



**CITY OF EDMONTON**

**BYLAW 12424**

**CITY AUDITOR BYLAW**

**(CONSOLIDATED ON JUNE 20, 2006)**

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**Whereas**, pursuant to section 210 of the *Municipal Government Act*, S.A. 1994, c. M-26.1, Council may establish a position to carry out the powers, duties and functions of a designated officer;

**And whereas**, pursuant to section 203 of the *Municipal Government Act*, Council may by bylaw delegate any of its powers, duties and functions to a designated officer;

**And whereas**, pursuant to section 211 of the *Municipal Government Act*, Council may revoke with or without cause the appointment of a person to the position of a designated officer, subject to any written agreement between the municipality and the officer;

**And whereas**, pursuant to section 280 of the *Municipal Government Act*, Council must appoint one or more auditors for the municipality, “external auditors,” separate and distinct from an internal auditor;

Edmonton City Council enacts:

**PART I - PURPOSE, DEFINITIONS AND INTERPRETATION**

**PURPOSE**

- 1 The purpose of this bylaw is to establish the position of City Auditor and to delegate powers, duties, and functions to that position.

**DEFINITIONS**

- 2 In this bylaw, unless the context otherwise requires:
- (a) **“Administration”** means the general operations of the City, including all personnel, financial and other related resources, as permitted by the *Municipal Government Act*, but excluding the operations of the Office of the City Auditor ;
  - (b) **“Annual Work Plan”** means the annual plan approved by Council listing audits, investigations, studies, follow-up and other projects to be performed by the City Auditor;
    - (b.1) **“Audit Committee”** means the Standing Committee established under Bylaw 12300, Procedures and Committees Bylaw,

(S.2, Bylaw 13218, November 26, 2002)

- (c) **“City”** means the municipal corporation of the City of Edmonton;
- (d) **“City Auditor”** means the person appointed pursuant to section 5 of this bylaw;
- (e) **“City Manager”** means the Chief Administrative Officer of the City within the meaning of the *Municipal Government Act* or his delegate;
- (f) **“City Agency”** includes all agencies, boards and commissions established by Council;
- (g) **“Civic Agency”** includes all agencies, boards and commissions to which Council makes appointments;
- (h) **“Council”** means the municipal council of the City of Edmonton;
- (i) **“Councillor”** includes the mayor;
- (j) **“Employee”** includes an individual employed by the City, including those employed on a personal services agreement, but does not include volunteers, those retained by the City on a professional services agreement, civic agency, board or committee members not employed by the City, elected officials and their assistants;

(S.2, Bylaw 14325, June 20, 2006)

- (k) **“External Auditor”** means the person appointed pursuant to section 280 of the *Municipal Government Act*;
- (l) **“Person”** includes an individual, partnership, association, corporation, trustee, executor, administrator or legal representative;
- (m) **“Program”** means an activity:
  - (i) designed to improve social, economic or environmental conditions in a society;
  - (ii) related to the delivery of City services; or
  - (iii) internal to the City administration to improve

employee conditions; and

- (n) **“Special Project”** means any project not listed in the Annual Work Plan.

**RULES FOR INTERPRETATION** 3 The marginal notes and headings in this bylaw are for reference purposes only.

## **PART II - APPOINTMENT AND DELEGATION**

**DESIGNATED OFFICER** 4 The position of designated officer for the purpose of internal auditing is established, and the individual appointed to that position will have the title “City Auditor.”

**APPOINTMENT OF CITY AUDITOR** 5 Council will, by resolution, appoint an individual to the position of City Auditor, and establish terms and conditions of such appointment.

**INDEMNITY** 6 The City will indemnify the City Auditor, provided that the City Auditor acts in the course and scope of his employment, and acts in good faith to comply with any applicable bylaw, statute or enactment.

**SUBDELEGATION** 7 The City Auditor is authorized to further delegate, and to authorize further delegations of any powers, duties, and functions delegated to the City Auditor to any employee in the Office of the City Auditor including appointment of an Acting City Auditor.

**ACCOUNTABILITY** 8 Notwithstanding Bylaw 12005, City Administration Bylaw, the City Auditor is accountable to Council for the exercise of all powers, duties, and functions delegated to the City Auditor.

## **PART III – ROLES AND DUTIES**

**ROLES** 9 The City Auditor will have two roles:

(a) Agent of Change Role – proactive and forward-looking projects focused on provision of strategic, risk and control-

related consulting services to better serve the changing needs of the corporation and help bring about improvement in program performance; and

- (b) Guardian Role – projects directed primarily towards providing assurance through review of existing operations, typically focussing on compliance, efficiency, effectiveness, economy, and controls.

