



SUBJECT: City Auditor performance evaluation 2024

TO: Audit Committee

FROM: Corporate Affairs

Report Number: CM-11-24

Wards Affected: Not applicable

Date to Committee: December 4, 2024

Date to Council: December 10, 2024

Recommendation:

Direct the Audit Committee Chair and the Head of Corporate Affairs to deliver the Audit Committee's final performance rating and feedback from committee discussions to the City Auditor, ensuring the information is submitted to human resources for inclusion in the merit program where applicable contained in corporate affairs department report CM-11-24.

PURPOSE:

This report presents an overview of the City Auditor's performance survey results, serving as the foundation for discussion and the final determination of the City Auditor's performance rating.

Vision to Focus Alignment:

The internal audit function plays an independent, objective role in evaluating the City's operations and progress toward strategic goals and objectives.

Background and Discussion:

As outlined in Section III of the Audit Committee's [Terms of Reference](#) (most recently reviewed in June 2024, with the next review scheduled by June 2028), one of the Committee's key responsibilities is to: "Monitor and annually evaluate the performance of the City Auditor in carrying out the approved audit work plan and other established goals."

Since the City Auditor reports functionally to the Audit Committee, the Committee approved the performance management process for the City Auditor in June 2023 ([CA-07-23](#)).

Historically, the City Auditor's reporting structure has varied. While it has reported to the CAO in the past, it has also included oversight by senior leaders – most recently, to the Executive Director of Strategy, Risk and Accountability, in their prior capacity and since 2021. The Office of the City Auditor Charter outlines accountability and reporting relationships that ensure the City Auditor's operational independence, regardless of administrative reporting structures.

The City Auditor's independence is secured through various mechanisms established in the Office of the City Auditor Charter (September 2024). The Charter mandates that the City Auditor is accountable to the Audit Committee, which maintains authority over the scope and priorities of audit activities. Key principles include objectivity, unrestricted access to City operations, and the prohibition of any operational duties that could compromise independence.

This alignment not only upholds historical precedents of strong oversight but also adheres to the core values of independence, quality assurance, and ongoing commitment to providing value through risk-based auditing.

The City Auditor's independence remains fully intact under the new reporting structure, as core safeguards and protocols outlined in the Office of the City Auditor Charter ensure unbiased and objective audit practices:

- **Independence through Accountability to the Audit Committee:** The City Auditor continues to report functionally to the Audit Committee, an external oversight body responsible for reviewing the Auditor's activities, approving the annual audit plan, and assessing audit outcomes. This setup maintains a direct line to an independent committee that oversees all audit activities and holds the City Auditor accountable to high standards of independence and objectivity.
- **Unchanged Terms of Reference and Scope of Work:** The administrative change in reporting to the Head of Corporate Affairs does not alter the terms of reference, mission, or the scope of work defined for the City Auditor. The Auditor's role and duties continue to be governed by the same charter, which protects their freedom to evaluate City operations and ensure compliance, resource efficiency, and risk management without undue influence. The Charter expressly provides the Auditor with unrestricted access to all City operations, personnel, and data, ensuring no barriers to effective auditing.

- **Structural Protections Against Influence:** Under the new arrangement, the City Auditor's reports administratively to the Head of Corporate Affairs – who provides day-to-day support and access to operational resources but does not extend to influencing audit activities or priorities. The Head of Corporate Affairs is part of the Executive Leadership Team, which reports directly to the CAO; however, this administrative reporting does not grant any authority over the content, focus, or findings of the Auditor's work. This arrangement allows the City Auditor to remain independent and safeguarded from any potential pressures to alter findings or audit scope, ensuring full operational autonomy.
- **Prohibition of Operational Responsibilities:** Per the Charter, the City Auditor is explicitly prohibited from performing any operational duties or directing City operations outside of audit-related functions. This clear distinction prevents any role conflict and reinforces the Auditor's position as an independent evaluator of City processes, as opposed to a participant in them. Such protections are critical for avoiding any perceived or actual conflicts of interest.
- **Quality Assurance and Professional Standards:** The Office of the City Auditor adheres to The Institute of Internal Auditors' Global Internal Audit Standards, which include independence, objectivity, and quality assurance requirements. Regular reviews and evaluations ensure that the Auditor's practices align with best practices and that any threats to independence are mitigated promptly. This adherence to external standards offers further assurance of unbiased auditing that remains unaffected by internal reporting structures.

While the City Auditor's reporting relationship has shifted administratively, the established frameworks, safeguards, and the Charter itself ensure that the Auditor's independence, scope, and authority remain robustly protected. This structure enables the Auditor to function independently, with direct support from both the Audit Committee and Executive Leadership, ensuring objective and effective audit practices continue unchanged.

Strategy/process/risk

The Audit Committee regularly receives updates on the City Auditor's work plan progress, along with key qualitative updates and quantitative performance metrics. In addition to these updates, the annual performance survey and ensuing discussion with Audit Committee members form the basis for evaluating the City Auditor's performance.

City Auditor Performance Survey Results

The Head of Corporate Affairs conducted the annual survey with Audit Committee members from October to November 2024. The summarized results, provided in

Confidential Appendix A, support the confidential performance review discussion with the Audit Committee.

City Auditor Performance Confidential Discussion

In a “closed session,” permitted under section 239(2)b of the *Municipal Act* (regarding “personal matters about an identifiable individual, including municipal or local board employees”), the Chair of the Audit Committee and the Head of Corporate Affairs will co-facilitate a review session with committee members to finalize the City Auditor’s performance evaluation. The City Auditor will not attend this meeting; however, the Committee Clerk will record minutes, and Human Resources personnel may participate if requested. Committee members will establish a final overall rating aligned with the City’s performance rating criteria in Appendix B.

Delivering Results

Following the Audit Committee discussion, a meeting will be convened with the Audit Committee Chair, Head of Corporate Affairs, and City Auditor. This meeting will communicate the survey results, any additional feedback, and the final performance rating to the City Auditor. Human Resources will receive the final rating and relevant documentation to support merit decisions within the City’s total rewards framework and Council’s annual operating budget.

Financial Matters:

The City’s performance management program recognizes employee performance through merit increases.

Total Financial Impact

Not applicable

Source of Funding

The City Auditor’s performance-related merit increase falls within the City’s established merit funding envelope, as allocated in the base operating budget.

Other Resource Impacts

Not applicable

Climate Implications:

Not applicable

Engagement Matters:

The Audit Committee members were engaged in approving the City Auditor's performance management process as well as participating in the process through the survey and the closed session discussion.

Conclusion:

This completed process reinforces the Audit Committee's oversight of the City Auditor and aligns with their responsibilities as outlined in the Committee's Terms of Reference.

Respectfully submitted,

Leah Bortolotti
Head of Corporate Affairs
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Appendices:

- A. **Confidential** CM-11-24 - Appendix A: Summary of City Auditor Performance Survey Results
- B. City Performance Management Rating Scale

Report Approval:

All reports are reviewed and/or approved by the Chief Financial Officer and the Commissioner, Legal and Legislative Services.