

Agenda

Audit Committee

2nd Special Meeting of the Audit Committee

April 17, 2019, 12:30 PM

Council Chambers

Members

Deputy Mayor J. Helmer (Chair), M. van Holst, J. Morgan, S. Turner, L. Higgs

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Memo

Date: April 5, 2019

To: Members of The Corporation of the City of London Audit Committee

From: Jim Pryce, Partner, Deloitte LLP

Subject: Internal Audit Summary Update

Internal Audit has included a summary memo with our material to highlight major accomplishments since our last update to the Audit Committee and to draw your attention to the matters of greatest importance. We will cover these documents in more detail at the meeting and respond to all questions you may have.

1. Internal Audit Plan

- a. Internal Audit is seeking Audit Committee approval of the 2019-2021 Internal Audit Plan.

2. Internal Audit Dashboard Report:

- b. The approved 2017-2018 plan is near completion. Internal Audit continues to execute on the remainder of the plan and is expected to complete the remaining projects in the short-term. Internal Audit continues to have quarterly meetings with the City Manager and City Treasurer.
- c. Internal Audit has issued four reports since the last Audit Committee update:
 - i. Health and Safety Assessment: Minor process control or efficiency weaknesses identified. The report identified three medium priority observations.
 - ii. Housing Process Assessment: Minor process control or efficiency weaknesses identified. The report identified one high priority observation and four medium priority observations.
 - iii. IT Portfolio Management and Project Management Assessment
 - i. Project Compliance: Minor process control or efficiency weaknesses identified. The report identified three medium priority observations.
 - ii. Methodology Maturity: Minor process control or efficiency weaknesses identified. The report identified one high priority observation.

Action plans are in place, including a responsible party and timeline, to address the observations noted in the issued reports.

3. Audit Observation Status Summary of High and Medium Priority Observations:

- a. Since the last Audit Committee meeting, Internal Audit closed a total of five medium priority observations including two for the Parks and Recreation Cash Handling Review, two for the Parking Revenue Generation Assessment, and one for the Homeless Prevention Assessment.

- b. A total of five (5) medium priority observations are past due as of April 17, 2019 compared to the five (5) medium priority observations past due as at January 28, 2019. The current past due items are as follows:
 - i. Three (3) medium priority observations continue to be past due, including two (2) for Building Permit Process Assessment and one (1) for Management Compensation Process Assessment.
 - ii. Two (2) new medium priority observations have become past due since January 28, 2019 including one (1) for Building Permit Process Assessment and one (1) for Parking Revenue Generation Assessment.

We are comfortable that management is making progress to remediate open items based on the timelines established and work plans in place which they have committed and asserted to completing.

- c. New internal control improvements were identified and added to the audit observation listing in the period requiring management attention including Health and Safety (3 medium priority observations), Housing Process (1 high and 4 medium priority observations), and IT Portfolio Management and Project Management (1 high and 3 medium priority observations).

City of London Audit Committee Observation Summary
As at April 5, 2019

LEGEND	
Observations closed	All observations have been addressed by management
Remediation in progress	Observations in progress are being addressed by management including observations where initial timeline was missed but a plan is in place for remediation that appears acceptable
Remediation in progress - exceptions noted	Management has missed implementation deadlines for observations and no adequate resource plan has been identified
Management accepts the risk	Management has accepted the remaining risk

Report Summary				Observation Status for Management Action Plans due April 5, 2019						Past Due Observation Commentary
Internal Audit Plan Year	Report	Report Issue Date	Total High & Medium Observations	Observations Closed Per Management	Closed Per Internal Audit*	In Progress Observations (Not Due)	Past Due Observations	Observations Closed by IA Since January 28, 2019 update	Timing	
2017/2018	Parks and Recreation Cash Handling Review	Nov-17	3	3	3	0	0	2	Complete	
2017/2018	Building Permit Process Assessment	Jan-18	3	0	0	0	3	0	Feb-19	• Three observations are past due as implementation requires ITS involvement. Revised timeline is December 2019.
2017/2018	Management Compensation Process Assessment	Apr-18	3	2	2	0	1	0	Dec-18	• One observation is past due as a position within Employee Systems remains vacant. Revised timeline is July 2019.
2017/2018	Parking Revenue Generation Assessment	Jun-18	5	2	2	3	0	2	Dec-19	
2017/2018	Homeless Prevention Assessment	Oct-18	4	1	1	3	0	1	Dec-19	
2017/2018	Procurement Process Assessment	Oct-18	2	1	1	1	0	0	Aug-19	
2017/2018	Health and Safety Assessment	Mar-19	3	0	0	3	0	0	Dec-19	
2017/2018	Housing Process Assessment	Mar-19	5	0	0	5	0	0	Dec-19	
2017/2018	IT Portfolio and Project Management	Mar-19	4	0	0	4	0	0	Apr-20	
Sub-total 2017/2018 reports			34	11	11	19	4	5		
Total High and Medium observations			34	11	11	19	4	5		

Closed per Management: Management has indicated that action plans due to be acted upon by April 5, 2019 are complete.

Closed per IA: Internal Audit has validated Management's assertions of observation closure through review of evidence.

In Progress Observations: Management action plans due beyond April 5, 2019 are underway or management has asserted observations are closed but Internal Audit has not yet validated.

Past Due Observations: Actions plans due by April 5, 2019 have not been fully acted upon.

Observations Closed by Internal Audit since last update: Management has indicated in the current period that action plans are complete and Internal Audit has validated through review of evidence

The Corporation of the City of London

June 2017 - December 2018 internal audit dashboard as at April 5, 2019

Project status – 2017-2018 Internal audit plan			
2017-2018 Audit plan projects	Percent complete	Report issued	
• Parks & Recreation cash handling process review	<div><div></div></div>	100%	✓
• Freedom of information process assessment	<div><div></div></div>	100%	✓
• Management compensation process assessment	<div><div></div></div>	100%	✓
• Building permit process assessment	<div><div></div></div>	100%	✓
• Parking revenue generation assessment	<div><div></div></div>	100%	✓
• Homeless prevention assessment	<div><div></div></div>	100%	✓
• Procurement process assessment	<div><div></div></div>	100%	✓
• IT portfolio management and project management assessment	<div><div></div></div>	100%	✓
• Housing process assessment	<div><div></div></div>	100%	✓
• Health and safety assessment	<div><div></div></div>	100%	✓
• Class replacement project pre-implementation review*	<div><div></div></div>	35%	○
• Construction procurement process assessment	<div><div></div></div>	60%	○
• IT security assessment	<div><div></div></div>	10%	○

Internal audit activities – April – June 2019

- Class replacement project pre-implementation review* (fieldwork)
- Construction procurement process assessment (fieldwork and reporting)
- IT security assessment (fieldwork and reporting)
- Scoping, fieldwork, and reporting for approved FY2019 internal audits in Q1

Other activities

- Prepare Audit Committee meeting materials
- Observation follow-ups and validation

2017-2018 Performance metrics

Project customer satisfaction

Overall quality of work/satisfaction level? (Based on completed reports surveys returned)



% complete of the 2017-2018 internal audit plan

85% complete



Internal audit 2017-2018 reporting

	Draft (days)	Management comment (days)	Issue final (days)	Final (days)
• Objective	5.0	15.0	10.0	30.0
• Performance	6.4	19.7	20.9	38.7

* - Moved to a pre-implementation review at request of management and approval of the Audit Committee. Fieldwork will be conducted throughout the implementation project.



The Corporation of the City of London ITS Portfolio Management and Project Management – Methodology Maturity

Audit Performed: September to October 2018
Report Issued: April 2019

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Executive summary

Introduction

Internal Audit conducted an Information Technology Services (ITS) Portfolio Management & Project Management Assurance internal audit review as part of the 2018 Internal Audit plan, performing the review from September to October 2018.

The purpose and objective of this review was to assess the processes and controls in place for managing ITS projects and the portfolio of ITS projects from intake through end-user delivery and closure. In terms of this review, intake is the point that a business unit (BU) or ITS unit formally determines a proposed initiative should be a project.

The City of London's ITS Portfolio Management & Project Management portfolio contains their Project Management (PM) methodology to support the City's BUs in the delivery of projects as well as to support their own internal ITS projects. The methodology, implemented in 2016, plays a key role in the City's ITS governance process. It provides an overview of the various stages, processes and milestones that occur throughout the lifespan of a project. It also provides guidelines on resourcing, evaluation criteria and project roles. The various project stages are illustrated through the ITS Project Pillar gating workflow diagram; the workflow begins at the Intake gate where the project request is initially submitted and ends at the Closing gate where the project file is closed.

The purpose of this review was to assess the governance process as described in the PM methodology. Specifically, the objectives of this review were to:

1. For a sample selection of ITS projects, review and assess compliance to the ITS Portfolio Management and Project Management framework; and
2. Review and assess the maturity of the ITS portfolio management and project management framework.

This report addresses objective two above; review and assess the maturity of the ITS portfolio management and project management framework. A separate report (ITS Portfolio Management and Project Management – Project Compliance) addresses objective one.

The detailed internal audit scope is contained in **Appendix 1** of this report.

Note: This report is written from an internal audit advisory perspective, to assist the City in maturing its overall project management function based on discussions and testing performed throughout this review. As such, Deloitte has identified one observation and provided management with *Leading Practices* to guide the City with maturing their project management processes across the organization.

Strengths

ITS has a project methodology: Today ITS remains the only area using a consistent project management methodology. The methodology has been positively received by ITS internal staff, who understand and are seeing the benefits of its implementation. Project leadership staff are proactively involved in a continuous improvement approach to evolving the methodology.

Leveraging an independent methodology: ITS is leveraging a third party project management maturity matrix (OneWayForward) to define and mature their project management function. A key area of focus at this time is the creation of a Business Analysis group within the City.

Quality of projects: As measured by ITS and supported by stakeholder feedback, the Project Management Methodology has improved the quality of projects and the delivery process through the introduction of a gating workflow, project templates, and the prioritization of projects.

Project management training: Project management training is mandatory for every ITS line manager. Hence, ITS managers receive formal training prior to leading projects. ITS Managers are encouraged to obtain (and most have) the Project Management Professional (PMP) designation from the Project Management Institute (PMI), an industry-recognized certification for project managers.

Tools for project management: A toolset is in place to manage projects, which includes,

- Eclipse: Project management software application which has embedded the ITS Project Pillar Workflow. The application also facilitates resource allocation and provides progress tracking and status updates within the portfolio view.
- Team Foundation Server (TFS): Microsoft product that provides source code management, reporting, requirements management and project management. ITS uses TFS for their developed applications and for business requirements.

Resource Allocation: ITS is able to identify dependencies through the management of their resources for projects for both large- and small-scale projects. Large-scale project resource allocation is tracked using an Excel spreadsheet known as the 'Big Grid', and for smaller projects, mini grids are utilized. The Big Grid is an overview of all teams and key projects (including known maintenance activities) that will be required over the next seven years. Each ITS line manager is expected to have their own mini grids established in ITS in 2019. In addition, the ITS Director reviews the utilization of operations and project staff on a monthly basis.

Challenges

Maturing beyond the current state: The main challenge facing ITS and the City at this time is how to mature the PM methodology. As detailed below, many of the leading practices noted focus on the lack of business activities within the methodology. There is minimal value in ITS maturing the methodology further unless there is a commitment to evolve the non-ITS components of the methodology while raising the project management function to a corporate level to ensure independence and good governance.

Understanding methodology value outside of IT: Should the City decide not to expand the PM methodology across the organization, significant gaps exist in the business's understanding of the value of the methodology and their commitment to activities within the methodology to successfully deliver projects on time and on budget.

Availability of non-ITS resources: Key to successful project delivery is dedicated availability and commitment of non-ITS resources for activities such as: requirements definition, testing, communications, change management and benefits realization. Without this commitment, there is risk of project delays, and increased costs.

Key observations

Deloitte's review of methodology maturity identified the following observations:

Priority	High	Medium	Low	Leading Practice
Observations	1	0	0	13

High priority observations

MM 1.01: Direction for methodology maturity

The project management function within ITS is reaching a point where further efforts to mature the process will not result in significant benefits unless the non-ITS functions of a PM methodology are implemented. Two options are available to further mature the current methodology: Option One (preferred), implement an organizational level Project Management Office (PMO); or Option Two, obtain greater non-ITS commitment to the current methodology.

Martin Hayward, City Manager

April 2020, subject to the approval of the 2020-2023 Multi-Year Budget

Leading practices

As noted above, leading practices are provided to guide the City on next steps in order to mature project management across the organization.

MM 2.01: Gaps in business accountabilities within the ITS focused methodology

Though deemed an ITS PM methodology, the methodology is used to support the City's BUs. However, through this process, ITS most often ends up performing many of the functions that would be owned by the BU's in a more mature (organization level) methodology. The BUs should be accountable for, prioritization, business case creation, requirements definition and traceability, user acceptance testing, and signoff approval at each stage gate. Internal Audit noted during interviews that management has intent to develop a Business Analysis function within the City and to develop a template for a full business case. A lack of business accountability, and involvement in their projects, increases the risk of a BU not receiving a product that meets their needs. There is a risk of dissatisfaction with deliverables as well as the delivery process and team.

MM 2.02: Gaps in requirements gathering and traceability

Business requirements are high level and lack sufficient detail. Requirements are not prioritized as to need, ownership is unclear, and the requirements are not adequately assessed against specific software solutions to determine fit/gap.

MM 2.03: Internal ITS resource costs are not included in the budget / financial processes

Current project costing includes hardware, software and consulting/implementation costs of a third party. There is no standard charge rate for ITS or other internal project team resources required to deliver on a project. Project budget, cost and financial reporting are less accurate because of the exclusion of internal project resource costs.

MM 2.04: Documentation for the testing phase is incomplete

There is inconsistency in the completion of testing documentation, as there are no templates defined within the methodology for a Test Strategy and/or a Test Plan. This gap in methodology affected both sample projects. User acceptance testing (UAT) would have been required in both projects sampled. However, no detail was available within the project scope on a test strategy or a plan to address testing. In addition, there was inadequate documentation for test cases in both sample projects. The inability to perform thorough testing increases the risk of defects in the production environment. Without a detailed test strategy and plan, or the identification of data conversion needs, the successful completion of requirements cannot be determined, which may lead to quality issues upon implementation of the final product into production.

MM 2.05: There is no benefits realization process

The current ITS project methodology does not include a benefits realization process. This process is an industry recognized project methodology phase that occurs after closure to measure the value and success of a project. Without measuring project benefits realized post implementation against those stated in the business case, the true value and success of a project cannot be determined. Particular attention to financial metrics (return on investment), and head count reductions (where applicable) is critical in measuring the delivery of proposed financial benefits as defined in the Project Charter.

MM 2.06: Data Conversion in the project scope

There is a brief mention of data conversion in the Sire/eScribe Project Definition Statement and the Launch Plan. However, there are no details documenting the conversion approach, testing, and validation of results. Without the identification of data conversion needs, detailed data conversion strategy and data validation results, there is a risk to data integrity as data is migrated from the old to new application.

MM 2.07: Decommissioning not included in project schedules.

Though included in the scope section of the Sire/eScribe project charter, no further details were documented with respect to the timing and approach to decommissioning legacy applications until a change request was submitted in March 2018.

Concerning the Renew London project, a decommissioning plan was not as critical as there was no change to hardware; however, there was no documentation to support this required action. The decommissioning of legacy applications is often crucial to realizing cost/benefit gains. There are also implications to data security and privacy when legacy applications are not decommissioned properly.

