

# 2022 Annual Report

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Office of the Auditor General  
City of Ottawa

Bureau de la vérificatrice générale  
Ville d'Ottawa

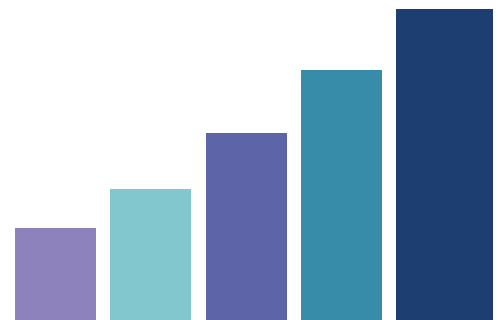




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## Message from the Auditor General

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It is with great pleasure that I table the Office of the Auditor General's ("OAG" or "Office") 2022 Annual Report. This report outlines the accomplishments and work carried out by the OAG in 2022.

One of our key objectives for 2022 was to increase awareness of the OAG through increased communication with our stakeholders. To achieve this, in February 2022 we created a Twitter account to inform the public of key news and help educate our followers on the role of the OAG, discuss our ongoing work and raise awareness of the Fraud and Waste Hotline.

In the spring of 2022, we also designed and launched a new logo for the Office, helping to promote our values of Independence, Integrity, Accountability and Transparency.

We then launched a new website in June 2022, independent from that of the City of Ottawa, to further strengthen and demonstrate our independence from the administration.

The Office experienced another first by launching its first public consultation as part of the three audits we conducted on the convoy protest. This was pivotal to ensure our work included all perspectives, the direct impact faced by residents, as well as continuing to raise awareness of the OAG. Engaging the public and seeking their feedback is a form of input the Office plans to continue to leverage where possible.

I am very proud of the work my team has accomplished over this past year. I would personally like to thank all the members of my team for their extraordinary contribution to the Office and its success this year. Furthermore, I would like to extend my appreciation to the City Manager and the senior leadership team for their openness and willingness to collaborate through the continuous improvement we are striving to bring to our processes and the City as a whole.

Respectfully,

Nathalie Gougeon, CPA, CA, CIA, CRMA, B.Comm.  
Auditor General

## Our Mandate

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The Auditor General is responsible for assisting City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for achievement of value for money in City operations. The Auditor General's Office is independent of management and has the authority to conduct financial (excluding attest), compliance, and performance audits of the following:

- all programs, activities, and functions of all City departments and agencies, and of the offices of the Mayor and Members of Council;
- local boards of the City;
- municipally controlled corporations;
- grant recipients; and,
- any other agencies, boards, commissions, and corporations as Council may from time to time create or identify.

More information surrounding the Auditor General's position and duties, including statutory powers can be found in the [Auditor General By-Law No. 2021-05](#) as well as our [audit charter](#) on our website.





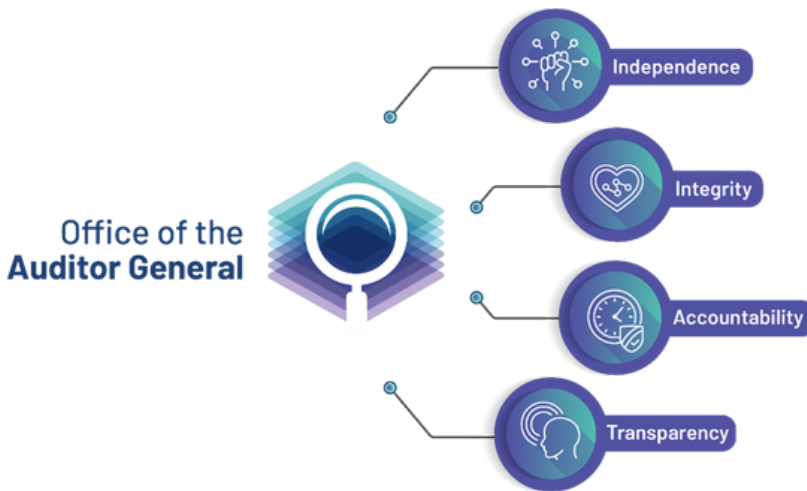
## Vision And Values

### Vision

To be recognized as a knowledgeable, collaborative, and respected leader in governance, control, and risk management and in building public trust in our municipal government.

