

**OFFICE OF
THE CITY AUDITOR**

2023 Annual Work Plan

NOVEMBER 17, 2022

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BYLAWS

In accordance with Bylaw 12424, City Auditor Bylaw, the City Auditor is responsible for all internal auditing activities within City Programs and City Agencies.

Bylaw 12424, City Auditor Bylaw establishes the position of City Auditor and delegates the powers, duties, and functions to that position. This includes:

- Providing independent, objective assurance and advisory services designed to add value and improve the City's programs.
- Assisting the City with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- Co-ordinating fraud investigation activities.

Bylaw 16097, Audit Committee Bylaw, gives the Audit Committee the power to approve the Annual Work Plan.

PROFESSIONAL PRINCIPLES AND STANDARDS

As audit professionals we uphold the principles of the professional associations we represent and those of the City.

We follow the International Standards for the Professional Practice of Internal Auditing (*Standards*) and Code of Ethics established by the Institute of Internal Auditors. These *Standards* are the internationally accepted guidance which internal audit departments around the world must comply with and are measured and evaluated against.

To continually grow internal audit skills and knowledge our staff are members of Institute of Internal Auditors, Canadian Comprehensive Auditing Foundation, Association of Local Government Auditors, Information Systems Audit and Control Association, and the Association of Certified Fraud Examiners.

Annual Work Plan Development

The Office of the City Auditor's (OCA) annual planning process is designed to focus on the risks that may impact the corporation's ability to achieve its objectives.



POTENTIAL PROJECTS AND RISK AREAS

We identified potential projects and risk areas through suggestions from members of City Council, Executive Leadership Team, City Administration, the general public, discussion with the City's external auditor, staff ideas and topics, hotline tips, reviews of audits conducted in other jurisdictions, and reviews of risk publications.

As well, we exercise professional judgment to acknowledge varying degrees of impact on overall operations, public interest, trends within the City, or Council-directed projects in determining the final list of projects.

DRAFT ANNUAL WORK PLAN DEVELOPMENT

The OCA reviews and selects potential projects by considering project scope, potential outcomes, link to corporate objectives, resources required, and audit priority. The OCA also shares the draft plan with the City's Executive Leadership Team.

ANNUAL WORK PLAN APPROVAL

The OCA will circulate the draft Annual Work Plan to Audit Committee for discussion and approval at the last Audit Committee meeting of the year. Audit Committee can propose changes to the Annual Work Plan prior to its approval.

ANNUAL REPORTING

To support City Council and Audit Committee's governance responsibilities, we will provide an annual report to summarize how well we delivered on our work and operating plans, including recommendations and key performance indicators. This will be reported in the first quarter of 2023.

2023 Annual Work Plan

PERFORMANCE AUDITS

These are audits that assess efficiency, effectiveness, and economy of programs and services.

Audits related to the following Corporate Business Plan objective: *Deliver Excellent Services to Our Community*

Waste Collection Services

The City provides waste collection and drop-off services to Edmontonians from over 400,000 single and multi-family homes. Residents also have access to a number of facilities where they can drop off large items for recycling, reuse, or disposal including the Eco Stations, Community Recycling Depots, Big Bin Events, and the Reuse Centre. Waste Services also provides an Assisted Waste Collection program to ensure waste removal is accessible to all residents. The Waste Services Branch consists of four business areas: Business Integration, Sustainable Waste Processing, Technical Services, and Waste Collection Services.

The proposed audit objective is to determine whether the Waste Services Branch collects waste efficiently and effectively.

City's Response to 311 Requests

Residents use the 311 service (contact centre, online web form, and mobile app) to notify the City of issues or make requests related to roads, transit, street lights, litter, bylaw, etc. The Relationship and Customer Access Branch of the Communications and Engagement Department is responsible for the 311 intake process and business areas in the City respond to requests for service.

The proposed audit objective is to determine whether the City of Edmonton responds to service requests effectively and in a timely manner.

