

**OFFICE OF
THE CITY AUDITOR**

REPORT **2024 ANNUAL** **REPORT**

April 10, 2025

Message from the City Auditor



JANINE MRYGLOD
CITY AUDITOR

MISSION

Enhancing Edmontonians' trust through independent, value-add internal audit and advisory services.

GUIDING PRINCIPLES

Integrity
Accountability
Unbiased
Collaborative
Committed to continuous improvement

CITY AUDITOR BYLAW

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

I am pleased to present the Office of the City Auditor's Annual Report for the year ended December 31, 2024. This report highlights our Office's dedication to enhancing value for money, driving positive change, and mitigating risks to the City's goal attainment.

In 2024, we successfully completed 8 performance audits and made 32 recommendations, all of which were accepted by Administration. We also achieved a 67 percent application of advanced analytics in our projects, demonstrating our innovative approach. While we met our overall auditee satisfaction target, we strive for continuous improvement in all areas. We remain dedicated to providing valuable insights and fostering trust through our independent audit and advisory services.

I would like to express my sincere gratitude for the support and interest in our work demonstrated by the members of the Audit Committee and City Council. I also appreciate the support and cooperation we receive from City Administration. Without this collaborative spirit, our efforts to aid the City in achieving its goals would be significantly hindered.

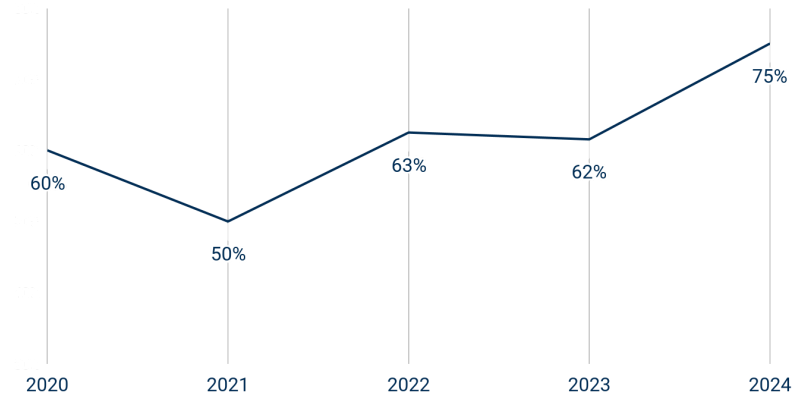
Finally, I wish to recognize the invaluable contributions of the staff of the Office of the City Auditor. Their dedication, perseverance, and commitment to delivering exceptional, innovative, and cost-effective audit services are the cornerstone of our success. Their adaptability and willingness to embrace new challenges and complexities in our work are truly commendable. It is an honor and a privilege to work alongside such a talented and professional team.

Quality Audit, Advisory, and Investigative Services

AUDIT PLAN COMPLETION

To ensure consistent productivity, we schedule projects to start and end at various times throughout the year. Our year-end target for 2024 was to complete 75 percent of the audits in the annual plan, and we successfully met this target while maintaining the expected level of quality.

Percent of Planned Audits Completed



*The years 2020 and 2021 do not have targets. The target for 2022 was 70%, and the targets for 2023 and 2024 are 75%.

PERFORMANCE AUDITS

We presented 8 performance audits for discussion at Audit Committee meetings in 2024. Performance audits assess whether an operational area, service, or program operates efficiently, effectively, and economically and whether risks are appropriately mitigated.

Blatchford Development Performance Management Audit

April 2024

The objective of this audit was to determine whether the Blatchford Redevelopment Office has an effective performance management process for the development of Blatchford that supports achieving Council's goals.

Overall, we found that the Blatchford Redevelopment Office does not have an effective system to track whether it is achieving all of its goals. However, we found that they have begun to implement some of the elements of a performance management process. We found issues with performance measurement, data collection and analysis, reporting, and action plans.

We made five recommendations to address these issues.

