



City of Edmonton Office of the City Auditor

Committed to Adding Value

2020 Annual Report



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Message from the City Auditor



David Wiun
City Auditor

Vision

Committed to adding value

Mission

We strive to add value to the City of Edmonton by promoting accountability, cost-effective municipal services, and ethical practices.

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

Reflections from the City Auditor

This is my final Annual Report as Edmonton's City Auditor. It has been my privilege to lead the Office of the City Auditor for 20 years. It's time for me to pass the internal audit calculator to someone new. I do so confident that the Office of the City Auditor has a strong foundation and high credibility with City Departments, the Audit Committee, and City Council.

With the Office of the City Auditor being a high performing team that shares in a common pursuit of excellence, the Office is well placed to grow from strong to stronger. It is a strange feeling when our close-knit team cannot work together side by side. Over the past year, we've all had to adapt to many new ways of doing things – both in our professional and personal lives. However, I am extremely proud of what we have accomplished during these challenging times. In 2020, we delivered several high impact audits that will contribute to transformative change in City operations.

When reflecting on my tenure as City Auditor, I'm most proud of the audit team and our culture, where our shared beliefs drive everything we do. We have an enthusiastic, energized workplace full of leaders, innovators, and risk takers. We have been recognized as a "best practice" audit function and a "leader" in performance auditing by the Institute of Internal Auditors (IIA) Research Foundation. This honour was only bestowed upon 11 municipalities in the United States and Canada.

The International Standards for the Professional Practice of Internal Auditing, established by the Institute of Internal Auditors (IIA) and the City Auditor Bylaw both require our office to undergo an external independent quality assurance review at least once every five years. We have had 4 such reviews since 2006 with the last one being in 2020. In all 4 reviews, we achieved the highest rating an audit office can earn regarding compliance with the Standards.

We have built partnerships with City stakeholders based on mutual respect, trust, and understanding, to exchange ideas and develop solutions to City challenges. During my time as City Auditor, the Office of the City Auditor has recognized the importance of effective communication with members of City Council, Audit Committee, City Management and Administration, and all stakeholders involved in City operations. Our office has tackled some tough issues that were challenging and sensitive and always received full access and cooperation from City Administration. I have also deeply

appreciated the support and keen interest in our work from members of the Audit Committee and City Council as we supported them in their governance role. I am very grateful for the strong, open relationship with the Audit Committee and City Council I have had throughout my term. This relationship was a critical contributor to the success of the audit office.

The Office of the City Auditor has implemented several initiatives that have led to improved service delivery, information sharing, transparency and accountability both within the Office of the City Auditor and in City operations. I am especially proud that our recommendations to improve audit practices and oversight were accepted by City Council over the past 20 years. This includes: enhancing our independence through the incorporation of the City Auditor Bylaw; adopting a formal Audit Committee which includes 2 citizen representatives; the implementation of a Fraud and Misconduct Hotline that is available 24 hours a day, seven days a week, all year round; and whistleblower protection for City employees.

It has been clear from the reactions of Audit Committee, City Council, the Administration, and the public to many of our reports, that the Office of the City Auditor has made a difference to improving accountability, acting as a catalyst for change, and for delivering insight into improved use of taxpayers' money and resources. The issues that we have been involved with over the past 20 years have become more diverse, complex, strategic and political. We have increasingly become a proactive partner in driving cultural, process, and strategic changes in this organization. We have never shied away from tough issues such as the need for better contract management, expense oversight, cost-estimating, performance measurement, project management, resourcing, scheduling, and workplace culture. We have also examined the growth of the City's management, use of consultants, and overtime controls.

In closing, I again wish to pay tribute to my staff. The goals of the Office of the City Auditor are achieved because of my staff's hard work, perseverance, and commitment to delivering high quality, innovative, and cost-effective audit services. Their ability to willingly adapt and rise to new challenges and complexities in our work needs to be acknowledged. I have been extremely fortunate to work with this talented and professional group of individuals.



In this report...



Value for Money
Audits, Investigations,
& Proactive Projects

Hotline Activity



Recommendations

Measuring Our
Performance



Governance
Framework

Human Resources



2020 Projects



13 Projects

Value for Money

We presented ten value for money audits for public discussion at Audit Committee meetings in 2020.

Value for money audit projects assess whether an operational area, service, or program operates efficiently, effectively, and economically and whether risks are appropriately mitigated.

Investigations

We presented the results of an investigation into the theft of \$1.6 million from the City by employees.

Proactive

We conducted a self assessment of the office that was validated by an independent assessor as well as a proactive fraud risk management project to support fraud risk awareness and prevention in the organization.

2020 Project Details



Communications and Engagement Department Review

January 2020

The objective of this review was to identify obstacles and opportunities for the Communications and Engagement Department to advance their mandate.

We found there were opportunities to improve client satisfaction and confidence, service, and performance measurement.

We made six recommendations.



Conflict of Interest Program Audit

January 2020

The objectives of this audit were to determine if the City of Edmonton has a governance framework to manage conflict of interest, if they provide clear guidance for employees when faced with potential, perceived, or actual conflict of interest, if the conflict of interest guiding documents are clearly communicated to employees, and if employees are applying conflict of interest controls.

