



Calgary

City Auditor's Office

City Auditor's Office 2019-2020 Audit Plan

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The City Auditor's Office completes all projects in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overview

The City Auditor's Office (CAO) provides objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes. This assurance helps The City of Calgary (The City) achieve its strategic, operational, financial, and compliance objectives. Overall the audit and advisory work provided by the CAO is intended to act as a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analysis and assessments of data and business processes. The annual presentation of our Audit Plan outlines where those audits and assurance activities will take place.

The CAO Charter requires the City Auditor to prepare annually a risk-based Audit Plan for approval by Audit Committee and for information to Council. The CAO Charter is aligned with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing which require the establishment of a risk-based plan to determine the priorities of the audit activity, consistent with the organization's goals.

The 2019-2020 Audit Plan consists of 26 formal audits (including five audits initiated in 2018) on services and processes within City operations and third-party organizations that have an operating agreement with The City. Additional resource time has been reserved to allow the CAO the flexibility to respond and provide advice, insight and formal audit assurance on new risk priorities and/or City initiatives. This plan has been designed to support our audit mission to provide independent and objective assurance, advisory and investigative services to add value to The City and enhance public trust.

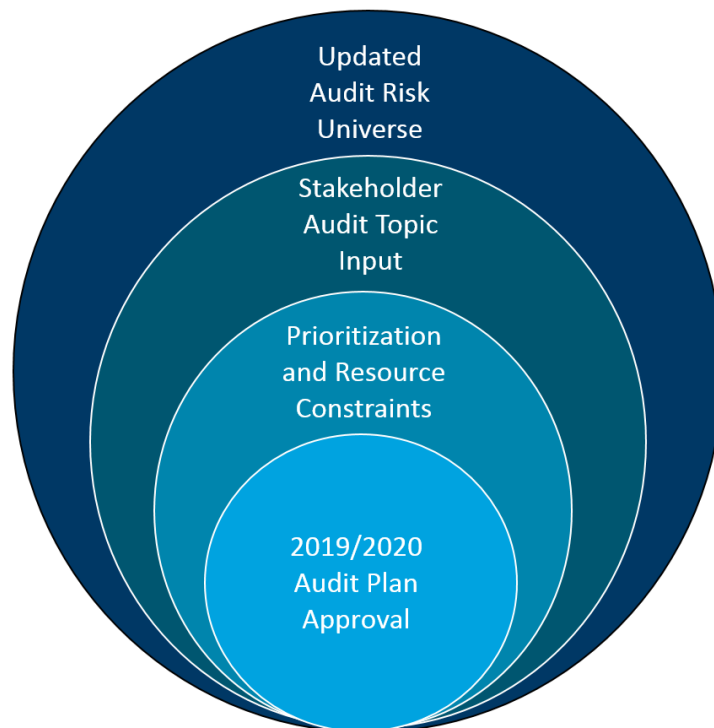
1.0 Audit Planning Process

The CAO utilizes a two year rolling Audit Plan, which is updated annually and presented to Audit Committee for approval and to Council for information. The 2019-2020 Audit Plan is a new plan reflecting the One Calgary budget cycle preparation and premised on a four year 2019-2022 assurance road map. The intent of presenting a two year plan is to provide additional transparency on future audits and provide greater agility for the CAO to utilize available resources to support earlier initiation of 2020 audits where efficiency gains have been realized through early completion of 2019 audits. The CAO utilizes a risk-based planning approach, and as such, projects in 2019 have more certainty than those listed in 2020. The intent of the audit planning process is to focus audit resources on those higher risks that could impact the achievement of Citizen Priorities and Council Directives.

1.1 2019-2020 Audit Plan Creation

The 2019-2020 Audit Plan creation process involved:

- Update of the audit universe, including creation of the 2019-2022 four year assurance road map;
- Stakeholder engagement;
- Assessment of resourcing; and
- Plan approval.



Update Audit Risk Universe

The CAO updated the audit risk universe, and created a new risk-based four year assurance road map utilizing City 2018 budget and FTE information, as well as information on IT risks. The four year assurance road map guides where the CAO focuses audit effort to ensure that all City Business Units receive a level of assurance activity on a regular risk frequency (expectation within a minimum seven year cycle).

Stakeholder Engagement

The CAO created a provisional list of audit topics based on the four year assurance road map, supplemented by stakeholder input on potential audit topics solicited through surveys, forums and one-on-one meetings. The City Auditor conducted separate engagements on potential audit topics with members of Council, and with citizen members of Audit Committee, and reached out to General Managers and Directors via an internal survey to gather stakeholder input. In addition, the City Auditor held individual meetings with the Mayor, Chair of Audit Committee, City Manager, Chief Financial Officer, and members of Administration impacted by proposed audits.

