

Auditor General's Office

2013 Audit Work Plan

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Auditor General
On: April 16, 2013
To: Audit Committee

2013 Audit Work Plan

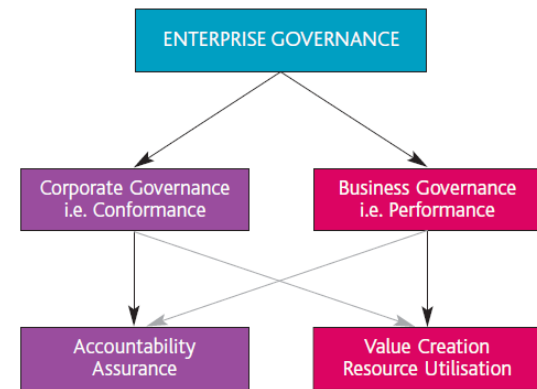
Comments

- November - December 2012
 - feedback on the attached proposed audits, additional potential audits, and their desired order of completion
 - Audit Committee
 - Senior Management Team
- Includes formal follow-up review of completed audits

2013 Audit Work Plan

Long Term 2010 to 2016 Audit Plan

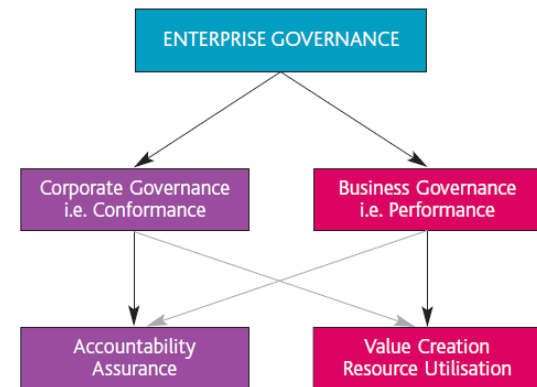
- Covers the accountability framework from two dimensions that need to be in balance
 - Conformance and Performance
- **Conformance / Quality Of Safeguarding Audits**
 - Demonstrate how the City uses governance arrangements to ensure it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness
- **Performance / Value For Money Audits**
 - Demonstrate how the City uses governance arrangements to contribute to its overall performance and the delivery of goods, services and programs



2013 Audit Work Plan

Performance / Value For Money Audits

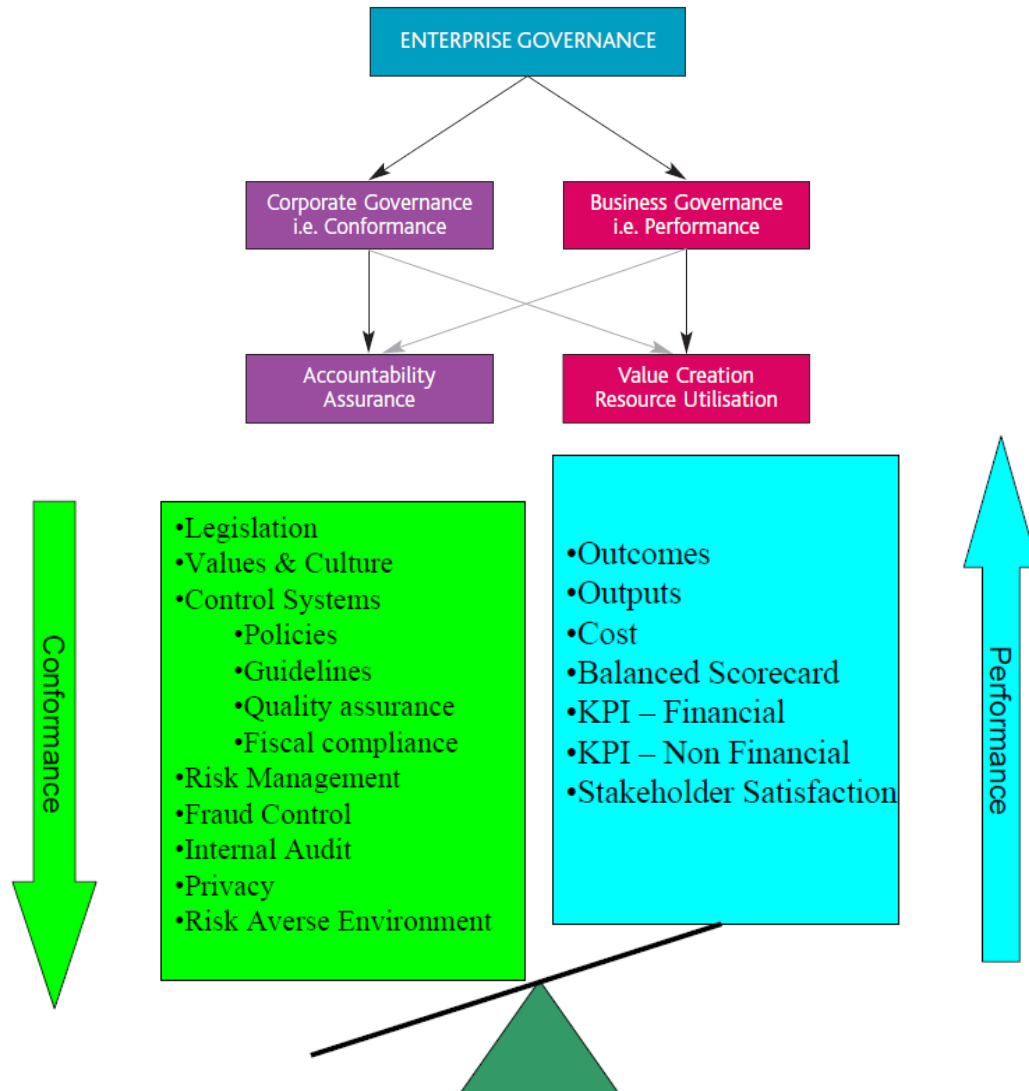
- Program based audits that evaluate performance against Council's strategies, goals and objectives; communicated throughout the organization via various documented accountability elements:
 - Strategies,
 - Forecasts,
 - Annual Budgets,
 - Business plans,
 - Performance measures,
 - Performance evaluations
 - Reports to council.
- Audit evaluations may sometimes be based on "good practice", where these elements of performance accountability are not well established.



