

City of London
Audit Committee Meeting
February 14, 2023
Internal Audit Follow Up Activities Dashboard

Internal Audit Follow Up Activities as of February 1, 2024

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 **nineteen (19)** recommendations from issued audit reports that were followed-up on during this quarter. **Eleven (11)** Management action items were closed, no action items were retargeted, and **eight (8)** action items are on track to be completed by their respective due dates.

- ***Fleet Allocation & Utilization Management Assessment*** – One (1) Medium Risk Observation
- ***Advanced Traffic Management System (ATMS) Project Review*** – One (1) Medium Risk Observation
- ***Neighbourhood Decision Making Program Value for Money (“VfM”) Audit*** – Three (3) Medium Risk Observations
- ***Asset Retirement Obligations (“ARO”) Audit*** – Three (3) Medium Risk Observations
- ***Recruitment and Selection Audit*** – Two (2) Medium Risk Observations
- ***Community Arts Investment Program Value for Money (“VfM”) Audit*** – One (1) Medium Risk Observation
- ***Community Heritage Investment Program Value for Money (“VfM”) Audit*** - Two (2) Medium Risk Observations
- ***Vendor Risk Management Audit*** - Two (2) High Risk and Four (4) 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
Fleet Allocation & Utilization Management Assessment					
1	<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> <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>	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 Driver Safety and Compliance and continue expansion of the telematics program in the interim. Full telematics strategy and policy developed for December 2023. (Completed).</p>	Closed	<p>Fleet Management submitted a business case for the 24-27 Multi-Year Budget; this submission includes a Telematics Strategy and required operating and capital funding.</p> <p>The finalization and implementation of the telematics procedure is dependent upon the proposed business case approval. The funding and human resources required to support this program will enable a new PM maintenance philosophy, develop ride sharing opportunities, improve driver safety, and optimize the generation of PM frequency of work orders.</p>

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
Advanced Traffic Management System (ATMS) Project Review					
1	<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 (Completed).</p>	Closed	<p>For the adaptive corridor pilot metric, the City will be using Delay Rate. This is provided by the adaptive component of iNET.</p> <p>A technical memorandum was shared by the third-party Parsons on December 6, 2023 and this explains use of the Delay Rate.</p>
Neighbourhood Decision Making Program Value for Money (“VfM”) Audit					
1	<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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2	<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 (Completed).	Closed	The Program has internally investigated options and decided to initiate a system assessment. The results will inform ongoing training and options for system enhancements.
3	<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 SLA’s and related KPI’s are in progress and will be finalized in collaboration with relevant City Service Area Leads.</p>
Asset Retirement Obligations (ARO) Audit					
1	<p><u>Evidence of Review in ARO Estimates Workbooks</u></p> <p>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.</p>	Medium	March 2024 (Completed).	Closed	Capital Assets and Projects has implemented a process which enables the review of ARO estimates. A section within the workbooks has been created to document this review and any outcomes.

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2	<p><u>Lack of Review of ARO Estimates</u></p> <p>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.</p>	Medium	March 2024 (Completed).	Closed	A section within the workbooks has been created to document this review and any outcomes. The preparer and reviewer are documented, and the workbook includes a requirement that the preparer and reviewer be two separate individuals.
3	<p><u>Consolidation and Formalization of ARO Processes</u></p> <p>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.</p>	Medium	December 2023 (Completed).	Closed	Capital Assets and Projects has consolidated all procedures related to ARO into a manual.
Recruitment and Selection Audit					
1	<p><u>Sourcing and Attracting Applicants</u></p> <p>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.</p>	Medium	June 2024	On Track for Completion	<p>Management is on track to complete their action plan by the documented due date.</p> <p>People Services continues to have regular meetings with Strategic Communications pertaining to marketing of the City and various positions.</p>
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 (Completed).	Closed	A corporate procedure and internal procedure which the Employee Relations & Recruitment team are now following was provided and was effective as of January 2024.