Environmental and Climate Governance Audit

April 2024

The objective of this audit was to determine whether the City has an effective governance structure to deliver the *Climate Resilient Edmonton: Adaptation Strategy and Action Plan* and the *Community Energy Transition Strategy and Action Plan* towards a climate-resilient city. The first strategy outlines how the City will embrace and cope with changing climate, while the second focuses on reducing and preventing greenhouse gas emissions.

We found the City has some elements of an effective governance structure in place for its climate strategies. The Environment and Climate Resilience Team and business areas are complying with climate-related reporting requirements and use tools for climate awareness. The team also implements engagement processes to gather feedback, following city policies.

However, we found the City can improve its governance structure to deliver the climate strategies surrounding roles and responsibilities, training to support decision making and awareness, monitoring and evaluation, and linking progress of action items to operating and capital budget requests.

We made four recommendations to address these issues.

Publicly Reported Community Indicators Validation Audit

June 2024

The City publicly reports the results of 36 community indicators on its Open Performance website. The City uses these indicators to monitor the progress towards the strategic goals in ConnectEdmonton, Edmonton's Strategic Plan for 2019 - 2028. The Service Innovation and Performance Branch manages the Open Performance website.

The objective of this audit was to validate a sample of five indicators of publicly reported community indicators for reliability, understandability, and comparability.

We found that four of the five indicators reviewed were reliable, but the Branch could improve the understandability for four of the five indicators and comparability for three of them.

We made two recommendations to address these issues.

**Equitable Recreation
Programming Audit**
June 2024

The objective of this audit was to determine whether the Community Recreation and Culture Branch has an effective approach to providing equitable recreation programming for all Edmontonians.

Overall, the City and the Branch have expressed their commitment to equitable recreation programming in various guiding documents and through various activities. We found that the Branch developed numerous programs directed at increasing equitable recreation programming for Edmontonians. However, we also found that the Branch does not have an effective approach to planning and providing equitable recreation programming for all Edmontonians. Areas of improvement include consistently reaching out to the broader public to identify barriers, developing an integrated plan, clearly defining program objectives, including tracking, and developing documents to guide staff through planning.

We made four recommendations to address these findings.

**Emergency Support Response
Team Reception Centre
Management Audit**
September 2024

The objective of this audit was to determine whether the Emergency Support Response Team (ESRT) plans for and operates reception centres to effectively support displaced persons.

We found that ESRT effectively plans for and operates reception centres to support displaced people. However, we identified areas for improvement, including the documentation of key roles, timesheet monitoring and approval, and evaluation of reception centre activation.

Waste Collections Audit
September 2024

We made three recommendations to address these issues.

The objective of this audit was to determine if the Waste Services Branch is effectively managing its curbside collections program to support waste reduction and divert waste from landfill.

Overall, we found that the Branch is effectively managing its curbside collections program. The Branch has implemented an effective performance management system for its curbside collection programs, aligning with its strategic goals and business plans. However, we also found the Branch can improve the delivery of its curbside collections program and management of waste carts. There were data integrity and data quality issues. In addition, we found a lack of documented support for the division of resources between external and internal service providers. Lastly, the Branch lacks cart inventory management processes such as cart inventory validation and processes to review discrepancies in cart reports.

We made four recommendations to address these issues.

Fraud Risk Management Audit
November 2024

The objective of this audit was to determine the maturity level of the City's overall Fraud Risk Management Program against best practices.

We found the City has some parts of a fraud risk management program in place. However, it lacks necessary components of a mature, formal program. We assessed the City to be in the basic phase for fraud risk assessments, fraud control activities, and fraud management monitoring. This is the least mature stage. However, the City is in the developing phase for fraud risk governance and the established phase for fraud investigation and corrective actions.

We made five recommendations to address these issues.

Facility Maintenance Services Audit
November 2024

The objective of this audit was to determine if the Fleet and Facility Services Branch performs facility maintenance services effectively to meet client needs.

We found that the Branch is committed to providing maintenance services that ensure City facilities are safe, functional, and compliant with regulatory and legislative requirements. However, we also found areas where it can improve its effectiveness including inconsistent mandates, work order documentation, workload capacity measurement, monitoring of forepersons and contract inspectors and completion and review of safety forms.