MM 2.08: Independence of the project governance function

The ITS department is organized into three areas of responsibility: Applications, Infrastructure & Data, and Network & Security. There is a 'line leader' for each area, responsible for a set of deliverables that contribute to their performance measures. The same line leaders are also responsible for performing project governance ensuring compliance to the ITS PM methodology. The Director of ITS and the line leaders are aware of the risk and monitor closely. Management should consider how in practice to further separate project governance activities from management of projects or line responsibilities.

MM 2.09: Engage the public for projects where they are the end user.

No formal process exists to engage the public for projects where they are an end user. Not engaging the public as a recognized stakeholder may increase the City's reputation risk for delivering services.

MM 2.10: Evolve the intake process to an annual cycle

At present, the project intake process is executed twice a year whereas industry standard is an annual intake cycle. As the City plans on a four-year cycle, management should consider the benefits of performing the intake process on an annual basis.

MM 2.11: Clarity on use of the Project Definition Statement and the Project Charter

There are significant overlaps in content of the Project Definition Statement and the Project Charter, with both documents appearing to be required as part of the initiation phase in the ITS PM methodology. There may be redundancy of effort in producing both documents.

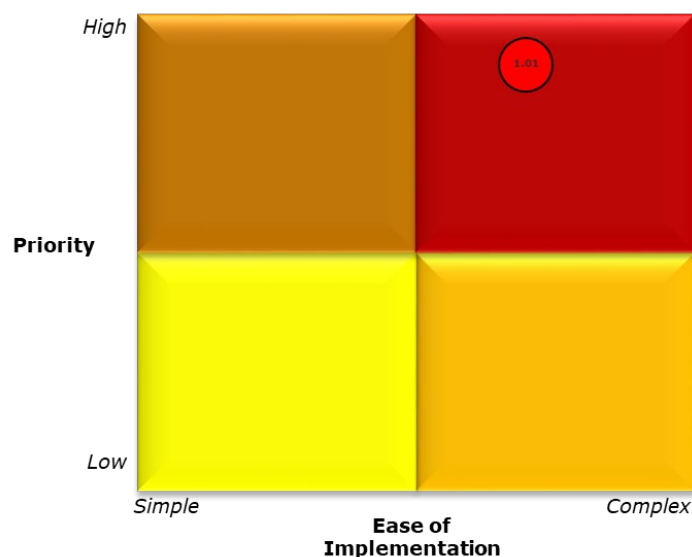
MM 2.12: No formal acceptance by ITS Operations on the transition process

ITS Operations is provided with documentation and training by the project team, and meetings are held as required. Warranty periods are standard whereby the project team is available for support for an agreed period (maximum 30 days). However, there is no process in place for ITS Operations sign-off on their acceptance of the product, including their readiness to support post go-live.

MM 2.13: Project volume within the Applications area is significant for a single governance resource

The senior manager responsible for Applications is currently responsible for the governance of 53 projects, which requires 50% of their time. Compared to 15 projects for the Infrastructure line leader and 9 projects for the Network line leader. Project governance within Applications may be compromised due to the heavy workload of a single resource, resulting in late gating reviews, non-compliance to the methodology and potential rework.

Priority heat map



Conclusion

The project management function within ITS is reaching a point where further efforts to mature the process will not result in significant benefits, unless the non-ITS functions of a PM methodology are implemented. Two options are available to further mature the current methodology: Option One (preferred), implement an organizational level Project Management Office (PMO); or Option Two, obtain greater non-ITS commitment to the current methodology.

Implement an organizational level Project Management Office (PMO)

Implementing an independent organizational level Project Management Office (PMO) should provide the City with:

- Improved visibility over all projects within the organization;
- A higher success rate for projects (on time, on budget, on scope);
- Increased maturity for the project governance and management functions; and
- Standardized processes, tools and templates.

It is recommended that the City leverage the current ITS PM methodology and enhance it with the non-ITS components recognized as standard within a PM methodology. See **Appendix 5** for a suggested outline for a PMO Charter.

Internal Audit was asked to opine on resource and costs needs to implement and execute an organizational PMO. While each PMO has some unique elements, the experience of our project management colleagues suggests that the process can begin with a single full-time resource in terms of creating and implementing the initial playbook, including process definitions, tools and templates, training and communications. Timelines to execute range from six months to one year. Operationally the governance function of the PMO (post implementation) may require additional resources depending on the volume of projects in the portfolio. If the PMO also became the source for project managers, then additional resources would be required.

Obtain greater non-ITS commitment to the current methodology

Closure of many of the gaps noted in this report requires a greater commitment from non-ITS resources.

The City should consider implementing formal training to non-ITS staff on the importance of the ITS PM methodology in delivering successful projects and the critical activities that non-ITS departments are responsible for owning and delivering.

Senior management support is critical to ensure buy-in.

Detailed observations and recommendations

Observations - Methodology maturity

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MM 1.01: Direction for methodology maturity The project management function within ITS is reaching a point where further efforts to mature the process will not result in significant benefits, unless the non-ITS functions of a PM methodology are implemented.	MM 1.01: Direction for methodology maturity Implementing an independent organizational level Project Management Office (PMO) should provide the City with: <ul style="list-style-type: none"> Improved visibility over all projects within the organization; A higher success rate for projects (on time, on budget, on scope); Increased maturity for the project governance and management functions; and standardized processes, tools and templates. 	MM 1.01: Direction for methodology maturity Two options are available to further mature the current methodology: Option One (preferred), implement an organizational level Project Management Office (PMO); or Option Two, obtain greater non-ITS commitment to the current methodology. Option One: Implement an organizational level Project Management Office (PMO) It is recommended that the City leverage the current ITS project methodology and enhance it with the non-ITS components recognized as standard within a PM methodology. See Appendix 5 for a suggested outline for a PMO Charter. In addition, consideration should be given to the leading practices identified in this report. Option Two: Obtain greater non ITS commitment to the current methodology The City should consider implementing formal training to non-ITS staff on the importance of the ITS project management methodology in delivering successful projects, and the critical activities that non-ITS departments are responsible for owning and delivering. Senior management support is critical to ensure buy-in.	Management will consider as part of the 2020-2023 Multi-Year Budget, potential organizational structure changes to add appropriate resources to implement or work towards a greater commitment to project management corporately.	City Manager April 2020 subject to approval of 2020-2023 Multi-Year Budget

Detailed leading practice recommendations

Leading practices for methodology maturity

Observation	Implication	Recommendation
<p>MM 2.01: Gaps in business accountabilities within the ITS focused methodology</p> <p>Though deemed an ITS PM methodology, the methodology is used to support the City's Business Units (BUs). However, through this process ITS most often ends up performing many of the functions that would be owned by the BU's in a more mature (organization level) methodology. The BUs should be accountable for, prioritization, business case creation, requirements definition and traceability, user acceptance testing, and signoff approval at each stage gate.</p> <p>Internal Audit noted during interviews that management has intent to develop a Business Analysis function within ITS and to develop a template for a full business case.</p>	<p>MM 2.01: Gaps in business accountabilities within the ITS focused methodology</p> <p>A lack of business accountability, and involvement in their projects, increases the risk of a BU not receiving a product that meets their needs.</p> <p>There is a risk of dissatisfaction with deliverables as well as the delivery process and team.</p> <p>There can be cost implications through the need for re-work.</p>	<p>MM 2.01: Gaps in business accountabilities within the ITS focused methodology</p> <p>Management should leverage the existing ITS PM methodology to be implemented on an organizational level with emphasis on the need for the BU to be accountable for key areas including:</p> <ul style="list-style-type: none"> • Prioritization – decisions are made and agreed based on organizational priorities; • Business Case – owned by the business and to include cost/benefit analysis; • Requirement definition and traceability – identification and ownership of requirements and their traceability through to delivery via the test process; and UAT – creation, execution and sign-off of testing for the final product deliverable(s).
<p>MM 2.02: Gaps in requirements gathering and traceability</p> <p>Business requirements are high level and lack sufficient detail. Requirements are not prioritized as to need, ownership is unclear, and the requirements are not adequately assessed against specific software solutions to determine fit/gap.</p>	<p>MM 2.02: Gaps in requirements gathering and traceability</p> <p>It is crucial that a single comprehensive set of requirements is compiled with traceability through the testing phase and later benefits realization.</p> <p>Inadequately documented requirements makes it difficult to determine if the solution has met the needs of the business. This can result in gaps in the delivered/developed functionality, user dissatisfaction with the end product, re-work, reputational impacts, and additional time and costs to resolve.</p>	<p>MM 2.02: Gaps in requirements gathering and traceability</p> <p>Formalize the requirements gathering function and support with standard templates. Ample time for up-front analysis of business needs is necessary to validate effort estimates and business needs, and drive benefits realization activities post implementation.</p> <p>Requirements need to be structured to ensure:</p> <ul style="list-style-type: none"> • Alignment to guiding principles, and business process workflow

	<p>Any gaps discovered during a fit/gap analysis must be 'closed' either by:</p> <ul style="list-style-type: none"> • Development of a solution (by the vendor within their software, or an internal software work-around) • A manual work-around • Acknowledgement that the gap is acceptable 	<ul style="list-style-type: none"> • Completeness in addressing the fit/gap approach, and quality of documentation • Prioritization based on standard criteria (e.g. MoSCoW – must have, should have, could have, won't have) • Traceability to quality assurance testing, sign-off, and benefits realization • Accurate business process maps are developed
<p>MM 2.03: Internal ITS resource costs are not included in the budget / financial processes</p> <p>Current project costing includes hardware, software and consulting/implementation costs of a third party. There is no standard charge rate for ITS or other internal project team resources required to deliver on a project.</p>	<p>MM 2.03: Internal ITS resource costs are not included in the budget / financial processes</p> <p>Project budget, cost and financial reporting are less accurate because of the exclusion of internal project resource costs.</p> <p>This also influences the prioritization process by providing a 'false' cost advantage to projects requiring a higher number of internal resources.</p>	<p>MM 2.03: Internal ITS resource costs are not included in the budget / financial processes</p> <p>Management should develop a set of standard costs (hourly rates) for internal project resources. These costs would then be required as part of the project financial reporting processes and during the intake/prioritization process when determining project budget and cost.</p>
<p>MM 2.04: Documentation for the testing phase is incomplete</p> <p>There is inconsistency in the completion of testing documentation, as there are no templates defined within the methodology for a Test Strategy and/or a Test Plan.</p> <p>This gap in methodology affected both sample projects. User acceptance testing (UAT) would have been required in both projects sampled. However, no detail was available within the project scope on a test strategy or a plan to address testing.</p> <p>In addition, there was inadequate documentation for test cases in both sample projects.</p>	<p>MM 2.04: Documentation for the testing phase is incomplete</p> <p>The inability to perform thorough testing increases the risk of defects in the production environment. Without a detailed test strategy and plan, or the identification of data conversion needs, the successful completion of requirements cannot be determined, which may lead to quality issues upon implementation of the final product into production.</p> <p>Additional time and money are required to resolve such defects.</p>	<p>MM 2.04: Documentation for the testing phase is incomplete</p> <p>Management should create templates, including a Test Strategy and/or a Test Plan, and a Test Case, as part of the PM methodology.</p> <ul style="list-style-type: none"> • A test strategy or plan provides details on each stage of testing, including unit testing, system integration testing, user acceptance testing (UAT), regression testing, performance and failover. Each stage requires details on test environment, test tools, entry and exit criteria, defect tracking / resolution / reporting, and sign-off. • A test case provides details on each test to executed, including data set up, execution instructions and expected results. <p>It is critical that the end user (BU) signs-off on the quality of a project, based upon their execution of UAT.</p> <p>In addition, management should update gating documentation to include mandatory approval of an end-to-end test strategy, and the completion of test cases.</p>

<p>MM 2.05: There is no benefits realization process</p> <p>The current ITS PM methodology does not include a benefits realization process. This process is an industry recognized project methodology phase that occurs after closure to measure the value and success of a project.</p>	<p>MM 2.05: There is no benefits realization process</p> <p>Without measuring project benefits realized post implementation against those stated in the business case, the true value and success of a project cannot be determined.</p> <p>Particular attention to financial metrics (return on investment), and head count reductions (where applicable) is critical in measuring the delivery of proposed financial benefits as defined in the Project Charter.</p>	<p>MM 2.05: There is no benefits realization process</p> <p>To mature the current PM methodology, management should introduce a benefits realization process into the PM methodology. Benefits management is a core continuous activity that is throughout the project life and often beyond. The lifecycle for benefits management therefore extends beyond the project timeframe and well into operations or business as usual.</p> <p>At a high level, benefits management includes:</p> <ul style="list-style-type: none"> • Identification of potential benefits • Defining the benefits • Modelling benefit scenarios • Planning how and when benefits will be achieved and • Tracking and reporting on benefits <p>Assign roles and responsibilities for the ongoing management of benefits.</p>
<p>MM 2.06: Data Conversion in the project scope</p> <p>There was no mention of a data conversion requirement in the Renew London project scope. Internal Audit noted through interview discussion that no data conversion was required; however, this fact was not specified as an out-of-scope item.</p> <p>There is a brief mention of data conversion in the Sire/eScribe Project Intake Request and the Launch Plan. However, there are no details documenting the conversion approach, testing, and validation of results.</p>	<p>MM 2.06: Data Conversion in the project scope</p> <p>Without the identification of data conversion needs, a detailed data conversion strategy and data validation results, there is a risk to data integrity as data is migrated from the old to new application.</p>	<p>MM 2.06: Data Conversion in the project scope</p> <p>When a project has no conversion requirement, management should ensure this is specified as an out-of-scope item in the project scope. Special attention is required for historical data that is not converted to the new application, to ensure it is available for future reference as required.</p> <p>When data conversion is required, a Conversion Strategy must be a required element within the project methodology. A conversion strategy provides details on data mapping, extract/translation/load requirements, tools, validation, exception handling, testing and sign-off.</p>
<p>MM 2.07: Decommissioning not included in project schedules.</p> <p>Though included in the scope section of the Sire/eScribe project charter, no further details were documented with respect to the timing and approach to decommissioning legacy applications until a change request was submitted in March 2018.</p>	<p>MM 2.07: Decommissioning not included in project schedules.</p> <p>The decommissioning of legacy applications is often crucial to realizing cost /benefit gains. There are also implications to data security and privacy when legacy applications are not decommissioned properly.</p>	<p>MM 2.07: Decommissioning not included in project schedules.</p> <p>Management should update gating documentation to include a mandatory approval of a Decommissioning Plan. Such a plan will include timing, roles and responsibilities, access rights review, data retirement or destruction, and hardware/software retirement/disposal/de-licensing as required.</p>

