Calgary

City Auditor's Office

2nd Quarter 2017 Report
April 1, 2017 – June 30, 2017
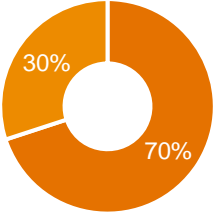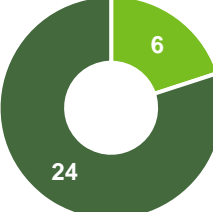
July 27, 2017

Katharine Palmer
City Auditor

This page intentionally blank

1. Status Update

Key Performance Indicators

Measure Area	Performance Indicator	Target	Q1	Q2
Efficiency	On Track to Annual Plan	Q1-25% Q2-50%	17%	46%
Efficiency	Project Hours Variance	-10% - +10%	-5%	-8%
Effectiveness	Recommendation Agreement	95%	100%	100%
Effectiveness	Timely Implementation of Recommendations	None	68%	76%
Quality	Client Satisfaction	75%	99%	100%
Staff	Training Plan Achieved	90%	100%	94%
Staff	Average Years of Service	3.5	4.4	4.1

Recommendation Follow-up

Results of 29 recommendations due in Q2 (Q1 - 19)

100%

- 100% Implemented (Q1 - 74%)
- 0% Required Additional Time (Q1 - 21%)
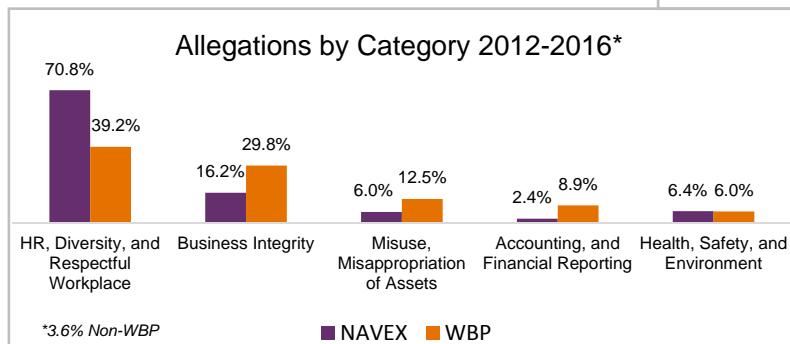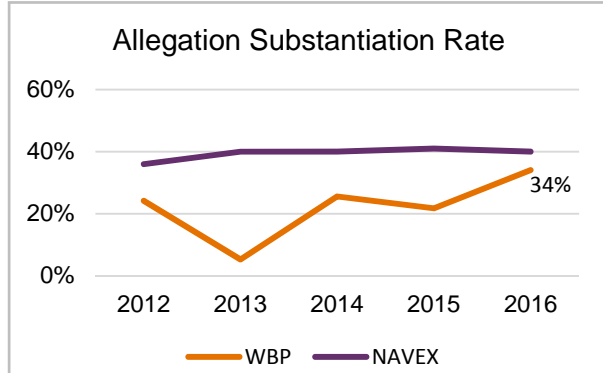- 0% Management Accepts Risks (Q1 - 5%)

Whistle-blower Program Activity

New Reports (Q2 – 2017)
21

- 70% Employee
- 30% Non-employee

In-Progress Investigations (Q2 – 2017)
23

- 12 City Auditor's Office
- 8 Triage Partners (HR/ Corporate Security)
- 3 On Hold

Closed Investigations (Q2 – 2017)
5

Allegations

- 6 Substantiated
- 24 Unsubstantiated

Operating Budget ($'000's)

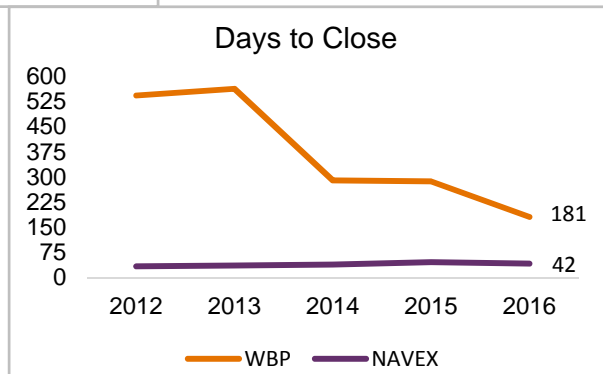|	2017 Annual Budget	Q2 Cumulative Budget	Actual to Date	Variance
Salary	2,619	1.310	1,165	145
Contracts	135	32	31	1
Training	65	78	57	21
Other	131	73	61	12
Total	2,950	1,493	1,314	179*
	*Variance due to staff vacancy.			

2. Initiative Briefing:

With this 10-year milestone marking Council Policy CC026 establishing the Whistle-blower Program (WBP), we have introduced benchmarking to evaluate the program's performance, effectiveness, and value, and to identify areas for improvement. Comparison of WBP utilization statistics to aggregate hotline data compiled by NAVEX Global[1], indicates that the WBP is operating generally within global norms and providing value to The City.