We made five recommendations to address these issues.

AUDIT REPORT LISTING

All current and historical reports by the OCA are available at edmonton.ca/auditor.

RECOMMENDATIONS

The OCA makes recommendations to improve the City's operations, programs, and services. In 2024, we made 32 recommendations. Administration accepted all of them, providing implementation dates and action plans.

Of the 32 recommendations we made in 2024 we identified the following themes:

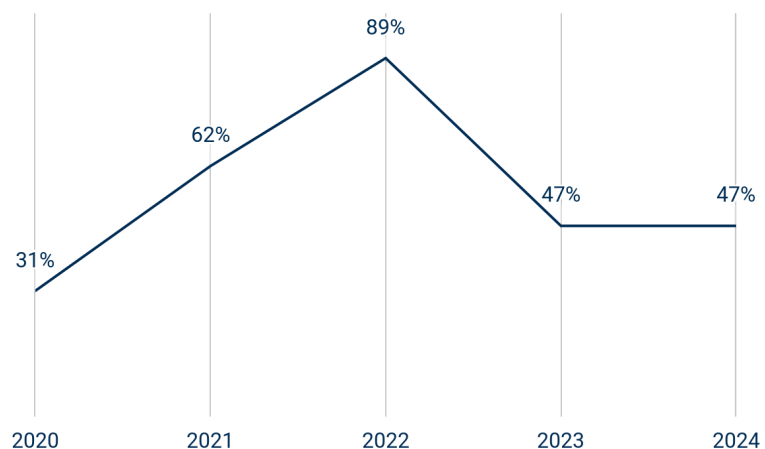
- Monitoring and evaluation - We made six recommendations aimed at tracking progress, assessing effectiveness, and using insights for improvements.
- Performance measurement - We made five recommendations related to using data to create metrics.
- Communication - We made four recommendations to provide information to support decision making.

To determine if the administration has implemented our recommendations, we assess the adequacy, effectiveness, and timeliness of actions they take. This provides assurance that management has implemented our recommendations or provided appropriate explanations when actions are delayed, or if they have decided not to implement recommendations.

In 2024, our target was for the Administration to implement 75 percent of the recommendations due in 2024 by the due date originally provided. There were 38 recommendations due in 2024. Administration implemented 18 recommendations (47 percent) by their due date, 11 recommendations after their due date, and 9 remain unimplemented.

Administration has provided us with revised action plans and due dates for all the recommendations they did not implement. Administration sometimes needs to revise action plans and planned due dates as a result of unforeseen circumstances, such as competing priorities, changes in resources, and changes in industry requirements.

Percent of Recommendations Implemented by Due Date



2024 CLOSED RECOMMENDATIONS

At each Audit Committee meeting, we present an updated Recommendation Follow-up Dashboard report. These reports provide the status of our recommendations and note any changes to planned implementation dates. In 2024, Administration implemented 34 recommendations, which improved efficiency, effectiveness, economy, governance, and risk management within the organization.

We highlight the improvements and implications of some of the implemented recommendations below.

311 ticket documentation and assignment of 311 roles

In 2023, we audited the City's response to 311 tickets. In response to the recommendations, the Service Innovation and Performance Branch updated and communicated the definition for the closure of a ticket. The Branch also clarified the requirement for the provision of status details for both open and closed tickets and updated contact lists to include various 311 roles.

Assigned ownership of OCT process and practice area and updated IT risk management program

In 2022, we audited the effectiveness of Open City and Technology Branch's process ownership practices. In response to the recommendation, the Branch performed a gap analysis and assigned ownership of each process and practice area. They also updated the IT risk management program and communicated the updates and responsibilities to stakeholders.

Developed a homelessness plan and assigned accountability for the plan

In 2022, we audited the City's response to homelessness. In response to the recommendations, the Social Development Branch developed the Homelessness and Housing Services Plan, which Council approved on July 3, 2024. The Plan outlines the City's role in addressing homelessness and provides a framework for integrating relevant City branches. It also designates the Affordable Housing and Homelessness Section within the Social Development Branch as the accountable lead.

