

# AUDIT COMMITTEE AGENDA

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Audit Committee Meeting  
**Tuesday, January 22, 2019**  
Tom Davies Square

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4:00 p.m. AUDIT COMMITTEE MEETING  
COUNCIL CHAMBER

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<https://agendasonline.greatersudbury.ca>.

Please be advised that if you make a presentation, speak or appear at the meeting venue during a meeting, you, your comments and/or your presentation may be recorded and broadcast.

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Your information is collected for the purpose of informed decision-making and transparency of City Council decision-making under various municipal statutes and by-laws and in accordance with the *Municipal Act, 2001, Planning Act, Municipal Freedom of Information and Protection of Privacy Act* and the City of Greater Sudbury's *Procedure By-law*.

For more information regarding accessibility, recording your personal information or live-streaming, please contact Clerk's Services by calling 3-1-1 or emailing [clerks@greatersudbury.ca](mailto:clerks@greatersudbury.ca).

## **DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF**

## **APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR**

Report dated October 30, 2018 from the General Manager of Corporate Services regarding Appointment of Chair and Vice-Chair - Audit Committee.  
**(RESOLUTION PREPARED)**

**4 - 5**

(The Deputy City Clerk will call the meeting to order and preside until the Audit Committee Chair and Vice-Chair have been appointed, at which time the newly appointed Chair will preside over the balance of the meeting.)

## **PRESENTATIONS**

1. Report dated January 3, 2019 from the General Manager of Corporate Services regarding 2018 External Audit Planning Report. **6 - 26**  
**(ELECTRONIC PRESENTATION) (RESOLUTION PREPARED)**

- Oscar Poloni, Partner, KPMG LLP

(The City of Greater Sudbury's Auditors will be presenting the External Audit Planning Report with respect to the 2018 year-end. The purpose of the presentation is to provide information to the Audit Committee relating to the activities of the City External Auditors in discharging their audit responsibilities.)

## **CONSENT AGENDA**

(For the purpose of convenience and for expediting meetings, matters of business of repetitive or routine nature are included in the Consent Agenda, and all such matters of business contained in the Consent Agenda are voted on collectively.

A particular matter of business may be singled out from the Consent Agenda for debate or for a separate vote upon the request of any Councillor. In the case of a separate vote, the excluded matter of business is severed from the Consent Agenda, and only the remaining matters of business contained in the Consent Agenda are voted on collectively.

Each and every matter of business contained in the Consent Agenda is recorded separately in the minutes of the meeting.)

## **CORRESPONDENCE FOR INFORMATION ONLY**

- C-1. Report dated January 2, 2019 from the Auditor General regarding Performance Audit of the Grants Process for the Healthy Community Initiative. **27 - 30**  
**(FOR INFORMATION ONLY)**

(This report outlines the results of the audit of HCI grant activities from January 1, 2018 to June 30, 2018.)

- C-2. Report dated January 3, 2019 from the Auditor General regarding Status Report on the Wrongdoing Hotline. **31 - 37**  
**(FOR INFORMATION ONLY)**

(This report summarizes the complaints received from June 1 to December 31, 2018 and provides comparative statistics for the same seven-month period in 2017.)

## **MANAGERS' REPORTS**

- R-1. Report dated December 28, 2018 from the Auditor General regarding Draft Audit Plans for 2019 and 2020. **38 - 45**  
**(RESOLUTION PREPARED)**

(This report provides draft audit plans for 2019 and 2020.)

## **ADDENDUM**

## **CIVIC PETITIONS**

## **QUESTION PERIOD AND ANNOUNCEMENTS**

## **NOTICES OF MOTION**

## **ADJOURNMENT**

## Request for Decision

### Appointment of Chair and Vice-Chair - Audit Committee

Presented To:	Audit Committee
Presented:	Tuesday, Jan 22, 2019
Report Date	Tuesday, Oct 30, 2018
Type:	Appointment of Committee Chair and Vice-Chair

### Resolution

That the City of Greater Sudbury appoints Councillor \_\_\_\_\_ as Chair and Councillor \_\_\_\_\_ as Vice-Chair of the Audit Committee for the term ending December 31, 2019, as outlined in the report entitled "Appointment of Chair and Vice-Chair - Audit Committee", from the General Manager of Corporate Services, presented at the Audit Committee meeting on January 22, 2019.

### Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

### Report Summary

This report outlines the procedure for the election by the Committee of the Chair and Vice-Chair of the Audit Committee for the term ending December 31, 2019.

### Financial Implications

The remuneration for the Chair is provided for in the operating budget.

#### Signed By

##### **Report Prepared By**

Brigitte Sobush  
Manager, Clerk's Services/Deputy City Clerk  
*Digitally Signed Oct 30, 18*

##### **Division Review**

Eric Labelle  
City Solicitor and Clerk  
*Digitally Signed Nov 15, 18*

##### **Financial Implications**

Jim Lister  
Manager of Financial Planning and Budgeting  
*Digitally Signed Nov 20, 18*

##### **Recommended by the Department**

Kevin Fowke  
General Manager of Corporate Services  
*Digitally Signed Jan 7, 19*

##### **Recommended by the C.A.O.**

Ed Archer  
Chief Administrative Officer  
*Digitally Signed Jan 9, 19*

## **Background**

This report sets out the procedure for the election by the Committee of the Chair and Vice-Chair of the Audit Committee for the term ending December 31, 2019.

The Procedure By-law provides that a Member of the Committee shall be appointed annually by the Committee to serve as Chair of the Audit Committee. As well, a Vice-Chair is appointed annually.

The above appointments need only be confirmed by resolution.

## **Remuneration**

The Chair of the Audit Committee is paid \$2,478.93 per annum.

## **Selection**

The selection of the Chair and Vice-Chair is to be conducted in accordance with Articles 33 and 37 of the Procedure By-law.

Council's procedure requires that in the event more than one (1) candidate is nominated for either the Chair or Vice-Chair's position, a simultaneous recorded vote shall be used to select the Chair and Vice-Chair.

It is always in order for a Member of Council to nominate themselves and to vote for themselves.

Once the successful candidates have been selected, a recommendation will be introduced.

## **Resources Cited**

Council Procedure By-law 2011-235: <https://www.greatersudbury.ca/city-hall/by-laws/#frb>

## Request for Decision

### 2018 External Audit Planning Report

Presented To:	Audit Committee
Presented:	Tuesday, Jan 22, 2019
Report Date	Thursday, Jan 03, 2019
Type:	Presentations

#### Resolution

THAT the City of Greater Sudbury approves the 2018 External Audit Plan as outlined in the report entitled "2018 External Audit Planning Report" from the General Manager of Corporate Services, presented at the Audit Committee meeting on January 22, 2019.