<p>Concerning the Renew London project, a decommissioning plan was not as critical as there was no change to hardware; merely the removal of a folder on the web server was required to remove the legacy application. However, there was no documentation to support this required action.</p>		
<p>MM 2.08: Independence of the project governance function</p> <p>The ITS department is organized into three areas of responsibility, Development, Infrastructure and Network. There is a 'line leader' for each area, responsible for a set of deliverables that contributes to their performance measures. The same line leaders are also responsible for performing project ensuring compliance to the ITS PM methodology.</p> <p>The Director of ITS and the line leaders are aware of the risk and monitor closely.</p>	<p>MM 2.08: Independence of the project governance function</p> <p>There may be a perceived conflict due to line leaders providing governance and ensuring compliance to the project management methodology for their own deliverables, which contribute to their own performance measures.</p>	<p>MM 2.08: Independence of the project governance function</p> <p>Industry practice is that governance activities for projects are independent, performed either by a separate function (a corporate level PMO), or a distinct PMO within ITS with no direct role in the management of projects or line responsibilities. Management should consider how in practice to further separate project governance activities from management of projects or line responsibilities.</p>
<p>MM 2.09: Engage the public for projects where they are the end user.</p> <p>No formal process exists to engage the public for projects where they are an end user.</p>	<p>MM 2.09: Engage the public for projects where they are the end user.</p> <p>Not engaging the public as a recognized stakeholder may increase the City's reputation risk for delivering services.</p>	<p>MM 2.09: Engage the public for projects where they are the end user.</p> <p>Engaging the public as a stakeholder is a sensitive process. Management should engage expertise in defining a process to engage the public for projects where they are a key stakeholder.</p> <p>Opportunities for public consultation may include developing requirements, a limited test role, early adopter groups, and feedback forums.</p>
<p>MM 2.10: Evolve the intake process to an annual cycle</p> <p>At present, the intake process is executed twice a year whereas industry standard is an annual intake cycle.</p>	<p>MM 2.10: Evolve the Intake process to an annual cycle</p> <p>Performing the intake cycle twice a year is time consuming and disruptive to the delivery of the current portfolio.</p>	<p>MM 2.10: Evolve the Intake process to an annual cycle</p> <p>Industry practice is an annual intake cycle, which may look at projects for inclusion for up to the next five years. There is also a process to deal with regulatory and/or urgent projects on as needed basis.</p> <p>Management should consider the cost and benefit of performing the intake process on an annual basis.</p>
<p>MM 2.11: Clarity on use of the Project Definition Statement and the Project Charter</p> <p>There are significant overlaps in content of the Project Definition Statement and the Project Charter, with both documents appearing to be</p>	<p>MM 2.11: Clarity on use of the Project Definition Statement and the Project Charter</p> <p>There may be redundancy of effort in producing both documents.</p>	<p>MM 2.11: Clarity on use of the Project Definition Statement and the Project Charter</p> <p>Management should determine whether there is still a need for the two individual documents, or consider whether to merge into a single required</p>

required as part of the initiation phase in the ITS PM methodology.	There is a risk of gaps and/or differences appearing between the documents should common sections not provide the same content.	document. If use of a single document is decided, management should communicate the change to all stakeholders.
MM 2.12: No formal acceptance by ITS Operations on the transition process ITS Operations is provided with documentation and training by the project team, and meetings are held as required. Warranty periods are standard whereby the project team is available for support for an agreed period (maximum 30 days). However, there is no process in place for ITS Operations sign-off on their acceptance of the product, including their readiness to support post go-live.	MM 2.12: No formal acceptance by ITS Operations on the transition process Lack of a formal acceptance (sign-off) by ITS Operations on the transition process, may lead to gaps not being resolved in a timely manner. The project may be implemented without ITS Operations having adequate knowledge or tools to support it in production.	MM 2.12: No formal acceptance by ITS Operations on the transition process Include a formal sign-off by ITS Operations to the Transition to Operations document indicating completion and acceptance of all transition activities. In cases where implementation must occur regardless of sign-off being obtained, this must be documented and adjustments made to the warranty period until sign-off is complete.
MM 2.13: Project volume within Development area is significant for a single governance resource The ITS department is organized into three areas of responsibility, Applications, Infrastructure & Data, and Network & Security. A 'line leader' leads each area. Each line leader is also responsible for performing governance of projects with respect to their compliance to the IT project methodology. The senior manager responsible for Application is currently responsible for the governance of 53 projects, which requires 50% of their time. Compared to 15 projects for the Infrastructure line leader and 9 projects for the Network line leader.	MM 2.13: Project volume within Development area is significant for a single governance resource Project governance may be compromised due to the heavy workload of a single resource, resulting in late gating reviews, non-compliance to the methodology and potential rework.	MM 2.13: Project volume within Development area is significant for a single governance resource Consider training a second resource to perform governance of Applications projects, or redistribute some Applications projects to either Infrastructure & Data or Network & Security for governance where possible.

Appendix 1: Internal Audit detailed scope

Specifically, the internal audit addressed the following areas:





Reviewed and assessed the City's ITS Portfolio Management and Project Management framework:

- Reviewed and assessed the ITS portfolio management and project management framework for alignment with the strategic objectives of the City and City policy;
- Assessed the effectiveness of the ITS portfolio management and project management framework to ensure the proper controls are in place for managing ITS projects;
- Reviewed and assessed the method to communicate changes to relevant City stakeholders related to the ITS portfolio management and project management methodology and framework;
- Reviewed and assessed monitoring activities established to determine whether ITS portfolio management and project management framework are achieving desired outcomes, including any monitoring of metrics and key indicators; and
- On a sample basis, evaluated compliance of the selected project to the ITS portfolio management and project management framework; and
- Evaluated the ITS portfolio management and project management framework, against industry standard and leading practice, to assess maturity and identify opportunities for improvement.

Appendix 2: Internal audit rating scale

Individual observation prioritization

Internal Audit prioritized each observation and recommendation within a report using a three point rating scale. The three point rating scale is as follows:

Description	Definition
 High	Observation is high priority and should be given immediate attention due to the existence of either significant internal control risk or a potential significant operational improvement opportunity.
 Medium	Observation is a moderate priority risk or operational improvement opportunity and should be addressed in the near term.
 Low	Observation does not present a significant or medium control risk but should be addressed to either improve internal controls or process efficiency.
 Leading Practice	Consideration should be given to implementing recommendations in order to improve the maturity of the process and align with leading practices.

Appendix 3: Stakeholder involvement

In conducting the assessment, Internal Audit met with the following management and staff to gain an understanding of the ITS Portfolio Management and Project Management processes and practices.

Stakeholder	Position
Mat Daley	Director, Information Technology Services
Lori Kolodiazny	Division Manager, Information Technology Services
Shawn Bradley	Manager II, Information Technology Services
James McCloskey	Manager III, Information Technology Services

Appendix 4: Audit procedures performed

As part of the ITS Portfolio Management & Project Management Assurance review, the following procedures were performed:

- Conducted a planning meeting with the Director, Information Technology Services;
- Updated and issued a finalized Project Charter and request for information;
- Conducted meetings and interviews with Information Technology Services management and staff to discuss the creation and evolution of the project management methodology, strengths, areas for improvement and plans to evolve the maturity
- Obtained documentation regarding relevant procedures and controls to perform an inspection of:
 - **Project Management Methodology**
 - Intake process
 - Terms of reference
 - Review process
 - Evaluation criteria
 - Resourcing
 - Project workflow
 - Project roles
 - Templates
 - Addenda: Process review & documentation, Change management, Requirement gathering, Testing, Business options assessment
 - Agile project plan
 - Cross reference between the City's Project Management methodology and PMP templates
- Drafted preliminary observations and verified observations with management;
- Conducted a closing meeting with key management stakeholders to validate and communicate our findings; and
- Issued this internal audit report with our detailed observations.

Appendix 5: PMO Charter

The PMO Charter defines the mandate and services offered by the PMO and provides a description of the roles and responsibilities of the PMO and supporting areas. It also describes when and how to engage the PMO on new ideas and projects. A PMO Charter includes but is not limited to:

- PMO Mandate
- How to engage the PMO
- Governance
- Intake gating
- Prioritization methodology
- Project delivery gating
- Project teams
- Metrics and reporting



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The Corporation of the City of London ITS Portfolio Management and Project Management – Project Compliance

Audit Performed: September to October 2018
Report Issued: March 2019

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Executive summary

Introduction

Internal Audit conducted an Information Technology Services (ITS) Portfolio Management & Project Management Assurance internal audit review as part of the 2018 Internal Audit plan, performing the review from September to October 2018.

The purpose and objective of this review was to assess the processes and controls in place for managing ITS projects and the portfolio of ITS projects from intake through end-user delivery and closure. In terms of this review, intake is the point that a business unit (BU) or ITS unit formally determines a proposed initiative should be a project.

The City of London's ITS Portfolio Management & Project Management portfolio contains their Project Management (PM) methodology to support the City's BUs in the delivery of projects as well as to support their own internal ITS projects. The methodology, implemented in 2016, plays a key role in the City's ITS governance process. It provides an overview of the various stages, processes and milestones that occur throughout the lifespan of a project. It also provides guidelines on resourcing, evaluation criteria and project roles. The various project stages are illustrated through the ITS Project Pillar gating workflow diagram; the workflow begins at the Intake gate where the project request is initially submitted and ends at the Closing gate where the project file is closed.

The purpose of this review was to assess the governance process as described in the PM methodology. Specifically, the objectives of this review were to:

1. For a sample selection of ITS projects, review and assess compliance to the ITS Portfolio Management and Project Management framework; and
2. Review and assess the maturity of the ITS portfolio management and project management framework.

This report addresses objective one as stated above; for a sample selection of ITS projects, review and assess compliance to the ITS Portfolio Management and Project Management framework. A separate report (ITS Portfolio Management and Project Management – Methodology Maturity) addresses objective two.

The detailed internal audit scope is contained in **Appendix 1** of this report.

Key strengths

Leveraging an independent methodology: ITS is leveraging a third party project management maturity matrix (OneWayForward) to define and mature their project management function. A key area of focus at this time is the creation of a Business Analysis group within the City of London.

ITS staff adoption: The project methodology has been positively received by IT internal staff, who understand the methodology and are experiencing the benefits of its implementation. Project leadership staff are proactively involved in a continuous improvement approach to evolving the methodology.

Quality of projects: As measured by ITS and supported by stakeholder feedback, the PM Methodology has improved the quality of projects and the delivery process through the introduction of a gating workflow, project templates, and the prioritization of projects.

Project management training: Project management training is mandatory for every ITS line manager. Hence, ITS managers receive formal training prior to leading projects. ITS Managers are

encouraged to obtain (and most have) the Project Management Professional (PMP) designation from the Project Management Institute (PMI), an industry-recognized certification for project managers.

Tools for project management: A toolset is in place to manage projects, which includes,

- Eclipse: Project management software application which has embedded the ITS Project Pillar Workflow. The application also facilitates resource allocation and provides progress tracking and status updates within the portfolio view.
- Team Foundation Server (TFS): Microsoft product that provides source code management, reporting, requirements management and project management. ITS uses TFS for their developed applications and for business requirements.

Projects selected

Internal Audit selected a sample of two projects completed by City departments to assess project adherence to the methodology. Internal Audit selected the Renew London and Sire/eScribe projects and noted the following.

Sire/eScribe

The Sire/eScribe project was to replace the Sire application, used by the City to support council meeting recording, voting and meeting minutes. The Sire application was purchased from another vendor, who had since stopped developing and supporting it. The City performed an extensive Discovery phase where several products were researched and chose the eScribe product.

Renew London

The Renew London project was an upgrade to an existing application used by the City to provide information on road construction and road closings for viewing by the public. This project leveraged an agile approach to the development phase.

Key observations

Deloitte's review of project adherence to the methodology identified the following observations:

Priority	High	Medium	Low	Leading Practice
Observations	0	3	0	0

Medium priority observations

PC 1.01: Completion of the Project Intake Request

The Project Intake Request is a business document that the Business Unit (BU) involved in the project is responsible for completing. Both Project Intake Requests for the Renew London and Sire/eScribe projects were lacking significant details in areas such as Project Requirements and Business Process Gathering. Without adequate information in the Project Intake Request, the ability to assess project needs accurately is impaired. This could lead to errors in the prioritization process across the portfolio.

Mat Daley, Director ITS

August 2019

PC 1.02: Incomplete launch plans

Launch plans for both sample projects lacked detail with respect to escalation procedures in case of issues and did not include a detailed back out / recovery plans in the event of a failed implementation. Both projects made use of a high level Excel spreadsheet to track key implementation tasks. However, neither project completed the cover form which is intended to include sign-offs. Incomplete launch plans can compromise the success of an implementation. This may necessitate the need for a back out

of the implementation and a return to the prior state. It is critical that a return to prior state is pre-documented and achievable in a timely manner.

Mat Daley, Director ITS

May 2019

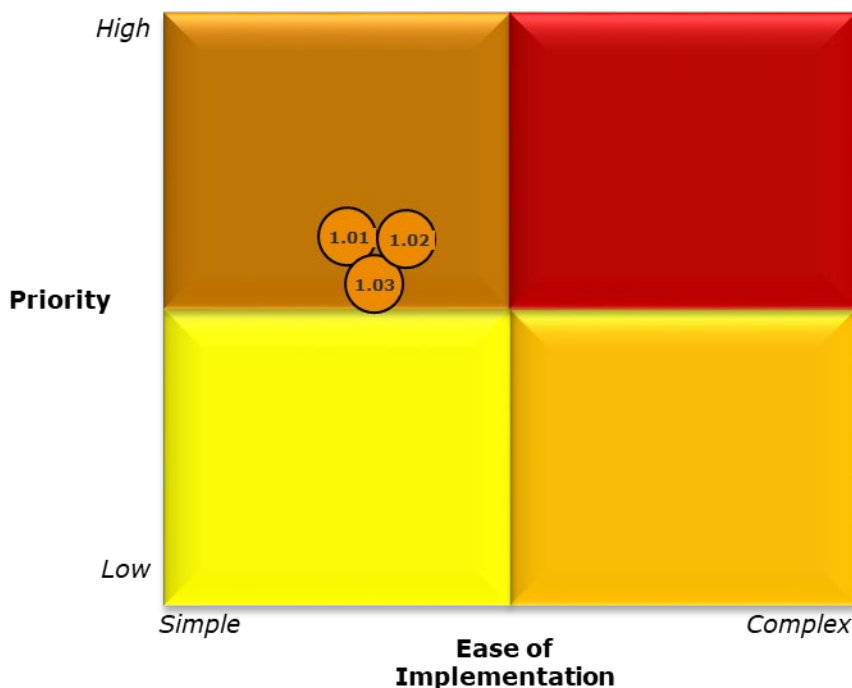
PC 1.03: The Risk and Issue Registers are not proactively maintained and are incomplete

The risk and issue register were inconsistently maintained. The ITS methodology states: 'project managers will be involved to periodically analyze project risks', and 'project managers will maintain a living list of issues'. For the Renew project, initial risks were captured in the Vision/Scope statement. They were transferred to a risk register but no further updates occurred. No issue log was observed. For the Sire/eScribe project, a risk register was not observed. An issue register exists, however, because of a lack of dates it is unclear how frequently updates to the document occurred. Further, both the risk and issue registers are missing key fields used for capturing and tracking entries. Proactive tracking and mitigation of risks, and proactive issues management, are cornerstones of project management and are critical components to project success. Failure to track risks and issues can affect all parts of the project management triple constraint: Scope, Time and Cost.

Mat Daley, Director ITS

July 2019

Priority heat map

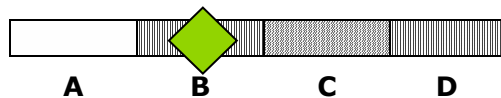






Conclusion

Based on our assessment of the Sire/eScribe and Renew London projects and their adherence to the project methodology, we noted three medium priority observations with the potential to impair the effectiveness of current processes. The issues noted in this report should be addressed in a timely manner to enhance current controls and mitigate relevant risks.

Management has provided action plans for the observations noted in the 'Detailed observations and recommendations' section.