Updated infrastructure policy and strategy, developed asset disposition and asset data verification guidance

In 2023, we audited the City's management of capital assets to optimize investments in existing infrastructure. In response to the recommendations, the Integrated Infrastructure Services Department updated the Infrastructure Asset Management Policy, incorporating a revised Strategic Infrastructure Asset Management Plan. The Department also created the Asset Rationalization Framework to guide asset disposition and ensure ongoing portfolio review and established data validation, auditing, and retention requirements for asset managers.

Support management of absences, provide guidance on management of absences, and report on absences

In 2023, we audited the City's management of employee absences and overtime costs. In response to the recommendations, the Employee Services Department, now part of the Employee and Legal Services Division, updated policies

and guidance documents to provide more clarity on effective overtime management and earned days off. The Division initiated discussions with business areas to assess overtime use and explore workforce strategies. The Division also increased support for business areas through periodic reviews, trend analysis, regular reporting, and workforce optimization strategies.

**Defined, documented,
and developed measures
and targets for Blatchford**

In 2024, we audited the effectiveness of the Blatchford Redevelopment Office's performance management process. In response to these recommendations, the Blatchford Redevelopment Office defined and documented their measures including clear targets, reporting frequency, calculation methodology, and source of information. The Office also developed measures for six of the goals that previously lacked them and targets for five of the six goals.

**Updated civic agencies'
roles and responsibilities
and training
requirements and
provided reporting
requirements**

In 2023, we audited the City's governance of civic agencies. In response to these recommendations, the City Clerk's Office created a matrix that lists key individuals from City Administration and their roles and responsibilities related to the City's governance of civic agencies. The City Clerk's Office also created a list of training that the City will provide to the advisory committee and decision making board members.

**Documented ESRT
responsibilities, provided
information access and
implemented a
post-activation
evaluation process**

In 2024, we audited the effectiveness of the Emergency Support Response Team (ESRT) reception centers to support displaced persons. In response to these recommendations, ESRT updated guidance documents to lay out roles and responsibilities, created a shift notification system that provides supervisors and employees with dates of scheduled shifts and hours worked, and developed standard operating procedures. The standard operating procedures outline when post project evaluations are to be started, who is responsible for determining who should provide input, and when a meeting should be scheduled.

ADVISORY PROJECTS

Advisory projects allow the OCA to provide strategic, risk, and control-related advice prior to and during the development and implementation of projects, programs, and services. The advisory projects we perform do not impede our ability to conduct objective audits in an area at a future date.

In 2024, we undertook a number of advisory projects including:

- Our first stand-alone analytics project. This project leveraged data analytics to assess the overall compliance of vehicle mileage claims with the City's Private Vehicle Reimbursement (PVR) Procedure. We assessed whether claims were entered and approved on time, and whether they had a stated business purpose. We also created an interactive dashboard with the results of the tests to facilitate ongoing monitoring of vehicle mileage claims.
- Reviewing the management and reporting of Managed Work Requests (lower risk, less formally tracked, and documented IT projects) for the Technology Project Management Office to determine whether appropriate controls are in place.
- Providing advice on best practices for documenting Community grant funding recovery.
- Reviewing the risks related to the ARC card for users who require an alternative to the tap card.
- Supporting the City's Enterprise Risk Management (ERM) process.

INVESTIGATIONS - FRAUD AND MISCONDUCT HOTLINE

The Fraud & Whistleblower Protection Administrative Directive prescribes procedures for the prevention, detection, reporting, and investigation of suspected fraud. It also details the processes for reporting and resolving complaints.

Employees can provide reports of suspected fraud and misconduct through a hotline service provided by a third party. The information provided by hotline reporters is anonymous.