#### Relationship to the Strategic Plan / Health Impact Assessment

This report refers to Responsive, Fiscally Prudent, Open Governance: Focus on openness, transparency and accountability in everything we do.

#### Report Summary

The audit planning report contains audit areas and systems that will be reviewed during the external audit, the audit approach and details relating to scope and timing of the audit.

#### Financial Implications

There are no financial implications associated with this report.

#### Signed By

##### **Report Prepared By**

Christina Dempsey  
Co-ordinator of Accounting  
*Digitally Signed Jan 3, 19*

##### **Manager Review**

Lorraine Laplante  
Manager of Accounting  
*Digitally Signed Jan 3, 19*

##### **Division Review**

Ed Stankiewicz  
Executive Director of Finance, Assets and Fleet  
*Digitally Signed Jan 3, 19*

##### **Financial Implications**

Jim Lister  
Manager of Financial Planning and Budgeting  
*Digitally Signed Jan 3, 19*

##### **Recommended by the Department**

Kevin Fowke  
General Manager of Corporate Services  
*Digitally Signed Jan 7, 19*

##### **Recommended by the C.A.O.**

Ed Archer  
Chief Administrative Officer  
*Digitally Signed Jan 9, 19*

## Background

In accordance with generally accepted auditing standards, an annual audit plan must be approved by the Audit Committee. The objective of the audit plan is to identify audit areas and systems that will be reviewed during the external audit, explain the audit approach to be used, provide information with respect to the scope and timing of the audit and identify specific issues for the year under review.

Our external auditors will be presenting an over view of their External Audit Planning Report with respect to the 2018 year-end. The full External Audit Planning Report is attached.

Oscar Poloni from KPMG will be presenting the External Audit Planning Report. The purpose of the presentation is to provide information to the Audit Committee relating to the activities of the City External Auditors in discharging their audit responsibilities.



# City of Greater Sudbury

**Audit Planning Report for the  
Year Ended December 31, 2018**

*KPMG LLP*

January 22, 2019

[kpmg.ca/audit](http://kpmg.ca/audit)





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The contacts  
at KPMG in  
connection  
with this report  
are:



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Lead Audit Engagement  
Partner  
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Mobile: 705.561.3963  
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Stefan Staneckyj, CPA, CA  
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[sstaneckyj@kpmg.ca](mailto:sstaneckyj@kpmg.ca)

# Executive summary



## Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Revenue recognition for conditional funding sources;
- Employee-related liabilities and management estimates;
- Taxation appeals; and
- Capital expenditures.

See pages 4 - 7



## Audit materiality

Materiality has been determined based on total revenues for the preceding fiscal year. This benchmark is consistent with prior years.

Materiality for planning purposes has been established at \$12.1 million, representing 2% of the preceding year's revenues.

Our audit misstatement posting threshold has been set at 5% of materiality, or \$605,000. This is the level at which audit differences will be reported to the Audit Committee.

See page 8



## Independence and quality control

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services provided by KPMG.

This Audit Planning Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Audit Risks



## Significant Financial Reporting Risks

Revenue recognition for conditional funding sources

## Why is it significant?

The City receives funding under a number of Provincial and Federal programs, some of which have criteria for revenue recognition (e.g. amount of costs incurred). This provides a potential risk if the criteria for revenue recognition are not met.



## Our audit approach

- We will review management's calculation of revenues and identified revenues that are conditional in nature. For significant conditional revenue sources, we will review and test supporting documentation demonstrating that the revenue recognition criteria have been achieved.
- We will review management's treatment of associated balance sheet accounts, specifically funding overpayments. For significant amounts of unearned revenue, we will test management's determination as to whether these represent deferred revenue or payable balances.
- We will review management's treatment of prior year balance sheet accounts (deferred revenues, accounts payable) that are recognized as revenue in the current year. For significant income inclusions from prior year amounts, we will review supporting documentation to ensure that revenue recognition criteria have been met.



# Audit Risks



## Significant Financial Reporting Risks


Employee-related liabilities and management estimates

## Why is it significant?

The City is exposed to a number of employee-related liabilities (employee grievances, unsettled contracts) that can be both significant from a financial statement perspective and subjective with respect to their determination, requiring assumptions and estimates on the part of management.



## Our audit approach

- 
- We will perform the necessary audit procedures over management's estimates with respect to employee-related liabilities, including assessing the reasonableness of key assumptions, performing a retrospective review of prior year's estimates and substantively testing data used for the purposes of arriving at the estimate.
  - We will assess our ability to rely on management's experts involved in the quantification of employee future benefits, assess the reasonableness of key assumptions, perform certain procedures over data inputs and review the actuarial report in detail.
  - We will review the financial statement presentation, including note disclosure, relating to employee-related liabilities to ensure it is appropriate and contains, at a minimum, the required disclosures under Canadian financial reporting standards.



# Audit Risks



## Significant Financial Reporting Risks


Potential liabilities arising from assessment appeals.

## Why is it significant?

Municipalities are exposed to potential liabilities with respect to assessment appeals, which often involve multiple years and require management to make estimates of the potential exposure.



## Our audit approach

- 
- We will perform the necessary audit procedures over management's estimates with respect to assessment appeals, including assessing the reasonableness of key assumptions, performing a retrospective review of prior year's estimates and substantively testing data used for the purposes of arriving at the estimate.
  - We will review information relating assessment appeals as provided by the Online Property Tax Analysis ("OPTA").
  - We will assess our ability to rely on management's experts involved in the quantification of potential tax refunds related to assessment appeals, assess the reasonableness of key assumptions, perform certain procedures over data inputs and review the report in detail.



# Audit Risks



## Significant Financial Reporting Risks


Capital expenditures

## Why is it significant?

Capital expenditures represent a significant investment on the part of the City and in certain instances, may involve a degree of subjectivity and/or complexity in terms of whether they meet the criteria for capitalization (i.e. do they represent a betterment or repair and maintenance).



## Our audit approach

- 
- We will perform substantive testing over recorded capital expenditures, including reviewing source documentation for a sample of capital expenditures, to determine the appropriate classification of costs (capitalization vs. expense).
  - We will perform substantive testing over repairs and maintenance expenditures, including reviewing source documentation for a sample of capital expenditures, to identify any instances where items should be capitalized as opposed to expensed.
  - We will review financial statement presentation and note disclosure of capital assets and deferred revenues.



# Other Risks



## Other risks

- Contravention of procurement policies
- Contravention of travel and expense reimbursement policies
- Internal control weaknesses in immaterial revenue or expense streams
- Process inefficiencies

## Why is this considered?

As an organization with high public profile, the City is exposed to potential reputational risks that may arise from transactions that, while not material to the financial statements, may call into question the appropriateness of the City's use of public funds.



