



Office of the
Auditor General
City of Ottawa

ANNUAL REPORT

2023



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Land Acknowledgement

Ottawa is built on unceded Anishinabe Algonquin territory. The peoples of the Anishinabe Algonquin Nation have lived on this territory for millennia. Their culture and presence have nurtured and continue to nurture this place. The Office of the Auditor General honours the people and the land of the Anishinabe Algonquin Nation. The Office of the Auditor General honours all First Nations, Inuit and Métis peoples and their valuable past and present contributions to this land.

Message from the Auditor General



It is with great pleasure that I table the Office of the Auditor General's ("OAG" or "Office") 2023 Annual Report. This report outlines the accomplishments and work carried out by the OAG in 2023.

This past year we issued 13 audit and investigation reports, significantly exceeding prior years' results. To provide the most impact through the course of our work, our audits continued to focus on issues that are important to Ottawa residents and City Council, including the 2022 convoy protest, the COVID-19 pandemic, cybersecurity, the prevention of workplace violence and harassment and large transformational projects such as the City's Zero Emission Bus Project.

Our audits continued to bring forth recommendations focused on improved governance, risk management and control processes. In 2023 we made recommendations aimed at:

- Improving the sufficiency, openness and timeliness of communication across the City as well as with residents and members of Council
- Clarifying roles and responsibilities for efficient and effective delivery of programs and services; and
- Ensuring the City had the appropriate and dedicated resources and expertise required to efficiently, effectively, and economically delivery on key initiatives/large scale projects.

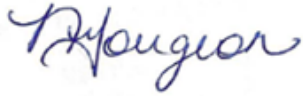
This year, our Office also managed 282 complaints received through the City's Fraud and Waste Hotline in addition to over 955 complaints that were similar in nature. The investigations we conducted as a result of these reports led to the issuance of 4 [investigation reports](#). Through our role in administrating the Fraud and Waste Hotline, we continue to provide a means of ensuring accountability and ethical conduct across the City's administration.

New this year, our Office launched a public consultation seeking input into the areas that Ottawa residents and business owners believed could benefit from an independent audit. The results of this survey helped inform our [2024-2025 Audit Workplan](#) that was presented to the Audit Committee in November 2023. In future, our aim is to continue to leverage the public's input to ensure we are focusing on what matters most to the resident's and in turn provide the most value add we can.

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.

On a final note, I would personally like to thank all the members of my team for their extraordinary contribution to the Office and its success this year. I am very proud of the work my team has accomplished over this past year.

Respectfully,



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

Our Mandate

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



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.

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

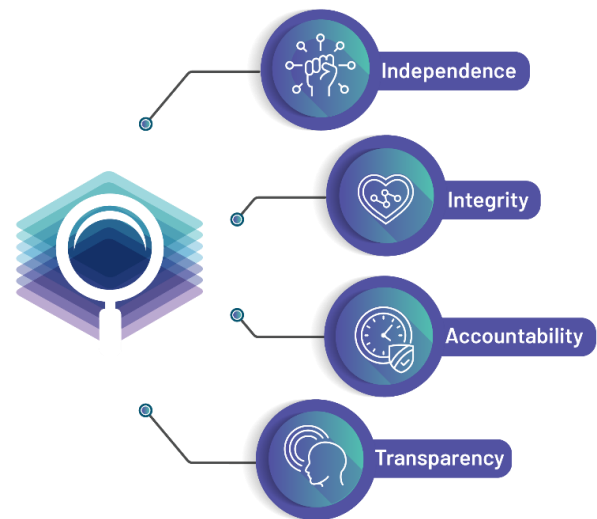
Our work is performed to assist City Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in municipal operations. We ensure that the information supporting our findings, recommendations and conclusions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

Values

Our core values include:



Our Team



From left to right: Back row – Leo Kadzombe, Siam Rahman, Rachel Weese, Cory Richardson, Anna Koldewey. Front row – Mary Anne Patrice Taylor, Sarah Parr, Moriah Gibbs, Nathalie Gougeon, Joanne Gorenstein, Rhea Khanna.

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 Administrative and Communications Officer, who manages the day-to-day administration and the Office's communications.

Our 2023 Reports

In 2023, our Office reported on nine audits and four investigations. A summary of each report tabled at the Audit Committee in 2023 can be found below. We also performed follow-up procedures on 108 recommendations.

2023 Audit Reports

Audit of the Ottawa Police Service's Response to the Convoy Protest – Collaboration with the City of Ottawa

This audit was initiated as part of a request from the Ottawa Police Services Board (OPSB or the Board) to review the Ottawa Police Services (OPS) response to the Convoy Protest. The audit scope was specific to reviewing the effectiveness of OPS' collaboration with the City of Ottawa (City) with respect to this event. We concluded that:



- OPS and the City effectively collaborated towards a common objective, providing resources, infrastructure, and expertise when possible; and
- The areas for improvement included leveraging the expertise of City staff, sharing intelligence and plans, and formalizing roles and responsibilities for communications.