### Values

Our core values include:



#### Independence

We carry out our activities without bias and free of influence. The OAG is independent of the City's administration.

#### Integrity

We adhere to the City of Ottawa's Employee Code of Conduct, professional codes of ethics and strong ethical principles and values, which allows others to rely on our work and trust our professional judgment.

#### Accountability

Our work is performed to assist City Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in municipal operations. We ensure that the information supporting our findings, recommendations and conclusions is adequate.

#### Transparency

We share information about the OAG's activities, plans, and results with Council, the administration, and members of the public through our website, at the Audit Committee and at Council meetings.



## Our Team

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From left to right: Kevin Mahendran, Carine Ouedraogo, Joanne Gorenstein, Nathalie Gougeon, Sarah Parr, Leo Kadzombe, Rhea Khanna and Siam Rahman. Missing: Cory Richardson and Moriah Gibbs.

Our team is comprised of an Audit Principal, four Senior Auditors and four Auditors that are responsible for conducting the audit work and assisting in the triage and investigation of reports received through the Fraud and Waste Hotline. They are supported by our Deputy Auditor General who oversees the audits and investigations conducted by our Office and liaises with members of the senior leadership team. All members of the team, including the Auditor General, are supported by our Communications Officer who manages the Office's communications and day-to-day administration. In 2022, the Office had two retirements and devoted efforts to recruiting new talent to help grow our team based on two new positions that were approved by Council in December 2021.



## Our 2022 Reports

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In 2022, our Office reported on four audits, two reviews and an investigation. We also performed follow-up procedures on 133 recommendations. A summary of each report tabled at the Audit Committee in 2022 can be found below.

### Audit Reports

#### OCH Development and Renewal Plan

The objective of this audit was to assess the establishment and implementation of Ottawa Community Housing Corporation's (OCH) Development and Renewal Plan and the adequacy of procurement, contract administration and project management practices for the Rochester Phase I development project. We concluded that:

- further refinement of project approval and implementation processes was required;
- OCH had not yet secured the staff needed to implement its 10-Year Development and Renewal Plan; and
- for the Rochester Phase I development project, procurement practices were generally adequate to support large-scale construction projects while project management practices were in place but not yet mature.

We made 10 recommendations which were accepted by management.

#### Zero Emission Bus (ZEB) Project Sprint 1 – Technology and Performance



The objective was to provide reasonable assurance that the City had assessed and considered the technology risks and operational requirements as it selected the type of technology/vendor and in developing its plan to evaluate bus performance within its pilot project.

We concluded that:

- Given the planned timeframes for the next procurement of ZEBs, management would not have been able to benefit from the complete insights of the pilot to inform its next procurement; and
- Considering the short timeframe and the large increase of fleet size (4 ZEBs to 78 in what was to be the next planned procurement), a key risk was whether the City would have sufficient time to adequately plan for the transition to this number of ZEBs.

We made 5 recommendations which were accepted by management.



## ZEB Project Sprint 2 – Tendering Process for 40-Foot Electric Buses



The objective of this audit sprint was to provide reasonable assurance that the City's RFP for the purchase of 40-foot electric buses complied with relevant policies, incorporated lessons learned from the pilot project and other municipalities, considered industry standards, addressed key risks, and enabled the City to select the best value proponent.

We found that the City's draft RFP considered insights from the pilot project. The City also managed risk by including a clause that indicated the procurement would be contingent upon the City receiving funding from Infrastructure Canada and the Canada Infrastructure Bank.

While we did not conclude on the effectiveness of the overall procurement strategy and we understood that the procurement approach was selected to allow for flexibility and innovation by proponents, the audit noted the following risks relative to the draft RFP:

- There was limited ability to assess superior technical capabilities of proponents beyond the baseline technical requirements;
- Some of the RFP requirements were not measurable to facilitate an objective evaluation;
- Minimal guidance was provided on how proponents were to demonstrate compliance with the requirements of the RFP; and
- Specific battery and propulsion system warranty requirements and thresholds were lower than expected when compared to other municipalities and no costing analysis was performed to support these requirements.

