

## 2023-2026 BUDGET ITEMS RELATED TO CITY AUDITOR RECOMMENDATIONS

### RECOMMENDATION

That the June 27, 2023, Financial and Corporate Services report FCS01760, be received for information.

<b>Requested Council Action</b>	Information only		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	<b>Urban Places</b>		
<b>City Plan Values</b>	LIVE		
<b>City Plan Big City Move(s)</b>	A community of communities	<b>Relationship to Council's Strategic Priorities</b>	Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	<ul style="list-style-type: none"> <li>Multi-year Budgeting Policy (C578)</li> <li>Fiscal Policy for Revenue Generation (C624)</li> <li>The City Plan</li> </ul>		
<b>Related Council Discussions</b>	<ul style="list-style-type: none"> <li>FCS01394, Proposed 2023-2026 Operating Budget, City Council, November 14, 2022</li> <li>FCS01394, Proposed 2023-2026 Operating Budget, City Council - Budget, November 30, 2022</li> <li>OCA01666, Office of the City Auditor Recommendation Follow-up Dashboard Report - As at January 24, 2023, Audit Committee, February 13, 2023</li> </ul>		

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### Previous Council/Committee Action

At the February 13, 2023, Audit Committee meeting, the following motion passed:

That Administration provide a report to Committee on 2023-2026 budget items that are both funded and unfunded related to City Auditor Recommendations.

### Executive Summary

- Administration is able to implement most audit recommendations without direct or indirect budget implications.
- Recommendations from the Office of the City Auditor can provide parameters for Administration to do further analysis, evaluation and additional work that can result in budget implications.
- A total of 97 audit recommendations were closed in 2020-2022, with 15 of those having related budget impacts.
- As of April 3, 2023, there are 27 open audit recommendations, with six of those having related budget impacts.
- Reviewing the 97 closed and 27 open recommendations (which total 124 recommendations), there are 21 recommendations that have related budget impacts (15 closed and six open). Thirteen of these 21 related budget impacts are/were unfunded.

## REPORT

Through its audits, the Office of the City Auditor provides recommendations to Administration to address control weaknesses, mitigate risks, strengthen existing processes and identify opportunities for further analysis. The Office of the City Auditor follows up periodically to confirm that implementation aligns with the intention of the recommendation. Administration documents its actions to address recommendations and submits documentation to the Office of the City Auditor, which conducts interviews, reviews documentation and/or gathers any other required evidence to confirm that the implementation satisfies the intent of the recommendation. If the Office of the City Auditor concurs with Administration's approach and the resulting action, the recommendation is closed.

Administration implements most audit recommendations (103 out of 124 in the past three years) without direct or indirect budget implications. In rare cases, an audit recommendation can have a direct budget implication (example: Enforcement Services Management and Support Audit Recommendation 3 - Dispatch and GPS systems). In other cases, work conducted by Administration during the audit or as part of implementing an audit recommendation can lay the groundwork for additional initiatives or work identified by Administration that are related to the audit recommendation, but not directly part of implementing the recommendation. This additional work may have budget implications (example: several recommendations from the Snow and Ice Control Audit).

The 2023-2026 funded and unfunded budget impacts related to audit recommendations are outlined in Attachment 1 (recommendations closed in the last three years) and Attachment 2 (open recommendations). In most cases, values for budget impacts are provided, including those

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that are most significant. In some instances, additional work related to the recommendations becomes embedded within daily operations, so it is not possible to quantify a specific dollar amount.

A total of 97 audit recommendations were closed in 2020-2022, with 15 of those having related budget impacts. As of April 3, 2023, there were 27 open audit recommendations, with six of those having related budget impacts<sup>1</sup>. Reviewing the 97 closed and 27 open recommendations (total 124), there are 21 recommendations that have related budget impacts (15 closed and six open). Thirteen of these 21 related budget impacts are/were unfunded.

To mitigate major risks of unfunded budget items, such as those which address safety and financial risks, Administration prioritizes resources and uses temporary staff to address critical needs, while continuing to explore how to meet ongoing needs.

Administration is committed to addressing recommendations from the Office of the City Auditor. Currently, the narrative section of budget service packages indicate when there is a relationship to an audit recommendation. Recognizing that this connection could be strengthened, Administration is considering additional budget process enhancements as part of future budgets and budget adjustments.

## COMMUNITY INSIGHT

The October 31, 2022, Communications and Engagement report CE01489, describes the engagement activities that informed the development of the 2023-2026 Capital and Operating Budgets. For Edmontonians to be able to help contribute to decision-making of what constitutes a good quality of life within the reality of limited tax dollars, Administration's documents must be transparent and accessible. Administration is committed to continual evolution of the budget practices so that Edmontonians are assured that the City of Edmonton is making appropriate investments to manage the corporation, deliver excellent services and transform for the future.

## GBA+

The public engagement activities detailed in the October 31, 2022, Communications and Engagement report CE01489, applied a GBA+ lens to do targeted outreach and ensure the City captured input from residents experiencing unique barriers and challenges and those whose voices are heard less often. Administration conducted targeted outreach and engagement with 2SLGBTQ+ community members, non-English speakers, youth, seniors, racialized community members, women, people with disabilities, Edmontonians experiencing or at risk of homelessness, and people experiencing mental health and addiction challenges.

GBA+ is applied on the project, service or profile that make up the budget. Audit recommendations for improvements for cost accountability for City programs enhance the overall quality of services accessed by all Edmontonians.

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<sup>1</sup> Audit Committee discussion regarding the Information Technology - Disaster Recovery Planning audit would need to be in private, pursuant to section 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*

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### **ATTACHMENTS**

1. 2020-2022 Closed Recommendations - Office of the City Auditor
2. 2023-2026 Open Recommendations - Office of the City Auditor (as of April 3, 2023)