We made **4 recommendations** which were accepted by management.

Audit of the Ottawa Police Service's Response to the Convoy Protest – The Role of the OPSB



This audit was initiated as part of a request from the OPSB to review its own response to the Convoy Protest. The scope was exclusively to assess whether the OPSB took the necessary steps to fulfill its mandate of providing adequate and effective police services in Ottawa. We concluded that:

- The OPSB's ability to fulfill their mandate was impacted by several factors, including lack of skills and expertise, training, and support;
- At the beginning of the protest, the Board did not fully understand how to handle an event of this magnitude, but they took steps to seek legal expertise and support; and
- The Board faced further challenges as they did not receive operational information or answers to their questions from the Chief of Police, thus hindering their ability to provide effective oversight.

We made **11 recommendations** which were accepted by the Board.

Audit of the City of Ottawa's Response to the Convoy Protest

The objective of this audit was to review whether the City's response effectively supported its residents and the Ottawa Police Service, as well as ensured the continuity of City services through the duration of the event. We concluded that:

- The City readily supported the OPS throughout the demonstration;
- Timelier engagement with all relevant City departments and adequate intelligence sharing from policing partners was required to enable effective planning by the City;
- More open and timely communication with Councillors was required to ensure they were adequately informed and engaged;
- While the City created a process to assist impacted residents with access to basic needs, the means of accessing this support was not adequately advertised to some residents affected by the emergency;
- Formalization of roles and responsibilities between the City and of community partners during an emergency is required; and
- Improved communication with concerned residents is needed during an emergency.



We made **20 recommendations** which were accepted by management.

Audit of the Governance of the City's Pandemic Response



The objective of this audit was to examine the City's governance structure, and associated mechanisms, to support its response to the pandemic. We concluded that:

- The City had the structures in place to ensure an agile and effective response to the pandemic; and
- Interdepartmental collaboration and dedication from Ottawa Public Health, senior management, staff from across the City, and partner organizations ensured a successful response to this event.

We made **4 recommendations** which were accepted by management.

Audit of Zero-Emission Buses Funding Mechanisms and Agreements (Sprint 3)

This audit was undertaken as part of an agile audit of the City's Zero Emission Bus (ZEB) Program. The objective of this audit was to review the City's activities to secure a loan from the Canada Infrastructure Bank (CIB) and a grant from Infrastructure Canada (INFC), as well as the associated risks. We concluded that there were operational and funding risks to consider with the funding arrangements, including delays in funding, which could impact OC Transpo's service requirements and the many requirements of the CIB loan agreement.



We made **4 recommendations** which were accepted by management.

Audit of Zero-Emission Buses Envari Contract (Sprint 4)

This audit was undertaken as part of an agile audit of the City's ZEB Program. The purpose of this audit was to review Envari's (a wholly owned subsidiary of Hydro Ottawa) contract with the City for the delivery of charging infrastructure to support battery-electric buses. We concluded that:

- Envari's adherence to contractual protocols and performance should be monitored by the City, considering the reputational risk to the City in the case of an unsuccessful contract; and
- Several risks were identified in the contract, such as no fixed price or timeline being built into the contract, as well as City Information Technology specialists not being engaged in the contract drafting process to provide information and feedback on system integration.

We made **3 recommendations** which were accepted by management.

Audit of the Prevention of Workplace Violence and Harassment

The objective of this audit was to evaluate the City's Workplace Violence and Harassment (WVH) Program given the increased reporting of allegations of violence and harassment across North America in recent years. We concluded that:

- The City had mechanisms and processes in place to address and resolve cases of WVH, however it lacked a comprehensive strategy and focused attention from the senior leadership team;
- Additional focus and resources should be allocated to support prevention activities and the WVH program; and
- Training and enhanced awareness activities are needed to ensure sufficient understanding across all levels of the organization.



The OAG made **9 recommendations** which were accepted by management.

Preliminary Report on Cybersecurity and Audit of Cybersecurity

The OAG issued both a Preliminary Report on Cybersecurity and an Audit Report on Cybersecurity. These reports were presented and discussed during in-camera sessions of the September 22nd and November 27th Audit Committee meetings, respectively.

2023 Investigation Reports

Investigation of Allegations Related to Carleton Lodge Long-Term Care Home

This investigation was initiated due to several reports received through the Fraud and Waste Hotline (FWHL). These reports were related to inappropriate practices and activities at Carleton Lodge Long Term Care (LTC) Home. Through this investigation, we found that there is a need for LTC Homes to review and enforce related practices and procedures. The investigation substantiated the following allegations:



- Staff were using personal electronic devices during working hours;
- Staff conversed outside of the working language of the home or the preferred language of the resident in front of residents and/or other staff members; and
- There was a failure to efficiently remediate a breach of staff's personal health data.