2013 Audit Work Plan

- Having now completed close to three years of audit projects, the Auditor General's office has successfully demonstrated most types of audits that the auditors may use to provide value to the organization.
- The Auditor General's Office has provided oversight in a number of program areas originally identified in the Performance / Value For Money portion of the long term audit plan.
- The initial program risk assessment process appears to have worked as expected.
- Also, with further insight and understanding of the risk and governance challenges and opportunities found in the organization, the Auditor General has found it necessary to apply more audit resources to cross-cutting Conformance / Quality Of Safeguarding audits

2013 Audit Work Plan



2013 Audit Work Plan

- The Auditor General continuously monitors Council and Committee meetings, CGS initiatives, CGS Benchmarking, Citizen Surveys and emerging issues.
- Audit topics are evaluated against an impact matrix that was previously provided to Audit Committee, to aid in ranking and sequencing audit projects.
- As always, projects have been identified where audit or review procedures are expected to present the greatest organizational value for the time committed.
- It is important to note that the audits completed over the next year may also be impacted by emerging issues identified by the Auditor General's Office or by Council request.

2013 Audit Work Plan

IMPACT MATRIX				
Rating	Descriptor	(A) Damages and Liability	(B) Operational Effects	(C) Reputation
(1)	Insignificant	<ul style="list-style-type: none"> Incur/reduce damages of/by <\$35K Results in no injuries Very limited exposure of sensitive information Very limited loss of physical assets Very minor, non-permanent environmental damage requiring no clean-up measures 	<ul style="list-style-type: none"> No or very minor improvement/disruption in services, projects or processes No or very minor gain/loss of service data No or very minor cost savings/overruns in delivery of services 	<ul style="list-style-type: none"> No or very minor impact on client trust No or very minor media attention
(2)	Minor	<ul style="list-style-type: none"> Incur/reduce damages of/by \$35K - \$200K Minor, non-permanent environmental damage requiring very limited cleanup efforts Limited exposure of sensitive information Minor injuries Limited loss of physical assets 	<ul style="list-style-type: none"> Minor improvement/disruption in services, projects or processes Minor gain/setback in achievement of service objectives Limited gain/loss of service/service group data Minor cost savings/overruns in delivery of services 	<ul style="list-style-type: none"> Minor gain/setback in building client trust Some favourable/unfavourable media attention Some favourable/unfavourable observations by review agencies Minimal improvements suggested by external or internal audit Threat of lawsuit
(3)	Moderate	<ul style="list-style-type: none"> Incur/reduce damages of/by \$200 K - \$1M Exposure of limited amount of confidential/sensitive information Loss of large, but replaceable physical assets Serious injuries to public/staff Moderate environmental damage with moderate clean-up effort required, no permanent damage 	<ul style="list-style-type: none"> Moderate improvement/disruption in essential services Some gain/loss of service knowledge Some over/underachievement of service objectives Some gain/loss of service data Moderate cost savings/overruns in delivery of services Moderate source of additional revenue 	<ul style="list-style-type: none"> Some gain/loss of client trust Positive/negative media attention Praise/criticism by review agencies Strong recommendations from external or internal audit Out-of-court settlement
(4)	Major	<ul style="list-style-type: none"> Incur/reduce damages of/by \$1M – \$5M Loss of significant physical asset Exposure of significant amount of confidential information Major environmental damage – extended clean-up required/some permanent damage Serious injuries to public or staff resulting in some permanent disability 	<ul style="list-style-type: none"> Significant improvement/disruption in delivery of essential services Significant gain/loss of service knowledge Significant over/underachievement of service/service group objectives Significant gain/loss of service data Significant cost savings/overruns in delivery of services Significant source of additional revenue 	<ul style="list-style-type: none"> Significant gain/loss of client trust Public/media outcry for removal of departmental official Strong praise/criticism by review agencies Strong praise/criticism by external or internal audit Public trial Significant increase/decrease in quality of life indicators with resulting impact on City image
(5)	Extreme	<ul style="list-style-type: none"> Incur/reduce damages of/by >\$5M Loss of key physical assets Public officials charged criminally Significant increase/decrease in provincial/federal funding Irreparable, significant damage to environment Exposure of critical confidential information Death and/or significant permanent disability of public or staff 	<ul style="list-style-type: none"> Unable to perform essential services for extended period Total loss of service group data Ability to deliver newly identified essential service >\$5M in cost savings/overruns in delivery of services >\$5M from additional revenue sources 	<ul style="list-style-type: none"> Public/media outcry for change in administration and council A Public Inquiry/trial Very positive/negative public ratings Very significant increase/decrease in quality of life indicators with resulting impact on City image