The following scale depicts our overall process conclusion as it relates to the scope of areas audited as outlined above:



Description		Definition
	A	No or insignificant process control or efficiency weaknesses identified
	B	Minor process control or efficiency weaknesses identified
	C	Moderate process control or efficiency weaknesses identified
	D	Significant control process or efficiency weaknesses identified Impairing the effectiveness of the process

Detailed observations and recommendations

Observations – Project compliance

	Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MP	<p>PC 1.01: Completion of the Project Intake Request</p> <p>The Project Intake Request is a business document that the BU involved in the project is responsible for completing. Both Project Intake Requests for the Renew London and Sire/eScribe projects were lacking significant details in areas such as Project Requirements and Business Process Gathering.</p> <p>The Project Requirements section lacked detail regarding resources, budgeting and research.</p> <p>The Business Process Gathering section was not completed which resulted in no information being documented regarding business processes, requirements, change management, or testing activities.</p>	<p>PC 1.01: Completion of the Project Intake Request</p> <p>Without adequate information in the Project Intake Request, the ability to assess project needs accurately is impaired. This could lead to errors in the prioritization process across the portfolio.</p>	<p>PC 1.01: Completion of the Project Intake Request</p> <p>Within the Project Intake Request document, management should identify the required vs. optional fields. As part of a quality assurance process, management should also ensure all required fields are completed, or an explanation given as to why they are not. Only fully completed requests should be accepted and prioritised.</p> <p>For optional information requirements, management should ensure that the Project Charter closes any gaps in the Project Intake Request.</p>	<p>Management agrees and will take the following actions:</p> <ol style="list-style-type: none"> 1. Review the current intake request process and document 2. Identify required and optional fields 3. Update project intake software workflow to ensure all fields are addressed appropriately and only completed requests move through the workflow 4. Test and remediate updated workflow 5. Deliver change education 6. Promote update to production 	<p>Mat Daley, Director ITS August 2019</p>
MP	<p>PC 1.02: Incomplete launch plans</p> <p>Launch plans for both sample projects lacked detail with respect to escalation procedures in case of issues, and did not include detailed back out / recovery plans in the event of a failed implementation.</p>	<p>PC 1.02: Incomplete launch plans</p> <p>Incomplete launch plans can compromise the success of an implementation. This may necessitate the need for a back out of the implementation and a return</p>	<p>PC 1.02: Incomplete launch plans</p> <p>Management should update gating documentation to ensure completion of a detailed Launch Plan, per the forms intent.</p> <p>The plan should include sign-offs of both the implementation and back out plans</p>	<p>Management agrees and will take the following actions:</p> <ol style="list-style-type: none"> 1. Update Launch Plan and back out plan, gating and sign-off process 	<p>Mat Daley, Director ITS May 2019</p>

	<p>Both projects made use of a high level Excel spreadsheet to track key implementation tasks. However, neither project completed the cover form which is intended to include sign-offs.</p> <p>The launch plan for the Sire/eScribe project also did not include an implementation checklist. It consisted only of issues to resolve and communications with technical support teams to ascertain that progression occurred through positive testing (mock meetings to ensure the application was functioning).</p> <p>The launch plan for the Renew London project also did not include roles for the implementation tasks nor estimated timelines.</p>	<p>to the prior state. It is critical that a return to prior state is pre-documented and achievable in a timely manner.</p>	<p>including, resources, timelines, communication protocols, and approvals.</p>	<p>including documentation</p> <ol style="list-style-type: none"> 2. Deliver change education 3. Implement change
MP	<p>PC 1.03: The Risk and Issue Registers are not proactively maintained and are incomplete</p> <p>The ITS methodology states: 'project managers will be involved to periodically analyze project risks', and 'project managers will maintain a living list of issues'.</p> <p>Both the risk and issue register were inconsistently maintained.</p> <p>For the Renew project, initial risks were captured in the Vision/Scope statement. They were transferred to a risk register but no further updates occurred. No issue log was observed.</p> <p>For the Sire/eScribe project, a risk register was not observed. An issue register exists, however because of a lack of dates it is unclear how frequently updates to the document occurred.</p> <p>Both the risk and issue registers are missing key fields used for capturing and tracking entries.</p>	<p>PC 1.03: The Risk and Issue Registers are not proactively maintained and are incomplete</p> <p>Proactive tracking and mitigation of risks, and proactive issues management, are cornerstones of project management and are critical components to project success.</p> <p>Failure to track risks and issues can affect all parts of the project management triple constraint: Scope, Time and Cost.</p>	<p>PC 1.03: The Risk and Issue Registers are not proactively maintained and are incomplete</p> <p>At each gate review, management should compare the risk and issue registers to the version provided at the previous gate to ensure project managers are proactively managing risks and issues including changes to the risk/issue potential and impacts, and updates to risk mitigation plans and issue progress to closure.</p> <p>Risk and issue aging is a key metric to be included in a project's regular status report, along with status on the high potential risks and high impact issues. Management should consider add the following fields to the risk and issue registers to be able to report on risk aging;</p> <ul style="list-style-type: none"> • Initial opening date; • Date for each update to an entry; • Date closed; and • Document the resolution. 	<p>Management agrees and will take the following actions:</p> <ol style="list-style-type: none"> 1. Review existing project management workflow 2. Add identified fields to risk and issue registers 3. Add ITS Senior Management review of risk and issue registers to appropriate gates 4. Deliver change education 5. Implement change <p>Mat Daley, Director ITS, July 2019</p>

Appendix 1: Internal Audit detailed scope

Specifically, the internal audit addressed the following areas:





For a sample selection of City departments, reviewed and assessed the Portfolio Management and Project Management framework:

- On a sample basis selected projects completed by City departments to review and assess the portfolio and project management framework currently implemented by the associated departments for alignment with the strategic objectives of the City and City policy; and
- Assessed the effectiveness of the portfolio management and project management framework currently implemented by selected departments against industry standard to ensure the proper controls are in place for managing departmental projects.

Appendix 2: Internal audit rating scale

Individual observation prioritization

Internal Audit prioritized each observation and recommendation within a report using a three point rating scale. The three point rating scale is as follows:

Description	Definition
 High	Observation is high priority and should be given immediate attention due to the existence of either significant internal control risk or a potential significant operational improvement opportunity.
 Medium	Observation is a moderate priority risk or operational improvement opportunity and should be addressed in the near term.
 Low	Observation does not present a significant or medium control risk but should be addressed to either improve internal controls or process efficiency.
 Leading Practice	Consideration should be given to implementing recommendations in order to improve the maturity of the process and align with leading practices.

Appendix 3: Stakeholder involvement

In conducting the assessment, Internal Audit met with the following management and staff to:

- Gain an understanding of the ITS Portfolio Management and Project Management processes and practices; and
- Assess governance for the Renew and Sire/eScribe projects, and each projects adherence to the project management methodology.

Stakeholder	Position / Role
Mat Daley	Director, Information Technology Services
Lori Kolodiazny	Division Manager, Information Technology Services
Shawn Bradley	Manager II, Information Technology Services (Project Manager – Renew)
Dan Dobson	Manager III, Information Technology Services (Project Manager –eScribe)

Appendix 4: Audit procedures performed

As part of the ITS Portfolio Management & Project Management Assurance review, the following procedures were performed:

- Conducted a planning meeting with the Director, Information Technology Services;
- Updated and issued a finalized Project Charter and request for information;
- Conducted meetings and interviews with Information Technology Services management and staff to discuss governance for the Renew and Sire/eScribe projects, and each projects adherence to the project management methodology
- Obtained documentation regarding relevant procedures and controls to perform an inspection of:
 - **Sampled Project - Renew London**
 - **Project Governance:** Project Intake Request, Eclipse (Application) Project Bulletin Board
 - **Discovery:** Project tasks, Vision & Scope document
 - **Initiation:** Project charter and approvals
 - **Planning:** RACI and Communication Matrix, project schedule, schedule baseline, project infrastructure diagram, risk register, stakeholder identification, work breakdown structure
 - **Execution:** Change requests, deployment, testing, training, defect management, transition to ops
 - **Closing:** Project closure approval, project completion approval, lessons learned document
 - **Sampled Project - Sire/eScribe**
 - **Governance:** Project Intake Request, eScribe subscription agreement, Eclipse (Application) Project Bulletin Board
 - **Initiation:** Project Definition Statement (PDS) and approvals
 - **Planning:** Sire replacement matrix, project schedule, schedule baseline, budget, issues list, project infrastructure diagram,
 - **Execution:** Launch plan, transition to ops, testing, training
 - **Closing:** Project closure approval, project completion approval, lessons learned
- Drafted preliminary observations and verified observations with management;
- Conducted a closing meeting with key management stakeholders to validate and communicate our findings; and
- Issued this internal audit report with our detailed observations.



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The Corporation of the City of London

Housing Administration Process Assessment

Audit Performed: October 2018 – January 2019
Draft Report Issued: March 2019

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Executive summary

Introduction

Internal Audit conducted a Housing Administration Process Assessment as part of the 2017-2018 Internal Audit plan. The City's Housing System is an individual and family centered housing stability approach that is outcome focused and designed to address housing processes in the City of London. Housing Administration is responsible for the administration of social housing projects and programs related to the City's role as the Housing Service Manager. Housing Administration supports the Housing Service Manager oversee social housing providers, and provide them with advice on business operations and requirements and assist with resolving under-performing housing providers.

The purpose and objective of this review was to assess the operational and financial processes and controls within Housing Administration processes. Internal Audit assessed the processes in order to determine whether the practices and controls are designed and are operating effectively, including:

- Reviewed and assessed the City's Housing Administration services governance framework, including monitoring, budgeting, forecasting, and performance metrics;
- Reviewed and assessed the Housing Administration operational review process; and
- Reviewed and assessed Housing Administration's financial processes, guidelines, and relevant controls.

The detailed internal audit scope can be found in **Appendix 1** of this report.

Key Strengths

Operational review recommendations: Housing Administration provides recommendations for each reported finding in order to assist housing providers with determining solutions to remediate or improve operations within the targeted timelines.

Subsidy payments processing: Housing Administration maintains effective practices to process subsidy payments to housing providers. Batches are prepared detailing various fields including the accounts and amounts. The batches are reviewed for accuracy and completeness by comparing to the subsidy payment schedule and are authorized via a physical signature.

Funding deposit confirmation: Housing Administration maintains effective procedures and controls to confirm provincial and federal funding deposits. A general ledger batch report is reviewed for accuracy and validity and physically signed to authorize the transfer of the funds between the general bank account and Housing Administration program accounts.

Extraordinary financial request business case guidelines: Housing Administration has implemented a guideline to assist housing providers in developing a comprehensive business case to make extraordinary financial requests. This guideline outlines the required general information,

including: indication of the type of request, reason for request, considered alternatives, timing, and board resolution endorsing the business case.

Key observations

Deloitte's review of Housing Administration practices identified the following five observations:

Priority	High	Medium	Low	Leading Practice
Observations	1	4	0	0

High priority observations

HPA 1.0: Division resourcing and capacity

Management has been actively recruiting for up to two years to fill Housing Administration vacancies. The lack of adequate resources has restricted Housing Administration's ability to complete critical operational responsibilities on a timely basis. Without sufficient staffing of resources, Housing Administration activities and tasks may continue to be delayed resulting in further backlog and potentially inaccurate decision-making.

Dave Purdy, Manager, Housing Services
November 30, 2019

Medium priority observations

HPA 2.0: Operational reviews

Housing Administration has implemented manual operational reviews of housing providers which includes on-site visits and a detailed review of documentation. However, Housing Administration's existing review schedule is not maintained and the associated risk assessments for some housing providers are outdated due to backlogs. There is a risk that the Service Manager is unaware of housing providers who do not comply with legislative requirements and City expectations.

Dave Purdy, Manager, Housing Services
December 31, 2019

HPA 3.0: Monitoring Housing Administration performance

Housing Administration prepares and submits metrics to the Municipal Benchmarking Network (MBN) Canada annually and has defined some measures in the Homeless Prevention and Housing Plan. However, key performance indicators (KPIs) have not been defined and the applicable procedures to gather data, track KPIs and report progress to internal stakeholders has not been formalized. Without KPIs to regularly review and assess performance and plan progress, there is the risk that the City may be unaware of events that could affect Housing Administration objectives and desired outcomes.

Dave Purdy, Manager, Housing Services
April 30, 2020

HPA 4.0: Extraordinary financial requests

Housing Administration maintains documentation for the extraordinary financial requests received. However, extraordinary financial request records and systematic evaluation rationale are not maintained and approved financial requests are not monitored. There is risk of insufficient documentation to support the consistency of the approved extraordinary financial requests that may result in future clarification or additional review.

Dave Purdy, Manager, Housing Services

August 31, 2019

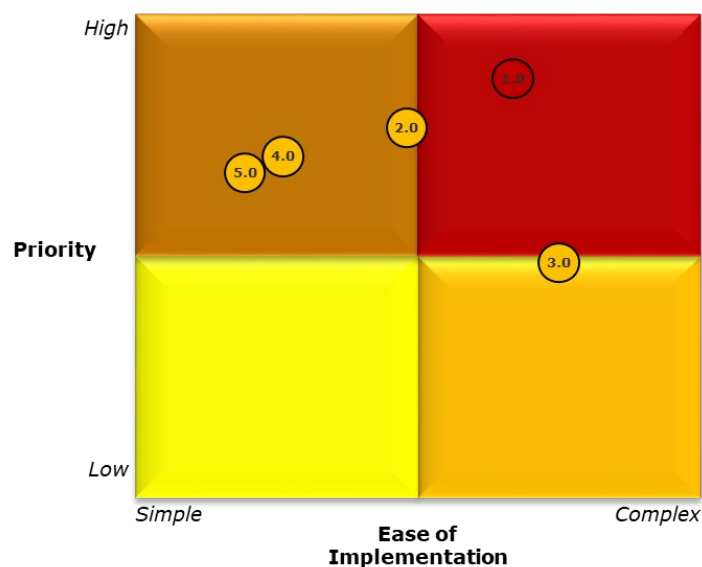
HPA 5.0: Standard operating procedures (SOP) and policies

Internal Audit noted that standard operating procedures (SOPs), guidelines and templates have been documented only for some of the Housing Administration processes and those documented have not been kept current. The lack of documented SOPs could lead to ineffective, inefficient, or duplicated processes. The lack of documented procedures also may restrict new and existing staff from fully understanding relevant processes and controls when undertaking their responsibilities.

Dave Purdy, Manager, Housing Services

December 31, 2019

Priority heat map

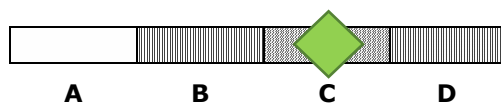






Conclusion

Based on our assessment of Housing Administration practices, we noted one high priority observation that has impaired the effectiveness of current processes, and four medium priority observations with the potential to impair the effectiveness of current processes. The issues noted in the report should be addressed in a timely manner to enhance current controls and mitigate relevant risks.

Management is to provide action plans for the observations noted in the 'Detailed observations and recommendations' section.

