

Audit of Healthy Community Initiative Grants

Presented To: Audit Committee

Meeting Date: June 21, 2022

Type: Routine Management Reports

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Auditor General

Recommended by: Auditor General

Report Summary

This report provides results of the performance audit of Healthy Community Initiative grants.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

The HCI grants program supports the Corporate Strategic Planning goals of investing in infrastructure to support community recreation with focus on quality of life and of developing and implementing policies, practices and enabling technologies that encourage meaningful citizen engagement at the neighborhood and community level.

Financial Implications

There are no immediate financial implications.

Resources Cited

HCI Fund: [https://www.greatersudbury.ca/city-hall/grants-and-funding/hci-fund/#:~:text=The%20Healthy%20Community%20Initiative%20\(HCI,to%20%2412%2C250%20to%20community%20grants.](https://www.greatersudbury.ca/city-hall/grants-and-funding/hci-fund/#:~:text=The%20Healthy%20Community%20Initiative%20(HCI,to%20%2412%2C250%20to%20community%20grants.)

By-Law: <https://www.greatersudbury.ca/city-hall/grants-and-funding/hci-fund/application-process/hci-fund-policy/>

Audit of Healthy
Community Initiative
Grants

June 6, 2022

Final Report



OBJECTIVE

The objective of this audit was to assess the effectiveness of the controls over the funding process for Healthy Community Initiative (HCI) grants.

BACKGROUND

The Healthy Community Initiative (HCI) Fund supports community-based projects and initiatives that advance the City of Greater Sudbury's strategic goals. In most years, funding of \$600,000 is allocated equally across the 12 wards in the City to projects that promote community growth and contribute to the quality of life in Greater Sudbury.

During the 2021 budget process, \$100,000 of HCI funding was reallocated to the Assertive Community Treatment Team at Health Sciences North and \$99,384 was redirected to the Playground Revitalization initiative. The balance of the annual funding of \$400,606 was allocated equally to each ward.

METHODOLOGY & SCOPE

This audit included interviews of staff, analysis of by-laws, reviews of policies and processes as well as tests of controls for grants processed during the period January 1, 2021 to December 31, 2021.

EXECUTIVE SUMMARY

Other than a minor error in the mid-year report that was issued to Council, no control deficiencies were identified within our tests of controls for HCI grants issued/recommended for the period January 1, 2021 to December 31, 2021. Given the recent staffing changes in the program area that administers these grants, this is a significant accomplishment.

AUDIT STANDARDS

We conducted our audit in accordance with Generally Accepted Government Auditing Standards which require that we adequately plan audits; properly supervise staff; obtain sufficient, appropriate evidence to provide a reasonable basis for audit findings and conclusions; and document audits. For further information regarding this report, please contact Ron Foster at the City of Greater Sudbury at 705-674-4455 extension 4402 or via email at ron.foster@greatersudbury.ca

OBSERVATION

Other than a minor error in the mid-year report that was issued to Council, no control deficiencies were identified within our tests of controls for HCI grants issued/recommended for the period January 1, 2021 to December 31, 2021. Given the recent staffing changes in the program area that administers these grants, this is a significant accomplishment.

Table 2 – Summary of Significant Risks

Risk	Total No. of Risks	Risks (Before Controls)			Residual Risks (After Controls)		
		High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)	High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)
Reputation (R)	3	3	-	-	-	-	3
Operational (O)	6	6	-	-	-	-	6
Financial (F)	2	2	-	-	-	-	2
Legal (L)	3	3	-	-	-	-	3
TOTAL	14	14	-	-	-	-	14

Table 3 – Significant Risks

Risk	Description of Risk	Inherent Risk	Residual Risk*
F2/L2	Grant recipients may not spend funds in accordance with agreements.	15	6
O1/R1	Eligibility criteria may not reflect program objectives.	16	4
O2/R2	Eligibility criteria may not be clearly defined in application documents.	16	6
O3/R3	Eligibility criteria may not be consistently identified in evaluation documents.	16	4
F1/O4	Grant recipients may not meet eligibility criteria.	15	4
O5/L1	Roles and responsibilities for administering grants may not be clearly defined or understood.	16	6
06/L3	Staff may not perform follow up reviews to ensure adherence to agreements.	16	5

* Eliminating residual risks (risks after controls) is not cost-effective.