## Our audit approach

- We will perform testing over a sample of procurements to ensure compliance with the City's procurement policies, including the requirement for competitive bids.
- We will select a sample of expense reports for City staff and elected officials to ensure compliance with the City's policies for travel and expense reimbursements, including approval requirements.
- We will select two transaction streams (one revenue, one expense) that, by virtue of their size, would not normally be subjected to audit procedures. For these transaction streams, we will document the City's internal processes, provide our comments as to potential efficiency opportunities and perform selected audit procedures over a sample of transactions.
- We will utilize Data and Analytics to provide insight into the City's disbursements and identify opportunities for potential efficiencies.

# Materiality

## Materiality Benchmark

Total revenues

**\$605 Million**

(2017: \$556 Million)

## Materiality

**\$12.1 million**

2% of revenue

(2017: \$11.1 million, 2% of revenue)



- Misstatements reported to the audit committee
- Materiality for the financial statements as a whole

The misstatement threshold for reclassification misstatement is \$3.0 million (2017: \$3.0 million). This is the amount above which we will report audit differences that do not impact the City's reporting operating surplus (e.g. adjustments only affecting the statement of financial position).

Materiality represents the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

We will report:



Corrected audit misstatements



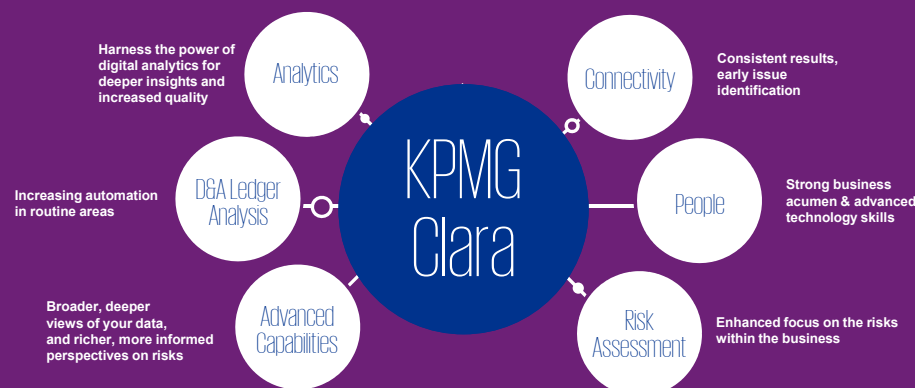
Uncorrected audit misstatements



# The audit of today, tomorrow & the future

As part of KPMG's technology leadership, our audit practice has developed technologies and alliances to continuously enhance our capabilities and deliver an exceptional audit experience.

Technology empowers us with deep analysis over your financial information, focusing our effort and interactions on the areas of greatest risk and minimizing disruption to your business.



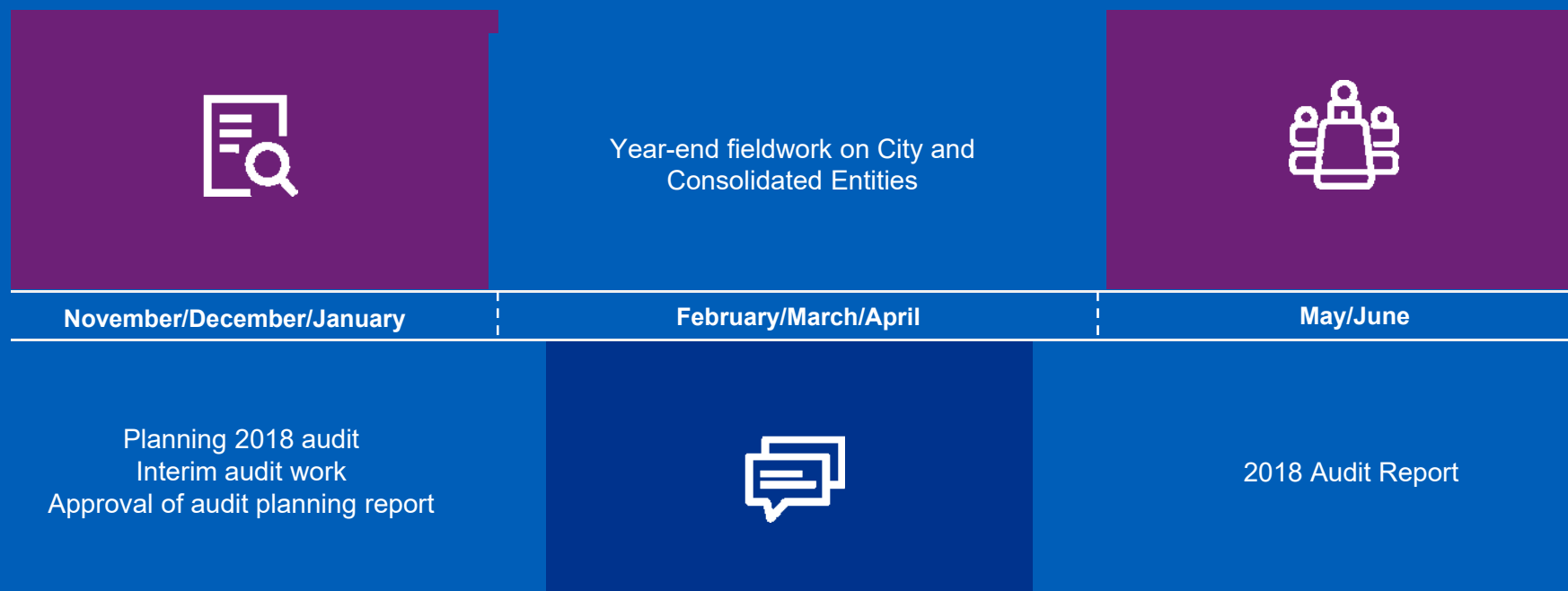
## Technology we use today

Tool	Benefit to audit
KPMG Clara Collaboration	KCCC is our secure audit platform and a one-stop shop through which we plan, execute and manage the audit, providing you with real-time access to the process at every step, including exchange of information and access to the real-time reporting you need in one central location.
Journal Entry Analysis	Our journal entry tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.

We continue to make significant investments in enhanced methodologies, new technologies and strategic alliances with leading technology companies that can have a transformative impact on auditing, and more broadly, financial reporting. KPMG is investing in the development of innovative audit technologies through both internal solutions and through alliances with technology firms such as Finger Food, Microsoft, IBM Watson and others. We are committed to investing in cognitive technology to develop external auditing tools and technologies. Cognitive technology will enable us to teach a machine how to perceive, reason, and learn like a human being. This will be transformative to our profession, and will directly benefit the City of Greater Sudbury now and in the future.