We found documentation should be updated and roles and responsibilities better defined, better communication, guidance, and information should be available for employees, and training completion and documentation should be improved.

We made four recommendations.



Access to Digital Assets

January 2020

The objectives of this audit were to assess the adequacy of the governance, processes, and risk management practices supporting access controls to the City's digital assets. The City's 2014 Access Control Standard was reviewed for alignment with best practices. The access control processes of five critical digital assets were also reviewed for compliance with the Standard.

The 2014 Access Control Standard generally aligns with best practices. However, we found that provisions from the Standard were not being properly applied by Asset Owners. Among the contributing factors was the lack of awareness of the Standard. Specific weaknesses identified included inadequate password management processes, minimal review of access rights, and minimal reviews of access control processes.

We made two recommendations.



Evaluated Receipt Settlement Audit

June 2020

The objectives of this audit were to determine whether the City's key controls over evaluated receipt settlement processes and transactions are adequately designed and operating effectively.

We found an opportunity for the City to develop and implement a documented administrative directive to provide guidance on types of transactions that should be processed through evaluated receipt settlement, payment approvals, and identifying and preventing duplicate payments. We also found weaknesses related to user access monitoring of staff with conflicting roles.

We made two recommendations.



Neighbourhood Renewal Traffic Sign Fraud Investigation

June 2020

The objective of this investigation was to assess if a City employee had a side business in traffic sign rentals and had inappropriately directed work to this private company for personal gain.

We concluded that approximately \$1.6 million was allegedly stolen from the City of Edmonton between 2015 and 2019. This was achieved through a false invoicing scheme that took advantage of control weaknesses in the City's procurement and payment processes, and weak oversight in the Building Great Neighbourhoods and Open Spaces Branch in the Integrated Infrastructure Services Department.

We made two recommendations.

We also reported this theft to the Edmonton Police Service. On March 12, 2020, Edmonton Police Services informed us that they opened a file and were investigating.

The City of Edmonton's Legal Services has reported the theft to the City's Insurer under its Commercial Crime Insurance and was exploring options for fund recovery.



Report on Self-Assessment of the Office of the City Auditor - Independent Validation by Kingston Ross Pasnak, LLP

June 2020

The objective of the quality assessment was to assess our conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Ethics. We also evaluated our effectiveness in carrying out our mandate (as set forth in the City Auditor Bylaw); identified successful internal audit practices; and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the office.

We found we generally conform with the Standards. This is the highest possible rating.

The findings of the report were verified and concurred by Kingston Ross Pasnak, LLP, an external independent assessor.



Major Capital Project Review

June 2020

The objectives of the review were to determine the impact of risks on the cost, schedule, and quality of a major capital project and to determine if the City's new capital project governance and management approach would mitigate impacts of similar risks on future projects.

We made one recommendation. The results of this report were discussed in private.



Forestry Services Audit

September 2020

The objectives of this audit were to determine whether the City is effective in maintaining and monitoring their tree inventory, is efficient in using resources to support a healthy and growing urban forest, and whether guiding documents provide clear direction in managing the City's urban forest.

We found opportunities to improve the effectiveness and efficiency of tree maintenance work. This includes a review of the annual pruning and pruning cycles to ensure that the targeted workload is met. Additionally, ensuring that tree data is accurate and complete and optimizing the use of forestry equipment will improve efficiencies. Guiding documents can also be improved in order to provide for better clarity, accuracy, and consistency.

We made six recommendations.



City Productivity and Performance Audit (Part 1): Management Staff Analysis

September 2020

The objectives of this audit were to provide information and analysis about the City of Edmonton workforce, organizational structure, supervision and management.

We found that since 2017, the workforce has grown each year and supervisory FTEs have grown disproportionately high compared to non-supervisory FTEs. Reversing this growth by reducing supervisory FTEs is an effective way to reduce costs for the organization.

We made one recommendation that Administration review supervisor responsibilities in the organization in order to reduce costs and layers of supervision.



City Productivity and Performance Audit (Part 2): Productivity and Performance Analysis

November 2020

The objectives of this audit were to determine if the City services were measuring and monitoring their productivity and performance, to determine if they have improved their productivity or performance, and to determine if they are conducting external benchmarking.

We found that City services are being measured and monitored for performance; however productivity itself is not a priority measurement for most services. There is also a limited use and reporting of benchmarking being undertaken by the City. This means that decision makers may miss out on opportunities to explore operational differences and improve performance.

We made one recommendation.



City Financial Condition Review

November 2020

The objective of this audit was to review the financial condition of the City of Edmonton. We also assessed the effectiveness of the City's financial planning process in assessing risks to the City's financial condition.

We found that the City's financial condition is not as healthy as it was 20 years ago. We also found that the City's financial planning process is effective in assessing risks to the City's financial condition by evaluating and providing information related to each of the financial measures contained in our audit report. An improvement can be made around the frequency of capital asset condition reporting.



