

THE CITY OF EDMONTON
BYLAW 21111
CITY AUDITOR BYLAW

Edmonton City Council enacts:

PART I - GENERAL

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| PURPOSE | 1 | The purpose of this bylaw is to establish the designated officer position of City Auditor and delegate powers, duties, and functions to the position. |
| DEFINITIONS | 2 | <p>(1) Unless otherwise specified, words used in this bylaw have the same meaning as defined in the <i>Municipal Government Act</i>, RSA 2000, c M-26.</p> <p>(2) In this bylaw:</p> <p style="padding-left: 40px;">(a) “Audit Committee” means the council committee established by the Audit Committee Bylaw, Bylaw 16097;</p> <p style="padding-left: 40px;">(b) “City Auditor” means the designated officer position established by this bylaw;</p> <p style="padding-left: 40px;">(c) “City Manager” means the City’s chief administrative officer or delegate; and</p> <p style="padding-left: 40px;">(d) “Council” means the City’s council.</p> |
| RULES FOR INTERPRETATION | 3 | The marginal notes and headings in this bylaw are for ease of reference only. |

PART II - CITY AUDITOR

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| DESIGNATED OFFICER | 4 | The designated officer position of City Auditor is established. |
| APPOINTMENT | 5 | <p>(1) Council will, by resolution, appoint an individual to the position of City Auditor and prescribe the terms and conditions of employment.</p> <p>(2) The individual appointed as City Auditor must hold and</p> |

			maintain a Certified Internal Auditor designation.
ACTING CITY AUDITOR	6		If the City Auditor is temporarily absent or otherwise unable to perform their powers, duties, or functions, Council or the City Auditor may designate an individual to act as the City Auditor on the terms and conditions and for the duration prescribed by Council or the City Auditor.
DELEGATION	7		The City Auditor may delegate any of the City Auditor's powers, duties, or functions.
ACCOUNTABILITY	8	(1)	The City Auditor is not subject to the supervision of or accountable to the City Manager.
		(2)	The City Auditor may not direct the City Manager or any employee that reports to the City Manager.
		(3)	The City Auditor is under the supervision of and accountable to Council, and the Mayor, on behalf of Council, will perform the functions of a supervisor in relation to the City Auditor.
KEY RESPONSIBILITIES	9	(1)	The City Auditor will perform the City's internal audit function in accordance with Schedule A - Internal Audit Charter for all programs and activities carried out by the City under the authority of the City Manager.
		(2)	The City Auditor will cooperate with the City Manager to establish and maintain the following programs and processes:
		(a)	fraud risk management; and
		(b)	whistleblower protection.
		(3)	The City Auditor will perform any other duty or function as directed by Council.
AUTHORITIES	10	(1)	The City Auditor may:
		(a)	carry out the powers, duties, and functions of the employer on behalf of the City for all employees within the Office of the City Auditor;
		(b)	establish and change the organizational structure of the Office of the City Auditor;
		(c)	allocate resources for the Office of the City Auditor

within Council approved budgets; and

- (d) approve any agreement that does not pertain to an interest in land provided that the:
 - (i) term of the agreement does not exceed 10 years;
 - (ii) value of the agreement does not exceed \$500,000;
 - (iii) agreement relates to the powers, duties, and functions of the City Auditor; and
 - (iv) total expenditure is within Council approved budgets.

- (2) When carrying out the authorities provided in subsection (1), and unless doing so would contradict this bylaw or impair the City Auditor's independence, the City Auditor will comply with all relevant requirements, processes, and guidelines established by the City Manager.

PERFORMANCE

- 11 Council will review the City Auditor's annual performance goals and results through the City Manager and City Auditor Performance Evaluation Committee established by the Council Committees Bylaw, Bylaw 18156.

REPORTING

- 12
 - (1) Prior to submission to Audit Committee, the City Auditor will send a draft of all completed audit, investigation, and follow-up reports to the City Manager.
 - (2) Upon receipt of a report pursuant to subsection (1), the City Manager must, within four weeks for all recommendations the City Manager agrees with, provide a response to the City Auditor that includes:
 - (a) the actions planned or taken to address each recommendation;
 - (b) the timeline for completing any planned actions; and
 - (c) the position title of the employee that will be accountable for completing each action.
 - (3) Upon receipt of a report pursuant to subsection (1), the City Manager must, within four weeks for all recommendations the

City Manager disagrees with, provide a response to the City Auditor that includes the reasons for disagreeing with the recommendation.

- (4) The City Auditor will include the responses received from the City Manager pursuant to subsections (3) and (4) in the final report submitted to Audit Committee.

PART III - CITY MANAGER RESPONSIBILITIES

CITY MANAGER SUPPORT

- 13 (1) The City Manager must provide administrative support to the City Auditor, including:
- (a) legal services;
 - (b) human resources and payroll;
 - (c) communications;
 - (d) information technology;
 - (e) procurement; and
 - (f) budget and accounting.
- (2) The City Manager must provide the City Auditor with reasonable accommodation and access to all locations where an audit, investigation, or review is being conducted.

PART IV - TRANSITIONAL

CONSEQUENTIAL AMENDMENTS

- 14 (1) Bylaw 16097, Audit Committee Bylaw, is amended by this section.
- (2) Section 2(c) is amended by deleting and replacing “Bylaw 12424, the City Auditor Bylaw” with “Bylaw 21111, City Auditor Bylaw”.
- (3) Section 9 is deleted and replaced with:

ANNUAL WORK PLAN

- 9 The Committee will recommend to Council approval of the City Auditor’s annual work plan and any changes to the work plan requested by the City Auditor.