We are developing intelligent automation to enable programmed reviews of unstructured data in source documents; freeing our professionals to focus their efforts on areas of greater risk. This may sound simple, but it's actually quite powerful, with complex underlying technologies.

# Key deliverables and milestones



# Proposed fees



In determining the fees for our services, we have considered the nature, extent and timing of our planned audit procedures as described above.

Our fee analysis is based on our proposal document dated July 19, 2016 has been reviewed with and agreed upon by management.

Our fees are as follows:

	Current period (budget)	Prior period (actual)
Audit of the consolidated financial statements	\$93,000	\$90,000

# Current developments and audit trends

Please visit KPMG's [Audit Committee Institute \(ACI\)](#) / [Current Developments](#) page for current developments in IFRS, Canadian securities matters, Canadian auditing other professional standards and US accounting, auditing and regulatory matters. The following is a summary of the current developments that are relevant to the Company:

Standard	Summary and implications	Reference
Restructuring Transactions	<ul style="list-style-type: none"><li>• Provides accounting and financial reporting guidance for restructuring transactions, which may include amalgamation, transfers of operations between organizations and shared service arrangements</li><li>• Restructuring transactions cannot involve consideration based on fair market value</li><li>• Applicable for fiscal years beginning on or after April 1, 2018</li></ul>	PSAB Section 3430 (attached)

# The 2018 Auditors' Report



## Highlights of changes to your 2018 auditors' report

Re-ordering of the auditors' report including moving opinion to the first section

Expanded descriptions of management's, including those related to assessing the Entity's ability to continue as a going concern

New description of responsibilities of those charged with governance

Expanded descriptions of management's, those charged with governance and auditors' responsibilities

Disclosure of name of the engagement partner



## Key audit matter reporting

Communicating the key audit matters (KAMs) apply for audits performed in accordance with the Canadian Audit Standards.

KAMs are those matters communicated to those charged with governance, that required significant auditor attention in performing the audit, and in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period.

Currently, the reporting of KAMs in the auditors' report is only applicable when required by law or regulation or when the auditor is engaged to do so.

It is expected that KAM reporting will be required for certain listed entities in Canada starting in 2020.



## Impact to the 2018 auditors' report

Accordingly, your 2018 auditors' report will not include the communication of any KAMs as we have not yet been engaged to communicate them and there is no law or regulation that requires such communication for the City.

# Appendices

Appendix 1: Audit quality and risk management

Appendix 2: KPMG's audit approach and methodology

Appendix 3: Required Communications

# Appendix 1: Audit quality and risk management



KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards. Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems. Visit our [Audit Quality Resources](#) page for more information including access to our audit quality report, *Audit quality: Our hands-on process*.

Other controls include:

- Before the firm issues its audit report, Engagement Quality Control
- Reviewer reviews the appropriateness of key elements of publicly listed client audits.
- Technical department and specialist resources provide real-time support to audit teams in the field.

We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.

We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.

We do not offer services that would impair our independence.



All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.

The processes we employ to help retain and develop people include:

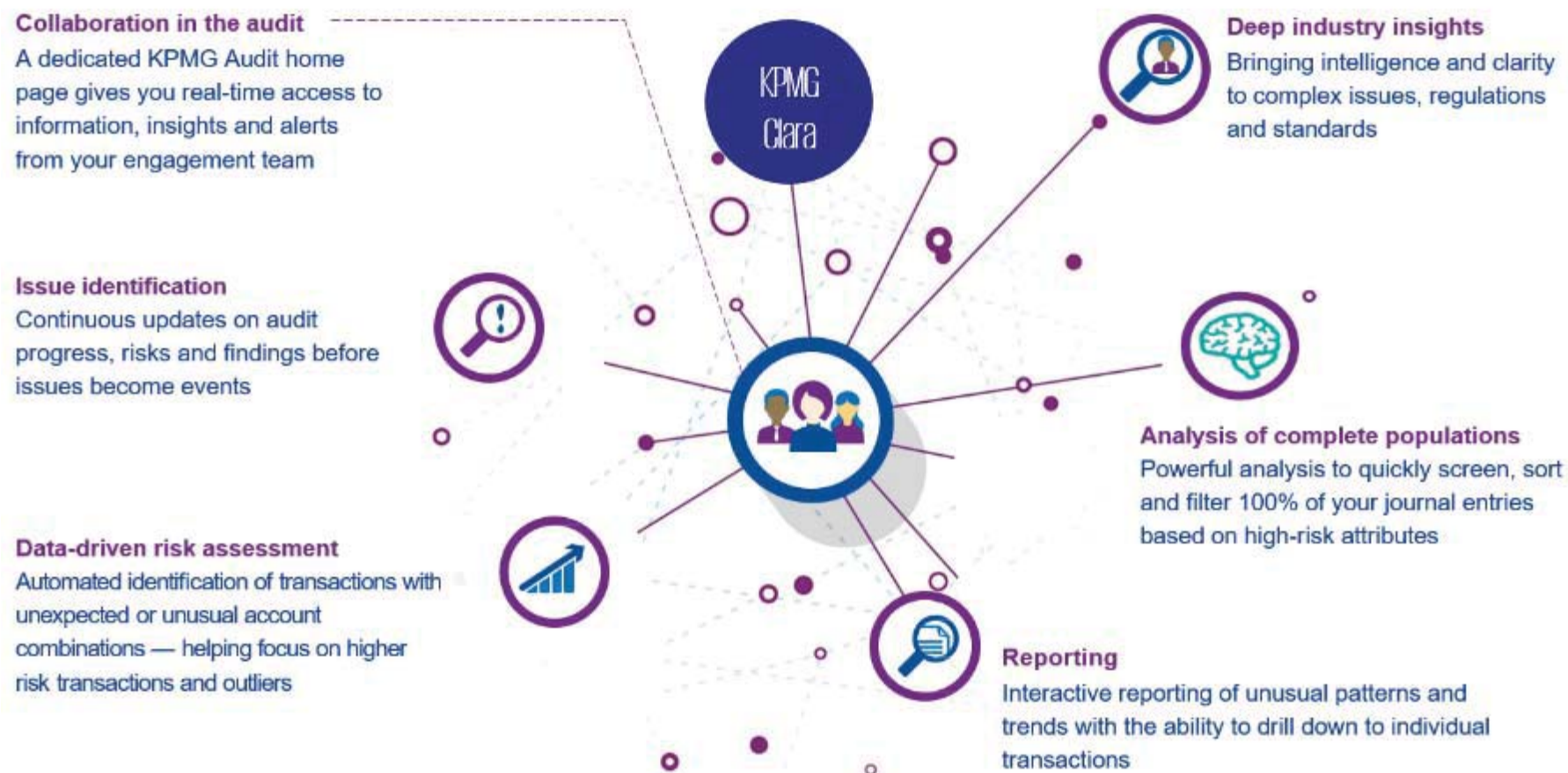
- Assignment based on skills and experience;
- Rotation of partners;
- Performance evaluation;
- Development and training; and
- Appropriate supervision and coaching.

