

**OFFICE OF
THE CITY AUDITOR**

2024 ANNUAL WORK PLAN

NOVEMBER 14, 2023

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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 authority 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 2024.

2024 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: *Transforming the Future*

Affordable and Supportive Housing Funding Decisions

The City is committed to working with housing providers to help build non-market affordable housing in every neighbourhood across Edmonton by providing construction grants and land for redevelopment, including surplus school sites.

Supportive housing is a flexible model that includes a wide range of support levels. Operational funding is typically provided by the provincial or federal governments.

The proposed audit objective is to determine whether the City has an effective process for making decisions on the use of affordable and supportive housing related funding.

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 Edmonton Transit Service (ETS).

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

Audits in progress related to this corporate objective:

- Environmental and Climate Governance
- Blatchford Development
- Transit Alternative Fuel Vehicles

Audits related to the following Corporate Business Plan objective:
Serving Edmontonians

Emergency Support Response Team

The Emergency Support Response Team (ESRT) is an operational unit that provides support to people displaced from their homes during an emergency or disaster, addressing immediate needs such as shelter, food, and clothing. Depending on the type and severity of the emergency, ESRT may activate Reception Centres for people displaced from their homes.

The proposed audit objective is to determine if ESRT is effective and efficient when responding to emergencies or disasters.

Audits in progress related to this corporate objective:

- Equitable Recreational Programming
- Waste Collection Services

Audits related to the following Corporate Business Plan objective:
Manage the Corporation

Publicly Reported Performance Measures Validation

The City of Edmonton Open Performance Dashboard will provide Edmontonians access to the latest data on a wide range of municipal services. It provides a snapshot of municipal services that contribute to achieving the City's goals, and brings together the City's data.

The proposed audit objective is to validate a sample of performance measures for reliability, comparability, and understandability.

Procurement System (Ariba) - User Experience and Compliance

City employees use Ariba to perform procurement, invoicing, and payment functions. Suppliers who are willing to do business or already doing business with the City use Ariba.

The proposed audit objective is to assess how users are using Ariba and if they are complying with applicable policies, procedures, and standards.

Tax Assessment and Collection System (TACS)

The City uses the Tax Assessment and Collection System (TACS) to generate property values, calculate property tax, and collect these amounts. TACS is an internally-developed software that the City has used since 1995.

The proposed audit objective is to determine if there are adequate governance processes in place and to evaluate the effectiveness of the aging system.

Facility Maintenance Services

Facility Maintenance Services maintains City-owned facilities. This includes services such as: electrical work, roof repair, woodworking (carpentry), locksmith, plumbing and air conditioning repair. It also includes maintenance of the Building Automation and Controls system which electronically monitors building equipment for alarms and operational efficiencies.

The proposed audit objective is to determine whether facility maintenance services are performed in an effective, efficient, and economical manner.

Fraud Risk Management

Fraud and misconduct occurs in all organizations, of every size, in every industry, and in every city. The best way to fight fraud and misconduct is to prevent it from happening. Fraud risk management refers collectively to City policies, procedures, and processes related to fraud and misconduct, including assessing fraud risks and developing an anti-fraud program.

The proposed audit objective is to assess the maturity of the City's overall Fraud Risk Management Program against best practices.

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 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.

Data Governance

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.

We will advise the Administration on its efforts around data governance.

INVESTIGATIONS

Per the City's Fraud and Whistleblower Protection Administrative Directive, 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.

We will also 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 review the City's key fraud risks to inform our audits for 2025.

**RECOMMENDATION
FOLLOW-UP**

We will monitor and report on the status of outstanding recommendations. We will review the 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.