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Community Arts Investment Program Value for Money Audit					
1	<p><u>Assessor Conflict of Interest Check/Declaration</u> The LAC 2024 – 2028 Multi-Year Purchase of Service Agreement with the City of London will address this CAIP requirement. LAC will implement this recommendation for the 2024 grant process.</p>	Medium	Q1 2024 (Completed).	Closed	Neighbourhood and Community-Wide Services submitted a Council Recommendation Report to renew the London Arts Council 2024 – 2027 Multi-Year Purchase of Service Agreement. The terms of the agreement integrate requirements for Conflict-of-Interest Check/Declaration.
Community Heritage Investment Program Value for Money Audit					
1	<p><u>Assessor Conflict of Interest Check/Declaration</u> The LHC 2024 – 2028 Multi-Year Purchase of Service Agreement with the City of London will address this CHIP requirement. LHC will implement this recommendation for the 2024 grant process.</p>	Medium	Q2 2024 (Completed).	Closed	Neighbourhood and Community-Wide Services submitted a Council Recommendation Report to renew the London Heritage Council 2024 – 2027 Multi-Year Purchase of Service Agreement. The terms of the agreement integrate requirements for Conflict-of-Interest Check/Declaration.
2	<p><u>Consolidation and Documentation of Key CHIP Processes</u> The LHC 2024 – 2028 Multi-Year Purchase of Service Agreement with the City of London will address this CHIP requirement. LHC will implement this recommendation for the 2024 grant process.</p>	Medium	Q2 2024 (Completed).	Closed	Neighbourhood and Community-Wide Services submitted a Council Recommendation Report to renew the London Heritage Council 2024 – 2027 Multi-Year Purchase of Service Agreement. The terms of the agreement integrate requirements for Conflict-of-Interest Check/Declaration.

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
Vendor Risk Management Audit					
1	<p><u>Vendor Management Office (“VMO”)</u> A Business Case will be submitted through the 2024 – 2027 Multi Year Budget process requesting operating funds to increase staffing resources to take on the additional responsibilities of a full Vendor Performance Program/Office.</p>	High	December 2023 (Completed).	Closed	On December 12, 2023, Civic Administration released the 2024 to 2027 Draft Multi-Year Budget at the Strategic Priorities and Policy Committee meeting. Business Case P#-73 – Vendor Performance Management was included as part of the release.
2	<p><u>Vendor Due Diligence and Formalization of the Vendor Risk Assessment Process</u> Procurement Services has engaged a consultant to review and advise on adding vendor management tools including risk assessments, Performance evaluations, Performance rectification processes. A consulting project is underway with an estimated update of the Procurement of Goods and Services Policy targeted for June 2024. The degree to which additional due diligence is implemented, will be dependent upon the business case submitted requesting operating funds to take on the additional responsibilities of a full Vendor Performance Program/Office.</p>	High	Q3 2024	On Track for Completion	Agreement with third party was signed on December 13, 2023 and work has commenced on reviewing the City’s existing practices and policy.
3	<p><u>Periodic Performance Evaluation of Vendors</u> Procurement Services has engaged a consultant to review and advise on adding vendor management tools including risk assessments, performance evaluations, performance rectification processes and vendor debarment.</p>	Medium	Q4 2024	On Track for Completion	Agreement with third party was signed on December 13, 2023 and work has commenced on reviewing the City’s existing practices and policy.
4	<p><u>Vendor Contract</u> Procurement Services has engaged a consultant to draft a standard City of London Master Contract document. Starting in 2024, for centralized procurements entered into, Procurement will require copies of signed agreements to be provided when complete. Procurement Services will establish the centralized repository to store these contracts along with procurement records.</p>	Medium	Q3 2024	On Track for Completion	Agreement with third party was signed on December 13, 2023 and work has commenced on reviewing the City’s existing practices and policy.
5	<p><u>Vendor Management Reporting</u> A Vendor Performance Management (VPM) program will need to be implemented and included in new bidding templates. Reporting would begin after the VPM has been implemented for a year.</p>	Medium	Q3 2025	On Track for Completion	Awaiting outcome of budget deliberations to determine the scale and scope of what will be implemented.

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6	<p><u>Formalization of Key VRM Processes</u> Procurement Services has engaged a consultant to review the City's Procurement of Goods and Services Policy, which will take into consideration vendor management. Approval of the VPM Business Case will affect the degree in which this is undertaken.</p>	Medium	Q3 2024	On Track for Completion	Agreement with third party was signed on December 13, 2023, and work has commenced on reviewing the City's existing practices and policy.