

City of London
Audit Committee Meeting
September 13, 2023
Internal Audit Follow Up Activities Dashboard

Internal Audit Follow Up Activities as of September 1, 2023

A strong indicator of an effective internal control environment is the timeliness with which Management addresses reported control deficiencies. On a quarterly basis, MNP will conduct an audit follow-up process to ensure internal audit findings have been effectively remediated through the implementation of related Management action plans on a timely basis.

There are twenty-three (23) recommendations from issued audit reports that were followed up on during this quarter. Four (4) Management action items were closed, three (3) action items were retargeted, and sixteen (16) action items are on track to be completed by their respective due dates.

- Fire Process Assessment – Three (3) Medium Risk Observations
- Fleet Allocation & Utilization Management Assessment – Two (2) Medium Risk Observations
- Advanced Traffic Management System (ATMS) Project Review – One (1) Medium Risk Observation
- Neighbourhood Decision Making Program Value for Money (“VfM”) Audit – Nine (9) Medium Risk Observations
- Asset Retirement Obligations (“ARO”) Audit – Six (6) Medium Risk Observations
- Recruitment and Selection Audit – Two (2) Medium Risk Observations

Remediation Status Legend

**On Track For
Completion**

Delayed

**Critical
Delay/Deviation**

Open Management Action Plans

| # | Management Action Plan | Risk Rating | Due Date | Remediation Status | Quarterly Update |
|--------------------------------|---|-------------|---|-------------------------|---|
| Fire Process Assessment | | | | | |
| 1 | <p><u>Key Performance Indicators (“KPI”)</u></p> <p>The Records Management System (RMS) implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the RMS processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the RMS and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current RMS system vendor, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p> | Medium | <p>Original Due Date: December 2022</p> <p>Revised Due Date #1: September 2023</p> <p>Revised Due Date #2: November 2023</p> | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>A Parts/Stores Technician has been hired in Q3 2023 and has been working on implementation of the KPIs into an RMS.</p> |
| 2 | <p><u>Condition Based Vehicle Assessments</u></p> <p>We recommend implementing policies and procedures to require and drive the completion of condition assessments in conjunction with maintenance data, that will support the Corporate Asset Management Plan and Fire Department Financial Capital Planning.</p> <p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the current Records Management system. Secondly, the RMS implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the current RMS processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the current RMS system and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current RMS system, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p> | Medium | <p>Original Due Date: December 2022</p> <p>Revised Due Date #1: September 2023</p> <p>Revised Due Date #2: November 2023</p> | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>Vehicle replacement schedule has been updated to meet current values. The proposed updates to the Capital Plan have been developed and Management is working through the Multi-Year Budget process along with the Corporate Asset Management Plan.</p> <p>Further recording and reporting templates will be generated within the RMS. These will be developed by the Parts/Stores Technician and aided by other data specialist personnel.</p> |

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| 3 | <p><u>Preventative Maintenance, Productivity, and Inventory</u></p> <p>Maintenance: The RMS system modules for mechanic productivity improvement, telematics data (once available) and KPIs should be used to drive maintenance effectiveness and productivity and help address the balance of reactive and preventive maintenance.</p> <p>Parts Inventory: We recommend implementing a policy and supporting process to track parts inventory and required parts on hand (minimum stock holdings for example).</p> <p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the Records Management system. Secondly, the RMS implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the RMS processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the RMS and the ability of personnel to log data appropriately.</p> <p>The implementation of this recommendation is also contingent on the additional resources requested through the next multi-year budget process.</p> | Medium | <p>Original Due Date: December 2022</p> <p>Revised Due Date: September 2024</p> | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>A Parts/Stores Technician was appointed in Q3 of 2023. The position will support the development of the inventory control system within an RMS and at the physical location (1103 Florence Street). The physical location changes will require additional resources to complete therefore, completion is estimated in September 2024. In addition, progress has been made in implementing a process that captures fuel usage and kilometers when fuel is obtained.</p> |