Social Development Branch Audit

November 2020

The objectives of this audit were to determine if the Social Development Branch is effective, if the Branch evaluates value for money from its financial contributions, and if the Branch has adequate processes and systems in place to manage its financial contributions.

We found that there was a lack of process to support the alignment and evaluation of the Branch's activities to its role, purpose, and outcomes. We also found that the Branch needs to improve the adequacy of the administration of its financial contributions.

We made three recommendations.



Fraud Risk Management

Proactive

In 2020, we created a COVID-19 fraud scheme tipsheet to make employees aware of fraud risk during the pandemic.

We continue to manage fraud awareness and prevention information on the City's internal website where we provide information and tools for employees to recognize, report, and stop fraud.

All current and historical reports by the Office of the City Auditor are available at edmonton.ca/auditor

Fraud and Misconduct Hotline



43 Fraud and Misconduct Hotline Reports

Hotline Administration

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

The City implemented its Fraud and Misconduct Hotline on January 2, 2007. The Office of the City Auditor has managed the hotline since its implementation. We use a third party service provider to facilitate receiving the reports via the internet or over the phone. We input reports that we receive directly from the employees via the City's email, telephone, general mail, etc. into the hotline system with a unique identifier.

Reporting Process

The information provided by hotline reporters is anonymous. The service provider stores all information on their Canadian-based secure servers.

When we receive reports, authorized Office of the City Auditor employees conduct a preliminary screening. Depending on the nature of the complaints, we decide whether or not to initiate an investigation. Harassment and discrimination reports are forwarded to the City's Safe Disclosure Office and operational matters to the City Manager.

In cases where we have referred the report to the City Manager, we asked the assigned departmental managers to report back to us on the resolution and any actions taken. The Office of the City Auditor reviewed all findings from reports investigated by the Administration to ensure that the investigations were thorough.

2020 Hotline Reports

In 2020, we received and reviewed a total of 43 reports of alleged fraud or misconduct from the service provider's website, phone service, and post office box service.



We received **38** reports through the service provider's web service.



We received **5** reports that were provided to the service provider's live agents by phone.

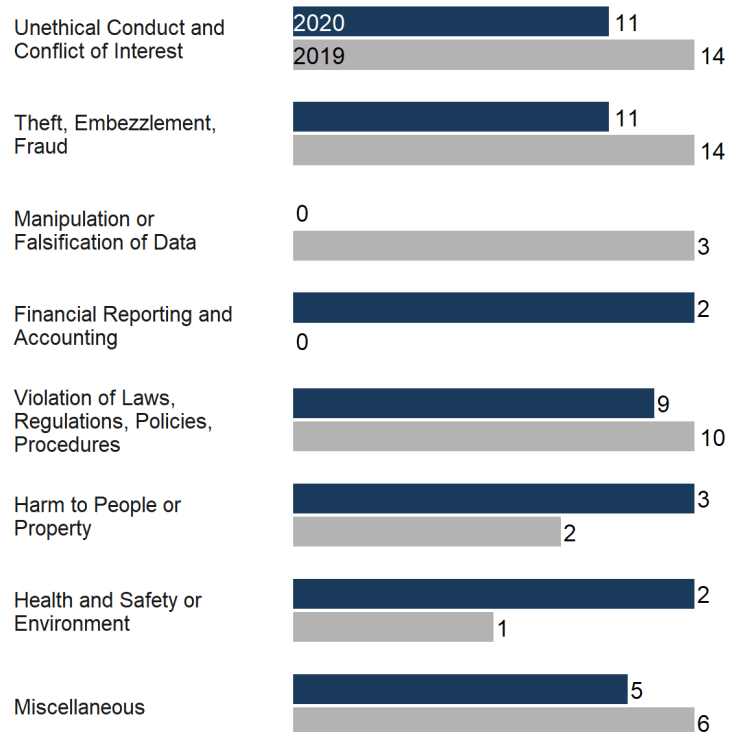


We received **0** reports through the service provider's post office box service.

Hotline Report Topics

Report topics fall into a number of different categories.

In 2020, there were 43 reports made to the hotline. In 2019 there were 50 reports made to the hotline.



Disposition of Hotline Reports/Complaints

The Office of the City Auditor screens all hotline reports to determine the most appropriate way to address each one.

In 2020, we investigated or referred the majority of reports to an appropriate authority.



Despite our attempts to obtain additional information through the hotline system, at times we were unable to act on some reports due to insufficient information. Employees may not provide the requested information because they may not be able to substantiate their report or may not check the status of their report on the system. They may also have addressed their concern through other resources or decided not to pursue further action.

Investigation Process

2020 Investigations

In 2020, 17 reports of fraud and misconduct were investigated.

Investigations are designed to prove or refute alleged fraudulent behavior or misconduct by a City employee or other parties.

Of the 17 reports that were investigated, 9 reports resulted in confirmation of the allegations or recommendations to address identified risks.

8 of the 17 reports were investigated but allegations could not be substantiated or confirmed. Therefore, no further action was taken.

Investigation Procedures

When conducting investigations, we consulted with internal experts from Corporate Security, Law, Human Resources, and other departmental staff as appropriate.