The City planned to mitigate some of these risks by extending meetings to proponents where they could have bilateral discussions to provide feedback on their initial design or request clarification on the RFP.

We made 6 recommendations which were accepted by management.

Following a review of the results of the audit, the City of Ottawa and OC Transpo decided not to release the RFP and is planning to enter into a partnership procurement arrangement with the Toronto Transit Commission for battery-electric buses. The change in procurement strategy will address many of the risks outlined in the audit report.





## Enterprise Risk Management (ERM)



The objective of this audit was to provide reasonable assurance regarding the City's ERM program. More specifically, the audit assessed whether:

- the City's approach to ERM enabled effective risk-based decision making;
- ERM processes and practices had been established, aligned to the Framework and Policy and were being consistently applied across all departments; and
- the City had a robust risk management culture that encouraged ongoing risk identification and management.

We found that the City has an ERM program in place supported by an ERM Policy and Framework. There are sound and robust processes in place and functioning which support the identification and management of the most significant risks to the organization. Notwithstanding, the audit noted a number of opportunities to improve and strengthen current risk management practices across the City to mature the overall program.

We made 7 recommendations which were accepted by management.

Further details about these audits can be found on our website under the [audit reports](#) section.

## Review Reports

### Job Evaluation Process

As a result of a Fraud and Waste Hotline report, the OAG conducted a review of job evaluation. The objective of this review was to assess the City's job evaluation processes, for Management Professional Exempt employees, for both the creation of new positions and re-classifications. The review assessed whether:

- Job evaluation activities and processes had been established to support objective, fair, and transparent decision making; and
- Job evaluations were conducted in accordance with job evaluation principles and the City of Ottawa policies and procedures.



We found that there was a need to strengthen the governance and control mechanisms within the job evaluation function to ensure it supported objectivity and independence, while adhering to job evaluation principles and best practices.

We made 9 recommendations which were accepted by management.



## Limited Review of OC Transpo Bus Operator Compliance with Regulations

Over a period of eight months, over 400 reports, similar in nature, were received through the City's Fraud and Waste Hotline (FWHL) alleging violations of the Ontario Highway Traffic Act (HTA) and internal City of Ottawa policies and procedures. Management investigated the alleged HTA violations by OC Transpo Bus Operators and issued a memo to Operators in March 2022. As the OAG continued to receive frequent reports alleging the continuation of these issues, we undertook our own limited review to assess the merits of any of the issues reported.

We found that, even with limited on-site review, one of the key compliance issues raised in the reports was confirmed. Specifically, we found that for most buses observed (67%), Bus Operators did not signal as they departed the bus stop at one intersection that was specified in the FWHL reports. We concluded that some OC Transpo Bus Operators had not altered their behaviour as a result of the communication circulated by management in March 2022 and continue to violate Section 142(2) of the Ontario HTA, as well as internal policies designed to enhance road/driving safety.

We made 1 recommendation which was accepted by management.

Further details about these reviews can be found on our website under the [investigation and review reports](#) section.

## Investigation Reports

### Cybersecurity

The Cybersecurity Investigation was undertaken as a result of a report made to the Fraud and Waste Hotline. This report was presented and discussed during an in-camera session of the June 14, 2022 Audit Committee meeting.



## Quality Assurance and Improvement Program

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### Conformance with the Standards and Independence

The IIA Standards require that the Auditor General report to the City's administration, the Audit Committee and Council regarding the Office's conformance with the IIA Standards and the IIA Code of Ethics, as well as confirm its independence. Over the past year, the OAG staff have complied with the Standards and observed the IIA's Code of Ethics and the Employee Code of Conduct for the City of Ottawa. OAG staff have also applied and upheld the principles of integrity, objectivity, confidentiality, and competency, and maintained and confirm their independence. We continue to implement quality assurance procedures to ensure our compliance is consistently maintained.