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| Fleet Allocation & Utilization Management Assessment | | | | | |
| 1 | <p><u>Confirm Delegated Authority</u></p> <p>Develop an administrative policy for delegated authority and escalation protocols that defines a procedure and approval process for Service Area vehicles and replacement decisions, rental/owned balance, and additional vehicles and equipment added to the fleet.</p> | Medium | <p>Consultations with Service areas to be completed. Original Due Date: September 2022 Revised Due Date: March 2023 (Completed).</p> <p>Administrative Policy draft prepared by Original Due Date: December 2022 Revised Due Date: March 2023 (Completed).</p> <p>Approval targeted. Original Due Date: March 2023 Revised Due Date #1: May 2023 Revised Due Date #2: June 2023 (Completed).</p> | Closed | <p>Management action item has been completed.</p> <p>The Fleet Optimization Procedure has been developed and was approved by the Senior Leadership Team (SLT) on June 6, 2023.</p> |
| 2 | <p><u>Improve Productivity/Reduce Costs</u></p> <p>Automation of Work Orders/General Productivity and Operator Damage</p> <p>Develop a submission to the Technology Investment Strategy Committee through the designated process. A work order automation business case request will be submitted for consideration as part of the next intake of the Technology Investment Strategy as ITS support will be required. Should this project be prioritized to proceed with technology support, it will be submitted as a business case for consideration as part of the next Multi-Year Budget process.</p> <p>Continue to work closely with Driver Safety and Compliance. Establish a task team of key service area reps to meet regularly to discuss driver safety, trends, training, programming, and compliance issues.</p> <p>Develop a full telematic strategy that includes the required human resource support required to analyze data. Make recommendation on telematics strategy to Director of Fleet and Facilities and subsequently bring forward to CWC committee.</p> | Medium | <p>Driver Safety Task Team to be developed and in place by April 2022 (Completed).</p> <p>Work order automation and telematics – Feasibility and Recommendations to Director of Fleet and Facilities December 2022 (Completed).</p> <p>Telematic Strategy – Meet with stakeholders and</p> | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> |

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| | <p>Explore a PM maintenance program that utilizes telematics data to support the planned maintenance and service schedules.</p> <p>Asset Pool Program</p> <p>Develop and implement a gradual vehicle pool program in certain vehicle classes utilizing learned experiences from other municipalities.</p> | | <p>Driver Safety and Compliance and continue expansion of the telematics program in the interim. Full telematics strategy and policy developed for December 2023.</p> | | |
| Advanced Traffic Management System (ATMS) Project Review | | | | | |
| 4 | <p><u>No Process for Benefits Realization Management Including Baselineing and Quantification of Benefits</u></p> <p>Quantification of benefits realization are an ongoing challenge of the ATMS project both due to ever-changing, dynamic nature of transportation systems and, most recently, the impacts of COVID which show increased positive benefits due to decreased travel demands. However, opportunities will be sought to demonstrate the ATMS benefits through specific improvement initiatives including the Adaptive Corridor Pilot, corridor timing improvements, and transit priority through typical metrics such as travel time and reliability indexes and transit schedule adherence. The ATMS is a nexus point of many tools that will be realized under the overall TIMMS program.</p> | Medium | <p>Corridor timing improvements metric to be implemented by June 2023 (Completed).</p> <p>Adaptive corridor pilot metric and transit priority metric to be implemented by Original Due Date: June 2023 Revised Due Date: December 2023</p> | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>Adaptive corridor pilot metric and transit priority metric are currently under development.</p> |
| Neighbourhood Decision Making Program Value for Money (“VfM”) Audit | | | | | |
| 1 | <p><u>Resident Project Participation Compensation</u></p> <p>The NDM Program guiding principles should be updated and clarified to include that idea submitters either will or will not be compensated for their time and involvement. (Reimbursement for eligible and reasonable expenses should be permitted, if desired within the Program, if a resident has incurred related expenditures for implementing the idea and has appropriate supporting documentation for their expenditures within the approved project budget. Refer to Recommendation #2 for more details).</p> | Medium | <p>August 2023 (Completed).</p> | Closed | <p>Management action item has been completed.</p> <p>Recommended updates to the NDM program guiding principles were presented to the Community and Protective Services Committee on June 13, and Municipal Council on June 27, 2023.</p> |

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| 2 | <p><u>NDM Program Guiding Principles</u></p> <p>The NDM Program guiding principles should be updated to ensure that principles are clear, succinct, and aligned to the intent and spirit of the Program. Specifically, additional supporting criteria should be prepared for the following areas:</p> <ul style="list-style-type: none"> • Ideas on Private Property: <ul style="list-style-type: none"> ○ What constitutes a private property. ○ Ownership of maintenance of ideas implemented on private property. ○ Timeline restrictions to amend idea outcomes. • Ideas on School Property: <ul style="list-style-type: none"> ○ When can an idea be implemented on school property considering access requirements/restrictions. • Idea Submitter Compensation <ul style="list-style-type: none"> ○ Can a resident be compensated for their submission and involvement with the implementation of an idea. • Expenditure Reimbursement <ul style="list-style-type: none"> ○ What will the resident be reimbursed for and when and how. ○ Factors to consider include: <ul style="list-style-type: none"> ▪ Value of common alternatives. ▪ Volume of purchase. ▪ Type of good (luxury vs normal). | Medium | August 2023 (Completed). | Closed | <p>Management action item has been completed.</p> <p>Recommended updates to the NDM program guiding principles were presented to the Community and Protective Services Committee on June 13, and Municipal Council on June 27, 2023.</p> |