Capital Projects - Lessons Learned

Each year, the City works on hundreds of capital projects designed to either maintain or improve the City's infrastructure. The City has a framework for the management and construction of capital projects which includes a mandate to use the Project Development and Delivery Model (PDDM). The model is a phased approach that includes formal checkpoint reviews as projects progress through the strategy, concept, design, build, and operate value chain. Integrated Infrastructure Services Department is responsible for supporting projects related to facilities, transportation, and utility.

This engagement will review a sample of capital projects to provide recommendations to inform current and future capital projects.

Dedicated Accessible Transit Service (DATS)

Dedicated Accessible Transit Service (DATS) is a door-to-door public transportation service for Edmontonians who cannot use regular transit for their travel needs, due to a physical or cognitive impairment. DATS is a shared-ride public transportation service operating within the City of Edmonton corporate limits. DATS is administered and scheduled by the DATS section of ETS (Edmonton Transit Service).

The proposed audit objective is to determine whether DATS provides effective, efficient, and economical services to Edmontonians with physical and/or cognitive disabilities.

Inclusive and Accessible Recreational Programming

Recreation has positive impacts on the physical, mental, and social health of individuals and their communities. The City of Edmonton provides a variety of recreation programming to meet the diverse needs of the community and ensure equitable access to Edmontonians regardless of age, gender, identity, ability, family status, ethnicity, race, religion or income level. Equity in recreation programming means all individuals and communities can access and enjoy the same benefits from recreation programs. The Community Services Department manages activities, including recreational facilities, provided to Edmontonians. The Community Recreation and Culture Branch

manages 60 community facilities.

The proposed audit objective is to determine whether Community Services delivers recreational programming that is equitable and accessible and meets the diverse needs of Edmontonians.

Audits related to the following Corporate Business Plan objective:
Make Transformational Impacts in Our Community

Climate Resilient and Energy
Transition Strategies

Climate Resilient Edmonton: Adaptation Strategy and Action Plan focuses on understanding the climate impacts the City is already experiencing and how they may shift in the future due to ongoing climate change. The Strategy looks at what this means for Edmonton and provides insight into how the City can build resilience for those impacts. The Community Energy Transition Strategy will help shape Edmonton's future economy and the way Edmonton is built—transforming our energy use, how energy is generated, how people move around the city, how buildings are constructed, all through the lens to ensure a just and equitable transition. The Planning and Environment Services Branch guides and influences the delivery of the City's environmental policies and plans.

The proposed audit objective is to determine whether the Planning and Environment Services Branch is coordinating the delivery of the strategies and action plans to build Edmonton's climate resilience and economy.

Blatchford Development

In 2014, the City of Edmonton approved development plans for the Blatchford community. Blatchford is 536 acres of land located in central Edmonton. It will become home to up to 30,000 Edmontonians. The City intended it to be a sustainable community that uses 100 per cent renewable energy, is carbon neutral, and empowers residents to pursue a range of sustainable lifestyle choices. The Blatchford Redevelopment Branch within the Integrated Infrastructure Services Department supports the City as the lead developer.

The proposed audit objective is to determine whether the Blatchford Development Branch is planning and developing Blatchford effectively and efficiently.

Transit Alternative Fuel Vehicles

Electric buses are designed to provide a clean, quiet, and comfortable ride. Edmonton Transit Service (ETS) currently has 60 electric buses in service which are winter compatible and have a range up to 400 kilometres on a single charge. Electric buses can operate on almost every ETS route and are less expensive to operate, service, and maintain than the City's current diesel buses. ETS is a branch within the City Operations Department.

The proposed audit objective is to determine whether Edmonton Transit Service's bus electrification initiative is cost effective and meets service levels and environmental objectives.

Audits in progress related to this corporate objective:

- Valley Line LRT Public-Private Partnership and Delivery

Audits related to the following Corporate Business Plan objective: *Manage the Corporation for Our Community*

Civic Agencies Governance

Civic agencies include all agencies, boards, committees, commissions, and task forces to which City Council makes an appointment of citizens-at-large, Council members, or representatives of external organizations. The establishment, reporting, appointment, and recruitment for civic agencies are guided through bylaws, Council policies, and guidelines. The Office of the City Clerk oversees board-member recruitment, appointments, and training; as well as the establishment and classification of new boards, and assists Council in developing guidelines for the agencies.