2013 Audit Work Plan

- Due to unforeseen circumstances, resources in the Auditor General's Office have been significantly reduced during the first quarter of 2013. A number of the audits on this work plan list will not be completed during 2013, as they will either commence later in the year and will not be completed until 2014.
- The Audit Work Plan is intended to be flexible and may be amended by the Auditor General as required. The bylaw establishing the Auditor General's Office provides that once established, "no deletions or amendments to the annual audit plan shall be made except by the Auditor General, however, Council may add to the annual audit plan by a two-third's majority vote."
- The 2013 Audit Work Plan provides a balance of audit work that will result in improving overall City operations by strengthening management controls, improving accountability and enhancing the efficiency and effectiveness of municipal services.

2013 Audit Work Plan

2013 AUDIT WORK PLAN		
Work Plan Opportunities	Projects identified where audit or review procedures are expected to present the greatest organizational value for the time committed	Proposed Order of Audits
2012 AUDITS TO BE COMPLETED IN 2013		
Advertising Revenue Agreement (Transit and Arena advertising) 3B	<ul style="list-style-type: none"> A review of agreements for Transit and Community Arena Advertising <ul style="list-style-type: none"> Evaluate current contract and receivable management practices Examine accuracy of yearly statements Evaluate efficiency, economy & effectiveness against objectives 	1
Environmental Services Waste Management 3B	<ul style="list-style-type: none"> A review of waste management contract(s) to identify opportunities in support of the achievement of value for money in waste management operations <ul style="list-style-type: none"> Mid point evaluation of a ten(10) year waste collection contract awarded in January 2006 Evaluate opportunities for improvement in the handling of citizen inquiries and concerns 	2

2013 Audit Work Plan

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Work Plan Opportunities	Projects identified where audit or review procedures are expected to present the greatest organizational value for the time committed	Proposed Order of Audits
2013 AUDITS		
Procurement Review 5B	<ul style="list-style-type: none"> Use of <u>RFPs</u>, Tenders etc. (% of goods and services purchased through procurement process was 35.5% for CGS in 2011. OMBI median was <u>45.1%</u>.) <ul style="list-style-type: none"> Evaluate procurement methods used, and compliance with Purchasing Bylaws ensuring appropriate competitive processes are followed Evaluate any current backlog (timing), of renewal of procurement agreements 	1
Employee Position Management Review 3B	<ul style="list-style-type: none"> Management of Council approved employee positions / approved part time hours and their related job rates (rates of pay), may significantly impact total payroll costs <ul style="list-style-type: none"> Evaluate impacts of how approved employee positions and hours are managed Evaluate how job level / pay evaluations are managed 	2

