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TO:	CHAIR AND MEMBERS AUDIT COMMITTEE MEETING ON DECEMBER 5, 2013
FROM:	PwC INTERNAL AUDITORS
SUBJECT:	Proposed Risk Assessment and 2014 - 2016 Risk-Based Audit Plan

RECOMMENDATION

That on the recommendation of PwC, this report **BE RECEIVED** for information and the Risk-Based Audit Plan for 2014 identified in Appendix A **BE RECOMMENDED** for approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Risk Assessment and 3-Year Risk-Based Audit Plan from PricewaterhouseCoopers – Audit Committee March 31, 2011.

BACKGROUND

This report has been prepared in line with the reporting process defined within the Risk Assessment and 3-Year Risk-Based Audit Plan provided to the Audit Committee on March 31, 2011.

The purpose of this report is to communicate the Proposed Risk Assessment and Risk-Based Audit Plan for the 2014 - 2016 years.

PwC requests Audit Committee approval of the 2014 Risk-Based Audit Plan developed in collaboration between PwC and City management. Please also refer to the formal presentation document attached in Appendix A.

RECOMMENDED BY:
PwC INTERNAL AUDITORS

Appendix A - Proposed Risk Assessment and 2014 - 2016 Risk-Based Audit Plan



*The Corporation of the
City of London*

Proposed Risk Assessment
and 2014-2016 Risk-Based
Audit Plan

December 5, 2013

Agenda

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Risk Assessment Summary

Engineering & Environmental Services

Regional Water Supply

- Treatment and transmission operations, compliance and maintenance management
- Treatment transmission engineering construction and optimization



Lake Huron and Elgin Areas Board of Management*

* The City has an administration role

Water & Wastewater

- Pollution control operations
- Wastewater and drainage engineering
- Sewer operations
- Construction administration
- Water operations
- Water engineering




Roads & Transportation

- Roadway lighting and traffic control
- Transportation planning and design
- Transportation and roadside operations
- Geomatics
- Stormwater management
- Industrial development

Environment, Fleet & Solid Waste

- Environmental programs
- Solid waste management
- Solid waste operations
- Fleet services

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Development & Compliance Services

Building

- Inspections
- Plans examinations
- Property standards
- Property compliance and zoning
- Minor variances

Licensing & By-Law Enforcement

- Municipal by-law enforcement
- Business licensing
- Parking enforcement
- Animal care and control




Development Compliance Services

- Site plans
- Engineering review
- Consents
- Condominiums
- Subdivisions

Business Services

- Operational support and administration
- Cash handling
- Customer call centre

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Planning

Environmental & Park Planning

- Natural heritage planning
- Environmentally Significant Area conservation master plans
- Parks and pathway project design and management
- Parkland dedication negotiation
- Community projects collaboration

Urban Forestry

- Forestry master planning
- Pest and disease strategies
- Planting plans and programs




Policy Planning & Programs

- Official plan policy development and stewardship
- Policy projects
- Heritage planning
- Downtown and business district revitalization
- Incentive program administration

Community Planning & Design

- Urban design
- Official plan amendment processing
- Zoning by-law amendment processing
- Secondary plans and community improvement plans

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Corporate Services – Finance & IT

Finance

- Purchasing
- Tangible capital assets
- Financial systems controls
- Accounting
- Taxation and revenue
- Payroll
- Development financing
- Asset management

Information Technology




- Information security
- Information system security and software
- Computer controls and hardware
- Business system analysis

Facilities

Financial Planning & Policy

Investment & Partnerships

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Corporate Services – Human Resources

Human Resources

- RTW and attendance support
- Employee and client relations
- Occupational health and safety and corporate training
- Labour relations
- Rewards and recognition
- Human resources information system (HRIS)

Human Rights

Corporate Security

Emergency Management

Communications

Corporate Services - Legal




Clerks

- Records and information services
- Court administration
- Legislative services
- Licensing and elections

Legal Services

Risk Management

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Housing & Social Services & Dearness Home

Long-term Care

(Dearness Home)

Housing

- Housing access centre
- Social housing administration
- Oversight of LMHC
- Affordable housing program

Ontario Works & Employment




Neighbourhood, Children & Fire Services

Fire

Neighbourhoods & Children's Services

- Area recreation services
- Community development and funding
- Children services
- Homelessness

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Risk Assessment Summary, Continued

Parks & Recreation

Parks & Community Support

- Parks operations
- Golf
- Allocations and support services
- Special events




Arenas, Aquatics and Attractions

- Arena operations
- Aquatics operations
- Storybook Gardens

Administration

- Customer service
- Business solutions

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Proposed 2014-2016 Risk-Based Internal Audit Plan

→ Each individual audit project below will be performed in a risk-based, targeted manner in which key controls and functions will be prioritized.

