

COUNCIL REPORT – OFFICE OF THE CITY AUDITOR

Edmonton

EMPLOYEE BUSINESS EXPENSES - DATA ANALYTICS AUDIT

RECOMMENDATION

That the June 24, 2025, Office of the City Auditor report OCA03102, be received for information.

Report Purpose

Information only.

Executive Summary

This report presents the results of the Employee Business Expenses - Data Analytics audit.

REPORT

The City of Edmonton pays for costs incurred by an employee during the normal course of business in accordance with the Administrative Procedure for Employee Business Expenses (Administrative Procedure). The Administrative Procedure describes the City's requirements for reimbursement of employee business expenses, including training, travel, food services, hosting, and other expenses such as recognizing employees for long term service. Employees must receive approval for all expenses, and expenses must be reasonable, prudent, cost-effective, and defensible. Employee business expenses are settled via corporate credit cards, direct reimbursement to employees, or other methods like purchase orders.

The objective of this audit was to use data analytics to test if the City's controls over employee business expenses are working effectively.

Overall, the data analytics tests conducted by the Office of the City Auditor found that the Financial Services Branch met the objective of the audit. Based on the data analytics tests, employee business expenses were valid, accurate and complete, allowable, economical and properly classified.

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However, while the majority of credit card transactions we reviewed were approved, we found that 11.6 percent (about 1,000) of them were recorded as unapproved in the accounting system, including transactions dating back to 2023.

We made one recommendation for the Branch to review and clear all previously unapproved employee business expenses in the accounting system and monitor that all future transactions are approved in a timely manner to enhance compliance with the administrative procedure. Timely approval of all transactions in the credit card stream in the accounting system would mitigate the risk of unauthorized spending.

We have developed and shared an interactive dashboard with the data analytics tests we conducted to support the Branch in its ongoing monitoring of employee business expenses.

POLICY

Bylaw 16097 - Audit Committee Bylaw, Section 14(a) states that, "The Committee will review all reports from the City Auditor including completed audits and investigations."

ATTACHMENT

1. Employee Business Expenses - Data Analytics Audit Report