Resourcing

The provisional list of audit topics was assessed to determine the resource and skill requirements for each project, as well as the anticipated budget and cycle time required to complete each audit. Total anticipated audit hours were reconciled against a resource calculation of available and appropriate internal resources and calendar availability. The CAO also assessed budget availability to contract external resources. A significant portion of the CAO approved budget supports a dedicated audit staff plan of eight professionals (auditor and senior auditors) to conduct the audits, as well employing an audit manager IT to support data analytics initiatives and supervision of IT audits, a data strategist, and two Deputy City Auditors to support audit supervision and advisory functions.

Scope and timing of the audits planned for 2019 were defined and confirmed utilizing:

- Stakeholder input, including City of Calgary Senior Management; and
- Availability of CAO staff.

A contingency block of time is allocated to provide flexibility for the CAO to respond to emerging risks across The City via advisory projects.

Plan Approval

The CAO shared the draft plan with other assurance groups operating within The City including The City team overseeing the Zero-Based Reviews, the internal audit function of Calgary Police Service and The City's External Auditor. We openly share our plan with these supporting groups to reduce the potential of duplication of resourced effort and, where possible, minimize the level of business interruption to a particular business area during a given year.

The CAO considers all audits performed to be classified as performance audits. Under this broad title, audits in the 2019-2020 Audit Plan are further classified as:

- Compliance Audits
Review the systems established to ensure compliance with policies, plans, procedures, ethical and business norms, as well as laws, regulations, and contracts which can have a significant impact on operations and reports and determining whether the organization is in compliance.
- Follow-up Audits
Review the effectiveness of the corrective action implemented in response to previous audit recommendations to ensure the underlying risk was mitigated as intended to support achievement of the objective. This type of audit is generally more limited in scope, but may still identify efficiency opportunities resulting from operational changes and/or redundant control structures.
- IT Audits
Review and evaluation of automated information processing systems, related non-automated processes and the interfaces among them to ensure business risks are minimized appropriately.
- Operational Audits
Utilizing a risk-based approach, review operations, services, processes and/or systems to determine whether they are effective and implemented as planned to achieve their objectives. This type of audit may include assessing the efficiency with which resources are utilized.

The 2019-2020 Audit Plan (Appendix) is presented for Audit Committee approval, and to Council for information.

1.2 2020-2021 Audit Plan

The City Auditor presents a two year Audit Plan for approval, with this plan covering 2019 and 2020. The audit risk-based planning cycle will continue annually to ensure the plan remains relevant, with scope and timing of audits planned for 2020 clarified during 2019, and a 2020-2021 Audit Plan presented to Audit Committee for approval during Q4 2019 in accordance with the approved Audit Committee Work Plan.

2.0 Audit Plan Execution

The CAO audit process utilizes a risk-based approach throughout all phases of the audit. In particular, the planning phase includes a detailed risk identification and assessment phase. The purpose of this phase is to identify the most significant risks within the area and focus the allocated audit resources on those areas. The result is an audit project that does not address all risks, but focuses on the most significant risks that could impact the achievement of City objectives. In line with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, the planning of an audit considers (dependent on the audit topic) the risks to achievement of the organization's strategic objectives; reliability and integrity of financial and operational information; effectiveness and efficiency of operations and programs; safeguarding of assets; and compliance with laws, regulations, policies, procedures, and contracts.

In delivering the Audit Plan, the CAO focuses on key values:

- Risk reduction: audit and advisory activities and associated recommendations cost-effectively address risks to The City, and our active follow up supports timely implementation;
- Reliability: audit and assurance activities add value and are completed by skilled, experienced staff within expected timelines;
- Responsiveness: the CAO has the ability to address emerging risks, Council and Administration requests; and
- Resiliency: the CAO is supported by structure and protocols which enable the team to remain adaptable and agile in supporting The City through audit and advisory activities.

The City Auditor monitors progress against the approved 2019-2020 Audit Plan and re-assesses risk decisions pertaining to individual project scope and emerging issue requests within the approved plan. The City Auditor is committed to supporting an agile team which can re-prioritize audit and assurance activity.

In accordance with Bylaw 48M2012, the City Auditor communicates progress towards completion of the approved plan to the Audit Committee as part of the CAO's quarterly reports. Audit Committee reviews and forwards these reports to Council for information.