All employees participating in the investigation of reported allegations were required to maintain confidentiality and comply with the Freedom of Information and Protection of Privacy Act (FOIP).

In outcomes where the employee should have been aware of the performance and conduct expected, the Administration took corrective actions or disciplinary action. Decisions related to employee discipline are made by the Administration.

2020 Investigation Details

Borrowing of cash within the workplace

It was alleged that an employee was borrowing cash from other employees and not paying them back. It was confirmed that an employee had accepted cash from other City employees - one of which directly reported to the employee. It could not be determined if there was an understanding as to repayment. The employee was not fully forthcoming about borrowing or receiving cash from other employees. The employee received corrective action.

Smoking in the workplace

A complaint was received that a City employee in a leadership position was electronically smoking in their office. The employee admitted to vaping within their workspace. As the employee was forthcoming and expressed remorse for their actions, it was recommended that the supervisor speak with the employee and document expectations in an email.

Management of time

It was alleged that a number of employees in a workgroup would leave for a coffee break and be gone for 1 to 2 hours after approximately 10 minutes of being at work. It was also alleged these extended coffee breaks have been happening for over 10 years and that management of the area has been aware of them. It was confirmed that the work team does take coffee breaks, however the duration was not confirmed. Management and supervisors in this work area did not identify a concern with the coffee breaks. Due to COVID-19, and further work from home measures, additional monitoring of the work group was not possible. However, the reporter's perception of excessive coffee breaks is an issue that should not be ignored. Once this workgroup is back in the office, it was recommended that expectations surrounding coffee breaks be reconfirmed.

False expense claim

A complaint was received that an expense claim submitted for meals included a forged signature of an employee not in attendance for the meal, and misleading time of hours worked. It was determined that the employee forged a colleague's signature. Due to the seriousness of the offence and the impact on the trust relationship between employee and employer, it was determined that corrective, disciplinary action was appropriate.

Inappropriate postings on social media

A complaint was received alleging that an employee posted inappropriate comments on social media regarding political issues/activists news articles. The reporter indicated that the employee identified themselves as a City of Edmonton employee on the social media posts. The evidence and the interview with the employee demonstrated a violation of the Code of Conduct directive. The employee was issued appropriate discipline for the violation of the Code of Conduct and the social media posts were removed. It was also recommended that supervisors and managers of the business unit review the Code of Conduct directive with their staff in an effort to ensure a consistent understanding of the directive and the requirement to adhere to it.

Timing of job posting

A complaint was received that a job posting was structured in order to hire a specific individual. It was alleged that the job description was altered to include skills which are not normally required for the job. There was a perception that favoritism was being shown by a supervisor to move a temporary employee into a permanent role, especially when significant staff layoffs within the business unit were occurring because of the pandemic. Upon initiating the investigation, an alternative process to meet the business area's needs was implemented. This resulted in the cancellation of the recruitment for the position. An email communication was sent from the Branch Manager to all branch staff indicating that the recruitment for the position would not proceed.

Misuse of City property and equipment

A conflict of interest complaint was received relating to a supervisor inappropriately keeping a personal trailer on City of Edmonton property. The complainant believed that the supervisor asked another City employee to help work on new fenders, rims and a checker plate for the trailer on City time and City of Edmonton premises. The investigation confirmed that the employee purchased a cargo trailer for personal use and that it was stored overnight at a City of Edmonton property for one night. It was also determined that the trailer tires were cleaned and a fender straightened out after hours. The employee received a Letter of Expectation for using City assets and tools for personal use after hours. The supervisor also voluntarily requested to be removed from a leadership position so that they no longer were supervising employees.

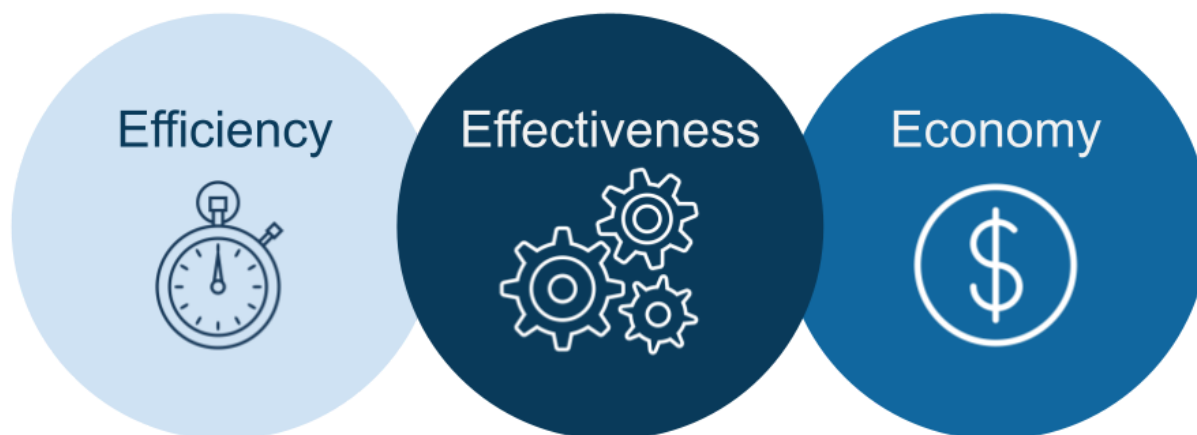
Misuse of City time

It was alleged that a City employee was wandering around a work facility and not performing their duties, while disrupting other employees from performing their duties. The investigation included interviewing the employee's direct supervisor, the director of the business unit and the employee. It was difficult to get specific dates and times of when the employee was disrupting other employees. However, in order to prevent this type of concern, a new tracking and communication method was put in place for informal meetings within the business unit.