We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

# Appendix 2: KPMG's audit approach and methodology

This year we will expand our use of technology in our audit through our new smart audit platform, KPMG Clara.





# Appendix 3: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:



## Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any subsequent amendment letters. In accordance with professional standards, copies of the engagement letter and any subsequent amendments will be provided to the Audit Committee annually.



## Management representation letter

We will obtain from management certain representations at the completion of the annual audit. In accordance with professional standards, copies of the representation letter will be provided to the Audit Committee.



## Audit planning report

As attached



## Audit findings report

At the completion of our audit, we will provide a report to the Audit Committee



## Required inquiries

Professional standards require that during the planning of our audit we obtain your views on risk of fraud and other matters. We make similar inquiries to management as part of our planning process; responses to these will assist us in planning our overall audit strategy and audit approach accordingly



## Annual independence letter

At the completion of our audit, we will provide a letter to the Audit Committee



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## For Information Only

### Performance Audit of the Grants Process for the Healthy Community Initiative

Presented To:	Audit Committee
Presented:	Tuesday, Jan 22, 2019
Report Date	Wednesday, Jan 02, 2019
Type:	Correspondence for Information Only

#### Resolution

For Information Only

#### Relationship to the Strategic Plan / Health Impact Assessment

Audit reports support the goal of responsive, fiscally prudent, open governance.

#### Report Summary

Concerns about the administration of grants under the Healthy Community Initiative (HCI) led to changes to the administration of the program during the last term of Council to improve transparency and accountability over these grants.

Residents and taxpayers expect that HCI grants will be administered responsibly by staff in accordance with policies approved by Council.

During the 6-month period ended June 30, 2018, grant requests for \$62,480 and capital requests for \$324,550 were approved in accordance with the funding criteria and application process approved by Council for the Healthy Community Initiative.

No exceptions were identified during this audit.

#### Financial Implications

None.

Signed By

**Auditor General**

Ron Foster

Auditor General

*Digitally Signed Jan 2, 19*

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# Performance Audit of the Grants Process for the Healthy Community Initiative

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January 2, 2019  
FINAL REPORT

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## **SUMMARY**

### **Objectives**

The objective of this performance audit was to determine if the grant requests for the Healthy Community Initiative are administered in accordance with the funding criteria and application process approved by Council.

### **Scope**

The scope of the audit included activities from January 1, 2018 to June 30, 2018.

### **Background**

Staff within the Community Initiative and Performance Support Section of the Community Development Department process grant requests for the Healthy Community Initiative (HCI). Grant requests which exceed \$1,000 and capital requests which exceed \$10,000 must be approved by Council. Requests for smaller amounts may be approved by the General Manager, Community Development.

### **Report Highlights**

During the 6-month period ended June 30, 2018, grant requests for \$62,480 and capital requests for \$324,550 were approved in accordance with the funding criteria and application process approved by Council for the Healthy Community Initiative. No exceptions were identified during this audit.

### **Audit Standards**

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit. For further information regarding this report, please contact Ron Foster at extension 4402 or via email at [ron.foster@greatersudbury.ca](mailto:ron.foster@greatersudbury.ca)

## **OBSERVATIONS**

### **Processing of Grant Requests**

During the first six months of 2018, staff processed grant requests for \$62,480 and capital requests for \$324,550 in accordance with the funding criteria, application process and By-law 2016-18 approved by Council for the Healthy Community Initiative. No exceptions were noted during our audit.

### **Recommendation**

None

### **Update of Grant Application and Approval Process**

On June 19, 2108, staff presented a report to the Finance and Administration Committee proposing a number of revisions to the Healthy Community Initiative (HCI) Fund Policy. These revisions included the following steps to improve the administration process for the HCI funds:

1. Restricting capital funds requests to the Ward where the capital asset will be located;
2. Disclosure of other applications for funding and the receipt or anticipated receipt of other funding;
3. Establishment of a reserve fund for capital projects;
4. Incorporation of the HCI fund applications for capital and grant allocations into a single document; and
5. Repeal of By-law 2016-18 and preparation of a new By-law to approve the new HCI Fund Policy.

Council approved the resolution within the above-noted report and passed By-law 2018-129 to authorize the above revisions to the HCI Fund Policy. Staff implemented the above revisions in July 2018.

### **Recommendation**

None

## For Information Only

### Status Report on the Wrongdoing Hotline

Presented To:	Audit Committee
Presented:	Tuesday, Jan 22, 2019
Report Date	Thursday, Jan 03, 2019
Type:	Correspondence for Information Only

#### Resolution

For Information Only

#### Relationship to the Strategic Plan / Health Impact Assessment

This report relates to the priority of 'Responsive, Fiscally Prudent, Open Governance' within the Corporate Strategic Plan.

#### Report Summary

Residents/staff have filed complaints to the wrongdoing hotline.

In accordance with the stated priority of 'Open Governance', complaints need to be properly investigated.

On June 1, 2016, the City opened its 'Wrongdoing Hotline' for citizens, employees and contractors to report complaints that could be deemed illegal, dishonest, wasteful or a deliberate violation of policy.

This report summarizes the complaints received from June 1 to December 31, 2018 and provides comparative statistics for the same seven-month period in 2017.

#### Financial Implications

None.

Signed By

**Auditor General**

Ron Foster

Auditor General

*Digitally Signed Jan 3, 19*

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# Status Report on the Wrongdoing Hotline

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Seven-Month Period Ended  
December 31, 2018

January 3, 2019

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## BACKGROUND

On June 1, 2016, the City opened its 'Wrongdoing Hotline' for citizens, employees and contractors to report complaints that could be deemed illegal, dishonest, wasteful or a deliberate violation of policy. This report summarizes the complaints received from June 1 to December 31, 2018 and provides comparative statistics for the same seven-month period in 2017. The next status report will be provided in June to evaluate the wrongdoing hotline initiative.