## AUDIT DUTIES

- 10 (1) The City Auditor is responsible for all internal auditing activities within City Programs and City Agencies including:
- (a) independent, objective assurance and consulting activities designed to add value and improve the City's Programs;
  - (b) assisting the City to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes; and
  - (c) coordination of fraud investigation activities within City Programs or City Agencies.
- (2) The City Auditor and External Auditor will coordinate their efforts to achieve optimal audit coverage and minimize duplication of efforts.
- (3) The City Auditor will submit annually to Council, concurrently with the City Manager's budget, a budget for the next calendar year.
- (4) The City Auditor will submit regularly but no fewer than four times per year; and
- (S.3(a), Bylaw 14325, June 20, 2006)
- (a) a report summarizing the status of projects, and
  - (b) a report summarizing budget performance of the City Auditor.
- (S.3(b), Bylaw 14325, June 20, 2006)

## REVIEWS

- 11 (1) The City Auditor will arrange for peer reviews at intervals not to exceed five years.
- (2) Notwithstanding (1), Council may at any time appoint an external

agency to review the City Auditor.

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| <b>AUDIT<br/>METHODOLOGIES</b>  | 12 | Subject to this bylaw, the City Auditor will determine the appropriate methodologies, project scope and service delivery options necessary to discharge responsibilities.   |
| <b>LONG TERM AUDIT<br/>PLAN</b> | 13 | The City Auditor will submit to Council a long-term audit plan based on alignment with the City's business objectives and an enterprise-wide risk management methodology.   |
| <b>ANNUAL WORK<br/>PLAN</b>     | 14 | The City Auditor will submit to Council an Annual Work Plan based on the long term audit plan, judgement, and input from the City Manager.  |
| <b>ANNUAL REPORT</b>            | 15 | <p>The City Auditor will submit to Council an Annual Report that will include:</p> <ul style="list-style-type: none"> <li>(a) a synopsis of activities undertaken by the City Auditor;</li> <li>(b) an analysis of the trends that can be drawn from the audits, investigations and studies that were conducted;</li> <li>(c) a summary of performance measures and accomplishments; and</li> <li>(d) all other matters that the City Auditor deems relevant.</li> </ul>  |
| <b>SPECIAL PROJECTS</b>         | 16 | <ul style="list-style-type: none"> <li>(1) Council may instruct the City Auditor to conduct a Special Project involving any Program or Civic Agency.</li> <li>(2) When the City Manager submits a written request to the City Auditor for a special project, the City Auditor must: <ul style="list-style-type: none"> <li>(a) prepare a report addressing the concerns of the City Manager, or</li> <li>(b) advise the City Manager when resource limitations or independence issues do not allow the City Auditor to take on the project.</li> </ul> <p style="text-align: center;">(S.4, Bylaw 14325, June 20, 2006)</p> </li> <li>(3) When Councillors, Employees or members of the public inform the City Auditor of any perceived problems, suspected fraud or</li> </ul> |

criminal acts, the City Auditor will address them in accordance with this Bylaw and with established policies and procedures.

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| <b>STANDARDS</b>                | 17 | (1) Subject to any applicable legislation, the City Auditor is entitled to rely on current ethical standards applicable to the audit profession for a refusal to release confidential information.                          |
|                                 |    | (2) The City Auditor must follow generally accepted standards for the professional practice of audits.  |
| <b>EMERGENT ISSUES</b>          | 18 | If the City Auditor, during the course of a project, identifies significant information that puts the City's objectives at risk, the City Auditor may conduct further reviews outside the scope of the project as required. |
| <b>ASSIST IN IMPLEMENTATION</b> | 19 | The City Auditor will provide any clarification required to assist in implementation of approved recommendations.   |

#### **PART IV – RELATIONSHIP WITH THE CITY**

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| <b>DIRECTION OF OTHERS</b> | 20 | (1) Unless Council gives specific authority, the City Auditor may not give directions to the City Manager.  |
|                            |    | (2) The City Manager will provide administrative support to the City Auditor including: <ul style="list-style-type: none"> <li>(a) legal services,</li> <li>(b) human resources and payroll,</li> <li>(c) corporate communications,</li> <li>(d) information technology, and</li> <li>(e) materials management, budget and accounting.</li> </ul> |
|                            |    | (3) During the course of an audit, the City Auditor will have full, free and unrestricted access at all times to all activities, records, property and personnel of the City, subject to any applicable legislation.  |
|                            |    | (4) The City Auditor is not authorized to: <ul style="list-style-type: none"> <li>(a) perform any operational duties for the organization or its affiliates;</li> </ul>   |

- (b) initiate or approve accounting transactions external to the Office of the City Auditor; or
- (c) direct the activities of any individual not employed or retained by the Office of the City Auditor, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the City Auditor.

(S.4 (a,b,c), Bylaw 14325, June 20, 2006)

**FREEDOM OF  
INFORMATION  
AND PROTECTION  
OF PRIVACY ACT**

- 21 The City Auditor will comply with the City's obligations and administrative structure under the *Freedom of Information and Protection of Privacy Act*.

**FRAUD POLICY**

- 22 (1) The City Auditor and the City Manager will cooperate in the development of a fraud and misconduct policy and a code of conduct directive for the City.
- (2) The City Auditor will lead the implementation and operation of the City's hotline.