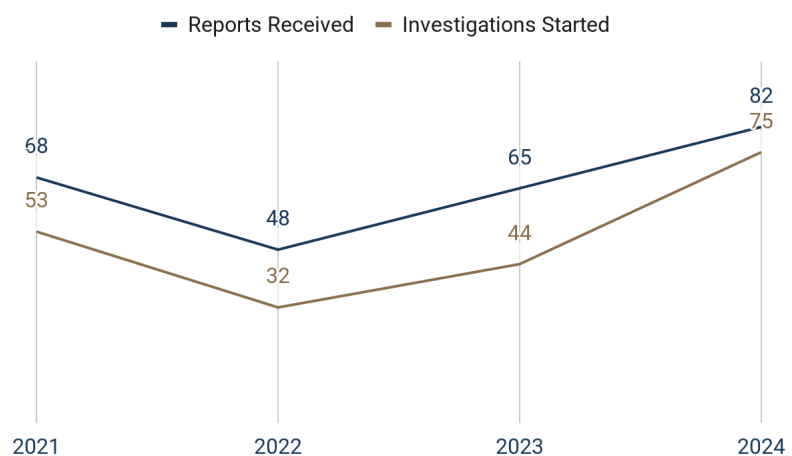
The OCA manages the hotline. Employees can also submit reports directly to the OCA or through their supervisors.

INVESTIGATIONS

We do not investigate all the reports we receive. We decide whether the report can be investigated and by whom, depending on the available details and the nature of the reports. This means:

- If the report is of suspected fraud, we investigate it.
- If the report is about a workplace issue, we refer it to the City Manager to decide how to investigate it. The results, including any actions that have resulted from these investigations, are provided back to us.
- If the report is about harassment and discrimination, we refer it to the City's Safe Disclosure Office. We do not receive reports on the outcomes of these reports.
- In some cases, we redirect a report to an investigating party other than the Administration, for example, the Office of the Integrity Commissioner. We do not receive reports on the outcomes of these reports.

Reports Received vs. Investigations Started*



* Note - Not all investigations started in the year will be completed in that year.

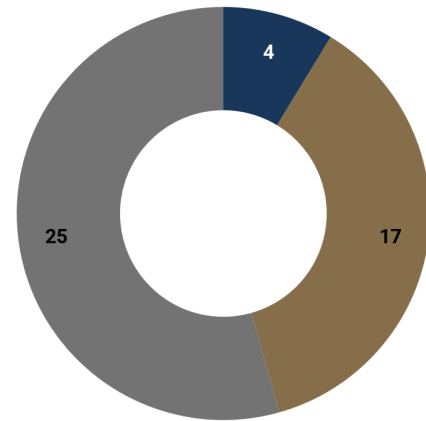
OUTCOMES OF INVESTIGATIONS

In 2024, the Office of the City Auditor or Administration completed 46 investigations. Some of these were from reports we received from previous years. Investigations are designed to

prove or refute alleged fraudulent behavior or misconduct by a City employee or other parties.

Outcome of Investigations Completed in 2024

- Substantiated
- Not Substantiated - Control Weaknesses Identified
- Not Substantiated



DETAILS OF SUBSTANTIATED INVESTIGATIONS

Below are the details of the four substantiated investigations.

Respectful Workplace

A reporter alleged that another employee's behavior violated the City's Respectful Workplace Policy. Administration investigators substantiated the allegations and corrective action was applied, short of termination of employment.

Theft of City Time

A reporter alleged that another employee was conducting personal business during work time. Administration investigators substantiated that the employee was not devoting themselves exclusively to the performance of their employment during paid working hours. Administration applied corrective action, short of termination of employment.

Conflict of Interest

A reporter alleged that two employees were accepting gifts from a vendor in violation of the Code of Conduct. Investigators substantiated the allegation and found that one employee accepted a gift from a long-term vendor in violation of the Code of Conduct. The other employee was found to have acted in good faith. Administration applied corrective actions, short of termination of employment.

Theft of Assets

Administration identified a fraudulent Facebook Page selling ARC cards. The owner of the page is not an authorized seller. EPS was notified and the page was taken down. ETS also started an education campaign on social media about fraudulent ARC card sales.