The OAG is anticipating changes to the IIA Standards in 2023. We will review the changes and identify which policies and processes need to be modified to remain in accordance with the Standards. Any significant changes will be brought to the Audit Committee's attention.

### Fraud & Waste Hotline

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The Office of the Auditor General is responsible for the administration of the City's Fraud and Waste Hotline (FWHL), which is available to employees and the public as part of the City's Fraud and Waste Policy. Our Office reviews issues raised through the Hotline and presents the results of reviews and investigations to the Audit Committee and City Council. The 2021 Annual FWHL report was tabled in February 2022. The 2022 Annual FWHL report is being tabled concurrently with this report. The OAG experienced a significant increase in the total number of cases received and triaged during 2022. Further details about the FWHL can be found on our [website](#).

## Performance Management

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Below are a few key measures the OAG tracks on an annual basis to ensure our Office is running effectively and efficiently and to identify areas for continuous improvement.

### Audit Targets



In December 2021, we presented our 2022-2023 audit plan with anticipated timelines to the Audit Committee and Council for each proposed audit or project. We have completed and reported on 100% of our audits and projects within the prescribed timeframe with one exception, the Audit of Revenue. As part of our planning for this audit, we learned that revenues from water utilities, the key area that we had planned to audit, had been extensively reviewed by the Process Review Branch of the Finance Services Department Business Support Services. As we no longer felt we would be adding value, we cancelled this scheduled audit. In lieu, my team commenced and substantially completed 3 convoy protest audits.

### Recommendations

In 2022, we issued 44 recommendations as a result of the audits, reviews and investigations we conducted. All recommendations were accepted by the auditees.

### Budget

In 2022, the Office was significantly under budget due to cost savings from staff vacancies and the cybersecurity investigation that we conducted that leveraged funding from another cost centre.

### Continuing Education

100% of our audit staff have professional audit certifications, advanced designations, and/or degrees. To maintain good standing with the various associations, staff are required to take professional development training every year to enhance their knowledge, skills and other competencies, including ethics. All staff met their respective requirements in 2022.





## Audit Surveys

As part of our quality assurance process, we issue surveys to all audit clients. These surveys help our Office determine how each audit unfolded, and the value seen by management in both the scope of the work we performed and the recommendations that stemmed from the audit. Respondents are asked to answer questions regarding engagement performance by selecting from the following responses: strongly agree, agree, disagree, and strongly disagree. Two additional questions were included in the survey to enable respondents to provide additional comments as well as to indicate if they believe the audit provided value. Aggregated results for the past year are as follows:

Questions	Rate of Respondents that Strongly Agreed or Agreed
Audit provided value	100%
Audit recommendations are constructive and actionable	100%
Audit scope and objectives were relevant and clearly conveyed	100%
Audit report is objective, accurate, succinct, and clearly written	100%
Communication lines were open and positive	100%
Audit staff were objective, qualified and professional	100%

The survey results for audits concluded in 2022 show that respondents felt very positively about our audits, the way staff conduct themselves and the value we bring. We will continue to collaborate with management in streamlining our process as part of our continuous improvement process.





## Senior Leadership Team (SLT) Survey Results

In 2021, the Office sent an annual survey to members of the SLT which consisted of a series of questions to better understand the effectiveness of our audits and the value they bring to the City. These surveys were intended to be performed on a rotational basis. In 2022, we had planned to survey members of Council to solicit their feedback on our performance. As 2022 was an election year, we chose to delay sending out this survey as it would have fallen in the middle of the election campaign. The Office will survey both members of the SLT and Council in 2023 and resume a rotational cycle in 2024.



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Follow us on Twitter [@oagottawa](https://twitter.com/oagottawa)

The Fraud and Waste Hotline is a confidential and anonymous service that allows City of Ottawa employees and members of the general public to report suspected or witnessed cases of fraud or waste 24 hours a day, seven days a week.  
[www.ottawa.fraudwaste-fraudeabus.ca](http://www.ottawa.fraudwaste-fraudeabus.ca) /



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