The proposed audit objective is to determine whether the City of Edmonton's civic agency governance framework contributes to civic agencies' fulfilling mandates and meeting objectives.

Diversity, Equity, and Inclusion in the Workplace

To support diversity, inclusion, and equity in the workplace the City has made structural changes, and adopted policies, plans, process, and practices. The Art of Inclusion: Our Diversity and Inclusion Framework provides the guideline and actions that employees at all levels can take to ensure the City is inclusive in all that it does. The Respect in the Workplace business area in the Employee Services Department supports the City in working towards achieving the objectives of the framework.

The proposed audit objective is to determine the effectiveness of the City in being a diverse, inclusive, and equitable workplace.

Data Governance and Management

The City of Edmonton accumulates a significant amount of data, from both internal and external sources. Possessing this volume of data presents challenges in how the information is secured, but also presents opportunities to make use of the information in positive and value-added ways. Data governance is the process and procedures that organizations use to manage, utilize, and protect their data. The Service Innovation and Performance Branch in the Financial and Corporate Services Department and the City's Data Governance Steering Committee are overseeing efforts to implement the Integrated Corporate Data Framework.

The proposed audit objective is to determine whether the City has designed and implemented an effective data governance framework.

Audits in progress related to this corporate objective:

- Payroll Exception Time
- Capital Asset Management
- Information Technology Asset Management

ADVISORY PROJECTS

These projects allow us to provide proactive advice prior to and during the development and implementation of projects, programs, and systems. Other advisory activities we undertake include serving on selected corporate committees; this allows

the OCA to provide control-related advice throughout the project.

We will also undertake additional advisory projects throughout the year as requested by Administration. As these projects are not yet known, they are not listed in the Annual Work Plan.

Enterprise Commons

Enterprise Commons is an entity-wide transformation. The goal is to modernize, integrate, and standardize the City's aging and disconnected enterprise technology systems to deliver on Council's Vision 2050.

We will provide advice to Administration on project management controls related to the implementation of Enterprise Commons.

Community Safety and Well-being

The Community Safety and Well-being Strategy is a City-led and community-driven approach. In addition to other Community Safety and Well-Being activities, the City is providing grants to empower community leaders and organizations to participate in the strategy. To evaluate the effectiveness of the overall strategy, the City is also working on an evaluation and reporting framework.

We will provide advice to the Administration on its granting, evaluation, and reporting framework development.

Enterprise Risk Management

Enterprise risk management is the culture, capabilities, and practices that organizations integrate with strategy-setting and apply when they carry out that strategy, with a purpose of managing risk in creating, preserving, and realizing value.

We will advise the Administration on its efforts in developing, reviewing, and maturing enterprise risk management.

INVESTIGATIONS

Per the City's Administrative Directive A1454, Fraud and Whistleblower Protection, the City Auditor has primary responsibility for investigating suspected fraud. We perform investigations to prove or refute alleged fraudulent behaviour or

misconduct by a City employee or other parties. We receive these allegations via the City's Fraud and Misconduct Hotline (which we administer), or directly from the Administration, Council or the public.

Fraud risk management involves detecting and preventing suspected fraud, both internal and external to the City. We will continue to support the City's fraud risk management efforts by maintaining the City's fraud awareness website, posting fraud prevention tips and facilitating fraud awareness presentations throughout the organization.

We will also work on developing an OCA fraud strategy that will help guide our work to support the City's fraud risk management efforts for the next few years. We will also review the City's key fraud risks to inform our audits for 2024.

RECOMMENDATION FOLLOW-UP

We will monitor and report on the status of outstanding recommendations. We will review the status of actions taken on recommendations with management to determine if management has implemented the intent of our recommendation. We maintain a database of these recommendations to facilitate follow-up and reporting on the status of the recommendations.

EMERGING ISSUES

These are audits or advisory projects that we undertake during the year that are not listed in the Annual Work Plan. OCA staff might identify these projects during a scheduled audit, or City Council, the Administration, or a member of the public may bring the project to the attention of the City Auditor. The City Auditor assesses their importance and risks, and uses discretion to assign resources to these emerging issues. We include an appropriate resource allotment in the work plan to address these unforeseen issues.