In 2024, the OCA noticed an uptake in reports like this one that do not directly involve the City, but in which the City name is used. Even though the City has not been directly defrauded, these activities still carry a reputational risk for the City.

**CONTROL WEAKNESSES
IDENTIFIED**

In 18 of the completed investigations, investigators did not substantiate the allegation, but did find control weaknesses. These are provided to management in the area to address. Examples of these control weaknesses include:

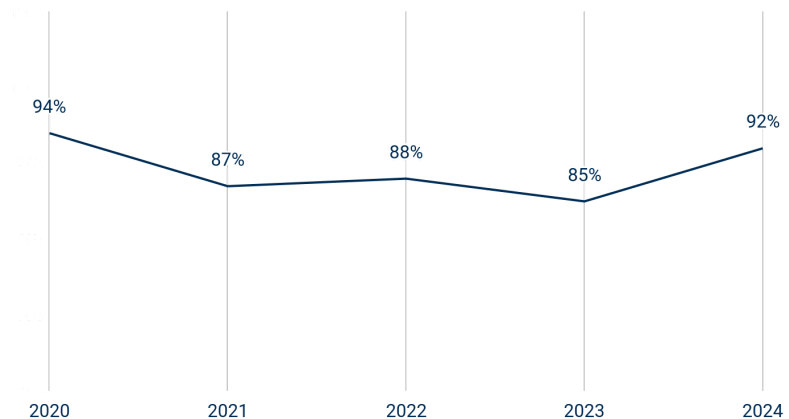
- Lack of monitoring staff and staff performance.
- Lack of documented information on work orders and invoices for accurate reviewing and approving work.
- Internal reference check was not required and some personnel information was not shared prior to hiring internal candidates.
- Lack of understanding of the City's Employee Code of Conduct.
- Contract with a third party did not specify the service levels that the City can reasonably expect for the amount paid.
- Contract monitoring practices were not sufficient to ensure City is getting value for money from the contract.
- Inspectors may not understand what they are observing and expecting from vendors.
- Lack of accountability for work conducted and compliance with hybrid work arrangement.

Promoting OCA Value and Collaborative Relationships

AUDITEE SATISFACTION

After each audit, we issue an auditee satisfaction survey to get feedback on our performance and to identify areas where we can improve. Our target for 2024 was 85 percent overall satisfaction.

Percent of Overall Auditee Satisfaction



COLLABORATIVE RELATIONSHIPS

To stay current in the industry, our staff promotes the profession and our audit practices within and outside the City. We maintain relationships with the Institute of Internal Auditors, city auditors from cities across Canada, and the provincial audit bodies.

Advanced Analytics and Innovation

In 2024, we continued to implement our three-year advanced analytics plan by:

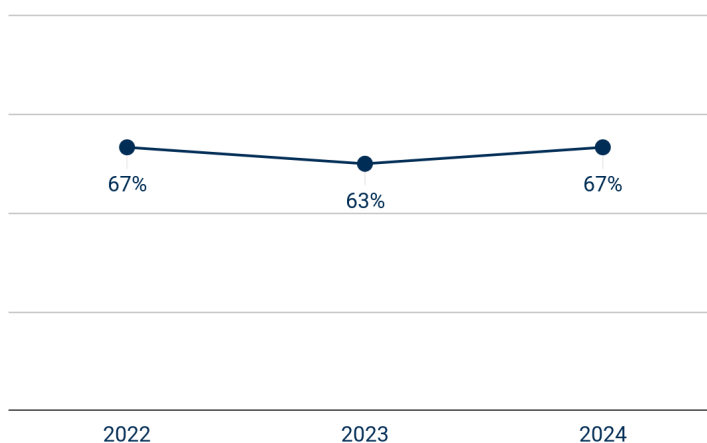
- Incorporating advanced data analytics into our audits and investigations.
- Supporting the identification of risks using analytics.
- Improving reporting on the activities of our office.

In 2024, we used advanced analytics to generate insights from multiple data sources, which drove further audit testing and enriched our audit findings. We also enhanced two interactive dashboards as part of a continuous improvement approach. These dashboards, available at edmonton.ca/auditor, provide information on the follow-up of recommendations and fraud and misconduct hotline activity.