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| 3 | <p><u>Tracking the Effectiveness of Implemented Ideas/Projects</u></p> <p>The success of ideas post implementation should be measured, where practical. The frequency, type and nature of analysis can vary depending on the implemented idea.</p> <p>Both qualitative and quantitative analysis should be utilized to help determine if desired outcomes have been accomplished. As an example, to determine the effectiveness of an implemented idea, the City could utilize factors such as:</p> <ul style="list-style-type: none"> • Measuring resident attendance or usage (i.e., for park playgrounds, benches, skate parks, community electric vehicle charging stations, etc.). • Tracking social media engagement (i.e., reviewing hashtags for locations/implemented ideas). • Performing resident surveys to obtain their opinions on the implemented idea. • Measuring community safety metrics (i.e., after installation of streetlights and traffic signs). | Medium | March 2025 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |

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| <p>4 <u>Consolidation, Formalization and Documentation of Key NDM Program Processes and Templates</u></p> <p>An overarching framework outlining the end-to-end process of the NDM Program should be developed. This framework should outline the key roles and responsibilities of each key stakeholder.</p> <p>Key processes should also be documented within a procedural manual and should outline the detailed steps of each process and the responsibilities of staff. This information should be communicated and accessible to relevant staff.</p> <p>A 'version control' section should be included within the framework and procedural manual. This section should cover the following information:</p> <ul style="list-style-type: none"> • Owner; • Approver; • Date of approval; • Date issued; • Date effective; • Date of last change; • Description/rationale of changes; • Frequency of Review (e.g., annually, biennially); and, • Date of next review. <p>In addition, templates should be created to ensure key processes are standardized. For example, the following factors should be considered when creating a template for documenting the feasibility analysis performed on a resident's idea:</p> <ul style="list-style-type: none"> • Assessment of the competency and capability of the service area to implement the idea including assessing resource capacity. • Assessment of the idea against guiding principles of the Program. • All potential expenditures including the following: <ul style="list-style-type: none"> ○ Costs for implementing an idea; ○ Ensuring each stated cost for implementing an idea are tied back to a responsible party; ○ Potential increase in costs due to market conditions such as inflation, supply chain etc.; and, ○ Lifetime maintenance costs. • Approvals from the following key parties: <ul style="list-style-type: none"> ○ The SME and key members of City Management. | <p>Medium</p> | <p>Original Due Date: August 2023</p> <p>Revised Due Date: September 2023</p> | <p>Delayed</p> | <p>The final version of the NDM Procedural Manual and applicable templates have been drafted. Deputy City Manager review and approval is targeted for September 2023.</p> |
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| 5 | <p><u>Idea/Project Feasibility Analysis and Documentation of Approvals</u></p> <p>Anticipated lifetime maintenance costs should be taken into consideration when determining the feasibility of a resident's idea.</p> <p>In addition, idea feasibility approvals should be documented from the following key parties:</p> <ul style="list-style-type: none"> The SME and key members of City Management. <p>These approvals can be documented within the template for recording the feasibility analysis performed on a resident's idea as noted in Recommendation #4.</p> | Medium | <p>Original Due Date: August 2023</p> <p>Revised Due Date: September 2023</p> | Delayed | The final version of the NDM Procedural Manual and applicable templates including the idea/project feasibility analysis template have been drafted. Deputy City Manager review and approval is targeted for September 2023. |
| 6 | <p><u>Cancellation Contingencies for Implementing an Idea/Project</u></p> <p>The City should establish a contingency which allows it to reserve the right to cancel and/or amend the implementation of a winning idea if factors pertaining to implementing the idea were to substantially change.</p> <p>This contingency should be displayed on the City's website and residents should be made aware of this contingency when submitting their ideas and when being notified of a winning idea.</p> | Medium | March 2024 | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>The establishment of a contingency procedure is in progress and will be finalized in collaboration with relevant service area leads.</p> |
| 7 | <p><u>NDM Program Status Update Report</u></p> <p>A standardized status update report should be established, updated, and distributed to key stakeholders at a regular frequency. The following Program information is an example of what can be considered when creating the status update report:</p> <ul style="list-style-type: none"> Number of ideas received; Number of ideas currently in feasibility analysis; Pending approvals on feasibility for a resident's idea; Number of ideas determined to be feasible and unfeasible; Social media metrics; Program health (i.e., on track, experiencing some delays or experiencing significant delays); and, Potential risks. | Medium | <p>Original Due Date: August 2023</p> <p>Revised Due Date: September 2023</p> | Delayed | The final version of the NDM Procedural Manual which provides guidance regarding the status update report and related template has been drafted. Deputy City Manager review and approval is targeted for September 2023. |