## OBSERVATIONS

1. The volume of complaints received during the seven-month period ended December 31, 2018 was similar to the volume received during the prior year (86 versus 83). A significant number (31 of 86) of these complaints did not require a detailed investigation as they related to service complaints that fell outside the scope of the hotline and could be closed after referral to others or due to insufficient support.
2. The volume of active complaints under investigation at the end of December dropped from 33 in 2017 to 11 in 2018 due to the implementation of and adherence to service level targets for the completion of investigations.
3. No costs were incurred for investigations by third parties during the seven-month period ended December 31, 2018 compared to \$4,125 for the previous seven-month period. Internal costs to conduct investigations during the seven-month period ended on December 31, 2018 were approximately \$28,000 versus \$19,000 in 2017 as a higher volume of investigations was completed in 2018 after the adoption and implementation of service level targets for their completion.
4. Approximately \$17,000 of the \$20,000 of funds that Council approved in 2016 to establish the hotline had been spent by the end of December to administer the database and to support the call centre for the hotline.
5. The 86 complaints that were received during this seven-month period came from 56 identifiable complainants and 30 anonymous complainants who represent a small fraction of the residents and businesses that interacted with the City during this period.

## COMPLAINT STATISTICS

Source of Complaint	7 months ended Dec 2017	7 months ended Dec 2018	June	July	Aug	Sept	Oct	Nov	Dec
<b>Total complaints</b>	<b>90</b>	<b>98</b>	12	11	15	16	19	13	12
Incomplete complaints <sup>1</sup>	(7)	(12)	(4)	(1)	(1)	(1)	(2)	-	(3)
<b>Complaints received</b>	<b>83</b>	<b>86</b>	8	10	14	15	17	13	9
Complaints closed	(50)	(75)	(8)	(10)	(14)	(15)	(16)	(9)	(3)
<b>Active complaints under investigation</b>	<b>33</b>	<b>11</b>	0	0	0	0	1	4	6

<sup>1</sup> Represents abandoned complaints that were not submitted to the hotline.

<b>Management of Complaints Received</b>	<b>2017</b>	<b>2018</b>
<b>Complaints received in 7 months ended December 31</b>	<b>83</b>	<b>86</b>
Referred to Bylaw for review	(16)	(9)
Referred to 311 for review	(5)	(9)
Referred to Building Services for review	(2)	(5)
Referred to external agency	(2)	(4)
Unrelated to CGS services	(7)	(3)
Duplicate complaint	(1)	(1)
<b>Complaints subject to initial investigation</b>	<b>50</b>	<b>55</b>
Closed as no evidence of wrongdoing found	(1)	-
Closed with no action planned or required	(7)	(16)
<b>Complaints subject to detailed investigation</b>	<b>42</b>	<b>39</b>
Complaints closed with action planned or taken (see table below)	(9)	(28)
<b>Active complaints under investigation at end of December</b>	<b>33</b>	<b>11</b>

#### **Closed Complaints with Action Planned or Taken at December 31, 2018**

<b>Complaint Number</b>	<b>Opened</b>	<b>Closed</b>	<b>Action Planned or Taken for Closed Complaints</b>
18-0073	June 3	Nov 26	Management has deemed that some of the posts do warrant further education of staff on the appropriate use of social media.
18-0086	July 6	Nov 27	Management has reminded all staff that it is inappropriate to wear vendor clothing regardless of the process to source the vendor. The City's specifications for equipment will be updated to meet the City's Procurement policies and Bylaw.
18-0088	July 17	Nov 16	Procurement practices for fire trucks will be revised to ensure compliance with the Purchasing Bylaw.
18-0089	July 19	Nov 26	The issues raised in the complaint were discussed with the driver. Staff will review the area to see if a warning light is required at this location.
18-0090	July 19	Oct 17	Staff has addressed the issue with the Contractor to ensure proper notices are provided at all times as per City policy.
18-0091	July 20	Nov 16	Fleet Services pursued the complaint with the manager of the employee who was using this City vehicle to address the concerns raised.
18-0095	Aug 2	Oct 17	Action was taken with the staff member to address and prevent similar behaviour in the future.
18-0096	Aug 2	Dec 14	Notice of consent forms and the website were updated to clarify policy.
18-0097	Aug 3	Dec 11	Appropriate actions were taken with staff to address this complaint.
18-0099	Aug 3	Sept 21	The Mayor's Office reviewed relevant policies with the Councillor.
18-0101	Aug 6	Sept 21	The Mayor's Office reviewed relevant policies with the Councillor.
18-0106	Aug 15	Oct 1	The actions of relevant contract staff were reviewed with the contract manager and disciplinary actions were taken to prevent a reoccurrence.
18-0112	Sept 6	Sept 21	This complaint and relevant policies were reviewed with the Councillor.
18-0119	Sept 20	Dec 28	Contract management practices will be updated.
18-0121	Sept 25	Dec 28	Contract management practices will be updated.
18-0126	Oct 5	Nov 26	Staff reviewed this complaint to ensure compliance with City policies. The safety concern was investigated and appropriate measures were taken.
18-0134	Oct 17	Dec 28	Contract management practices will be updated.

Complaint Number	Opened	Closed	Action Planned or Taken for Closed Complaints
18-0135	Oct 17	Dec 28	Contract management practices will be updated.
18-0137	Oct 18	Dec 28	Contract management practices will be updated.
18-0138	Oct 19	Dec 28	Contract management practices will be updated.
18-0139	Oct 25	Nov 22	Staff encouraged the complainant to use the complaint mechanism within the violence, harassment and discrimination in the workplace policy.
18-0143	Oct 31	Dec 28	Contract management practices will be updated.
18-0145	Nov 2	Dec 19	Management reviewed the policy for use of City vehicles with employee.
18-0146	Nov 5	Dec 28	Management reviewed staff conduct and compliance with policies.
18-0147	Nov 5	Dec 28	Management reviewed staff conduct and compliance with policies.
18-0148	Nov 7	Dec 20	The day care provider and Ministry of Education advised of concerns.
18-0153	Dec 2	Dec 3	Maintenance procedures were reviewed with the City's contractor.
18-0164	Dec 17	Dec 28	Contract management practices will be updated.

