes and systems.
- b) Compliance reviews to determine the extent of general compliance with corporate policies and procedures.
- c) Financial (excluding attest) audits.
- d) Specific and focused reviews on third-party organizations that have an operating agreement with the City.

**City of Calgary  
City Auditor Model**

**AC2004-09  
Attachment 2**

- e) Consulting services, including financial advisory, risk management, information technology systems security and control, and general management advisory services.

**III. Access to Information**

The City Auditor's Office has unrestricted access to all personnel, records, property, functions, policies, procedures, processes and systems necessary to the conduct of a comprehensive program of operational & financial audits.

**IV. Audit Plan**

- a) The City Auditor prepares an annual audit plan that is submitted to Audit Committee for approval.
- b) Audit Committee may direct changes to the annual audit plan.

**V. Annual Budget**

- a) The City Auditor prepares an annual budget and submits it to Audit Committee for approval.
- b) The City Auditor's Office annual budget, once approved by Audit Committee, is submitted to Council for approval as part of the City's annual budget process.

**VI. Personnel and Related Authority**

The City Auditor:

- a) Is authorized to hire, dismiss, evaluate and discipline staff within the Office of the City Auditor subject to any applicable legislation and any contract or agreement binding on the City, and within general corporate guidelines.
- b) Is authorized to establish the structure of the Office of the City Auditor, including establishing a managerial hierarchy and administrative policies and procedures for the Office.

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City Auditor Model**

**AC2004-09  
Attachment 2**

**VII. Public Reporting Protocol**

- a) The City Auditor submits a quarterly report to Audit Committee that summarizes the audits completed in the quarter. Once approved by Audit Committee, the report is forwarded to Council for information.
- b) In addition to quarterly reports, the City Auditor submits an annual report to Audit Committee for approval. Once approved by Audit Committee the annual report is forwarded to Council for information.
- c) The completed audit reports are provided to Audit Committee's Legislative Resource Group for access by members of Council on request.

**VIII. Client/Auditee Reporting Protocol**

- a) Upon completion of an audit, the City Auditor prepares a preliminary audit report. The report is issued to the responsible Manager or Director and copied to a number of senior executives, including the CEO, CFO and others as deemed appropriate by the City Auditor.
- b) The responsible Manager or Director has thirty days to prepare, sign and forward a written response called the Action Plan to the City Auditor, that must include:
  - i) The action planned or taken to address each recommendation.
  - ii) The timeframe within which action will be taken.
  - iii) The position of the individual who will be accountable for taking action.
  - iv) If the CEO disagrees with the conclusions & recommendations, the reason for disagreeing or suggested modifications should be provided.
- c) The City Auditor incorporates the Action Plan in all Final Audit Reports.
- d) Final Audit Reports are then issued, with copies sent to the responsible Manager or Director and copied to a number of senior executives, including the CEO, CFO, Audit Committee, the External Auditor and others as deemed appropriate by the City Auditor.

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**IX. Delegation of Authority**

The City Auditor may delegate to an employee in the Office of the City Auditor any power, duty or function of the City Auditor.

**X. Engagement of Consultants**

The City Auditor is authorized to retain the services of any individual or corporation for purposes related to the operations of the Office of the City Auditor, subject to budget limits.

**XI. Financial Audits of the City Auditor's Office**

The City's External Auditor conducts limited supplementary verification of the City Auditor's Office expenditures, as part of the annual financial (attest) audit of the City of Calgary.

**XII. Financial Processes**

The City Auditor's personal expense reports are reviewed and approved by the Chairman of Audit Committee or the Vice-Chairman in the Chairman's absence.

**XIII. Appointment and Term**

- a) The position of designated officer for the purpose of internal auditing is established, and the individual appointed to that position has the title "City Auditor".
- b) The position of City Auditor reports to Council through Audit Committee.
- c) Council, by resolution, appoints an individual to the position of City Auditor and establishes terms and conditions of such appointment.
- d) The appointment of a person to the position of City Auditor may be made, suspended or revoked only if the majority of the whole Council vote to do so.

