

# Office of the City Auditor 2019-2022 Operating Budget

Edmonton

## Introduction

The Office of the City Auditor (OCA) reports directly to City Council through the Audit Committee. In accordance with Bylaw 12424, City Auditor Bylaw, the City Auditor is responsible for all internal auditing activities within City programs and City agencies.

The OCA provides independent and objective review and consulting services to improve the City's programs by applying a systematic, disciplined approach to evaluate and improve the City's risk management, control and governance processes. It also administers the City of Edmonton's Fraud and Misconduct Hotline and coordinates fraud investigation activities within City programs. The OCA submits an Annual Work Plan to the Audit Committee for approval. The approved Annual Work Plan identifies the number of internal audits to be completed in the upcoming year. The OCA identifies City activities for review by utilizing a risk-based evaluation methodology, focusing its efforts in the areas deemed most significant to the City achieving its objectives.

The OCA's activities result in proactive control design or corrective action recommendations in a final report to the Administration. Responses and action plans received from the Administration are incorporated in final reports. These reports are distributed to each member of Council and then publicly disclosed on the City of Edmonton's website. All reports are brought forward for discussion at Audit Committee meetings held in a public forum.

## Governance and Accountability

The Audit Committee oversees the activities of the City Auditor and is guided by Bylaw 16097, Audit Committee Bylaw. Bylaw 16097 prescribes the powers, duties and functions of Council's standing committee for audit matters. Transparency, accountability and openness are essential elements of good governance and help to enhance public trust.

The OCA maintains a webpage on the City of Edmonton's public website to provide citizens and other interested parties access to audit reports, annual work plans and annual reports. The OCA is independent from the City's Administration, and is also committed to effective communication with all its stakeholders.

The operational style focuses on effective relationships with City Council and the Administration. This approach has significantly improved OCA effectiveness. Audit reports generate energy and encourage Administration to implement OCA recommendations and enhance City operations. The OCA works hard to understand the issues and concerns facing City operations. This has led to 100% of audit recommendations being accepted by the Administration over the past 10 years. The OCA also continues to research best practices, maintain open communication with stakeholders and keep abreast of emerging issues to provide a value-added service to the City of Edmonton and the citizens of Edmonton.

# Office of the City Auditor

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## Programs & Services:

- **Innovation**
  - TeamCloud Hosting - In 2019, the OCA will be using a TeamMate Cloud Solution. This reduces the need for internal IT support, maintains availability of data when we need it, and ensures timely access to version updates.
- **Continuous Improvement**
  - External Quality Assessment - The City of Edmonton will need to engage a consultant to perform an External Quality Assessment of the Office of the City Auditor as per the *International Standards for the Professional Practice of Internal Auditing* and *City Auditor Bylaw 12424*, that a peer review be conducted every five years. The Office of the City Auditor's last peer review was a full External Quality Assessment that was presented to Audit Committee on October 8, 2015.



# Office of the City Auditor

## Proposed 2019-2022 Budget - Branch Summary by Program

(\$000)	2017 Actual	2018 Adjusted Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
<b>Net Expenditure &amp; Transfers</b>						
Office of the City Auditor	2,402	2,605	2,644	2,679	2,706	2,731
<b>Total Net Expenditure &amp; Transfers</b>	<b>\$2,402</b>	<b>\$2,605</b>	<b>\$2,644</b>	<b>\$2,679</b>	<b>\$2,706</b>	<b>\$2,731</b>
<b>Total Net Operating Requirement</b>	<b>\$2,402</b>	<b>\$2,605</b>	<b>\$2,644</b>	<b>\$2,679</b>	<b>\$2,706</b>	<b>\$2,731</b>
<b>Full-time Equivalents</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>