Possible breach of cash handling procedures

A complaint was received alleging a possible breach of cash handling procedures during what was described as an emergency situation. The investigation did confirm that cash handling procedures were not followed during the incident described in the complaint. Four recommendations were made to avoid similar situations in the future, which included updating the Cash Handling procedures to include provisions for emergency situations.

Recommendations



28 Recommendations

Recommendations

Audits identify issues and provide practical recommendations to improve the City's operations and services. In 2020, the Administration agreed to implement 100 percent of the 28 recommendations we made.

The Office of the City Auditor has a comprehensive monitoring program for all recommendations. For each recommendation, we assess the adequacy, effectiveness, and timeliness of actions taken by management. This provides assurance that management has implemented the intent of our recommendations, or provided appropriate explanations when actions are delayed or decisions have been made to not implement recommendations.

Dashboard

At each Audit Committee meeting in 2020, we presented an updated Recommendation Follow-up Dashboard report as a regular agenda item. These reports provide the status of our recommendations and any changes to planned implementation dates.

By having an effective recommendation monitoring process, the Office of the City Auditor is able to identify actions taken by Administration that have resulted in positive change and reduced risk for the City.

Recommendation Quality

Recommendations accepted

The number of recommendations accepted by Administration is an indicator of the quality of our audit findings and understanding of the business.

The Association of Local Government Auditors represents local government audit organizations in North America. We used their most current biennial survey of member audit organizations (2018) for industry averages.

In 2020, Administration accepted 100% of the 28 recommendations we made. The industry average is 83%.

Office of the
City Auditor

100% of recommendations accepted

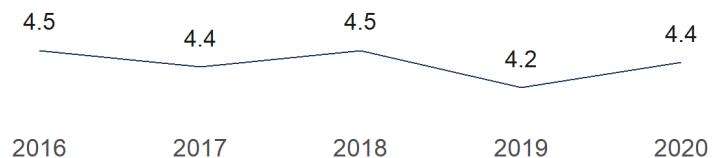
Industry
Average

83% of recommendations accepted

Usefulness of recommendations

Clients help us gauge the quality of our audit recommendations by rating how useful the recommendations are to their business on a 5-point scale. Our target is 4.5 out of 5.

Usefulness of recommendations



2020 Closed Recommendations

Closed recommendations

In 2020, Administration completed the work required to close 27 recommendations that they had accepted from previous audits and projects. The implementation of these recommendations resulted in improvements to the efficiency, effective, economy, governance, and risk management within the organization.

Improved effectiveness and understanding of processes related to residential infill

In 2018, we performed an audit of the City's residential infill processes to assess high-level risks, determine if they are aligned with past and current Council expectations, and determine if they are effective in meeting stated goals. Administration addressed 3 of our recommendations in 2020.

Changes were made to how staff resources are allocated and to operational manuals, and a pilot project was initiated to expedite certain development permit applications, resulting in improved and more consistent review timelines.

Administration also reduced the number and frequency of infill-related amendments to the Zoning Bylaw, in conjunction with the Zoning Bylaw Renewal Project, which should improve understanding and reduce the potential need for rework by permit applicants.

Lastly, with the introduction and approval of the new City Plan, Administration has established a new definition of "what infill is", which will be used consistently going forward and should provide consistency of understanding.

Improved accounts payable procedures

In 2019, we completed an audit of accounts payable. In response to the audit recommendations, the City reduced the number of authorized individuals that can request payment for non-purchase order transactions to reduce the risk of unauthorized payments. The City also developed and implemented formal performance measures and targets that are reported to management to monitor accounts payables performance.

Improved quality assurance over consultant contracts

In 2018, we conducted an audit of the City's use of consulting services. As a result of the audit, the Administration has ensured that all expenditure and accounting officers throughout the City completed the Expenditure Accountability Framework training and are provided with basic account coding training to reduce consulting coding errors. Additionally, consulting expenditures (capital and operating) are now included in quarterly reporting packages to provide senior management with improved oversight.

Assessment and taxation software process improvements and improving the residential taxation complaints process

In 2019, we completed an audit of the Assessment and Taxation Branch that included an assessment of compliance and the quality of property tax assessments and the complaints process.

In response to our recommendations, the Assessment and Taxation Branch conducted a review of their assessment and taxation software and implemented new protocols such as regular review of system roles.