The receipt, assessment and triage of 878 allegations of suspected waste and/or wrongdoing since 2007 have resulted in the completion of 498 investigations with a substantiation rate of 24%. Since 2012, the rate has trended toward the NAVEX averages, reaching 34% in 2016. Increased program awareness, higher quality of concerns submitted, and updated procedures have contributed to this positive trend.

Allegation Substantiation Rate

(Line chart showing WBP and NAVEX substantiation rates from 2012 to 2016. WBP reaches 34% in 2016. Y-axis ranges 0% to 60%.)

Allegations by Category 2012-2016*

(Bar chart comparing NAVEX and WBP percentages by category:
- HR, Diversity, and Respectful Workplace: NAVEX 70.8%, WBP 39.2%
- Business Integrity: NAVEX 16.2%, WBP 29.8%
- Misuse, Misappropriation of Assets: NAVEX 6.0%, WBP 12.5%
- Accounting, and Financial Reporting: NAVEX 2.4%, WBP 8.9%
- Health, Safety, and Environment: NAVEX 6.4%, WBP 6.0%)

*3.6% Non-WBP

The categorization of allegations received can reveal program effectiveness, gaps, and successes. The WBP data indicates that the nature and frequency of concerns reported are generally consistent with those reported to other organisations.

The timely completion of investigations is critical to building trust and demonstrating that concerns reported to the WBP are important and taken seriously. WBP procedures afford each concern raised an appropriate investigation. Since 2012, the aging of WBP investigations has trended toward NAVEX figures. Contributing to this positive trend has been an increase in WBP staffing and implementation of more robust investigative practices.

Days to Close

(Line chart showing WBP and NAVEX days to close from 2012 to 2016. WBP reaches 181 in 2016, NAVEX reaches 42. Y-axis ranges 0 to 600.)

The WBP has delivered added value by providing Management with 233 recommendations and identifying opportunities for mitigating future occurrences based on underlying causes of procedural failure or control weaknesses. In support of increased transparency and program confidence, starting in 2017, investigation recommendations are posted quarterly on the WBP website.

The introduction of regular benchmarking is key to measuring ongoing program performance. Going forward, we will set target expectations for deliverables such as case closure and substantiation rates, ensuring their alignment to best practice ranges, and will monitor and track additional metrics such as intake methods, and internal/external reporting volumes.

2017/2018 Annual Audit Plan – Status as of June 30, 2017

2017/18 Annual Audit Plan
#	Title	Description	Report Target	Status
**2016 In-progress**
1	Landfill	An operational audit assessing the effectiveness of processes established to meet business objectives.	Q1	Complete Reported March
2	POSSE System	An IT audit focusing on the data integrity and sustainability of the business application.	Q1	Complete Reported March
3	New Central Library	An operational audit to provide assurance the project is on track and will meet business objectives of time, cost and quality.	Q1	Complete Reported January
4	Community Associations	An operational audit on Calgary Neighbourhoods' support of Community Associations.	Q1	Complete Reported June
5	Human Resources – Succession Planning	An operational audit assessing the effectiveness of succession planning strategies conducted across the organization.	Q2	Complete Reported June
**Risk Assessed Priority: 2017**
6	Transit Fare Revenue (previously reflected as Transit Fleet Management)	An operational audit assessing the effectiveness of controls over the safe keeping of fare revenue.	Q2	Complete Reported April
7	IT Follow-up	A follow-up audit focused on management actions in response to previous CAO audit recommendations raised over the last 5 years.	Q2	Reporting
8	911 Call Centre	An operational audit evaluating the efficiency of tools and resources employed in the emergency call handling processes.	Q3	Reporting

#	Title	Description	Report Target	Status
2017/18 Annual Audit Plan				
Risk Assessed Priority: 2017 (Continued)				
9	Green Line LRT	An operational audit on the effective utilization of citizen engagement to support the objectives of the capital project. This is the first in a series of audits on Green Line LRT to be conducted over the lifespan of the project.	Q3	Fieldwork Revised Report Target: Q4
10	Utility Billing	A follow-up audit focused on management actions in response to control improvement recommendations raised in a 2012 CAO advisory activity.	Q3	Fieldwork
11	Corporate Facilities/Asset Management	An operational audit which continues an original CAO audit conducted in 2013.	Q4	Fieldwork
12	Treasury Management	An operational audit of treasury (debt and cash) management.	Q4	Not Started Revised Report Target: Q1 2018
13	Procurement	A follow-up audit which will focus on management actions to address recommendations raised in previous CAO audits (from 2009 to current).	Q4	Not Started Revised Report Target: Q1 2018
14	Cyber Security Incident Response	An IT audit assessing the effectiveness of response processes established to support and protect critical data from cyber-attacks.	Q1, 2018	Not Started
15	New Central Library Project	An operational audit on the readiness of Calgary Public Library and The City of Calgary to assume hand-off from the Calgary Municipal Land Corporation of the New Calgary Central Library.	Q1, 2018	Planning