APPLICATION OF ADVANCED ANALYTICS

Our target for 2024 was to use advanced analytics in 70 percent of audits we completed in the year. By year-end, we achieved 67 percent, an increase from the 63 percent in 2023.

Percent of Projects with Advanced Analytics Applied

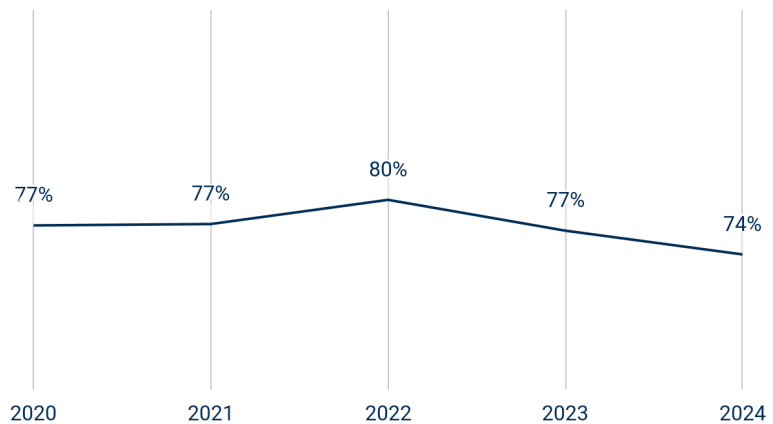


Organizational Effectiveness

STAFF UTILIZATION

Our target for 2024 was to spend 70 percent of available audit staff time on projects. This fluctuates year to year due to the different operational activities we may be undertaking in a particular year. Examples of operational activities include incorporating the changes in the Global Internal Audit Standards into our audit process guidelines, updating advisory services methodology, or developing the learning and training plan.

Percent of Total Available Audit Staff Time Spent Working on Projects

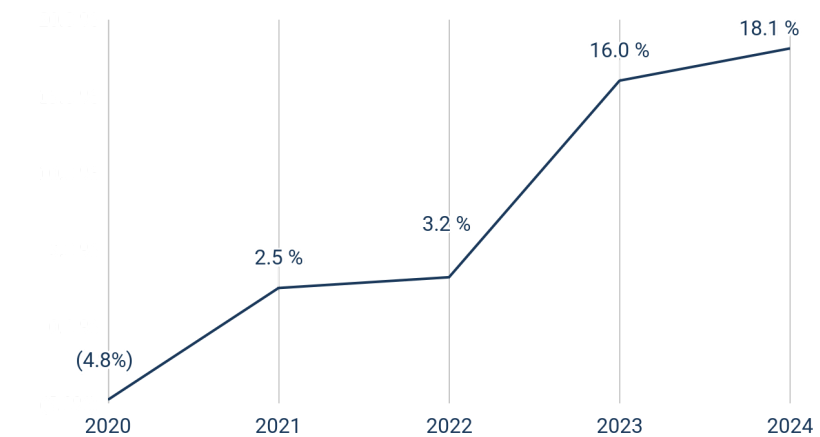


COST-EFFECTIVENESS AND ACCOUNTABILITY

The OCA is committed to operating in a cost-effective and accountable manner. We measure our cost-effectiveness by monitoring our actual versus budgeted expenditures and our office operating expenses as a percentage of the City's operating expenses.

In 2024, our actual expenditures were \$2.5 million which is 18.1 percent below our budget. This is mainly due to vacancies and leaves which reduced personnel costs. Our target is to be within five percent of our budget.

Budget to Actual Variance



Our office expenditures made up 0.07 percent of the total organization expenditures in 2024.

QUALITY ASSURANCE AND IMPROVEMENT

We perform periodic self-assessments throughout the year to ensure we comply with the Institute of Internal Auditors Standards (the Standards) and the Code of Ethics. Our periodic self-assessments include the Deputy City Auditors performing project quality reviews and an annual evaluation across all projects and processes. Our self-assessments confirm that we comply with the Standards. We also did not identify any significant deficiencies or areas for improvement. Minor areas for improvement identified have been addressed.