#### Type of Complaints subject to detailed investigation between June 1, 2018 and December 31, 2018

Type of Complaint Subject to Investigation	Complaints Received	Complaints Closed	Active Complaints
Members of Council	13	9	4
Staff	23	19	4
City Services	12	12	0
Contractors of City	16	16	0
Residents/Businesses	22	19	3
<b>Total</b>	<b>86</b>	<b>(75)</b>	<b>11</b>

#### Overview of Individual Complaints as at December 31, 2018

Complaint Number	Opened	Closed	Complaint/Allegation	Investigation Outcome
18-0072	NC	NC	NC	NC
18-0073	June 3	Nov 26	Use of social media by staff member	Action Planned or Taken
18-0074	Duplicate	Duplicate	Duplicate	Duplicate
18-0075	June 8	June 11	Late removal of election signs	Referred Internally
18-0076	NC	NC	NC	NC
18-0077	June 11	Oct 17	Alleged harassment in workplace	No action planned or taken
18-0078	June 13	Oct 17	Potential claim against the City	No action planned or taken
18-0079	June 13	Sept 21	Conduct of a Councillor	No action planned or taken
18-0080	June 19	Sept 20	Alleged Bylaw infraction	Referred Internally
18-0081	NC	NC	NC	NC
18-0082	June 23	July 4	Property maintenance concern	Referred Internally
18-0083	NC	NC	NC	NC
18-0084	July 3	July 5	Garbage contractor performance	Referred Internally
18-0085	July 3	July 4	Unsafe transport of asphalt sealer	Referred Internally
18-0086	July 6	Nov 27	Unfair procurement process	Action Planned or Taken
18-0087	July 10	July 12	Property maintenance concern	Referred Internally
18-0088	July 17	Nov 16	RFP process for the purchase of various fire trucks.	Action Planned or Taken

Complaint Number	Opened	Closed	Complaint/Allegation	Investigation Outcome
18-0089	July 19	Nov 26	Staff use of a City vehicle	Action Planned or Taken
18-0090	July 19	Oct 17	Contractor performance issue	Action Planned or Taken
18-0091	July 20	Nov 16	Staff use of a City vehicle	Action Planned or Taken
18-0092	July 24	July 31	Alleged bylaw infraction	Referred Internally
18-0093	NC	NC	NC	NC
18-0094	July 31	Aug 8	Contractor performance issue	Referred Internally
18-0095	Aug 2	Oct 17	Staff conduct	Action Planned or Taken
18-0096	Aug 2	Dec 14	Notice of consent process	Action Planned or Taken
18-0097	Aug 3	Dec 7	Staff conduct	Action Planned or Taken
18-0098	Aug 3	Nov 21	Account payable to Board of City	Referred Internally
18-0099	Aug 3	Sept 21	Conduct of a Councillor	Action Planned or Taken
18-0100	Aug 3	Nov 26	Allegations of harassment in workplace	No action planned or taken
18-0101	Aug 6	Sept 21	Conduct of a Councillor	Action Planned or Taken
18-0102	Aug 8	Aug 29	Building permit issue	Referred Internally
18-0103	NC	NC	NC	NC
18-0104	Aug 14	Aug 15	Staff conduct	Referred Internally
18-0105	Aug 15	Aug 16	Alleged bylaw infraction	Referred Internally
18-0106	Aug 15	Oct 1	Conduct of City or contract staff	Action Planned or Taken
18-0107	Aug 14	Aug 29	Building permit issue	Referred Internally
18-0108	Aug 25	Aug 29	Building permit issue	Referred Internally
18-0109	Aug 31	Sept 11	Traffic lighting concern	Referred Internally
18-0110	Sept 11	Sept 11	Contractor performance issue	Referred Internally
18-0111	Sept 6	Oct 13	Conduct of a Councillor	No action planned or taken
18-0112	Sept 6	Sept 21	Conduct of a Councillor	Action Planned or Taken
18-0113	NC	NC	NC	NC
18-0114	Sept 10	Oct 1	Staff conduct	Referred Internally
18-0115	Sept 11	Sept 12	Building permit issue	Referred Internally
18-0116	Sept 13	Sept 13	Complaint closed at request of complainant	No action planned or taken
18-0117	Sept 18	Nov 21	Alleged wrongdoing by public	Referred to the GSPS
18-0118	Sept 18	Oct 13	Conduct of a Councillor	No action planned or taken
18-0119	Sept 20	Dec 28	Contractor performance	Action Planned or Taken
18-0120	Sept 20	Open	Staff conduct	
18-0121	Sept 25	Dec 28	Contractor performance	Action Planned or Taken
18-0122	Sept 25	Nov 19	Suggestions for improvement	No action planned or taken
18-0123	Sept 25	Nov 19	Suggestions for improvement	No action planned or taken
18-0124	Sept 28	Nov 26	Allegations of harassment in workplace	No action planned or taken
18-0125	Sept 29	Dec 11	Allegations of harassment in workplace	Referred to external agency
18-0126	Oct 5	Nov 26	Staff conduct	Action Planned or Taken
18-0127	Oct 5	Nov 20	Staff conduct	No action planned or taken
18-0128	Oct 9	Dec 11	Conduct of a Councillor	Referred to external agency
18-0129	Oct 9	Nov 20	Application for a septic permit	Referred to external agency
18-0130	Oct 10	Oct 11	Contractor performance	Referred Internally

Complaint Number	Opened	Closed	Complaint/Allegation	Investigation Outcome
18-0131	NC	NC	NC	NC
18-0132	Oct 16	Oct 16	Conduct of agency staff	Referred to external agency
18-0133	NC	NC	NC	NC
18-0134	Oct 17	Dec 28	Contractor performance	Action Planned or Taken
18-0135	Oct 17	Dec 28	Contractor performance	Action Planned or Taken
18-0136	<i>Oct 17</i>	<i>Open</i>	<i>Alleged misuse of municipal resources during an election</i>	
18-0137	Oct 18	Dec 28	Contractor performance	Action Planned or Taken
18-0138	Oct 19	Dec 28	Contractor performance	Action Planned or Taken
18-0139	Oct 25	Nov 22	Allegations of workplace harassment	Action Planned or Taken
18-0140	Oct 27	Nov 1	Building permit issue	Referred Internally
18-0141	Oct 28	Oct 31	Alleged bylaw infraction	Referred Internally
18-0142	Oct 28	Nov 7	Staff conduct	Referred Internally
18-0143	Oct 31	Dec 28	Contractor performance	Action Planned or Taken
18-0144	Oct 31	Dec 20	Property damage	Referred to external agency
18-0145	Nov 2	Dec 19	Staff conduct for use of City vehicle	Referred to external agency
18-0146	Nov 5	Dec 28	Staff conduct	Action Planned or Taken
18-0147	Nov 5	Dec 28	Staff conduct	Action Planned or Taken
18-0148	Nov 7	Dec 20	Performance of a daycare provider	Action Planned or Taken
18-0149	<i>Nov 13</i>	<i>Open</i>	<i>Staff conduct</i>	
18-0150	Nov 16	Dec 28	Alleged bylaw infraction	Referred to external agency
18-0151	Nov 17	Dec 20	Parking at a municipal corporation	No action planned or taken
18-0152	Nov 19	Nov 30	Property damage by snowplow	Referred Internally
18-0153	Dec 2	Dec 3	Contractor performance	Action Planned or Taken
18-0154	<i>Nov 20</i>	<i>Open</i>	<i>Conduct of a Councillor</i>	
18-0155	<i>Nov 24</i>	<i>Open</i>	<i>Conduct of a Councillor</i>	
18-0156	<i>Nov 28</i>	<i>Open</i>	<i>Conduct of a Councillor</i>	
18-0157	Nov 30	Dec 12	Alleged theft	No action planned or taken
18-0158	NC	NC	NC	NC
18-0159	Dec 2	Dec 3	Property damage by snowplow	Referred Internally
18-0160	Dec 6	Dec 17	Property standard issue	Referred Internally
18-0161	<i>Dec 10</i>	<i>Open</i>	<i>Parking at a municipal corporation</i>	
18-0162	<i>Dec 11</i>	<i>Open</i>	<i>Alleged breach of City policy</i>	
18-0163	<i>Dec 14</i>	<i>Open</i>	<i>Alleged wrongdoing re tax sale</i>	
18-0164	Dec 17	Dec 28	Contractor performance	Action Planned or Taken
18-0165	NC	NC	NC	NC
18-0166	Dec 21	Dec 28	Unsafe snowplowing by a resident	Referred Internally
18-0167	<i>Dec 23</i>	<i>Open</i>	<i>Alleged fraud by a company</i>	
18-0168	NC	NC	NC	NC
18-0169	<i>Dec 31</i>	<i>Open</i>	<i>Staff conduct</i>	