2014	2015	2016
<i>Engineering & Environmental Services:</i> Solid Waste - Landfills	<i>All Service Areas:</i> Project management and prioritization	<i>Engineering & Environmental Services:</i> Fleet asset management follow-up review
<i>Engineering & Environmental Services:</i> Solid Waste - Waste collection	<i>Engineering & Environmental Services:</i> Regional water supply cost structure review	<i>Corporate Services - Human Resources:</i> Performance review processes
<i>Housing, Social Services & Dearnness Home:</i> Housing Access Centre process review	<i>Development & Compliance Services:</i> Development Services - processes and approvals surrounding site plans and subdivisions	<i>Corporate Services - Finance & IT:</i> Corporate Asset Management – Project management and prioritization
<i>Development & Compliance Services:</i> By-law enforcement and licensing	<i>Parks & Recreation:</i> Cost structure and delivery model	<i>Corporate Services - Finance & IT:</i> IT security and segregation of duties
<i>Engineering & Environmental Services:</i> Roads and Transportation - Capital budget development and project costing	<i>Corporate Services - Finance & IT:</i> Software utilization, consistency and integration	<i>Neighbourhood, Children & Fire Services:</i> Fire - Cost structure review
<i>Corporate Services - Finance & IT:</i> Investments and Partnerships - Project management and prioritization, funding allocation review	<i>Neighbourhood, Children & Fire Services:</i> Neighbourhood and children - Strategic funding formula review	<i>Housing, Social Services & Dearnness Home:</i> Long-term care - Oversight and cost structure review
<i>Engineering & Environmental Services:</i> Roads & Transportation - Project management and resource utilization	<i>Corporate Services - Human Resources:</i> Succession planning follow-up review	<i>All Service Areas:</i> Environmental footprint
<i>All Service Areas:</i> Shared service opportunities	<i>All Service Areas:</i> Strategic planning process review	<i>All Service Areas:</i> External customer service review

Proposed Audit Plan Coverage – 2014 - 2016

Project	Year Ending December 31		
	2014	2015	2016
Engineering and Environmental Services			
<i>Regional Water Supply</i>			
Regional water supply cost structure review		X	
<i>Water & Wastewater</i>			
<i>Roads & Transportation</i>			
Capital budget development and project costing	X		
Project management and resource utilization	X		
<i>Environmental Fleet & Solid Waste</i>			
Solid Waste - Landfills	X		
Solid Waste - Waste collection	X		
Fleet asset management follow-up review			X
Development and Compliance Services			
<i>Building</i>			
<i>Licensing & By-Law Enforcement</i>			
By-law enforcement and licensing	X		
<i>Development Compliance Services</i>			
Processes and approvals surrounding site plans and subdivisions		X	
<i>Business Services</i>			

* Project spans all divisions

Proposed Audit Plan Coverage - 2014 - 2016, continued

Project	Year Ending December 31		
	2014	2015	2016
Planning			
<i>Environmental & Park Planning</i>			
<i>Urban Forestry</i>			
<i>Policy Planning & Programs</i>			
<i>Community Planning & Design</i>			
Corporate Services – Finance & IT			
<i>Finance</i>			
Corporate Asset Management - project management and prioritization			X
<i>Information Technology</i>			
Software utilization, consistency and integration		X	
IT Security and segregation of duties			X
<i>Facilities</i>			
<i>Financial Planning & Policy</i>			
<i>Investment & Partnerships</i>			
Project management and prioritization; funding allocation review	X		

Proposed Audit Plan Coverage - 2014 - 2016, continued

Project	Year Ending December 31		
	2014	2015	2016
Corporate Services – Human Resources			
<i>Human Resources</i>			
Performance review processes			X
Succession planning follow-up review		X	
<i>Human Rights</i>			
<i>Corporate Security</i>			
<i>Emergency Management</i>			
<i>Communications</i>			
Corporate Services – Legal			
<i>Clerks</i>			
<i>Legal Services</i>			
<i>Risk Management</i>			
Housing, Social Services & Dearness Home			
<i>Housing</i>			
Housing Access Centre process review	X		
<i>Ontario Works & Employment</i>			
<i>Dearness Home</i>			
Long-term care - Oversight and cost structure review			X

Proposed Audit Plan Coverage - 2014 - 2016, continued

Project	Year Ending December 31		
	2014	2015	2016
Neighbourhood, Children & Fire Services			
<i>Fire</i>			
Cost structure review			X
<i>Neighbourhood & Children's Services</i>			
Strategic funding formula review		X	
Parks & Recreation			
Cost structure and delivery model*		X	
<i>Parks & Community Support</i>			
<i>Arenas, Aquatics and Attractions</i>			
<i>Administration</i>			
All Service Areas			
Strategic planning process review		X	
Shared service opportunities	X		
Project management and prioritization		X	
Environmental footprint			X
External customer service review			X

* Project spans all divisions

Balanced Scorecard

		Key Measure
Corporate Strategy	Audit Committee	Approval of annual risk-based audit plan
		Number of reports presented to the Audit Committee
		Timely reporting of recommendations
		Estimated quantification of future cost savings
	Management / Auditees	Number of closing meetings held with management
		Number of concise, value-added recommendations
Internal Audit Strategy	Innovation / Capabilities	Number of best practices identified by internal audit
		Use of internal audit resources and processes
	Internal Audit Processes	Percentage of projects completed
		Completion of annual risk assessment and updates to audit plan

Appendix – Project Descriptions

→ Each individual audit project below will be performed in a risk-based, targeted manner in which key controls and functions will be prioritized.