The Branch has also put steps in place within the residential complaints process in order to further align, standardize, and identify opportunities for efficiencies. This will reduce the overall labour cost per complaint.

Better utilization of the Current Planning Reserve

In 2019 we completed an audit of the Current Planning Reserve. We recommended that Administration review and assess expenditures related to service levels and adopt strategies to increase the value for money provided by the City. Administration completed this through the continuation of their Urban Form Business Transformation initiative including a cost of service study, technology implementation and shortened service target timelines. These changes should provide more value and better services to developers, builders, and citizens in Edmonton.

Improved accountability, security, conditions, efficiency, and safety within City yards

In 2019 we completed an audit of the Parks and Roads Services Yard Operations. Administration addressed 4 of our recommendations in 2020.

Administration developed clear position descriptions and designation of authority. This change will add clarity and accountability for common spaces within the yards.

They documented risk-based security and access standards for each yard. These changes should improve the security in the yards by reducing loss and better protecting assets and employees.

They developed a set of standards and guidelines that can be used to assess deficiencies and prioritize improvements to operational yards. These changes will actively support better long-term planning and yard conditions.

Lastly they completed a space usage review for each yard and implemented changes to improve the use of space. These changes improve the efficiency and safety in the yards.

Improved efficiency and effectiveness in Communications processes and establishing performance measures

In early 2020 we completed an audit of the Communications and Engagement Department. Administration addressed two of the recommendations in 2020. The department completed implementation of workflow software that supports consistent processes and provides data that can be used to improve efficiency and effectiveness in the future.

They also finalized their performance measures to align them with the enterprise performance management program. These measures should allow the department to better articulate the value they provide to the organization and to Edmontonians.

Strengthened controls for payment requisitions

In 2020, we completed an investigation into a false invoicing scheme impacting Neighbourhood Renewal projects that took advantage of control weaknesses in the City's procurement and payment processes. We concluded that approximately \$1.6 million was allegedly stolen from the City of Edmonton between 2015 and 2019.

Based on one of our recommendations, the Building Great Neighbourhoods and Open Spaces Branch in the Integrated Infrastructure Services Department strengthened its controls related to the authorization of payment requisitions by requiring two expenditure authority signatures as well as a single submission stream. In addition, the Branch also formalized the requirement of verifying receipt of all goods and services. Finally, the Branch improved budget allocation and cost variance monitoring and oversight processes. These measures have reduced the risk of a similar invoice scheme being successful.

Other Recommendations

Administration also closed additional recommendations related to improving efficiency, effectiveness, governance, and risk management.

Measuring Our Performance



4.7 / 5

Client Assessment of Value

Effectiveness and Efficiency

We strive to deliver high-quality, innovative and cost-effective audit services. To accomplish this, we measure key quality and efficiency indicators. This helps us to continuously improve our strategic performance and outcomes.

Measures include customer relationship indicators, effectiveness and productivity metrics, and alignment to audit best practices.

Each of these measures is an indicator of our success towards achieving our strategic vision and mission.

Maintaining Quality

We strive to continuously deliver high-quality, innovative and cost-effective audit services that conform with the IIA Standards and Code of Ethics. We use ongoing monitoring mechanisms including supervisory review and approval of work performed, embedding our project process guidelines in our electronic working paper tool, the use of customer surveys, and the reporting of performance metrics and periodic self-assessments.

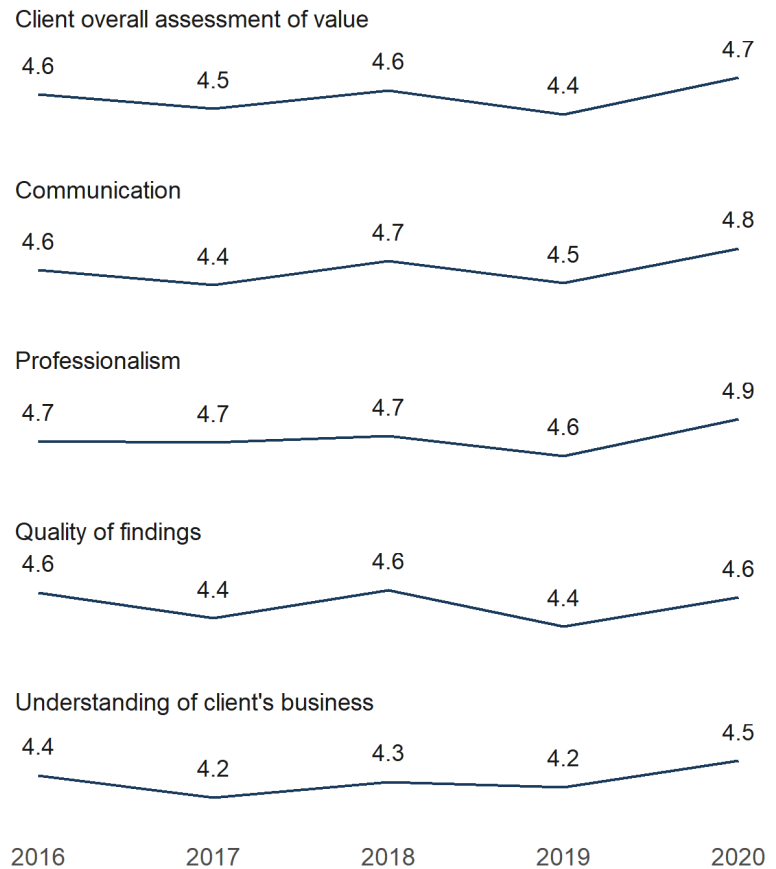
Our periodic self-assessments include the Deputy City Auditors performing project quality reviews and, on an annual basis, an evaluation across all projects and processes.