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City Auditor Model**

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Attachment 2**

- e) An individual is appointed to the position of City Auditor for a term not exceeding five (5) years.
- f) The City Auditor is eligible for reappointment without limitation as to the number of terms that may be served.

**XIV. Additional Terms of Employment**

- a) The position of City Auditor is, for organizational purposes, rated the same level as the City Solicitor, currently Level 3 Director.
- b) The compensation for the City Auditor is as follows:
  - i) Salary to be negotiated at the beginning of each term, within the range designated for the City Auditor position. For 2004 the salary range shall be \$110,000-\$161,150. The range is determined as the Level 3 - Director range (the same range as for the City Solicitor), adjusted upwards by the variable compensation factor for the Director level (10% in 2004).
  - ii) Salary adjusted annually by the same change factor as approved by Council for the Level 3 Director (L3) salary range.
  - iii) No eligibility for variable compensation.
  - iv) All benefits and perquisites as available to Directors (L3) at the beginning of each term.
- c) The performance of the City Auditor is assessed annually by the Chairman of Audit Committee, in conjunction with a self-assessment by the City Auditor and subject to discussion and approval by Audit Committee. The City Auditor's performance is evaluated on the attainment of agreed upon goals and targets of performance.

**OFFICE CONSOLIDATION**

**BYLAW NUMBER 30M2004**

**BEING A BYLAW OF THE CITY OF  
CALGARY TO ESTABLISH THE POSITION  
OF CITY AUDITOR**

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(Amended by Bylaw Number's 42M2004)

**WHEREAS** S. 210 of the *Municipal Government Act* ("the Act") allows Council to pass a bylaw establishing a designated officer position to carry out specified powers, duties and functions;

**AND WHEREAS** Council wishes to establish a position of City Auditor;

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF CALGARY ENACTS AS FOLLOWS:**

1. The designated officer position of City Auditor is hereby created, with the powers, duties and functions as specified in this Bylaw or any other bylaw making reference to the City Auditor.
2. Council may, by resolution, appoint a person for a term not exceeding five (5) years, to hold the position of City Auditor and specify the terms and conditions of such appointment.
3. The person appointed to the position of City Auditor is eligible for reappointment.
4. The appointment of a person to the position of City Auditor may be made, suspended or revoked only if the majority of the whole Council vote to do so.
5. The City Auditor shall be subject to the supervision of and accountable to Council and report to Council through Audit Committee.
6. The City Auditor is responsible for assisting Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement of value for money in City operations which, without limiting the scope of the foregoing, includes:
  - a) performance reviews and evaluations of City operations, programs, processes and systems; and
  - b) reviews to determine the extent of compliance with corporate policies and procedures; and
  - c) financial audits, excluding those performed by the external auditor appointed under s. 280 of the Act; and

**BYLAW NUMBER 30M2004**

- d) reviews of autonomous organizations that have any operating agreement with The City or receive operating or capital funds from The City; and
  - e) consulting and advisory services.
7. The City Auditor shall be provided with unrestricted access to all municipal personnel, records, property, policies, procedures, processes and systems necessary to conduct audits.
  8. The City Auditor shall prepare an annual audit plan for approval by Audit Committee and an annual budget to be submitted through Audit Committee for Council approval.
  9. The City Auditor shall have sole administrative authority and control over staff reporting to that position, including the establishment of management structures and administrative policies. The hiring, evaluation, discipline and dismissal of staff is subject to any existing legislation, contracts or corporate employment guidelines.
  10. The City Auditor may retain consultants and make other expenditures as authorized by the budget approved by Council.
  11. The City Auditor may further delegate powers, duties and functions to any person reporting directly or indirectly, to the City Auditor.
  12. This Bylaw comes into force on the day it is passed.

READ A FIRST TIME THIS 17<sup>th</sup> DAY OF MAY, 2004.

READ A SECOND TIME THIS 17<sup>th</sup> DAY OF MAY, 2004.

READ A THIRD TIME THIS 17<sup>th</sup> DAY OF MAY, 2004.

(Sgd.) D. Bronconnier  
MAYOR

(Sgd.) D. Garner  
CITY CLERK