***Complaints that were still "Open" at the time of reporting are shown above with italics.***

***Complaints labeled "NC" were not completed by the complainants and required no investigation.***

Presented To:	Audit Committee
Presented:	Tuesday, Jan 22, 2019
Report Date	Friday, Dec 28, 2018
Type:	Managers' Reports

## Request for Decision

### Draft Audit Plans for 2019 and 2020

#### Resolution

THAT the City of Greater Sudbury approves the Audit Plans for 2019 and 2020 as outlined in the report entitled "Audit Plans for 2019 and 2020", from the Auditor General, presented at the Audit Committee meeting on January 22, 2019.

#### Signed By

**Auditor General**  
Ron Foster  
Auditor General  
*Digitally Signed Dec 28, 18*

#### Relationship to the Strategic Plan / Health Impact Assessment

The Auditor General's Office supports the strategic planning pillar of responsive, fiscally prudent, open governance by providing a focus on openness, transparency and accountability.

#### Report Summary

The public expects municipal government to be open, transparent and accountable. The Auditor General reports to Audit Committee and is responsible for assisting the Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. To fulfill this responsibility, the Auditor General submits a multi-year audit plan to Audit Committee in accordance with By-law 2015-217.

#### Financial Implications

There are no direct financial implications associated with this report.

Attachment 1

# Draft Audit Plans for 2019 and 2020

Auditor General's Office

December 21, 2018

# Overview

- Mandate of the Auditor General's Office
- Audit Planning Process
- Draft Audit Plans for 2019 and 2020
- Audits Completed in 2017 to 2018



## Mandate of the Auditor General's Office

- The Auditor General “reports to council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations.”
- The Auditor General's Office (AGO) plans, conducts, evaluates and monitors the results of financial, compliance and performance audits (except the annual attest audit) of all programs, activities and functions of all City departments, agencies, boards, municipally-controlled corporations, and offices of the Mayor and Council.
- The AGO also conducts investigations, coordinates reporting for the Wrongdoing Hotline and supports the Enterprise Risk Management process.

# Audit Planning Process

- The Auditor General prepares an annual audit plan for review by the Audit Committee and Council.
- The annual audit plan is risk-based and incorporates input from members of Council and the Executive Leadership Team.
- The Draft Audit Plan for 2019 responds to financial risks identified in the budgeting process and will be finalized once the 2019 budget is available.
- As outlined within By-law 2015-217, no deletions or amendments can be made to the plan except by the Auditor General.
- Subject to the provision of appropriate funding, additional matters may be audited if requested by Audit Committee and Council or a Board of Directors of agencies, boards and corporations that are controlled by CGS.

2019	Audit Project Title: Governance (G), Risk (R), Compliance (C), Performance (P), Financial (F)	AG Days	Manager Days	Contract Days	Total Days
	Audits Carried Forward from 2018	15	12.5		27.5
2019.1	Enterprise Risk Management	10	30		40
2019.2	Overtime Management Audit (C,P,F)	25	5		30
2019.3	Winter Maintenance VFM Audit (C,P, F)	10	65		75
2019.4	Compensation Management Audit (C,P, F)	40	30	5	75
2019.5	Fleet Management VFM Audit (C,P,F)	65	10		75
2019.6	IT Security Assessment - Phase 1 (G,P)	2.5		5	7.5
	Investigations	10	30		40
	Review of Reports to Council	10			10
	Annual Report to Council	2.5	7.5		10
	Annual Risk Assessment & Audit Plan	10			10
	Total Days Assigned to Audits	200	190	10	400

2020	Audit Project Title: Governance (G), Risk (R), Compliance (C), Performance (P), Financial (F)	AG Days	Manager Days	Contract Days	Total Days
	Audits Carried Forward from 2019	5	25		30
2020.1	Enterprise Risk Management	10	30		40
2019.2	Greater Sudbury Library Audit (G,R,C)	5	10		15
2020.3	Economic Development VFM Audit (C,P,F)	10	65		75
2020.4	Contract Management Audit (C,P,F)	65	10		75
2020.5	Sudbury Transit VFM Audit (C,P,F)	65	10		75
2020.6	IT Security Assessment - Phase 2 (G,P)	7.5	2.5	10	20
	Investigations	10	30		40
	Review of Reports to Council	10			10
	Annual Report to Council	2.5	7.5		10
	Annual Risk Assessment & Audit Plan	10			10
	Total Days Assigned to Audits	200	190	10	400

AUDIT INITIATIVES COMPLETED DURING 2018		As at Dec 31 2018
Enterprise Risk Management – Phase 1		COMPLETE
Greater Sudbury Police Services Board		COMPLETE
Greater Sudbury Community Dev Corporation		COMPLETE
Greater Sudbury Housing Corporation		COMPLETE
Purchasing Services		COMPLETE
Facilities Maintenance		COMPLETE
GSU & GSH		COMPLETE
Pioneer Manor		COMPLETE
Annual Grants Program		DRAFT REPORT
Downtown Business Improvement Area		PLANNING
Infrastructure & Growth Procurement		DRAFT REPORT
Roads Maintenance		DRAFT REPORT