High-Quality, Efficient, Cost-Effective

Client Relationships

After each major project, we issue a customer satisfaction survey to obtain feedback on our performance and to identify areas where we can improve our operations. Audit clients score our performance on a scale of 1 to 5. Our target is 4.5 out of 5 for each category.

Feedback from clients has consistently reflected our strong performance.



Efficiency

In 2020, 77% of our available time was spent working on projects. The industry average is 70%.

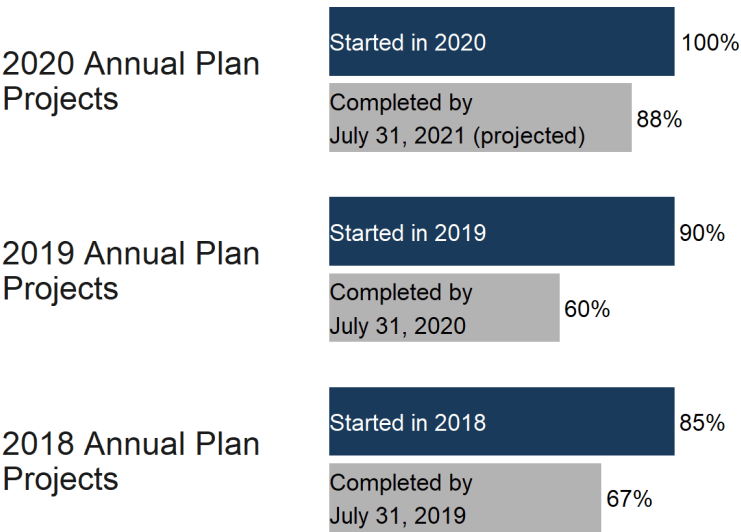


Productivity

The City’s Audit Committee approves our Annual Work Plan each year. To ensure consistent productivity, we schedule these projects to begin at various times throughout the year. This continuous scheduling approach ensures staff are consistently involved in value-add project work and can avoid unplanned downtime.

We track the progress of the Annual Work Plan by monitoring project start dates and completion dates. Our goal is to have the majority of projects in the Annual Work Plan started within that calendar year and to have 90% of projects completed by July 31 of the following year.

Completion of the projects in the Annual Work Plan is highly dependent upon the amount of emergent work we take on during the year. This includes investigations, unplanned high-priority issues, and requests from Council. These can result in delays or cancellation of planned work and a decrease in the number of planned projects we complete by July 31.



Cost Effectiveness & Accountability

As an independent audit office reporting on the efficiency, effectiveness, and economy of City operations, we must operate in a cost-effective and clearly accountable manner.

We measure our cost effectiveness by monitoring our actual versus budgeted expenditures, and our office expenditures as a percentage of the entire organization.

In 2020, our actual expenditures were 5% above budget. This is primarily due to an increase in personnel costs.

The Office of the City Auditor continues to be a very small component of the overall City of Edmonton budget. Our office budget comprises 0.09% of the total organization budget. The industry average is 0.14%.

At \$2.8 million, our 2020 annual office budget is below the industry average of \$3.3 million for audit shops of similar size.

Governance



Governance

Audit Committee and City Council rely upon the Office of the City Auditor to provide objective and constructive assessments of how efficiently, effectively, and economically Administration is fulfilling its mandate within the context of City Council's directives and policies.

Standards

As audit professionals we must uphold the principles of all the professional associations we represent and those of the City of Edmonton.

Integrity

Objectivity

Confidentiality

Competency

We follow the International Standards for the Professional Practice of Internal Auditing (Standards), established by the Institute of Internal Auditors (IIA). These Standards are the internationally accepted criteria by which the operations of internal audit departments around the world are evaluated and measured.

Governance

City Auditor Bylaw

The Office of the City Auditor receives its purpose, authority, and responsibility from the City Auditor Bylaw. The Bylaw establishes the internal audit activity's position within the organization, including the nature of the City Auditor's functional reporting relationship with Council; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. The City Auditor Bylaw also provides the Office with the organizational independence we require to fulfill our responsibilities. Council last approved the Bylaw in June 2006, however, the City Auditor reviews it annually to ensure it remains in compliance with the Standards.

Stakeholders

There are five key stakeholder groups that have a role in audit governance: City Council, Audit Committee, the External Auditor, the City Auditor, and Management. The goal of each group, working both individually and collectively, is to ensure that the City effectively achieves its goals while providing assurance that City operations are being conducted appropriately and cost-effectively.