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| 8 | <p><u>External Cloud Based Platform and User Limitations</u></p> <p>The City should consider performing a cost/benefit analysis to help determine whether another system may be more suitable to help administer and manage key processes of the NDM Program.</p> | Medium | December 2023 | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>Delivery of training for the current system is on track to be completed and system enhancements are being reviewed.</p> |
| 9 | <p><u>Service Level Agreements (“SLAs”) and Key Performance Indicators (“KPIs”)</u></p> <p>SLAs and related KPIs should be established for key processes of the Program. The development of the SLAs and KPIs should factor in the processing of ideas by type, volume, and frequency to help ensure any service standards created are realistic and represent an accurate reflection on performance.</p> <p>The following are examples of internal and external measures that could be implemented by the NDM Program team:</p> <ul style="list-style-type: none"> • Feasibility Analysis (Internal Measure) <ul style="list-style-type: none"> ○ Average time taken for SMEs or relevant staff to provide idea feasibility notes and conclusion. • Communications with idea submitters (External Measures) <ul style="list-style-type: none"> ○ Average time taken to communicate the idea feasibility result to an idea submitter. ○ Average time taken to communicate the voting results to an idea submitter and next steps for idea implementation. ○ Average time taken to provide status update/progress of implementation to an idea submitter. <p>Internal measures should be communicated within the City and external measures should be communicated to residents via the City’s website to ensure performance expectations are clear and understood by each party.</p> | Medium | December 2024 | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>The development of SLAs and related KPIs are in progress and will be finalized in collaboration with relevant service area leads.</p> |
| Asset Retirement Obligations (ARO) Audit | | | | | |
| 1 | <p><u>Consolidated ARO Listing</u></p> <p>A master list and tracker will be created for all ARO liabilities. The list will be reconciled each year to ARO listings received from Services Areas. New liabilities will be added where required and any settled liabilities will be removed. The document will include an overview of recognition criteria to ensure knowledge of requirements.</p> | Medium | March 2024 (Complete) | Closed | <p>Management action item has been completed.</p> <p>The consolidated listing has been created and will be reconciled each year to ARO listings received from City Services Areas. The listing contains a separate tab for each asset category, an overview of in-scope assets, and a tab stating the recognition criteria.</p> |

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| 2 | <u>Measurement Uncertainty</u> Finance Supports will create a questionnaire that will be sent on an annual basis to Service Area representatives requesting information about new or existing AROs. The questionnaire will request information regarding the settlement date and, for existing AROs, whether that date has changed since the previous year. Finance Supports will then ensure that the settlement date is considered as part of the measurement estimate. | Medium | December 2023 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |
| 3 | <u>ARO Disclosure Checklist</u> Management has created a template for presentation and disclosure that provides the required information to insert into the financial statements. A tab will be added to the template document for a checklist that includes the standard requirements copied from PS3280.63, .64, .65 and .66. | Medium | March 2024 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |
| 4 | <u>Evidence of Review in ARO Estimates Workbooks</u> Management will add a tab to the estimate calculation workbooks that will include a table to be filled out by the reviewing manager. The table will require information as to who has done the review, the date the review was complete and a section for an explanation stating what was reviewed and reconciled to ensure correctness and completion. | Medium | March 2024 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |
| 5 | <u>Lack of Review of ARO Estimates</u> Within the table outlined under the action plan for Observation 4, a section will be added to state who prepared the workbook. It will be noted that the preparer and the reviewer must be two different individuals. | Medium | March 2024 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |
| 6 | <u>Consolidation and Formalization of ARO Processes</u> All procedures required for ARO will be assembled and documented in a single framework. The framework will contain all processes from start to finish including recognition, measurement, presentation, and disclosure as well as who is responsible for each step. The document will be shared with Service Area representatives and will remain available and accessible on CityHub for future reference. | Medium | December 2023 | On Track for Completion | Management is on track to complete their action plan by the documented due date. |
| Recruitment and Selection Audit | | | | | |
| 1 | <u>Sourcing and Attracting Applicants</u> People Services will develop the value proposition for working at the City of London and work with Strategic Communications on how best to promote this within our recruitment processes with full implementation targeted for Q2 2024. | Medium | June 2024 | On Track for Completion | Management is on track to complete their action plan by the documented due date. People Services is regularly meeting with Strategic Communications to develop and implement the value proposition and related communications marketing campaign. |

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| 2 | <p><u>Screening, Interviewing, Assessing, and Selecting Candidates</u></p> <p>The City has a blanket policy of requiring a police record check from a final candidate who is also expected to bear the financial cost of undertaking the police check. It was noted that these practices can create barriers for some candidates and there may be roles within the City that do not require a police check as an essential job requirement.</p> <p>Civic Administration will undertake a review, including looking at municipal comparators, barriers and financial costs, etc., aiming to have a new procedure in place by end of Q4 2023.</p> | Medium | December 2023 | On Track for Completion | <p>Management is on track to complete their action plan by the documented due date.</p> <p>People Services is regularly meeting with Legal Services to determine the need for police checks for all positions vs specific positions with the City.</p> |