Appendix 1 – Risk Assessment Criteria

Impact	Services	Technology	People	Strategic	Legal/Reputational	Financial
Very Minor (1)	<ul style="list-style-type: none"> • Less than 90% of service objectives achieved. 	<ul style="list-style-type: none"> • Minor performance issues or lack of availability of secondary systems or data loss or corruption. 	<ul style="list-style-type: none"> • Minor reportable employee injury. • Increase in number of union grievances. 	<ul style="list-style-type: none"> • Minor instances of actions that are at odds with strategic priorities. 	<ul style="list-style-type: none"> • Small amount of negative media coverage or complaints to City. • Non-lasting damage or no reputational damage • Theft or Fraud under \$1,000. 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines < \$10K • Insured loss < \$100K • Loss of replaceable asset.
Minor (2)	<ul style="list-style-type: none"> • Less than 75% of service objectives achieved. • Unable to perform non-essential service. 	<ul style="list-style-type: none"> • Performance or availability issues with secondary systems or data loss or corruption • Disclosure of non-confidential but embarrassing information. 	<ul style="list-style-type: none"> • Reportable employee injury. • Loss of key staff but able to recruit competent replacements • Significant increase (>10%) in number of union grievances. 	<ul style="list-style-type: none"> • Instances of actions at odds with strategic priorities. 	<ul style="list-style-type: none"> • Complaints elevated to the Director level. • Short-term repairable damage to City's reputation • Public outcry for discipline of employee. • Moderate amount of negative media coverage • Theft or Fraud of \$1,000 to \$10,000. 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of \$10K to \$100K • Insured loss < \$100K - \$1M • Inefficient processes • City's actions result in reduced economic development.
Moderate (3)	<ul style="list-style-type: none"> • Less than 60% of service objectives achieved. • Unable to perform essential service but alternatives exist. 	<ul style="list-style-type: none"> • Disruptions or performance issues with significant systems or data loss or corruption • Recoverable data loss from an important system. • Minor disclosure of confidential information. 	<ul style="list-style-type: none"> • Multiple employee injuries or long-term disability from one incident. • Inability to retain or attract competent staff. • Increase in stress leave, sick leave or WCB claims. • Work-to-rule union disagreement or short-term strike. 	<ul style="list-style-type: none"> • Numerous actions are at odds with strategic priorities. 	<ul style="list-style-type: none"> • Public/media outcry for removal of management • Long-term damage to City's reputation • Citizen satisfaction survey indicates unacceptable performance. • Complaints elevated to Council level. • Results inconsistent with commitments made to citizens • Theft or Fraud under \$100,000. 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of >\$100K to \$1M • Insured loss >\$1M to \$10M • Having to delay payments to contractors/suppliers. • >20% current demands cannot be services with existing and approved infrastructure. • City's actions results in lost revenue for significant number of City businesses.

Impact	Services	Technology	People	Strategic	Legal/Reputational	Financial
Major (4)	<ul style="list-style-type: none"> • Less than 45% of service objectives achieved. • Unable to perform an essential service where no alternative exists. 	<ul style="list-style-type: none"> • Unrecoverable loss or corruption of data from an important system • Unavailability or major performance issues with significant systems • Disclosure of sensitive or confidential information 	<ul style="list-style-type: none"> • Serious injury of one or more employees • Legal judgment against the City in workplace matter. • Turnover of key employees • Sustained strike of services. 	<ul style="list-style-type: none"> • Numerous actions are significantly at odds with the strategic priorities. 	<ul style="list-style-type: none"> • Public/media outcry for change in CAO or Council • Public or senior officials charged or convicted • Legal judgment against the City in a workplace matter • Integrity breach resulting in decreased trust in City Council or Administration. • Theft or Fraud >\$100,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines of >\$1M - \$10M • Insured loss of >\$10M - \$100M • Unable to pay employees and contractors on a time. • Failure to maintain financial capacity to support current demands. • City's actions impair local economic conditions.
Extreme (5)	<ul style="list-style-type: none"> • Less than 30% of service objectives achieved. • Unable to perform several essential services where no alternatives exist. 	<ul style="list-style-type: none"> • Unrecoverable loss or corruption of data from a critical system • Unavailability of critical systems • Major disclosure of sensitive or confidential information 	<ul style="list-style-type: none"> • Death of an employee • Major legal judgment against the City in workplace matter. • Significant turnover of key employees with ELT • Sustained strike of key services 	<ul style="list-style-type: none"> • Many actions are significantly at odds with the strategic priorities. 	<ul style="list-style-type: none"> • Public/media outcry for change in CAO or Council • Senior officials criminally charged or convicted • Severe legal judgment against the City in a workplace matter • Major integrity breach resulting in complete loss of trust in City Council or Administration. • Theft/Fraud >\$1,000,000 	<ul style="list-style-type: none"> • Uninsured loss, cost overruns or fines >\$10M • Insured loss > \$100M • File for bankruptcy • Failure to maintain financial capacity to support current demands. • City's actions significantly impair local economic conditions.

Likelihood	Unlikely (1)	Possible (2)	Probable (3)	Likely (4)	Very Likely (5)
	Less than 20%	>20% but < 40%	>40% but < 60%	>60% but < 80%	80% or more
	Less frequent than every 10 years	May occur in the next 2 years	Will occur this year or next year at least once	May occur regularly this year	Will occur within months may reoccur often