(S.6, Bylaw 14325, June 20, 2006)

**ACTION PLAN**

- 23 (1) The City Auditor will send all audit, investigation, study or follow-up reports to the City Manager.
- (2) Once the City Manager has received the report, the City Manager must within four weeks prepare, sign and forward a written response to the City Auditor, called the Action Plan, that must include:
- (a) the action planned or taken to address each recommendation,
  - (b) the timeframe within which action will be taken,
  - (c) the position of the individual who will be accountable for taking action, and
  - (d) if the City Manager disagrees with the conclusions and recommendations, the reason for disagreeing or suggested modifications.
- (3) Subsections (1) and (2) do not apply if:
- (a) the matter has been reported to the Edmonton Police



Services,

- (b) an agreement is made between the City Manager and the City Auditor, or
- (c) Council instructs otherwise.

(4) The City Auditor will incorporate the Action Plan in all reports.

**EMPLOYEES ON SITE**

24 The City Manager will provide reasonable accommodation for the City Auditor at the location where an audit, investigation, or review is being conducted.

**OPEN COMMUNICATION**

25 The City Auditor will engage in open communication, provide recommendations and obtain responses from the City Manager throughout the audit process.

**PART V – ADMINISTRATIVE POWERS, DUTIES AND FUNCTIONS**

**POWERS, DUTIES AND FUNCTIONS**

26 The City Auditor:

- (a) has all the powers, duties and functions as delegated to the City Auditor by Council by this or any other bylaw, subject to any applicable legislation;
- (b) may exercise the powers, duties, and functions as may be required by Council from time to time;
- (c) is authorized to establish the structure of the Office of the City Auditor, including establishing a managerial hierarchy and administrative policies and procedures for the Office;
- (d) is authorized to appoint and review performance of personnel within the Office of the City Auditor subject to any applicable legislation and any contract or agreement binding on the City, and within general corporate guidelines;
- (e) is authorized to hire, dismiss, evaluate and discipline staff within the Office of the City Auditor subject to any applicable legislation and any contract or agreement binding on the City, and within general corporate guidelines;
- (f) is authorized to implement learning and safety programs for

staff;

- (g) is authorized to settle employment related disputes at the department level;
- (h) is authorized to retain the services of any individual or corporation for purposes related to the operations of the Office of the City Auditor and enter into all agreements and contracts and complete all necessary documents required for the provision of such services in accordance with general corporate guidelines, provided such expenditure does not exceed \$250,000, and if the agreement or contract is for a specified term:
  - (i) the term shall not exceed ten (10) years (including renewals), and
  - (ii) the expenditure or fixed revenue shall not exceed \$250,000 per year;
- (i) will prepare and submit to Council a report listing all agreements and contracts approved by the City Auditor or any person to whom the City Auditor has delegated approval authority, since the previous reporting, involving an expenditure, revenue or payment greater than \$100,000, such report to be submitted quarterly; and
- (j) is authorized to establish and implement all policies, procedures, standards and guidelines for all matters relating to internal audits.

## **PART VI – RELATIONSHIP WITH AUDIT COMMITTEE**

### **GUIDING OBJECTIVES**

- 27 (1) The City Auditor will provide the Audit Committee with regular reports designed to assist the Committee in evaluating:
- (a) the City’s exposure to and management of strategic, business, and operational risks;
  - (b) the efficiency and effectiveness of internal control systems;
  - (c) the efficiency and effectiveness of City operations;
  - (d) the level of operational commitment to the principles of continuous improvement; and

- (e) other internal control issues as appropriate.
- (2) The City Auditor will provide the Audit Committee with periodic reports related to:
- (a) assessments of the adequacy and effectiveness of corporate policies related to compliance with laws, regulations, ethics, and conflict of interest;
  - (b) investigation of employee conflict of interest, misconduct, or fraud in accordance with City policies;
  - (c) evaluation and improvements of the process through which organizational values and goals are established and communicated;
  - (d) evaluation of the extent to which operations and programs produce results consistent with their established goals and objectives;
  - (e) evaluation of performance monitoring and reporting by operational areas;
  - (f) other governance issues as appropriate; and  
(S.3, Bylaw 13218, November 26, 2002)
  - (g) overall hotline activity.  
(S.7, Bylaw 14325, June 20, 2006)

## **PART VII - GENERAL**

### **NUMBER AND GENDER REFERENCES**

- 28 All references in this bylaw will be read with such changes in number and gender as may be appropriate according to whether the reference is to a male or female person, or a corporation or partnership.

(NOTE:

Consolidation made under Section 69 of the *Municipal Government Act*, S.A., 2000, c.L-21 and Bylaw No. 12005, and printed under the City Manager's authority)

Bylaw 12424, passed by Council October 31, 2000:

Amendments:

Bylaw 13218 – November 26, 2002

Bylaw 14325 – June 20, 2006