3.0 Appendix: 2019-2020 Audit Plan

2019-2020 Audit Plan			
#	Title	Description	Report Target
2018 Anticipated In-Progress Audits			
1	Community Planning/Calgary Approvals	An operational audit to assess the effectiveness of processes to improve permit timelines.	Q1, 2019
2	Calgary Community Standards – Livery Transport Services	An operational audit assessing the effectiveness of internal controls that support public and driver safety.	Q1, 2019
3	Annual Control Environment Assessment	An operational audit assessing the design effectiveness of the Annual Control Environment Assessment, and assessing the operating effectiveness of control activities which support COSO Principle 3: Establishes Structure, Authority and Responsibility.	Q1, 2019
4	Calgary Parking Authority	An operational audit of Calgary Parking Authority's asset management processes for the parkade portfolio that they own and operate.	Q1, 2019
5	Emergency Management	An operational audit of emergency preparedness and related business continuity plans.	Q2, 2019
Risk Assessed Priority: 2019			
6	Green Line – Governance	An operational audit of Green Line Project organization/governance framework. <i>Citizen Priority – A City that Moves</i>	Q2, 2019
7	Pensions Compliance	A compliance audit as required by Alberta Pension Services providing independent triennial assurance over three City pension plans (LAPP, LAPP Fire, and SFPP). <i>Citizen Priority – A Well-Run City</i>	Q2, 2019
8	Off-site Levy Administration	An operational/IT audit of the effectiveness of City processes (including calculation practices) and system controls that support capital cost recovery and use of collected levies governed by the 2016 Off-site Levy Bylaw. <i>Citizen Priority – A Well-Run City</i>	Q3, 2019

9	Waste and Recycling Services – Cart Contamination Prevention	An operational audit of the effectiveness of contamination prevention activities supporting the Waste and Recycling Services cart programs. <i>Citizen Priority – A Healthy and Green City</i>	Q3, 2019
10	Warehouse/Inventory Systems	An operational audit of warehouse and inventory systems supporting significant City assets. <i>Citizen Priority – A Well-Run City</i>	Q3, 2019
11	Budget Management	An operational audit of processes and reporting tools available to DeptID owners to support effective management of their operating budget. <i>Citizen Priority – A Well-Run City</i>	Q4, 2019
12	Corporate Issue Management Program	An operational audit on the maturity of The City’s Corporate Issue Management Program. <i>Citizen Priority – A Well-Run City</i>	Q4, 2019
13	Calgary Fire - Inspections	An operational audit of the efficiency and effectiveness of Calgary Fire’s inspection activities. <i>Citizen Priority – A City of Safe and Inspiring Neighbourhoods</i>	Q1, 2020
14	Roads – Pothole Remediation	An operational audit of the efficiency and effectiveness of pothole remediation. <i>Citizen Priority – A City that Moves</i>	Q1, 2020
15	Elections Follow-up	A follow-up audit to review action plans implemented in response to the 2017 Municipal Election Review (AC2018-0852). <i>Citizen Priority – A Well-Run City</i>	Q2, 2020
Risk Assessed Priority: 2020			
16	Opportunity Calgary Investment Fund ¹	An operational audit of Opportunity Calgary Investment Fund’s grant administration. <i>Citizen Priority – A Prosperous City</i>	TBD
17	Assessment Complaints	An operational audit of the processes utilized by The City to efficiently prepare for, and improvement incorporated in response to, the assessment complaints process. <i>Citizen Priority – A Prosperous City</i>	TBD

¹ This audit may start in Q4 2019 based on the level of grant activity occurring.

18	Transportation Infrastructure – Construction Project	An operational audit of a Transportation Infrastructure capital construction project underway in 2020. <i>Citizen Priority – A City that Moves</i>	TBD
19	Calgary Transit Ridership	A follow-up audit on Calgary Transit Fare Revenue (AC2017-0341) specific to ridership. <i>Citizen Priority – A City that Moves</i>	TBD
20	Recreation Initiatives	An operational audit of initiatives implemented by Calgary Recreation to support equitable service provision. <i>Citizen Priority – A Healthy and Green City</i>	TBD
21	Diversity Initiatives	An operational audit of the effectiveness of The City's internally focused diversity initiatives. <i>Citizen Priority – A Well-Run City</i>	TBD
22	Safety Management	An operational audit of the effectiveness of the Environmental & Safety Management Business Unit's monitoring and risk mitigation of safety incidents. <i>Citizen Priority – A Well-Run City</i>	TBD
23	Integrated Risk Management	A follow-up audit on Integrated Risk Management (AC2014-0295). <i>Citizen Priority – A Well-Run City</i>	TBD
24	IT SCADA System Security	An IT security audit of the complex supervisory control and data acquisition (SCADA) systems that support critical City infrastructure. <i>Citizen Priority – A Well-Run City</i>	TBD
25	311 Response	A City-wide operational audit of the response to citizen concerns received through 311. <i>Citizen Priority – A Well-Run City</i>	TBD
26	24 Hour/Special Purpose Vehicle Policy (Fleet Services)	A compliance audit of the 24 Hour/Special Purpose Vehicle Administration Policy. <i>Citizen Priority – A Well-Run City</i>	TBD