	Project	Key Focus
1	<i>Engineering & Environmental Services: Solid Waste - Landfills</i>	- Value-for-money assessment of landfill service models
2	<i>Engineering & Environmental Services: Solid Waste - Waste collection</i>	- Value-for-money assessment of solid waste collection service model
3	<i>Housing, Social Services & Dearness Home: Housing Access Centre process review</i>	- Process review for efficiency and effectiveness, including communications with key stakeholder groups - Compliance with key regulatory requirements
4	<i>Development & Compliance Services: By-law enforcement and licensing</i>	- Review of by-law enforcement and licensing processes and approval - Compliance with document retention policies
5	<i>Engineering & Environmental Services: Roads & Transportation - Capital budget development and project costing</i>	- Evaluation of capital budget development and project costing including identification of opportunities for increased precision of estimates, use of standard costing, etc.
6	<i>Corporate Services – Finance & IT: Investments and Partnerships - Project management and prioritization, funding allocation review</i>	- Process-based management of projects supported by adequate planning, monitoring and controlling activities - Prioritization of projects based on rankings and business cases - Review of funding model
7	<i>Engineering & Environmental Services: Roads & Transportation - Project management and resource utilization</i>	- Process-based management of projects supported by adequate planning, monitoring and controlling activities - Efficient and effective utilization and monitoring of resources
8	<i>All Service Areas: Shared service opportunities</i>	- Identification of shared service and centralization opportunities with Boards and Commissions

Appendix – Project Descriptions, continued

	Project	Key Focus
9	<i>All Service Areas:</i> Project management and prioritization	<ul style="list-style-type: none"> - Processed-based management of projects supported by adequate planning, monitoring and controlling activities - Prioritization of projects based on rankings and business cases
10	<i>Engineering & Environmental Services:</i> Regional water supply cost structure review	<ul style="list-style-type: none"> - Review of the regional water supply cost structure and cost allocation processes
11	<i>Development & Compliance Services:</i> Development Services - processes and approvals surrounding site plans and subdivisions	<ul style="list-style-type: none"> - Review of development services processes and approvals surrounding site plans and subdivisions - Compliance with document retention policies
12	<i>Parks & Recreation:</i> Cost structure and delivery model	<ul style="list-style-type: none"> - Review of parks and recreation cost structure and delivery models for all functional areas, including analysis of use of internal resources vs. outsourcing opportunities for certain services
13	<i>Corporate Services – Finance & IT:</i> Software utilization, consistency and integration	<ul style="list-style-type: none"> - Review of number and types of software applications to assess for redundancies/overlap and opportunities for streamlining and improving integration - Assessment of software/module utilization
14	<i>Neighbourhood, Children & Fire Services:</i> Neighbourhood and children - Strategic funding formula review	<ul style="list-style-type: none"> - Evaluation of community and development funding model and allocation processes
15	<i>Corporate Services – Human Resources:</i> Performance review processes	<ul style="list-style-type: none"> - Assessment of performance review processes, including effective development of goals, integration with strategic objectives and business plans, and ongoing monitoring activities
16	<i>All Service Areas:</i> Strategic planning process review	<ul style="list-style-type: none"> - Assessment of the City’s strategic planning process including development, stakeholder involvement, communication and ongoing monitoring and evaluation of strategies

Appendix – Project Descriptions, continued

	Project	Key Focus
17	<i>Engineering & Environmental Services:</i> Fleet asset management follow-up review	- Follow-up review of action plans determined from previous internal audit engagement, including updated evaluation of fleet rental rates and vehicle utilization (2012)
18	<i>Corporate Services – Human Resources:</i> Performance review processes	- Assessment of performance review processes, including effective development goals, integration with strategic objectives and business plans, and ongoing monitoring activities
19	<i>Corporate Services – Finance & IT:</i> Corporate Asset Management – Project management and prioritization	- Process-based management of projects supported by adequate planning, monitoring and controlling activities - Prioritization of projects based on lifecycle renewal and timing of related projects
20	<i>Corporate Services – Finance & IT:</i> IT security and segregation of duties	- Evaluate the design and implementation of IT security initiatives, including access controls, and segregation of duties
21	<i>Neighbourhood, Children & Fire Services:</i> Fire – Cost structure review	- Review of cost structure and delivery models
22	<i>Housing, Social Services & Dearness Home:</i> Long-term care - Oversight and cost structure review	- Assessment of cost structure and delivery models, including analysis of use of internal resources vs. outsourcing opportunities for certain activities - Comparison of rates with other similar service providers
23	<i>All Service Areas:</i> Environmental footprint	- Assessment of the City’s environmental footprint including identification of opportunities to minimize this footprint and reduce costs
24	<i>All Service Areas:</i> External customer service review	- External customer service review including evaluation of process flows, level of satisfaction, waiting times, etc. - Cross-divisional benchmarking and identification of opportunities to implement best practices