The following scale depicts our overall process conclusion as it relates to the scope of areas audited as outlined above:



Description		Definition
	A	No or insignificant process control or efficiency weaknesses identified
	B	Minor process control or efficiency weaknesses identified
	C	Moderate process control or efficiency weaknesses identified
	D	Significant control process or efficiency weaknesses identified Impairing the effectiveness of the process

Detailed observations and recommendations

	Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<i>Observation 1.0 – Division resourcing and capacity</i>					
HPA	HPA 1.0 Division resourcing and capability Management has been actively recruiting for up to two years to fill Housing Administration vacancies. While Management has reprioritized critical operational requirements, the lack of adequate resources has restricted Housing Administration's ability to complete other operational responsibilities on a timely basis.	HPA 1.0 Division resourcing and capability Without sufficient staffing of resources, Housing Administration activities and tasks may continue to be delayed resulting in further backlog and potentially inaccurate decision-making.	HPA 1.0 Division resourcing and capability Housing Division Management should continue efforts to actively recruit and fill vacant positions. Management could also consider alternative pools of talent, e.g., non-traditional sources, as well as internal transfers or staffing loans from other City divisions that meet the required skillsets. Should the above not be achievable the management team should continually review the prioritization of tasks to ensure critical operational responsibilities are completed. Additional areas for management to consider for process revision can be found in HPA 2.0 Operational reviews and HPA 4.0 Extraordinary financial requests.	Management agrees Housing Administration Management acknowledges the prolonged vacancies for certain specialized Housing Administration positions and the importance of maintaining an adequate head count to complete operational responsibilities on-time. Housing Administration Management has successfully recruited for two positions and remains active in recruiting for the final vacancy. Management will continue to actively consult with Human Resources for alternative approaches to recruitment, such as internal temporary placements, and determine interim and long-term talent solutions. Concurrently, Management is performing activities to identify process improvement opportunities and address the backlog of work as described in Management comments and action plan for HPA 2.0 (Operational reviews) and HPA 4.0 (Extraordinary financial requests).	Dave Purdy, Manager, Housing Services November 30, 2019

Observation 2.0 – Operational reviews

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>HPA 2.0 Operational reviews</p> <p>Housing Administration has implemented manual operational reviews of housing providers which includes on-site visits and a detailed review of documentation. However, Housing Administration's existing review schedule is not maintained for prioritization purposes and the associated risk assessments for some housing providers are outdated due to backlogs.</p>	<p>HPA 2.0 Operational reviews</p> <p>There is risk that the Service Manager is unaware of housing providers who do not comply with legislative requirements and City expectations.</p>	<p>HPA 2.0 Operational reviews</p> <p>Housing Administration should conduct a review to refresh the operational review schedule and risk matrix summary. Management should implement the following:</p> <ul style="list-style-type: none"> • A planning phase to maximize efficiency of reviews and ensure a steady stream of annual workflow; • Develop and assess an operational review schedule against other required Housing Administration operational activities; • Send out notices to housing providers once planning is complete to maximize advanced notices of upcoming operational reviews; and • Consider mobile technological solutions to reduce manual requirements of the on-site portion of the operational review. <p>Housing Administration could also consider an assessment to identify alternative approaches to complete</p>	<p>Management agrees</p> <p>Housing Administration acknowledges that operational review provides valuable enhancement in risk management oversight of social housing providers. While currently in compliance with legislation, Housing Administration Management will be conducting a review of the operational review framework to identify and evaluate process improvement opportunities. Management's review will focus on the design of the operational review process to determine a long-term solution that is scalable, flexible and targets housing provider risk areas. This work will be done in conjunction of the procedure documentation as described in Management comments and action plan for HPA 5.0.</p> <p>In the near-term, Management has identified a number of high risk components and developed a scheduled plan for 2019 to perform financial reviews for certain housing providers with higher assessed risk.</p>	<p>Dave Purdy, Manager, Housing Services</p> <p>December 31, 2019</p>

operational reviews in a timely manner.

Observation 3.0 – Monitoring Housing Administration performance

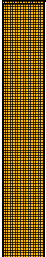
Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MP HPA 3.0 Monitoring Housing Administration performance Housing Administration prepares and submits metrics to the Municipal Benchmarking Network (MBN) Canada annually and has defined some measures in the Homeless Prevention and Housing Plan. However, key performance indicators (KPIs) have not been defined and the applicable procedures to regularly gather and format data, measure performance, track division progress towards desired objectives, and report to internal stakeholders has not been formalized.	HPA 3.0 Monitoring Housing Administration performance Without KPIs to measure and assess performance and plan progress, there is risk that the City may be unaware of events that could affect Housing Administration objectives and desired outcomes.	HPA 3.0 Monitoring Housing Administration performance Housing Administration Management should define relevant key performance indicators and develop an oversight dashboard or scorecard to regularly aggregate, measure, assess, and track plan progress.	Management agrees Housing Administration Management is currently updating the Homeless Prevention and Housing Strategic Plan, which is expected to be completed in the fall of 2019. Included in the strategic plan update will be measurable objectives and goals with defined KPIs to demonstrate outcome progress. In support of ongoing management oversight, Management will also be providing routine KPI reporting to senior management.	Dave Purdy, Manager, Housing Services April 30, 2020

Observation 4.0 – Extraordinary financial requests

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>HPA 4.0 Extraordinary financial requests</p> <p>Housing Administration maintains documentation for the extraordinary financial requests received. However, extraordinary financial request records and systematic evaluation rationale are not maintained and approved financial requests are not monitored.</p>	<p>HPA 4.0 Extraordinary financial requests</p> <p>There is risk of insufficient documentation to support the consistency of the approved extraordinary financial requests that may result in future clarification or additional review.</p>	<p>HPA 4.0 Extraordinary financial requests</p> <p>Housing Administration Management should implement a process to formalize document retention and rationale for decisions made. Items to consider:</p> <ul style="list-style-type: none"> • Evaluation criteria used to evaluate housing provider requests; • Rationale for approvals, denials and/or delays of extraordinary financial requests; • Follow-up communication with housing providers; and, • Supporting evidence that the subject of the request has been completed. 	<p>Management agrees</p> <p>Housing Administration Management recognizes the need for a documented procedure to internally process extraordinary financial requests systematically. Management will develop and implement a procedure that includes the intake, evaluation criteria, decision-making rationale, and monitoring of extraordinary financial requests from housing providers. Existing housing provider information critical to the evaluation of a request (e.g., capital funding history, etc.) will be incorporated into the evaluation process. As needed, forms and/or templates will be created and maintained to record key activities, rationale, and decisions.</p> <p>This work will be done in conjunction of the procedure documentation as described in Management comments and action plan for HPA 5.0.</p>	<p>Dave Purdy, Manager, Housing Services</p> <p>August 31, 2019</p>

Observation 5.0 – Housing Division Standard operating procedures (SOP) and policies

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
<p>HPA 5.0 Standard operating procedures (SOP) and policies</p> <p>While some standard operating procedures (SOPs), guidelines and templates exist for the Housing Administration processes, they are incomplete or outdated. Processes that have not been formally documented include:</p> <ul style="list-style-type: none"> Operational review of housing providers process; Annual Information Return (AIR) process - budget monitoring and reporting; Extraordinary financial request process; and Records retention maintenance and purging procedure. <p>In addition, the following policy and procedures have not been periodically updated:</p> <ul style="list-style-type: none"> Capital Reserve Guide; Social Housing Operational Advisory Committee Policy; Social Housing Providers Governance & Administration Policy; and 	<p>HPA 5.0 Standard operating procedures (SOP) and policies</p> <p>The lack of documented SOPs could lead to ineffective, inefficient, or duplicated processes. The lack of documented procedures may restrict new and existing staff from fully understanding relevant processes and controls when undertaking their responsibilities.</p>	<p>HPA 5.0 Standard operating procedures (SOP) and policies</p> <p>Housing Administration Management should document relevant SOPs, while also establishing a cycle to regularly review and revise SOP documentation. When preparing to document an SOP and create a review cycle, Housing Administration Management should consider the following:</p> <ul style="list-style-type: none"> Generating and maintaining an inventory of all standard operating procedure documents; Storing all relevant documentation centrally for ease of access using a Corporate approved database (e.g., SharePoint); Documenting an executive summary for each SOP to clearly articulate role responsibility, management oversight, etc.; Utilizing tracked changes within Microsoft Word and version control while also documenting the date of last revision with management approval to record completion of any review and revision; Adopting a schedule with assigned responsibility to regularly review and revise standard operating procedures and guidelines at minimum annually; and 	<p>Management agrees</p> <p>Housing Administration Management recognizes the importance of documenting and maintaining major processes and policies. Management will document standard operating procedures for Housing Administration key activities. Management will also develop standard operating procedure and policy registries, determine a central location to store all procedure and policy documents, and prepare a schedule to periodically review and revise for effective maintenance.</p>	<p>Dave Purdy, Manager, Housing Services December 31, 2019</p>

	<ul style="list-style-type: none">• Policies and Procedures Development and Review Policy.• Adopting a procedure to maintain records beyond the identified time period in the City's retention and purging manual to ensure Housing Administration information is effectively controlled, while identifying opportunities to reduce the use of physical space to store records.
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Appendix 1: Internal Audit detailed scope

Specifically, the internal audit addressed the following areas:

Reviewed and assessed the City's Housing services governance framework, including monitoring, budgeting, forecasting, and performance metrics

- Reviewed and assessed the processes in place to measure and monitor the outcomes of the housing program objectives and how the outcomes are reported to senior administration based on the Municipal Benchmarking Network Canada reporting; and
- Assessed the design of document retention practices including the existence of standard operating procedures and use of tools and resources encouraged by the City (i.e., CityHub).

Reviewed and assessed the Housing Administration operational review process

- Reviewed the operational review framework used to audit housing providers to ensure procedures and controls are designed effectively and are outcome driven;
- Assessed operational review procedures and controls including those related to management approvals, audit schedules, and follow-up and remediation activities for adequacy;
- Evaluated the mix of automated and manual controls executed as part of the operational review framework; and
- Reviewed operational review frameworks of local industry peers to compare and benchmark applicable practices.

Reviewed and assessed Housing Administration's financial processes, guidelines, and relevant controls

- Reviewed and assessed procedures designed for housing providers to make extraordinary financial requests; and
- Reviewed and assessed financial activities in place to oversee transactional and financial reporting activities related to Housing Services.





The following elements were out of scope for the Housing Process Assessment:

- Affordable Housing activities that are delegated to the Housing Development Corporation & Homeless Prevention;
- Assessment of the City's procedures and controls related to the Housing Access Center of the Housing Division;
- Assessment of the City's procedures and controls related to the Subsidy Process in the Housing Division; and
- Review and assessment of any verification of IT systems, interfaces, etc.

Appendix 2: Internal Audit rating scale

Individual observation prioritization

Internal Audit has prioritized each observation and recommendation within this report using a three point rating scale. The three point rating scale is as follows:

Description	Definition
 High	Observation is high priority and should be given immediate attention due to the existence of either significant internal control risk or a potential significant operational improvement opportunity.
 Medium	Observation is a moderate priority risk or operational improvement opportunity and should be addressed in the near term.
 Low	Observation does not present a significant or medium control risk but should be addressed to either improve internal controls or process efficiency.
 Leading Practice	Consideration should be given to implementing recommendations in order to improve the maturity of the process and align with leading practices.

Appendix 3: Stakeholder involvement

In conducting the assessment, the following management and staff were interviewed to gain an understanding of the City's Housing Administration processes and practices.

Stakeholder	Position
Dave Purdy	Manager, Housing Services
Meng Liu	Manager, Housing Administration and Support
Michael Davis	Housing Program Officer
Tom Tapai	Technical Officer (Retired)
Elizabeth Yih-Hitchison	Financial Officer
Archana Gagnier	Financial Analyst
Barry Heath	Financial Clerk

Appendix 4: Audit procedures performed

As part of the Housing Process Review the following procedures were performed:

- Conducted a planning meeting with the Managing Director, Housing, Social Services and Dearness Home and Manager, Housing Services;
- Updated and issued a finalized Project Charter and request for information;
- Conducted meetings and interviews with Housing Division management and staff to obtain an understanding of:
 - City's Housing services governance framework, including monitoring, budgeting, forecasting, and performance metrics;
 - Housing Administration operational review practices; and
 - Housing Administration's financial processes and relevant controls;
- Obtained documentation regarding relevant procedures and controls to perform an inspection of:
 - Homeless Prevention and Housing Plan;
 - London Community Housing Strategy;
 - Housing Services Act;
 - Housing Division overview and organization chart;
 - Risk Matrix;
 - Schedule of upcoming operational reviews;
 - Civic Admin – Housing – Mid-year June 2018;
 - Social Housing Budget Monitoring Summary;
 - Annual information return materials (i.e., template, guide, checklist);
 - Example communications with internal and external bodies;
 - Records retention guides (i.e., by-law, records purging, records transferring to storage, etc.);
 - Extraordinary financial request materials (i.e., business case guidelines, tracking);
- Conducted sample testing activities related to management oversight activities, financial reporting, operational reviews, extraordinary financial requests, and finance activities;
- Benchmarked the operational review framework against local peer municipalities of a similar size;
- Drafted preliminary observations and verified observations with management;
- Conducted a closing meeting with key management stakeholders to validate and communicate our findings; and
- Issued this internal audit report with our detailed observations.



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The Corporation of the City of London

Health and Safety Management Systems

Audit Performed: October 2018 – January 2019
Final Report Issued: March 2019

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Executive summary

Introduction

Internal Audit assessed the City of London's ("the City") Health and Safety Management Systems (HSMS) as part of the 2017-2018 Internal Audit plan. The City's HSMS, managed by the Health and Safety Division, is based on the Canadian Standards Association ("CSA") standard, CSA-Z1000, which provides a model for establishing, implementing, and maintaining a health and safety management system.

The purpose and objective of this review was to assess the development, implementation and effectiveness of the HSMS, as well as the City's adherence to the CSA standards and guidelines.

The detailed internal audit scope can be found in **Appendix 1** of this report.

Key strengths

Occupational Health and Safety (OHS) Policy: The City's OHS policy is a formal statement of management's commitment to protect workers and continually improve health and safety performance. The policy is reviewed annually and updated as required to ensure that it continues to be relevant to the City's needs. Health and Safety Division methods to communicate the OHS policy include workplace postings, safety talks, newsletters, department meetings, and training programs.

Health and Safety Committees: The City has created and maintained thirteen Joint Health and Safety Committees with defined terms of references having both management and worker representatives. Each committee meets regularly to discuss relevant health and safety events and actions including incidents, inspections, continuous improvement plan actions, and reported results.

Incorporation of legal requirements: The Health and Safety Division has established and implemented a process to regularly identify legal requirements and incorporate applicable legal requirements in its HSMS. Specifically, the Health and Safety Division regularly accesses available resources to identify legal changes and maintain a listing of legal requirements while assessing each new requirement and implementing solutions as required.

Risk assessment process: The Health and Safety Division, in collaboration with City departments, maintains a risk assessment process to identify, assess, and mitigate or minimize health and safety related risk exposures for each department and role. A risk assessment worksheet has been developed and implemented to support consistent procedures when working to identify hazards and existing controls, evaluate the risk, and determine control enhancement requirements. Risk assessments are required to be updated by management and supervisors every three years, or when a specific event (e.g. change in activities) arises.

Communication and awareness: The Health and Safety Division has designed and implemented a communication and awareness approach to disseminate HSMS information both internally and externally. This approach considers the current organizational structure, including the various groups of employees (i.e. casual, temporary, inside/outside workers), as well as relationships with external bodies (i.e. WSIB, Ministry of Labour). Communication with stakeholders includes posting in workplace areas, monthly newsletters, department meeting agenda items, safety alerts, memorandums, and posting to CityHub.

Incident investigation and analysis: The Health and Safety Division has implemented and maintained a workplace incident reporting and investigation program. An incident reporting form, the 'Supervisor Report of Injury' form, has been implemented to expedite the reporting process and ensure relevant details are captured for each incident occurrence. This form includes sections to record the results of investigative procedures. The Health and Safety Division reviews each incident report form for completeness and that recommended corrective actions have been noted and are appropriate.