We made **3 recommendations** which were accepted by management.

Investigation of Manotick Business Improvement Area Expenses



This investigation was initiated as a result of several reports received through the FWHL. These reports were related to concerns about the possibility of the Manotick Business Improvement Area (MBIA) incurring inappropriate expenses. We concluded that:

- The MBIA needed to improve its controls over the approval and reimbursement of expenses and petty cash; and
- The MBIA lacked a clear policy for acceptable expenses and oversight of finances.

We made **4 recommendations** to the MBIA which were accepted by its Board of Directors.

Investigation of Manotick Business Improvement Area Expenses – Role of the City of Ottawa

As part of the Investigation of Manotick Business Improvement Area Expenses, the OAG initiated a second investigation to review the role of the City of Ottawa relative to the allegations. We concluded that the City could better support the MBIA and other Business

Improvement Areas (BIA) in enhancing their expenditure management by creating guidance materials, providing training, and reviewing BIA policies to ensure alignment with best practices.

We made **3 recommendations** to the City which were accepted by management.

Investigation of Allegations Related to Planning Activities for the Conservancy Development

This investigation was initiated due to several reports received through the Fraud and Waste Hotline. These reports were about planning activities and approvals related to the Conservancy residential development. We concluded that:

- It was inappropriate for staff to issue a letter of endorsement to the Rideau Valley Conservation Authority (RVCA) for a cut-and-fill application;
- City specialists were not engaged in each step of the application review process; and
- Council was not advised of the decision to pause work that was initiated as the result of a Council direction.



We made **3 recommendations** which were accepted by management.

Fraud & Waste Hotline

The Office of the Auditor General is responsible for the administration of the City's Fraud and Waste Hotline (FWHL or Hotline), 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 2022 Annual FWHL report was tabled in June 2023. The 2023 Annual FWHL report is being tabled concurrently with this report.

The OAG will be working with the City Manager's Office this year to review the FWHL Policy and relevant procedures to identify areas for improvement. The Office will also be developing an awareness campaign to inform City employees and residents about the objectives of the program. Further details about the FWHL can be found on our [website](#).



Quality Assurance and Improvement Program

Conformance with the Standards and Independence

The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing (“the Standards”) require that the Auditor General report to the City’s administration, the Audit Committee and Council regarding the Office’s conformance with the Standards and the IIA Code of Ethics, as well as confirm its independence. Over the past year, the OAG’s 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 confirmed their independence. We continue to implement quality assurance procedures to ensure our compliance is consistently maintained.

The OAG is anticipating changes to the Standards in 2024 which will become effective in 2025. We will review the changes and identify which policies and processes need to be modified to remain in conformance with the Standards. Any significant changes will be brought to the Audit Committee’s attention.

Periodic Internal Assessment

The Standards require the Auditor General to ensure the Office conducts an internal assessment that includes both ongoing monitoring and periodic self-assessments. Ongoing monitoring is performed for all OAG engagements and is embedded within our quality assurance procedures through various levels of review.

The OAG also performs periodic self-assessments. These self-assessments are executed by staff that were not working on specific engagements and help us ensure we are meeting the quality requirements established by the Standards. This year we assessed 6 audit files. No nonconformances with the Standards were noted, however areas for continuous improvement with respect to file organization and documentation as well as version control were identified. We have implemented new procedures to streamline these areas.

Performance Management

Audit Targets

In December, we presented our 2022-2023 Audit Workplan 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 based on our amended plan with the exception of the Audit of the Corporate Diversity and Inclusion Plan (CDIP).



Audit of the Corporate Diversity and Inclusion Plan

This audit was scheduled to start in 2023. It has been shifted to 2024 as Management is undergoing an external evaluation of the CDIP to assess the achievement of the targets and activities to date, review the team’s capacity and accountability, identify opportunities for improvement and enable the creation of the 2025-2029 CDIP. Once the assessment is completed, the OAG will review the results and assess if and where, the OAG may be able to add value in this area.

Despite not commencing the Audit of the CDIP, the OAG completed three convoy protest audits, 4 investigations, as well as commenced an agile audit of the Lansdowne 2.0 Redevelopment Project.

Audit of Workplace Culture - Carleton Lodge Long-Term Care Home

Due to several reports received through the FWHL in 2021-2023, our Office commenced a workplace culture audit at one of the City’s long term care homes. As we progressed through our planning phase, more severe allegations were received which required Management investigation and Ministry of Long-Term Care notification. As such, we paused our audit to allow for their mandated investigations to be completed. As a result of these investigations, an action plan was developed incorporating many areas we had in scope for our audit. As we no longer believed we could provide sufficient value through the conduct of additional audit procedure at this time, we decided to cancel the audit. Management is continuing to provide our Office with status updates on the progress of their action plans and we will reassess any future work based on the results of their progress.