The Institute of Internal Auditors Standards and the City Auditor Bylaw both require the OCA to undergo an independent, external quality assessment review at least once every five years. The OCA has had three Independent External Quality Assessments in the past 10 years (2011, 2015, and 2020). In all three assessments, we achieved the highest rating an audit office can earn for compliance with the Standards.

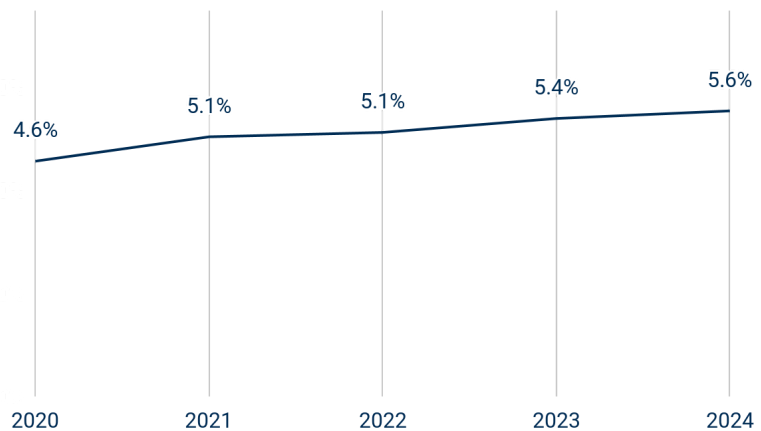
Per the Institute of Internal Auditors Standards, the OCA must confirm its organizational independence. In 2024, the OCA was free from conditions that threatened its ability to carry out internal audit responsibilities in an unbiased manner.

Empowering People

TRAINING AND DEVELOPMENT

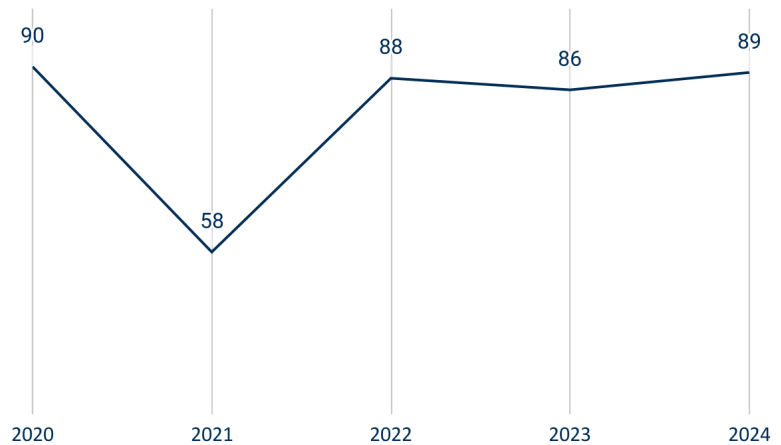
On average, staff spent 10.5 days on training and development to enhance their knowledge, skills, and other competencies, including ethics. The average cost for all external training and development was \$804 per staff member in 2024. Our target for 2024 was for staff to spend 5 percent of their available time on training and development.

Percent of Available Staff Time Spent on Training and Development



EMPLOYEE ENGAGEMENT

The culture of our office supports the achievement of our goals. We measure employee engagement through the result of the City of Edmonton Employee Check-in survey question: How happy are you working at the City of Edmonton? Our target for 2024 was a score of 85 out of 100.

Average Employee Engagement Score*

*2020, 2021, and 2023 results are from the fourth quarter of each year. The 2022 result is from the first quarter of 2023 and the 2024 results are from the second quarter of 2024 because the City did not do the survey in the fourth quarter of 2022 or 2024.

This report highlights the significant work of the OCA staff towards achieving the goals of our 2022 to 2025 Strategic Plan. We look forward to 2025, where we will continue our efforts to enhance Edmontonians' trust through independent, value-add internal audit and advisory services.