## 2019 Net Expenditures by Program



# Office of the City Auditor

## Proposed 2019-2022 Budget - Branch Summary by Category

(\$000)	2017 Actual	2018 Adjusted Budget	2019 Budget	2020 Budget	2021 Budget	2022 Budget
<b>Net Expenditure &amp; Transfers</b>						
Personnel	2,215	2,396	2,417	2,452	2,479	2,504
Materials, Goods, and Supplies	62	41	59	59	59	59
External Services	31	50	50	50	50	50
Fleet Services	-	-	-	-	-	-
Intra-municipal Charges	45	57	53	53	53	53
Utilities & Other Charges	49	61	65	65	65	65
Transfer to Reserves	-	-	-	-	-	-
Subtotal	2,402	2,605	2,644	2,679	2,706	2,731
Intra-municipal Recoveries	-	-	-	-	-	-
<b>Total Net Expenditure &amp; Transfers</b>	<b>\$2,402</b>	<b>\$2,605</b>	<b>\$2,644</b>	<b>\$2,679</b>	<b>\$2,706</b>	<b>\$2,731</b>
<b>Total Net Operating Requirement</b>	<b>\$2,402</b>	<b>\$2,605</b>	<b>\$2,644</b>	<b>\$2,679</b>	<b>\$2,706</b>	<b>\$2,731</b>
<b>Full-time Equivalents</b>	16.0	16.0	16.0	16.0	16.0	16.0



# Office of the City Auditor

## Summary of Budget Changes - Net Requirement

(\$000)	2019	2020	2021	2022
	Net	Net	Net	Net
<b>Previous Year's Budget</b>	<b>2,605</b>	<b>2,644</b>	<b>2,679</b>	<b>2,706</b>
Previously Approved Adjustments	-	-	-	-
Administrative Adjustments	-	-	-	-
<b>Revised Base Budget</b>	<b>2,605</b>	<b>2,644</b>	<b>2,679</b>	<b>2,706</b>
<b>Existing Services (Incremental to Base)</b>				
Cost Changes	39	35	27	25
Change to Service Level	-	-	-	-
Revenue Changes (Rate & Volume)	-	-	-	-
Efficiency Savings	-	-	-	-
<b>Total Impact on Existing Services</b>	<b>39</b>	<b>35</b>	<b>27</b>	<b>25</b>
<b>Total Proposed Budget</b>	<b>\$2,644</b>	<b>\$2,679</b>	<b>\$2,706</b>	<b>\$2,731</b>
<b>Incremental Change in Full-time Equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Office of the City Auditor

## Detail of Budget Changes - Net Requirement

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### Previous Year's Budget:

### Existing Services (Incremental to Base):

Cost increases in personnel due to movement towards job rate. Increase in software cost related to new audit management software and minor costs related to equipment refresh.

### Growth/New Services:

### Incremental Change in Full-time Equivalents:



## Office of the City Auditor

### Proposed 2019 - 2022 Budget - Program Summary

#### Program Name - Office of the City Auditor

##### Description

The Office of the City Auditor (OCA) is responsible for all internal auditing activities within City programs and City agencies.

The OCA strives to deliver high-quality, innovative and cost-effective audit services that include value-for-money, investigations, proactive projects, follow-up reviews, governance and leadership activities and emerging issues.

##### Results to be Achieved

Add value to the City of Edmonton by promoting accountability, cost-effective municipal services and ethical practices.

##### Cost Drivers

The OCA will initiate projects after considering the evolving corporate environment, risks, challenges and priorities.

The extent of completion of audit projects is dependent on the approval of the OCA budget as submitted, the number of requests by City Council and Administration, the level of special investigations and other issues which may emerge during the year.

##### Resources

	2017	2018	2019	2020	2021	2022
(\$000)	Actual	Adjusted Budget	Budget	Budget	Budget	Budget
Revenue & Transfers	-	-	-	-	-	-
Expenditure & Transfers	2,402	2,605	2,644	2,679	2,706	2,731
Subtotal	2,402	2,605	2,644	2,679	2,706	2,731
Intra-municipal Recoveries	-	-	-	-	-	-
Net Operating Requirement	\$2,402	\$2,605	\$2,644	\$2,679	\$2,706	\$2,731
Full-time Equivalents	16.0	16.0	16.0	16.0	16.0	16.0

##### 2018 Services

Provide independent, objective assurance and advisory services designed to add value and improve the City's programs.

Assist the City in evaluating and improving the effectiveness of risk management, control and governance processes.

Coordinate fraud investigation activities within City Programs or City Agencies.

##### Changes in Services for 2019 - 2022

The OCA's 2019-2022 budget provides for a level of service similar to 2016-2018. Projects completed will result in improving the overall operations of the City by strengthening management controls, improving accountability and helping Audit Committee with its governance and internal control oversight role.