Workplace safety inspections: The Health and Safety Division has implemented a workplace safety inspection program designed to ensure inspections are conducted in compliance with the Occupational Health and Safety Act. The program outlines the methods to inspect various elements of the HSMS, including equipment, processes, materials, buildings, and practices; and provides an approach to identify areas where health and safety hazard control is needed. The City's Joint Health and Safety Committees develop their annual schedule for conducting monthly inspections and utilize a standard inspection form to document inspection findings. Copies of each completed inspection form are forwarded to the Joint Health and Safety Committee secretary for distribution to all committee members for review and discussion.

Continuous improvement program: In direct support of the City's commitment to ongoing improvement of HSMS performance, the City has implemented and maintained a continuous improvement program (CIP). On an annual basis, in conjunction with their Health and Safety Division partner, each City department identifies and implements actions as a means/or method to continually improve the health and safety of their individual area. This program leverages the Halogen system to ensure planned actions are executed within established milestones. Progress towards completing actions is monitored by Health and Safety Division partners with updates reported annually to the City's Senior Leadership Team.

Key observations

Deloitte's review of HSMS practices identified the following observations:

Priority	High	Medium	Low	Leading Practice
Observations	0	3	3	0

Medium priority observations

HSMS 1.01: HSMS program reviews

The Monitoring, Measuring and Management Review of HSMS program has not been reviewed within the last three years, which is a requirement documented within the program parameters. The Health and Safety Division has created and implemented a set of programs to support the HSMS. However, not all programs clearly articulate requirements for periodic review and revision. Irregular and unscheduled maintenance of related HSMS programs may result in outdated approaches that fail to adequately mitigate current risks or meet HSMS needs and objectives.

Gary Bridge, Manager III, Human Resources and Corporate Services
September 30, 2019

HSMS 2.0: Information management system

The Health and Safety Division has self-identified the need for an information management system to improve and streamline related training management operations. Additionally, an information management system is currently not being used to more effectively record and manage incidents,

inspections, and legal requirements. Lack of an information management system to support HSMS may lead to suboptimal use of existing human capital and difficulty in reporting meaningful information.

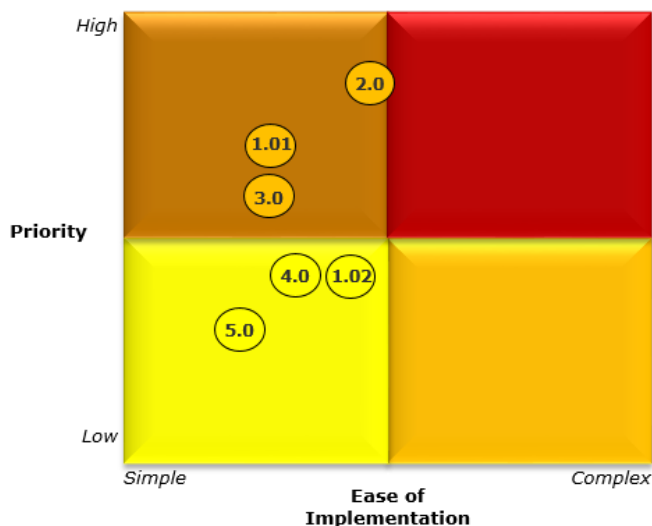
Gary Bridge, Manager III, Human Resources and Corporate Services
December 31, 2019

HSMS 3.0: Audit program

The City or third parties conduct periodic audits of the City's HSMS against the CSA Z1000-14 Standards and audit certain health and safety related programs (e.g., WSIB, emergency medical response and first aid, electrical safety, etc.). However, the Health and Safety Division has not documented a comprehensive audit program which is a requirement by Standard 4.5.4 (Audits) of the CSA Z1000-14 Standards. The City may not be adequately assessing all risk mitigation strategies to verify HSMS effectiveness for the City.

Gary Bridge, Manager III, Human Resources and Corporate Services
December 31, 2019

Priority heat map

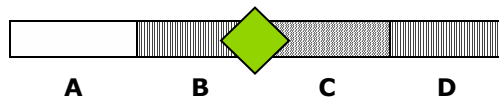


Conclusion

Based on our assessment of HSMS practices we noted three medium priority observations with the potential to impair the effectiveness of current processes and three low priority observations with minor process inefficiencies identified. The issues noted in the report should be addressed in a timely manner to enhance current controls and mitigate relevant risks.

Management has provided action plans for the observations noted in the 'Detailed observations and recommendations' section.

The following scale depicts our overall process conclusion as it relates to the scope of areas audited as outlined above:



Description	Definition
A	No or insignificant process control or efficiency weaknesses identified
B	Minor process control or efficiency weaknesses identified
C	Moderate process control or efficiency weaknesses identified
D	Significant control process or efficiency weaknesses identified Impairing the effectiveness of the process

Detailed observations and recommendations

Observation 1.0 – Monitoring and measurement

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MP HSMS 1.01 HSMS program reviews <p>The Monitoring, Measuring and Management Review of HSMS program has not been reviewed within the last three years, which is a requirement documented within the program parameters.</p> <p>The Health and Safety Division has created and implemented a set of programs to support the HSMS. However, not all programs state requirements for a periodic review.</p>	HSMS 1.01 HSMS program reviews <p>Irregular and unscheduled maintenance of related HSMS programs may result in outdated approaches that fail to adequately mitigate current risks or new hazards not previously identified, or to ensure appropriate linkage to management of change in the event of newly identified or expected upcoming risk.</p>	HSMS 1.01 HSMS program reviews <p>The Health and Safety Division Management should conduct a review of the Monitoring, Measuring and Management Review of HSMS program. In addition, Health and Safety Division Management should establish an HSMS program registry that details critical program elements including review requirements and date of last review in order to develop a schedule of program reviews to meet targeted review timelines. Management should also review and update each program to ensure all program documentation clearly articulates review requirements.</p>	Management agrees <p>An existing document outlining the list of procedures will be reviewed and updated by management to identify any programs that need defined periodic review requirements. Management will also establish a rolling schedule to conduct reviews of HSMS programs over a three-year period, prioritizing higher impact programs. Any significant changes will involve the Joint Health and Safety Committees. Annually, the Health and Safety Division will disclose that program reviews are being conducted in accordance with required frequency.</p>	<p>Gary Bridge, Manager III, Human Resources and Corporate Services</p> <p>September 30, 2019</p>

LP	HSMS 1.02 HSMS program dashboard The Health and Safety Division has implemented a series of related programs including incident reporting, inspections, training, etc. While procedures have been designed to record and report HSMS events and activities, these are not supported by readily available dashboards or scorecards to easily determine the extent to which the health and safety initiatives, objectives, and targets are being met and to identify and address significant items in a timely manner.	HSMS 1.02 HSMS program dashboard Without a process to aggregate and easily report critical activities surrounding HSMS, the human capital, financial and other resources may not be effectively deployed and key stakeholders may be unaware of the progress towards objectives and desired outcomes.	HSMS 1.02 HSMS program dashboard Management should develop a standard dashboard or scorecard designed to highlight significant events, as well as, adherence to OHS policy expectations and achievement of objectives and targets for regular management monitoring.	Management agrees Management will consult with stakeholders to identify and define a single set of key performance indicators (KPIs) to be included in a dashboard, as well as dashboard audience and frequency. Management will evaluate data requirements and opportunities to leverage existing metrics and tools / resources (e.g., Microsoft Power BI) to implement a dashboard. A standard operating procedure will also be developed to support regular dashboard updates and distribution.	Gary Bridge, Manager III, Human Resources and Corporate Services September 30, 2019
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Observation 2.0 – Information management system

	Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MP	HSMS 2.0 Information management system The Health and Safety Division has self-identified the need for an information management system to improve and streamline related information management and training management operations. Internal Audit identified manual activities including procedures to record and maintain training information, identify and follow-up on training requirements, assign training based on staff position, etc.	HSMS 2.0 Information management system Lack of an information management system to support HSMS results in suboptimal use of existing human capital and hinders managing and reporting training information.	HSMS 6.01 Information management system In the short-term, Health and Safety Division Management should perform an evaluation to identify opportunities to utilize existing City tools and resources to improve health and safety information management. Management should also collaborate with City stakeholders to assess opportunities to adopt an information management system as a long-term solution	Management agrees An information management system is needed to address related Health and Safety operational challenges and improve the effectiveness of data management including enabling and empowering supervisor responsibility over health and safety matters for the City (e.g., training records). Management will work with Information Technology	Gary Bridge, Manager III, Human Resources and Corporate Services December 31, 2019

Additionally, an information management system is currently not being used to more effectively record and manage incidents, inspections, and legal requirements.	to reduce manual Health and Safety Division activities and other activities including training management procedures.	Services, Finance, and other stakeholders to see what options are available to track current training records as well as expired records.
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Observation 3.0 – Audit program

Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
MP HSMS 3.0 Audit program The City or third parties conduct periodic audits of the City's HSMS against the CSA Z1000-14 Standards and audit certain health and safety related programs (e.g., WSIB, emergency medical response and first aid, electrical safety). However, the Health and Safety Division has not documented a comprehensive audit program, which is a requirement by Standard 4.5.4 (Audits) of the CSA Z1000-14 Standards.	HSMS 3.0 Audit program The City may not be adequately assessing all risk mitigation strategies to verify HSMS effectiveness for the City. In addition, the lack of an audit program may result in unidentified noncompliance with health and safety regulation or CSA standards, which are regularly revised and updated.	HSMS 3.0 Audit program Health and Safety Division Management should develop and implement a formal audit program aligned with Standard 4.5.4 (Audits) of the CSA Z1000-14 Standards. To meet this Standard, the audit program should have the following: <ul style="list-style-type: none"> Criteria for auditor competency and selection, audit scope, frequency of audits, audit methodology and analysis of results, and reporting; Process to consult with workers and representatives; and Process to conduct audits at planned intervals. 	Management agrees Recognizing audits are performed over the City's HSMS, Management agrees that an audit program needs to be formalized to better align with CSA Z1000-14 Standard 4.5.4 (Audits). Management will continue formalizing an audit program to define its purpose, application, stakeholders, procedures, and consolidate applicable requirements that would trigger an audit.	Gary Bridge, Manager III, Human Resources and Corporate Services December 31, 2019

Observation 4.0 – Reporting timelines

	Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
LP	<p>HSMS 4.0 Reporting timelines</p> <p>The Health and Safety Division prepares and issues reports annually to summarize and communicate HSMS related events and activities to stakeholders, including the Senior Leadership Team and Joint Health and Safety Committees. However, the manual nature of the report preparation process has resulted in delays issuing the previous two year-end reports restricting stakeholder ability to obtain an understanding of activities representative of the current health and safety environment.</p>	<p>HSMS 4.0 Reporting timelines</p> <p>Resources may not be appropriately aligned with HSMS objectives and organizational needs. Delayed health and safety results may restrict the City's ability to identify areas of improvement and form a timely response.</p> <p>The current report preparation process has resulted in suboptimal use of staff time and effort.</p>	<p>HSMS 4.0 Reporting timelines</p> <p>Health and Safety Division Management should review the health and safety reporting process to identify and improve common factors that affect the issuance of each report. Management may also consider reviewing the report with key stakeholders to ensure the report is focused on the key metrics required, and whether there is opportunity to have the information reported in a more concise manner.</p>	<p>Management agrees</p> <p>Management agrees that HSMS reporting timelines need to be improved while recognizing the current level of manual effort required when preparing the report due to the absence of an information management system. In the near term, Management will continue to consult with stakeholders and review the HSMS report and underlying data to identify opportunities to streamline activities or further reformat the report. Management will document in Occupational Health and Safety Management procedure the timeline for completion of annual report. It will be noted that this will be done by end of May each year.</p>	<p>Gary Bridge, Manager III, Human Resources and Corporate Services</p> <p>June 30, 2019</p>

Observation 5.0 – Forms and submissions

	Observation	Implication	Recommendation	Management comments and action plan	Responsible party and timing
LP	<p>HSMS 5.0 Forms and submissions</p> <p>Although the City has developed forms and templates to support HSMS events and activities, not all forms or templates articulate how and where to submit the form. Additionally, not all form templates allow for electronic submission.</p>	<p>HSMS 5.0 Forms and submissions</p> <p>Failure to include submission requirements and utilize available technologies may lead to suboptimal processing of reported health and safety events or requests.</p>	<p>HSMS 5.0 Forms and submissions</p> <p>Health and Safety Division Management should conduct a review of existing HSMS related forms and identify opportunities to update forms to include how and where to submit as well as enable electronic submission.</p>	<p>Management agrees</p> <p>A review will be conducted over existing forms and revisions made to improve user understanding and experience. Where possible, workflows will be revised to allow for electronic submission of forms.</p>	<p>Gary Bridge, Manager III, Human Resources and Corporate Services</p> <p>December 31, 2019</p>

Appendix 1: Internal Audit detailed scope

Specifically, the internal audit addressed the following areas:

Reviewed and assessed the City's HSMS design and development

- Reviewed and assessed the policies and governing processes frameworks in place to ensure:
 - Appropriate planning and development,
 - Overall commitment, leadership, and participation,
 - Management commitment and leadership,
 - Worker participation,
 - Policy relevance and compliance to governing standards,
 - Program compliance to legal or legislative requirements, and
 - Roles and responsibilities appropriateness and consistency with policy and corporate expectations.

Reviewed and assessed HSMS program's compliance to the Ontario Health & Safety ("OH&S") legislation and HSMS program's adherence to CSA standards

- Reviewed and assessed programs in place to ensure they meet the guidelines set forth to include:
 - Competencies and training,
 - Communication, competency assurance and program awareness,
 - Hazard and risk management,
 - Emergency prevention, preparedness and response,
 - Incident reporting, investigation and analysis,
 - Procurement and contracting,
 - Contractor Management, and
 - Management of change and document control.





Reviewed and assessed the HSMS implementation and effectiveness

- Reviewed the HSMS to ensure programs and process have been successfully executed through the following areas:
 - Using the Plan-Do-Check-Act methodology,
 - Infrastructure and resources evaluations and management,
 - Development of safety objective and targets,
 - Linkage of roles and responsibilities to the objective and targets set,
 - Appropriate hazard identification and risk assessment,
 - Monitoring and measurement, and,
 - Auditing and continuous improvement through preventive and corrective actions.

Appendix 2: Internal Audit rating scale

Individual observation prioritization

Internal Audit will prioritize each observation and recommendation within a report using a four point rating scale. The four point rating scale will be as follows:

Description	Definition
 High	Observation is high priority and should be given immediate attention due to the existence of either significant internal control risk or a potential significant operational improvement opportunity.
 Medium	Observation is a moderate priority risk or operational improvement opportunity and should be addressed in the near term.
 Low	Observation does not present a significant or medium control risk but should be addressed to either improve internal controls or process efficiency.
 Leading Practice	Consideration should be given to implementing recommendations in order to improve the maturity of the process and align with leading practices.

Appendix 3: Stakeholder involvement

In conducting the HSMS assessment, the following management and staff were interviewed to gain an understanding of the City’s HSMS processes and practices.

Stakeholder	Position
Gary Bridge	Manager III, Human Resources and Corporate Services
Dave O’Brien	Division Manager, CEMC
Christopher Goodall	Specialist I, Occupational Health and Safety
Karen Christopher	Specialist I, Occupational Health and Safety
Various – Deloitte met with various management and staff in select Service Areas to gather an in-depth understanding of Occupational Health and Safety related operations and perform audit procedures.	