Proposed Future Audits

<p>CGS Citizen Interface</p> <p>3B</p> <p>3C</p>	<ul style="list-style-type: none"> • 311 has been shown to increase constituent satisfaction while delivering significant improvements in productivity and costs savings, by reducing duplicate requests acted upon, and improving response times for service • 311 also improves inter-departmental communications & accountability <ul style="list-style-type: none"> ○ Evaluate performance and handling of CGS Phone / Email / Social media / Mail interfaces ○ Evaluate 311 opportunities to maximize VFM <ul style="list-style-type: none"> ▪ Review of call handling and resolution ▪ Integration of additional functions 	<p>1</p>
<p>Corporate Grants, Donations and Contributions</p> <p>3B</p> <p>3C</p>	<ul style="list-style-type: none"> • To improve communication and understanding of value for money achieved through corporate grants, donations and contributions, identifying budget pressures due to financial and “in-kind” expenditures in support of Council objectives <ul style="list-style-type: none"> ○ Determine the number of different points of access organizations and individuals have to obtain CGS support through grants, donations and other contributions ○ Determine the types (financial and in-kind) and the value of support provided to organizations and individuals to assist them in achieving stated goals and objectives ○ Evaluate expenditure and compliance controls as compared to city policies, bylaws and resolutions 	<p>2</p>

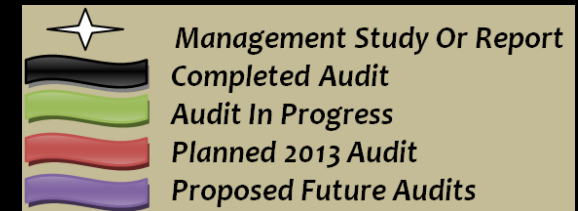
2013 Audit Work Plan

Corporate Mileage & Transportation Expense Review 3C	<ul style="list-style-type: none"> • Our main focus is on value for money <ul style="list-style-type: none"> ○ Review of compliance with established policy and procedures for mileage claims, and payroll benefits ○ Review for opportunities to improve value for money (eg rental cars, pooled cars, personal use of vehicles, car allowances) 	3
Parks Services 3B	<ul style="list-style-type: none"> • A value for money audit of parks operations and maintenance activities 	4
Roads Summer Maintenance 3B	<ul style="list-style-type: none"> • A value for money audit of roads summer operations and maintenance activities 	5
Real Estate Planning and Procurement Review 3B	<ul style="list-style-type: none"> • A review of the timing and coordination of planning for land acquisitions between various departments and Real Estate Services. <ul style="list-style-type: none"> ○ Potential impact on value for money associated with timeliness of property purchases and sales ○ Policies and practices around appraisals 	6

2013 Audit Work Plan











Housing Services 3C	<ul style="list-style-type: none"> A value for money audit of housing services activities 	7
Ontario Works 3C	<ul style="list-style-type: none"> A value for money audit of Ontario Works activities 	8
Corporate Credit Card (Procurement Card) Review 2B	<ul style="list-style-type: none"> Review of adequacy of managerial and financial controls for corporate procurement cards Review of compliance with established procurement card policy and procedures 	9
Safeguarding Tests 1B	<ul style="list-style-type: none"> Spot audits can contribute to safeguarding of City assets. Examples are as follows: <ul style="list-style-type: none"> Review collection of revenues (eg. only 66% of registered program capacity for recreation programs is used/recovered) Review compliance with established cash handling policy and procedures. Review compliance with fuel system controls 	10

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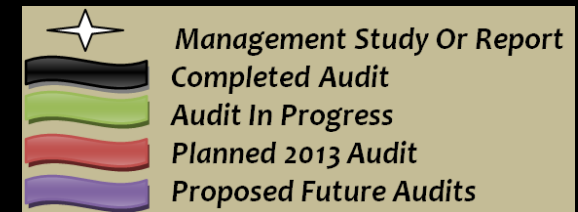


PROGRAM PERFORMANCE AUDITS

Determine whether a department service or program operates effectively efficiently and economically, and whether risks are managed appropriately.

Transit	★	
Environmental Services		
Fire Services	★	
Winter Roads Mtce Program	★	
Water & Waste Water Linear		
Housing Services		
Summer Roads Mtce Program		
Asset Management Real Estate	★	
Asset Management Fleet	★	
Parks Services		
Ont Works Program		
Engineering Services		
Water Plants		
Wastewater Plants		
Emerg. Serv. Div.	★	
Lt Care Senior Serv	★	
Water / Wastewater Revenues	★	
Community Arena Ctr	★	
Community Other Ctr		
Planning Development		

2013 Audit Work Plan



CROSS-FUNCTIONAL AUDITS

Areas identified as high risk where audit involvement would provide the greatest value. Also provides a presence where Program Audits are not planned for some time.



CASH HANDLING AUDITS

Review cash handling activities to safeguard against risk and loss.



AUDIT FOLLOWUP REVIEWS

Monitor the effectiveness of management's actions to address reported risks or operational improvement opportunities.



2013 Audit Work Plan

QUESTIONS?