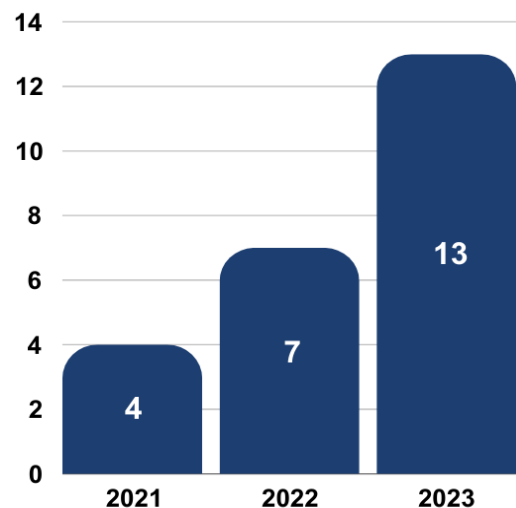
Number of Reports Issued

In 2023, the Office issued a total of **13 reports** (2022 – 7 reports), an 86% increase from 2022 (See Figure 1). This increase is a result of efficiencies identified in our audit processes as well as timing delays in presenting some of our completed reports to the Audit Committee. These delays were caused by the absence of a Q4 Audit Committee meeting resulting from the 2022 municipal election.

Recommendations

In 2023, we issued **99 recommendations** as a result of the audits, reviews and investigations our team conducted. All of the recommendations were accepted by the auditees.

Figure 1: Number of Reports Issued by Year (2021 to 2023)



Budget

In 2023, the Office was significantly under budget due to cost savings from staff vacancies and timing differences from the commencement of the Audit of Lansdowne 2.0 Redevelopment Project.

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 2023.

Audit Surveys

Audit Client Survey Results




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 Agreed or Strongly Agreed
Audit provided value	92%
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 2023 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.

Members of Council Survey Results

In 2023, the OAG sent out an annual survey to members of Council, which consisted of nine questions to better understand the impact of our work and Councillors' perspectives on the steps we are taking to achieve our mandate.

 Objective	 Conclusions	 Actions
<p>The objective of this survey was to obtain feedback from Council members regarding the overall performance of the OAG in 2023.</p>	<p>Most respondents felt that the OAG:</p> <ul style="list-style-type: none"> • Has a good understanding of Council priorities; • Supports the City's achievement of its strategic objectives; and • Assists Council in holding itself and the City accountable for the quality of stewardship of public funds and value for money in City operations. 	<p>Some respondents felt that the OAG's work only sometimes results in improved governance, risk management, and control processes.</p> <p>To ensure that members of Council are aware of how each audit achieves this, the OAG will add a section to each report to explain how the work performed leads to such improvements.</p>

Biennial surveys of the Senior Leadership Team (SLT) and Council will continue on a rotational cycle starting in 2024.

OAG Ottawa Leadership in the Audit Community

Every year our Office contributes in various ways to the audit profession. In 2023, the Office's contributions included:

2022 Knighton Award

The Association of Local Government Auditors (ALGA) is an organization representing more than 300 organizational members and more than 2,500 individual members including auditors from cities, countries, utility districts, transit agencies and more. ALGA, through its Knighton Awards, recognizes the best performance audit reports of the year across its members. In February 2023, our Auditor General, alongside representatives from Honolulu, Oakland, Seattle, and Arizona, formed part of the evaluation committee to acknowledge peers in the industry.

International Women's Day AG Panel

This year, on International Women's Day, our Auditor General, joined by the Auditor General of Canada, the Auditor General of Québec and the Auditor General of the Ville de Montréal participated in a panel discussion through the [Canada School of Public Service](#) sharing their respective journeys as women in top audit leadership positions and the ways they are helping to improve the lives of other women.



Municipal Internal Auditors Association

The Municipal Internal Auditors Association (MIAA) is an organization that provides education and networking opportunities to its membership which includes over 40 audit groups from municipalities, local school boards and police services across Ontario and other provinces. As part of its Spring Workshop, the Office presented the results of our audits on the response to the convoy protest, sharing our approach, our successes, innovations, and our lessons learned.

Institute of Internal Auditors Canada - National Conference

In October 2023, the Office, as an audit leader in implementing agile auditing in the public sector, presented our approach and results of our agile audit of the zero emission buses project to auditors across Canada at IIA Canada's National Conference held in the nation's capital.

In addition to the above contributions, the Office continues to liaise with municipal, provincial and federal counterparts in Canada and around the world to share and gain insights on best practices, efficient design of our audit programs and raise awareness about our profession.

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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 / **1-866-959-9309**