Governance Support

Two key ways that the Office of the City Auditor supports City Council and Audit Committee's governance responsibilities is by providing an Annual Report and an Annual Work Plan.

Annual Report

Bylaw 12424, City Auditor Bylaw, states that the "City Auditor will submit to Council an Annual Report." The City Auditor's 2019 Annual Report was presented at the Audit Committee meeting on April 23, 2020. The report summarized the activities of the Office of the City Auditor for the calendar year 2019.

Annual Work Plan

Bylaw 16097, Audit Committee Bylaw, Section 9 states that, "Committee has the power to approve the City Auditor's annual work plan and any changes to the work plan requested by the City Auditor within approved budgets." The Office of the City Auditor's annual planning process is designed to ensure that it prepares a risk-based work plan that adds value to the corporation through its execution.

The Office of the City Auditor's 2021 Annual Work Plan was presented and approved at the November 17, 2020 Audit Committee meeting.

Public Reporting

Our reports are public unless a specific exemption to disclosure exists under the Freedom of Information and Protection of Privacy Act (FOIP).

We forward all completed reports to members of the Audit Committee and City Council. They are then available for discussion at an Audit Committee meeting.

In addition to being distributed to members of the Audit Committee and City Council, reports are also distributed to the City Manager, the operational area(s) reviewed, and are made available to the public via the Office of the City Auditor's website edmonton.ca/auditor.

Quality Assessments

We perform periodic self-assessments throughout the year to ensure our conformance with the IIA's Standards and the Code of Ethics.

The Standards and the City Auditor Bylaw both require the Office of the City Auditor to undergo an independent external quality assessment review at least once every five years. The Office of the City Auditor has had three Independent External Quality Assessments in the past 10 years (2011, 2015, and 2020). The assessments evaluated compliance with the Standards and compared the Office of the City Auditor to leading practices in public and private sector organizations. In all three assessments, we achieved the highest rating an audit office can earn regarding compliance with the Standards.

Cooperative Relationships

The support and keen interest in our work that members of the Audit Committee and City Council demonstrate, as we support them in their governance role, is appreciated. The Office of the City Auditor has a strong, open relationship with the Audit Committee and City Council. This relationship is a critical contributor to our success.

The support and cooperation extended to us by the City Administration is also appreciated. Continuing to nurture this mutual cooperation is conducive to our common goal of ensuring that the operations of the City of Edmonton are carried out in an efficient, effective, and economical manner.

Human Resources



16 Employees

Our Team

Delivering high quality reports efficiently and effectively requires a competent, dedicated, and enthusiastic workforce. We understand the importance of effectively managing our staff, developing, and providing our staff with opportunities to grow both personally and professionally. Our focus is to provide all our staff with a supportive environment that encourages them to achieve their personal goals, while simultaneously achieving the desired outcomes of the Office of the City Auditor.

Leadership and Involvement

We provide national, and where possible, global leadership in the government auditing profession. To stay current in the industry, our staff undertakes a number of activities that promote the profession and our audit practices within and outside the City. Many of our audit staff members actively support the auditing profession by chairing or serving on boards of directors or committees of professional audit-related and other organizations. Staff have served the profession by acting as volunteer instructors for Value-for-Money auditing courses hosted by the Institute of Internal Auditors throughout North America. We also encourage staff to publish articles within auditing publications.

Human Resources

Workplace Culture

The culture of our office supports the achievement of our goals. We are proud of our positive workplace culture and this positivity has been reflected in the results of our employee surveys.

When surveyed in December 2020, our average rating of how happy our staff were working at the City of Edmonton was 90 out of 100. The average for the City as a whole was 69 out of 100. Our average score indicating how safe our staff feel in the workplace was 95 out of 100. The average for the City as a whole was 74 out of 100.

The goals of the Office of the City Auditor were achieved in 2020 because of the staff's hard work, perseverance, and commitment to delivering high quality, innovative, and cost-effective audit services. With every audit we demonstrate our ability to willingly adapt and rise to new challenges and complexities.

One of our goals is to maintain a respectful, team-oriented workplace that helps individuals reach their career potential and achieve personal growth goals. Strategies to help achieve this goal include providing encouragement to pursue training and professional certifications and to foster a positive working climate.

Professional Development

On average, staff completed 9.6 days of City funded training and development to enhance their knowledge, skills, and other competencies including ethics. Staff with professional certifications require a minimum of 5 days of professional development per year.

The average cost paid externally for training and development was less than \$100 per staff member in 2020.

Certifications, Designations, & Degrees

100% of audit staff have professional audit certifications, advanced designations, and/or degrees.

In 2020, three of our staff members achieved new designations including Certified Internal Auditor, Certified Fraud Examiner, and Professional Engineer.

Our Team



Chrisy Burton, Edwin Ryl, Janine Mryglod, Jason Solowan, David Wiun, John Bowers
Lance Cooper, Leslie Glasbeek, Sophia Kasozi, Thomas Wong, Stephan Maslo, Paul Ebenezer
Queena Dong, Lisa Callas, Michael Lam, Becky Williams