



## Legislation Details (With Text)

**File #:** PM-22-021    **Version:** 1    **Name:**  
**Type:** Budget Postponed Motion    **Status:** Agenda Ready  
**File created:** 11/9/2021    **In control:** City Council  
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**Title:** Internal Auditor Contracts  
Notice given by: Councillor Hughes

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
12/2/2021	1	Committee of the Whole	adjourned Public Hearing	
12/2/2021	1	Committee of the Whole	approved	Pass

**TAMRMS#: B06**

### Internal Auditor Contracts

Notice given by: Councillor Hughes

### BUDGET POSTPONED MOTION:

That internal auditor contracts are funded for a total of \$350,000 from the capital reserve.

### Administration's Understanding of the Intent of the Motion:

To provide \$350,000 to fund internal auditor contracts from the capital reserve.

### Operational or Organizational Impacts if Motion is Approved:

If approved, \$350,000 will be available for an internal auditor to complete additional reviews/audits.

Additional reviews/audits will have impact on the organizational capacity that is already limited. Each review requires leadership team and in many cases employees to participate in the review by providing information through interviews/workshops and provision of various documentation. In addition, resources may need to be re-directed from implementation of the existing recommendations from reviews/audits completed in the last 2-3 years that are already in progress or in planning phases, and delivery of services to community.

Recommendations from the reviews/audits already completed were identified as opportunities to improve efficiencies and effectiveness of programs, services and operation, and in some cases realize cost savings or generate revenue. Administration has implemented some of the

recommendations from the reviews/audits; however, many are still outstanding due to lack of people and financial resources required to plan and implement recommendations to achieve expected benefits. Allocating additional budget would have greater return on investment if directed towards implementation of recommendations from previous reviews instead of completing additional reviews/audits.

**Financial Implications of Motions:**

Administration will have \$350,000 for the internal auditor contracts.

Given that this is a pure operating expense to the organization, it is not recommended that the capital reserve is identified as the funding source. With diminishing grants and our identified infrastructure deficit it would not be recommended to remove any funding from this category. If the intent is not to impact the 2022 tax requirement for this one-time initiative, as an alternative, the Stabilization Reserve may be a more appropriate funding source.

**Stakeholder Consultations:**

N/A

**Background:**

Council Bylaw 25/2016 as amended by Bylaw 23/2018 (the Internal Auditor and Internal Audit Steering Committee Bylaw) establishes and sets forth the duties and responsibilities of the position of the Internal Auditor and the Internal Audit Steering Committee. The roles and responsibilities outlined in this bylaw for the Internal Auditor include responsibility for all Program audit activities and provision of advice related to Programs efficiency, effectiveness, economy, policy compliance and risk control considerations.

Under this bylaw, since 2019, three major review/audits were completed: Procurement Audit, Risk Management Review and the Operational and Fiscal Review, all completed with the oversight of the Internal Audit Committee. All three reviews/audits were completed with the oversight of the Internal Audit Committee and endorsement of recommendations.

Risk Management Review and Procurement Audit both have outstanding recommendations that require resources and, in some cases, additional investment before they can be implemented and benefits realized. Administration is proceeding with implementation of recommendations as much as possible using existing resources.

The Operational and Fiscal Review conducted by Ernst and Young examined all departments and provided high level review of all services provided by the City. The final report acknowledged short and some medium-term actions already realized by Administration to improve efficiencies, effectiveness and realize cost savings. The final report included over 40 recommendations that focused on medium to long-term actions. In May 2021, Administration provided an implementation plan to Council related to recommendations identified, which outlined initiatives already in progress to address recommendations, those planned to commence in 2021 and those for Council's consideration in future years. Administration is committed to following through on these recommendations, but progress is limited for some due to required resources and in some cases additional investment required before recommendations can be implemented and benefits realized.

These reviews/audits were conducted with funds approved by Council: Risk Management Review,

approximate cost \$64,000, Procurement Audit approximate, cost \$96,000, and Operational and Fiscal Review, approximate cost \$900,000.

In addition, Administration also recently completed the Communication Service Delivery Review, Social Media Review, and Information Service Delivery Review that all have outstanding recommendations for implementation due to lack of resources and budget.

In addition to formal third party reviews/audits, Administration utilized Priority Based Planning and Budgeting (PBB) to identify opportunities for improvement, cost savings, and/or reallocation of resources to higher priority services. Administration will continue to implement insights identified through PBB.

As per Council Policy C-CAO-15 Program and Service Review, Administration used the recommendations provided from previous reviews, and identified through PBB, to develop a multi-year plan to optimize programs and services, improve efficiency and effectiveness and realize cost savings for which the progress will be shared with Council annually.

Report Date: December 2, 2021

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