**EXTERNAL
QUALITY
ASSESSMENT**

(4) Sections 11 - 13 are deleted and replaced with:

- 11 (1) At least once every five years, the Committee will review and approve the City Auditor's plan for the completion of an external quality assessment, including:
- (a) the scope and frequency of assessments; and
 - (b) the competencies and independence of the external assessor.
- (2) Notwithstanding subsection (1) and if approved by the Committee, the City Auditor may conduct a self-assessment with independent validation in lieu of an external quality assessment.
- 12 The Committee will review the results of the external quality assessment or self-assessment and may make recommendations to Council on any related matter.
- 13 The City Auditor must provide the Committee with an action plan, including timelines, to address any deficiencies and opportunities for improvement identified in the assessment.

(4) Section 14 is deleted and replaced with:

REPORTS

- 14 The Committee will review all reports from the City Auditor, including:
- (a) completed audits and investigations;
 - (b) implementation of audit recommendations;
 - (c) restrictions on the scope, access, authority, or resources that limit the City Auditor's ability to carry out their responsibilities effectively;
 - (d) progress towards completion of the City Auditor's annual work plan;
 - (e) issues respecting the City Auditor's mandate;
 - (f) the City Auditor's compliance with the Global Internal Audit Standards;
 - (g) results of the City Auditor's quality assurance and

improvement program;

- (h) the effectiveness and efficiency of the internal audit function in relation to its performance objectives; and
- (i) budget and staffing of the Office of the City Auditor.

REPEAL

15

Bylaw 12424, City Auditor Bylaw, is repealed.

Read a first time

Read a second time

Read a third time

SIGNED AND PASSED

THE CITY OF EDMONTON

MAYOR

CITY CLERK

SCHEDULE A - INTERNAL AUDIT CHARTER

Purpose of the Office of the City Auditor

Purpose

The purpose of the Office of the City Auditor is to strengthen the City of Edmonton's ability to create, protect, and sustain value by providing Council and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Office of the City Auditor enhances the City of Edmonton's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the City Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditors's Global Internal Audit Standards, which are set in the public interest.
- The Office of the City Auditor is independently positioned with direct accountability to Council.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the City Auditor will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The City Auditor will report annually to Council regarding the Office of the City Auditor's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

Authority

The Office of the City Auditor's authority is created by its direct reporting relationship to Council.

Council authorizes the Office of the City Auditor to:

- Provide all internal auditing activities for all programs and activities carried out by the City under the authority of the City Manager including:
 - Independent, objective assurance, and advisory activities designed to add value and improve the City's programs and activities.
 - Assisting the City to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of, operations, risk management, control, and governance processes.
 - Fraud investigation activities and the operation of the City's Fraud and Misconduct Hotline.
- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the City of Edmonton and other specialized services from within or outside the City of Edmonton to complete internal audit or investigation services.

Independence, Organizational Position, and Reporting Relationships

The City Auditor is accountable to Council and reports to Council through Audit Committee. The City Auditor will confirm to Council, at least annually, the organizational independence of the Office of the City Auditor. The City Auditor will disclose to Council any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the Office of the City Auditor's effectiveness and ability to fulfill its mandate.

City Auditor Roles and Responsibilities

Ethics and Professionalism

The City Auditor will ensure that internal auditors:

- Conform with the The Institute of Internal Auditors's Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the City of Edmonton and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the City of Edmonton.
- Report organizational behavior that is inconsistent with the City of Edmonton ethical expectations, as described in applicable policies and procedures.
- Engage in open communication with City Administration throughout the audit process.

Objectivity

The City Auditor will ensure that the Office of the City Auditor remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the City Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the City of Edmonton.
- Initiating or approving transactions external to the Office of the City Auditor.
- Directing the activities of any City of Edmonton employee that is not employed by the Office of the City Auditor, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the City Auditor.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Office of the City Auditor

The City Auditor has the responsibility to:

- Develop a risk-based annual work plan that considers the input of Council and senior management. Submit the plan to Audit Committee for review and Council for approval.
- Communicate the impact of resource limitations on the annual work plan to Council.
- Review and adjust the annual work plan, as necessary, in response to changes in the City of Edmonton's business, risks, operations, programs, systems, and controls.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.

- Ensure the Office of the City Auditor collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Establish and ensure adherence to methodologies designed to guide the Office of the City Auditor.
- Ensure adherence to the City of Edmonton's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to Council.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- Review the actions implemented in response to audit recommendations to ensure the underlying risk was mitigated as intended to support achievement of the objective.

Communication with Audit Committee

The City Auditor will report to Audit Committee:

- The annual work plan for the Office of the City Auditor.
- The Office of the City Auditor budget, that includes resource requirements, concurrently with the City Manager's budget.
- Significant changes to the annual work plan.
- No fewer than four times per year:
 - The summarized findings and recommendations of completed audits and fraud investigations including management responses to any recommendations.
 - The status of outstanding recommendations.
- Results from the quality assurance and improvement program, which include the Office of the City Auditor's conformance with The Institute of Internal Auditor's Global Internal Audit Standards and action plans to address the Office of the City Auditor's deficiencies and opportunities for improvement.
- An annual report that will include:
 - A synopsis of activities undertaken by the Office of the City Auditor including the overall Fraud and Misconduct Hotline activity.
 - A summary of performance measures and accomplishments.
 - If applicable, an analysis of the trends that can be drawn from the audits, investigations, and advisory projects that were conducted.
 - All other matters that the City Auditor deems relevant.

Quality Assurance and Improvement Program

The City Auditor will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the Office of the City Auditor. The program will include external and internal assessments of the Office of the City Auditor's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Office of the City Auditor's progress toward the achievement of its objectives and promotion of continuous

improvement. If applicable, the assessment will include plans to address the Office of the City Auditor's deficiencies and opportunities for improvement.

Annually, the City Auditor will communicate with Audit Committee about the Office of the City Auditor's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the City of Edmonton; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.