Appendix 4: Audit procedures performed

As part of the HSMS assessment the following procedures were performed:

- Conducted a planning meeting with the Managing Director of Corporate Services and Chief Human Resources Officer and Manager of Human Resources and Corporate Services;
- Updated and issued a finalized Project Charter and request for information;
- Conducted meetings and interviews with Occupational Health and Safety management and staff to obtain an understanding of:
 - Design and development of HSMS including policies and governing processes,
 - Approach to comply with the Ontario Health & Safety ("OH&S") legislation and adhere to CSA standards, and
 - Implementation and operation of HSMS including related programs and processes;
- Obtained documentation regarding relevant procedures and controls to perform an inspection of:
 - Occupational Health and Safety Act and Regulations;
 - Human Resources organizational chart and role responsibilities;
 - Occupational Health and Safety Policy and other related City policies and codes of conduct;
 - Relevant reports (e.g., Annual Health and Safety Report, etc.);
 - Continuous improvement plans;
 - Relevant programs (e.g., Asbestos Management, etc.);
 - Relevant committee materials (e.g., terms of reference, meeting minutes, etc.);
 - Standard operating procedures (e.g., Workplace safety inspection, etc.);
 - Standard guidelines (e.g., Stretching at the workstation, etc.);
 - Relevant forms and templates (e.g., Health and Safety Assessment, Incident Investigation, etc.);
 - Health and Safety training program materials;
 - Risk assessment materials; and
 - Example communications (Health and Safety Talk, etc.);
- Conducted audit procedures to test against legislative requirements and CSA Z1000 standards;
- Drafted preliminary observations and verified observations with management;
- Conducted a closing meeting with key management stakeholders to validate and communicate our findings; and
- Issued this internal audit report with our detailed observations.



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The Corporation of the City of London 2019 - 2021 Internal Audit plan

DRAFT: April 5, 2019

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Background

Overview

The City of London ("City") continues to focus its efforts on creating a City that is connected to the world as a leader in commerce, culture and innovation. The City of London continues to build a respected and inspired public service partnership with the following initiatives:

- Strengthening the City of London community;
- Building a sustainable City;
- Growing the City economy; and
- Leading in public service.

As result of these priorities for the City, the Internal Audit Plan focuses on assessing the impact of these and other changes on the control frameworks for the City. The enclosed Audit Plan is for the period January 2019 - December 2021 and was developed using a combination of critical end-to-end business process coverage, understanding of the City of London environment, understanding of key industry risks, discussions with the Senior Leadership Team (SLT) and members of the Audit Committee, and past audit coverage and results.

The 2019 budget for the proposed plan is \$250,000.00. The plan includes utilizing core business process and IT auditor resources, supplemented by Deloitte subject matter advisors for certain audits to assist with providing value-added recommendations to the Audit Committee and management.

Objectives

Our overall objectives in executing the proposed 2019 internal audit plan include the following:

- Assist the City Audit Committee and SLT in fulfilling their oversight responsibilities; and
- Provide independent, objective audit and advisory services designed to add value and improve the effectiveness of the City's control, compliance and governance processes.

This will be achieved through the execution of the internal audit plan, which could include a variety of projects covering areas such as:

- Validating that the tone of leadership as set by SLT reflects appropriate risk and control consciousness and accountability, consistent with the City's values;
- Monitoring and evaluating the effectiveness of the City's control activities;
- Validating that management in each division provides effective monitoring and oversight of processes and activities while balancing risk, cost and benefit;
- Reviewing the reliability and integrity of financial and operating information, and the means used to identify, measure, classify and report such information;
- Reviewing the systems and processes established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on City of London operations;
- Assessing whether resources and assets are adequately protected against loss or misappropriation;
- Reporting on observations raised during the course of our audits and reviews and on any identified incidents of internal and/or management fraud; and
- Facilitating the proper level of coordination between Internal Audit, the Audit Committee, external auditors, service reviews and Lean Six Sigma reviews.

Role of Internal Audit

As defined by the Institute of Internal Auditors (IIA), "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

It is management's responsibility to establish, maintain and provide primary assurance to the Committee that appropriate internal control, risk management and governance practices have been put in place within the organization, to reduce business risks to an acceptable level and to ensure that programs are delivered and transactions are executed in accordance with applicable acts, legislation and corporate policies. Internal Audit's role is to provide independent assessment that the practices have been designed appropriately and are operating effectively.

The Institute of Internal Auditors notes that the internal audit function can conduct both assurance services as well as advisory services. Assurance services involve the provision of an objective assessment of internal control, risk management and/or governance practices, often involving the assessment of compliance with policies, procedures and standard operating practices. Advisory services typically involve the conduct of broader business process and efficiency reviews as well as providing support to management in executing its strategies and initiatives, and improving business process performance. When performing advisory services, the internal audit function must maintain objectivity and not assume management responsibility for decision-making.

Internal Audit plan methodology and risk framework

Internal Audit plan methodology

The Internal Audit plan methodology and approach draws upon the results of the risk assessment activities and audit risk universe development activities. As part of our approach, we have inquired through discussion about the current priorities at the City to determine the higher risk audit universe areas and developed a prioritized audit plan to address those risks. Our Internal Audit approach also supports a risk-based approach.

Risk framework

The Internal Audit program is designed to provide a more systematic means for determining whether risks are effectively assessed, measured, managed, aggregated, and reported. Below is the risk framework developed by Internal Audit based on our industry knowledge and information gained through the risk assessment process, built to identify the key risks to the City. Based on the internal audit planning process the bolded risks are the highest priority for the City.

Please see Appendix A: Risk framework for risk definitions of the risks depicted below.

Environment risk

Stakeholder wants	Technological innovation	Government Policy
Regulatory	Capital availability	Catastrophic loss

Process risk

Operations	Empowerment	Financial
Citizen satisfaction	Leadership	Liquidity
Citizen fraud	Authority	
Human resources	Change readiness	
Capacity	Accountability	
Partnering	Culture	
Compliance	Integrity	Information processing/ technology
Business interruption	Illegal acts	Relevance
Health and safety	Reputation	Integrity
Security		Access/Security breach
Legal		Infrastructure
		Cyber

Information for decision-making risk

Process/operational	Organizational reporting	Environment/strategic
Contract commitment	Budget and planning	Environmental scan
Performance measurement	Accounting information	Performance measurement
Organizational alignment	Taxation	Planning
	Regulatory reporting	
	Compensation and benefits	

Audit universe

Internal Audit performs audits and reviews from a process and departmental standpoint. In order to organize and better report on results of internal audits, we have prepared an Internal Audit Universe with an initial mapping of the Universe to the key risks in the risk framework for the City.

This universe is also meant to depict the full scope of areas that could be audited by Internal Audit. Going forward, this universe can be used to demonstrate the coverage provided by the Internal Audit function over time.

Please see Appendix A: Risk framework for risk definitions.

Internal Audit Universe Areas		Risks	
Corporate Services	Solicitor	<ul style="list-style-type: none"> Regulatory Government Policy Reputation 	<ul style="list-style-type: none"> Compliance Illegal Acts Catastrophic loss
	Human Resources	<ul style="list-style-type: none"> Human Resources Health and Safety Reputation Accountability Security 	<ul style="list-style-type: none"> Compensation and Benefits Illegal Acts Capacity Leadership Organizational alignment
	Finance and Treasury	<ul style="list-style-type: none"> Liquidity Taxation Capital Availability Reputation 	<ul style="list-style-type: none"> Budgeting and Planning Accounting Information Regulatory Reporting
	Information Technology	<ul style="list-style-type: none"> Relevance Integrity Change Readiness Reputation Cyber 	<ul style="list-style-type: none"> Access/Security Breach Infrastructure Technological Innovation Business interruption
	Corporate Communication	<ul style="list-style-type: none"> Partnering Reputation 	<ul style="list-style-type: none"> Contract Commitment
	Economic Innovation	<ul style="list-style-type: none"> Partnering Reputation 	<ul style="list-style-type: none"> Change Readiness
	Emergency Planning	<ul style="list-style-type: none"> Partnering Reputation 	<ul style="list-style-type: none"> Change Readiness Health and Safety

Internal Audit Universe Areas		Risks	
Administration	Planning	<ul style="list-style-type: none"> Planning 	<ul style="list-style-type: none"> Environmental Scan
	Development and Compliance Services	<ul style="list-style-type: none"> Regulatory Government Policy Reputation 	<ul style="list-style-type: none"> Compliance Partnering Contract Commitment
	Environmental	<ul style="list-style-type: none"> Regulatory Government Policy 	<ul style="list-style-type: none"> Government Policy Reputation
	Engineering	<ul style="list-style-type: none"> Planning Environmental scan 	<ul style="list-style-type: none"> Regulatory Reputation
Services	Housing	<ul style="list-style-type: none"> Health and Safety Stakeholder wants Reputation 	<ul style="list-style-type: none"> Government Policy Infrastructure
	Social Services	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Government Policy
	Dearness Home	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Stakeholder wants
	Neighbourhood & Children services	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Stakeholder wants
	Fire	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Citizen Satisfaction Partnering
	Service London	<ul style="list-style-type: none"> Reputation 	<ul style="list-style-type: none"> Citizen Satisfaction
Parks & Recreation	Parks & Recreation	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Stakeholder wants Citizen satisfaction

Internal Audit Universe Areas		Risks	
Agencies, Boards, Commissions and Corporations	Argyle Business Improvement Area Board of Management	<ul style="list-style-type: none"> Health and Safety Reputation 	<ul style="list-style-type: none"> Citizen Satisfaction Organizational alignment
	Covent Garden Market Corporation		
	Eldon House Corporation		
	Housing Development Corporation		
	London Convention Centre Corporation		
	Downtown London Business Improvement Area		
	London Hydro Inc.		
	London & Middlesex Community Housing		
	London Police Services Board		
	London Public Library Board		
	London Transit Commission		
	Middlesex-London Health Unit		
	Museum London		
	Old East Village Business Improvement Area		
	Elgin Area Water Primary Water Supply System		
	Lake Huron Primary Water Supply System		

Summary 2019-2021 Audit Plan by audit universe area

The following table outlines the audit plan summary by Audit Universe area for each of the three years. A full scoping exercise will be performed and documented at the planning stage for each Internal Audit project that will prioritize risk areas to be audited within the allocated budget. The list of projects identified in FY 2020 and FY 2021 is not yet final and will be revisited with the Senior Leadership Team and Audit Committee in late 2019 to select 6-7 projects in accordance with the internal audit budget.

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Corporate Services	Solicitor		Clerks Office Assessment: Assess the operational controls and management oversight controls within the Clerks Office.	
	Human Resources		Recruitment Process Assessment: Assess the recruiting and hiring processes for the City with emphasis on controls, adherence to government requirements, the timeliness and effectiveness of the hiring process.	HRIS Project Pre-implementation Review: Should the City decide to implement a new HRIS system Internal Audit would evaluate and assess the scope, user requirements and the design of the proposed controls to be established.
	Finance and Treasury	FY2018 project in progress: Construction Procurement Process Assessment: Assess the operational processes and controls in place related to consulting and construction procurement including the selection/engagement of consultants and management of their contracts.		Environment and Asset Retirement Obligations Assessment: Assess the processes and controls in place related to the identification, monitoring and reporting of environmental and financial asset retirement obligations, including compliance with requirements under Section PS 3280.

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
		Electronic Fund Transfer Compliance Assessment: Assess compliance of the processes and controls in place for electronic fund transfers inbound/outbound against policy and City requirements.		
	Information Technology	FY2018 project carry forward: IT Security Assessment: Based on the Cyber workshop and first year experiences perform a more focused evaluation of one or a select number of IT security areas. IT Cyber Risk Workshop: A one-day workshop to inventory the key cyber security threats for the City and identify the high-level processes and technology in place to address the threats.		IT Risk Identification Process Assessment: Evaluate and assess the IT risk identification and assessment process to understand how risks are mitigated and reported.
	Corporate Communication	Corporate Communication will be included as parts of other audits, as necessary.		
	Emergency Planning			Emergency Planning Process Review: Assess the procedures and controls in place related to the City's emergency planning process. Elements of business continuity and disaster recovery will be considered including the evaluation of end-user requirements.

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Administration	Planning	Smart City Strategy Implementation: In accordance with the Smart City Strategy, work with Staff and the IBI Group to develop an approach for creating a strong smart city culture within the Corporation. Help develop a governance model for advancing the strategy in the community.	Resiliency Planning Governance and Monitoring: Work with Staff through the preparation of the City's Resiliency Strategy to develop a meaningful monitoring and measuring program. Work with staff to establish an appropriate governance model for implementation of the Strategy.	Industrial Community Improvement Plan Incentives: Review Industrial Community Improvement Plan incentives to review best practices, assess value for money generated by these incentives and reviewing the potential for reducing or eliminating these incentives.
	Development and Compliance Services	Parking Enforcement Assessment: Assess the control framework currently in place for enforcement (under contract) and recommend areas for improvement. The review will also identify efficiencies to improve the process.	Assumption and Securities Assessment: Assess the control framework and processes currently in place for new development and securities.	Permit of Approved Works Program Review: Assess the permit of approved works process and control framework in place for issuing permits. Including booking grants for eligible development projects in the permit reporting system.
	Environmental		Public Works Process Assessment: Assess the effectiveness of processes and controls in place for operational and financial processes within public works.	
	Engineering	FY2018 project in progress: Construction Procurement Process Assessment: (See description under Finance) Computerised Maintenance Management System (CMMS) Pre-implementation Review: Evaluate and assess the controls framework proposed and being established.	Traffic Management Project Pre-implementation Review: Evaluate and assess the proposed scope, user requirements and controls to be established for the Traffic Management system.	Strategic Investment Project: Assess a facet of the strategic investment project based on the milestones reached within the project. Possible assessment areas of focus include project management controls and effectiveness, an assessment of the tendering, awarding and procurement process, construction auditing, and contract compliance auditing and communications assessment.

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Services	Housing			
	Social Services		Social Services Process Assessment: Assess the effectiveness of processes and controls in place for operational and financial processes within social services.	
	Dearness Home	Dearness Home Process Assessment: Review the processes and controls in place for operational and financial processes within Dearness Home. The assessment will include policy, scheduling and staff training.		
	Neighbourhood and Children services			
	Fire		Fire Process Assessment: Assess the processes and controls in place for operational and financial processes within fire services. This audit will evaluate the effectiveness of data reporting and monitoring of key performance indicators.	
	Service London		Service London Process Assessment: Review the effectiveness of processes and controls in place for operational and financial processes within Service London.	
Parks & Recreation	Parks & Recreation	Ongoing Project: Class Replacement Project Pre-implementation Review: Evaluate and assess the controls framework established for the Class system.		

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Agencies, Boards, Commissions and Corporations*	Argyle Business Improvement Area Board of Management			
	Covent Garden Market Corporation			
	Eldon House Corporation			
	Housing Development Corporation			
	London Convention Centre Corporation			
	Downtown London Business Improvement Association			
	London Hydro Inc.			
	London & Middlesex Community Housing			
	London Police Services Board			
	London Public Library Board			
	London Transit Commission			

Internal Audit Universe Areas		FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
	Middlesex-London Health Unit			
	Museum London			
	Old East Village Business Improvement Area			
	Tourism London			
	Elgin Area Water Primary Water Supply System			
	Lake Huron Primary Water Supply System			
* - Agencies Boards, Commissions and Corporations are not within Internal Audit's scope with the Corporation of the City of London. Internal audits of Agencies, Boards, Commissions and Corporations would be recommended separate from this Internal Audit Plan and approved by Audit Committee.				

Summary January to December 2019

The Audit Plan has been developed with a view of addressing the highest areas of risk for the City based on our understanding of risks from discussions with the Audit Committee members, Senior Leadership and past audit results and our understanding of industry. Internal Audit will review the results of the risk assessment when reviewing the plan on a quarterly basis to determine if changes are required to the plan to address higher priority risks and any changes to the plan will be presented to the Audit Committee for approval. The following table outlines the audit projects for January to December 2019 with associated budgets.

Internal Audit Plan January 2019 to December 2019	
Projects	Budget
Electronic Fund Transfer Compliance Assessment	\$40,000
Smart City Office (pre-implementation) Assessment	40,000
Parking Enforcement Assessment	40,000
Computerised Maintenance Management System (CMMS) Pre-implementation Review	35,000
Dearness Home Process Assessment	40,000
One Day Cyber-intelligence Workshop	5,000
Project Management, management meetings and Audit Committee reporting and attendance	35,000
Follow-up of outstanding observations *	15,000
Annual Internal Audit Plan	Nil
Total 2019 Internal Audit Budget	\$250,000
Actual incurred expenses will be billed in accordance with the engagement letter terms	
* Internal Audit Follow-ups for 2017 to present will be performed in advance of each Audit Committee meeting for outstanding observations that are due and will include verbal updates, validation of status and summary reporting on results of the follow-up.	

Appendix A – Risk framework

The following details the risk definitions by risk type that have been mapped in the Audit Universe.

Environmental

Environment risk arises when there are external forces that could affect the viability of the City, including the fundamentals that drive the overall objectives and strategies.

Stakeholder wants risk. Pervasive stakeholder needs and wants change and the City is not aware (e.g., citizens, employees, government, regulatory bodies, etc.).

Technological innovation risk. The City is not leveraging advancements in technology in organizational activities to achieve advantages

Capital availability risk. Insufficient access to government capital threatens the City's capacity to grow and execute on strategic priorities.

Regulatory risk. Changing regulations threaten the City's position and its capacity to efficiently offer programs and services.

Catastrophic loss risk. A major disaster threatens the City's ability to sustain operations.

Government policy risk. Changes in government policy threaten the City's position and its capacity to efficiently offer programs and services.

Process Risks

Process risk is the risk that the City processes are not effectively providing programs and services; are not clearly defined; are poorly aligned with the City strategies and are not performing effectively and efficiently in satisfying citizen needs.

Operations risk

Citizen satisfaction risk. A lack of focus on citizens threatens the City's capacity to meet expectations.

Citizen fraud risk. Fraudulent activities perpetrated by citizens expose the City to financial loss.

Human resources risk. The risk that we do not have the right people or that our people do not have the necessary skills, knowledge and expertise to allow the City to successfully achieve objectives.

Capacity risk. Insufficient capacity threatens the City's ability to meet demands, or excess capacity threatens the City's ability to offer programs and services.

Partnering risk. Inefficient or ineffective alliance, outsourcing, affiliate and other external relationships affect the City's capability to deliver; these uncertainties arise due to choosing the wrong partner, poor execution and failing to capitalize on partnering opportunities.

Compliance risk. Non-compliance with prescribed policies and procedures or laws and regulations may result in lost reputation, penalties, fines, etc.

Business interruption risk. Business interruptions stemming from the unavailability of labour, information technologies or other resources threaten the City's capacity to continue operations.

Health and safety risk. The risk that the City's infrastructure is not safe for citizens, employees and other stakeholders thereby interrupting the operation of the City or threatening the delivery of programs and services.

Security. The City's security measures fail to prevent damage, injury or loss.

Legal risk. Actions of City employees increase exposure to lawsuits or other legal action.

Empowerment risk

Leadership risk. The risk that the City's staff are not being effectively led, which may result in a lack of direction, focus, motivation to perform, executive credibility and trust throughout the organization.

Authority/limit risk. Failure to establish or enforce limits on personnel actions may cause employees to commit unauthorized or unethical acts, or to assume unauthorized or unacceptable risks.

Change readiness risk. Staff are unable or unwilling to implement process and program or service improvements to keep pace with changes.

Accountability risk. Management and front-line staff are not held directly accountable for their actions and/or the results of their performance.

Culture risk. Created when there is misalignment between the City's values and leader actions, employee behaviours, or organizational systems.

Integrity risk

Illegal acts risk. Illegal acts committed by management and front-line staff expose the City to fines, and sanctions.

Reputation risk. Damage to the City's reputation exposes it to citizen dissatisfaction and unnecessary media attention.

Financial risk

Liquidity risk. Liquidity risk is the exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner.

Information processing/technology risk

Relevance risk. Irrelevant information created or summarized by an application system may adversely affect users' decisions.

Integrity risk. All of the risks associated with the authorization, completeness and accuracy of transactions as they are entered into, processed by, summarized by and reported by the various application systems deployed by the City.

Access risk/ breach of security. Failure to adequately restrict access to information (data or programs) may result in unauthorized knowledge and use of confidential information, or overly restrictive access to information may preclude personnel from performing their assigned responsibilities effectively and efficiently.

Infrastructure risk. The risk that the City does not have the information technology infrastructure (e.g., hardware, networks, software, people and processes) it needs to effectively support the current and future information requirements of the City in an efficient, cost-effective and well-controlled fashion.

Cyber risk. The risk of financial loss, disruption or damage to the reputation of an organization from some sort of failure of its information technology systems.

Information for decision-making risk

Information for decision-making risk is the risk that information used to support the execution of the operating model, the internal and external reporting on performance and the continuous evaluation of the effectiveness of the City is not relevant or reliable.

Process/operational information for decision-making risk

Contract commitment risk. The risk that contract commitments are not captured and documented exposing the City to multiple or duplicate contracts or commitments.

Performance measurement risk. Performance is not measured or performance measures are not aligned with City strategies and business objectives.

Organizational alignment risk. Failure to align process objectives and performance measures with objectives and strategies may result in conflicting, uncoordinated activities throughout the City.

Reporting information for decision making risk

Budget and planning risk. Non-existent, unrealistic, irrelevant or unreliable budget and planning information may cause inappropriate financial conclusions and decisions.

Accounting information risk. Overemphasis on financial accounting information to manage the City may result in the manipulation of outcomes to achieve financial targets at the expense of not meeting satisfaction, quality and efficiency objectives.

Taxation risk. Failure to accumulate and consider relevant tax information may result in non-compliance with tax regulations or adverse tax consequences that could have been avoided had transactions been structured differently.

Regulatory reporting risk. Incomplete, inaccurate and/or untimely reporting of required financial and operating information to regulatory agencies may expose Davis + Henderson to fines, penalties and sanctions.

Compensation and benefits risk. Incomplete and/or inaccurate information pertaining to compensation and benefits (i.e., pension plans, deferred compensation plans, benefit plans, etc.) may preclude the City from meeting its defined obligations to employees on a timely basis and result in a loss of morale and reputation, work stoppages, litigation and additional funding requirements.

Environment/strategic information for decision-making risk

Environmental scan risk. Failure to monitor the external environment or formulation of unrealistic or erroneous assumptions about environment risks may cause the City to retain strategies long after they have become obsolete.

Performance measurement risk. Non-existent, irrelevant or unreliable performance measures that are inconsistent with established business objectives threaten the City's ability to execute its business objectives.

Planning risk. An unimaginative and cumbersome strategic planning process may result in irrelevant information that threatens the City's capacity to formulate viable strategies.

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Appendix B – 2019 Audit plan rationale

The following table outlines the specific audit projects and rationale for inclusion in the 2019 Internal Audit plan scheduled for execution from January to December 2019.

Projects	Project description	Rationale for inclusion in plan				
		Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently
Finance and Treasury						
Electronic Fund Transfer Compliance Assessment:	Assess compliance of the processes and controls in place for electronic fund transfers inbound/outbound against policy and City requirements.	X	X	X		X

Projects	Project description	Rationale for inclusion in plan				
		Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently
Information Technology						
IT Cyber Risk Workshop	A one day workshop to inventory the key cyber security threats for the city and identify the process and technology in place to address the threats.	X		X	X	

Projects	Project description	Rationale for inclusion in plan				
		Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently
Planning						
Smart City Office (pre-implementation) Assessment:	In accordance with the Smart City Strategy, work with Staff and the IBI Group to develop an approach for creating a strong smart city culture within the Corporation. Help develop a governance model for advancing the strategy in the community.	X		X	X	X
Projects	Project description	Rationale for inclusion in plan				
		Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently
Development and Compliance Services						
Parking Enforcement Assessment:	Assess the control framework currently in place for enforcement (under contract) and recommend areas for improvement. The review will also identify efficiencies to improve the process.	X		X		X

Projects	Project description	Rationale for inclusion in plan				
		Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently
Engineering						
Computerised Maintenance Management System (CMMS) Pre-implementation Review:	Evaluate and assess the controls framework proposed and being established.	X		X	X	

Projects	Project description	Rationale for inclusion in plan				
	Key inherent business risk	Suggested by Audit Committee	Suggested by Management	Aligned with key Initiatives	Not audited recently	
Dearness Home						
Dearness Home Process Assessment:	Review the processes and controls in place for operational and financial processes within Dearness Home. The assessment will include policy, scheduling and staff training.	X		X	X	X

Appendix C – Risk Prioritization and Audit Universe Coverage

The following table outlines the coverage by Internal Audit Universe Area since 2012 and the planned coverage from 2019-2021. Also included is Internal Audit's initial risk prioritization of the Audit Universe Area based on our planning interviews with management and our understanding of the inherent risks and current controls in place and residual risks. Our risk prioritization will be updated as Internal Audit's work progresses.

			Previous Outsourced IA Function					Deloitte Outsourced IA Function				
Internal Audit Universe Areas		Prioritization	FY 2012 January 2012 to December 2012	FY 2013 January 2013 to December 2013	FY 2014 January 2014 to December 2014	FY 2015 January 2015 to December 2015	FY 2016 January 2016 to December 2016	FY 2017 June 2017 to December 2017	FY 2018 January 2018 to December 2018	FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Corporate Services	Solicitor	Medium						Freedom of Information process Assessment			Clerks Office Assessment	
	Human Resources	High	Succession Planning					Management Compensation Process Assessment	Health and Safety Assessment		Recruitment Process Assessment	HRIS Project Pre-implementation Review
	Finance and Treasury	High	Purchasing Cards Expenditure Approval and Payment Payroll Administration	Budgeting Process Facilities and Property Utilization Property Tax Assessments & Collections			Construction and Procurement of Higher Risk Assets, including Normal School		Procurement Process Assessment	Electronic Fund Transfer Compliance Assessment		Environment and Asset Retirement Obligations Assessment
	Information Technology	High		Project Management and Utilization				IT Cyber Risk Workshop IT Project Portfolio and Project Management Assessment	Class Replacement Project Post-implementation Review IT Security Assessment	IT Cyber Risk Workshop		IT Risk Identification Process Assessment

			Previous Outsourced IA Function					Deloitte Outsourced IA Function				
Internal Audit Universe Areas		Prioritization	FY 2012 January 2012 to December 2012	FY 2013 January 2013 to December 2013	FY 2014 January 2014 to December 2014	FY 2015 January 2015 to December 2015	FY 2016 January 2016 to December 2016	FY 2017 June 2017 to December 2017	FY 2018 January 2018 to December 2018	FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
	Corporate Communication	Medium						Corporate Communication will be included as parts of other audits, as necessary.				
	Economic Innovation	Low										
	Emergency Planning	Medium										Emergency Planning Process Review
Administration	Planning	Low		Urban Forestry and Planning Application Process						Smart City Strategy Implementation	Resiliency Planning Governance and Monitoring	Industrial Community Improvement Plan Incentives
	Development and Compliance Services	Medium	Building Control Compliance		By-law Enforcement & Licensing	Processes and Approvals Surrounding Inspection Phase of Site Plans and Subdivisions	Building Cash Controls		Parking Revenue Generation Assessment	Parking Enforcement Assessment	Assumption and Securities Assessment	Permit of Approved Works Program Review
	Building	Low						Building Permit Process Assessment	Restructured into Development and Compliance Services			
	Environmental	Low	Contract and Tendering Administration	Urban Forestry and Planning Application Process	Solid Waste - Landfill Process Review Solid Waste (Garbage) Collection and Recycling Process Review						Public Works Process Assessment	
	Engineering	High	Contract and Tendering Administration Fleet Asset Management		Roads & Transportation - Project Management and Resource Utilization Roads & Transportation - Capital Budget Development and Project Costing		Construction and procurement of higher risk assets, including Normal School Allocation of Administrative Costs to Lake Huron & Elgin Areas Water Supply Boards		Construction Procurement Process Assessment	Computerised Maintenance Management System (CMMS) Pre-implementation Review	Traffic Management Project Pre-implementation Review	Strategic Investment Project Review

			Previous Outsourced IA Function					Deloitte Outsourced IA Function				
Internal Audit Universe Areas		Prioritization	FY 2012 January 2012 to December 2012	FY 2013 January 2013 to December 2013	FY 2014 January 2014 to December 2014	FY 2015 January 2015 to December 2015	FY 2016 January 2016 to December 2016	FY 2017 June 2017 to December 2017	FY 2018 January 2018 to December 2018	FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
Services	Housing	Medium			Housing Access Centre Process Review			Homelessness Prevention Management Process Assessment	Housing Process Assessment			
	Social Services	Medium	Financial Management and Ontario Works Claims Review	London Public Library Revenue base and Fee Structure		Long-term Care - Governance, Oversight and Structure Review					Social Services Process Assessment	
	Dearness Home	Low								Dearness Home Process Assessment		
	Neighbourhood and Children	Medium										
	Fire	Medium									Fire Process Assessment	
	Service London	Medium									Service London Process Assessment	
Parks & Recreation	Parks and Recreation	Medium	Health and Safety	Revenue Strategies		Cost Structure and Delivery Model		Cash Handling Process Review	Class Replacement Project Post- implementation Review			
Agencies, Boards, Commissions and Corporations	Argyle Business Improvement Area Board of Management											
	Covent Garden Market Corporation											
	Eldon house Corporation											
	Housing Development Corporation								Housing Process Assessment			

			Previous Outsourced IA Function					Deloitte Outsourced IA Function				
Internal Audit Universe Areas		Prioritization	FY 2012 January 2012 to December 2012	FY 2013 January 2013 to December 2013	FY 2014 January 2014 to December 2014	FY 2015 January 2015 to December 2015	FY 2016 January 2016 to December 2016	FY 2017 June 2017 to December 2017	FY 2018 January 2018 to December 2018	FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
	London Convention Centre Corporation			Revenue & Growth Opportunities								
	London Downtown Business Association											
	London Hydro Inc.											
	London & Middlesex Housing Corporation			Organizational Review Purchased Services Review					Housing Process Assessment			
	London Police Services Board											
	London Public Library			Revenue Base and Fee Structure								
	London Transit Commission			Payroll & Time-off Provisions								
	Middlesex-London Health Unit			Efficiency & Shared Services Review								
	Museum London											
	Old East Village Business Improvement Area											
	Public Utility Commission of the City of London											

			Previous Outsourced IA Function					Deloitte Outsourced IA Function				
Internal Audit Universe Areas		Prioritization	FY 2012 January 2012 to December 2012	FY 2013 January 2013 to December 2013	FY 2014 January 2014 to December 2014	FY 2015 January 2015 to December 2015	FY 2016 January 2016 to December 2016	FY 2017 June 2017 to December 2017	FY 2018 January 2018 to December 2018	FY 2019 January 2019 to December 2019	FY 2020 January 2020 to December 2020	FY 2021 January 2021 to December 2021
	Elgin Area Water Primary Water Supply System						Allocation of Administrative Costs to Lake Huron & Elgin Areas Water Supply Boards					
	Lake Huron Primary Water Supply System						Allocation of Administrative Costs to Lake Huron & Elgin Areas Water Supply Boards					



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