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

<b>RECOMMENDATION</b>
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That on the recommendation of PwC, this report **BE RECEIVED** for information and the Performance-Based Audit Plan for 2014 identified in Appendix A **BE RECOMMENDED** for approval.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Risk Assessment and 3-Year Performance-Based Audit Plan from PricewaterhouseCoopers – Audit Committee March 31, 2011.

<b>BACKGROUND</b>
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This report has been prepared in line with the reporting process defined within the Risk Assessment and 3-Year Performance-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 Performance-Based Audit Plan for the 2014 - 2016 years.

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

<b>RECOMMENDED BY:</b>
<b>PwC INTERNAL AUDITORS</b>

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



*The Corporation of the  
City of London*

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

December 5, 2013

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# *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 Performance-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 &amp; Environmental Services:</i> Solid Waste - Landfills	<i>All Service Areas:</i> Project management and prioritization	<i>Engineering &amp; Environmental Services:</i> Fleet asset management follow-up review
<i>Engineering &amp; Environmental Services:</i> Solid Waste - Waste collection	<i>Engineering &amp; Environmental Services:</i> Regional water supply cost structure review	<i>Corporate Services - Human Resources:</i> Performance review processes
<i>Housing, Social Services &amp; Dearnness Home:</i> Housing Access Centre process review	<i>Development &amp; Compliance Services:</i> Development Services - processes and approvals surrounding site plans and subdivisions	<i>Corporate Services - Finance &amp; IT:</i> Corporate Asset Management – Project management and prioritization
<i>Development &amp; Compliance Services:</i> By-law enforcement and licensing	<i>Parks &amp; Recreation:</i> Cost structure and delivery model	<i>Corporate Services - Finance &amp; IT:</i> IT security and segregation of duties
<i>Engineering &amp; Environmental Services:</i> Roads and Transportation - Capital budget development and project costing	<i>Corporate Services - Finance &amp; IT:</i> Software utilization, consistency and integration	<i>Neighbourhood, Children &amp; Fire Services:</i> Fire - Cost structure review
<i>Corporate Services - Finance &amp; IT:</i> Investments and Partnerships - Project management and prioritization, funding allocation review	<i>Neighbourhood, Children &amp; Fire Services:</i> Neighbourhood and children - Strategic funding formula review	<i>Housing, Social Services &amp; Dearnness Home:</i> Long-term care - Oversight and cost structure review
<i>Engineering &amp; 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
<b>Engineering and Environmental Services</b>			
<i>Regional Water Supply</i>			
Regional water supply cost structure review		X	
<i>Water &amp; Wastewater</i>			
<i>Roads &amp; Transportation</i>			
Capital budget development and project costing	X		
Project management and resource utilization	X		
<i>Environmental Fleet &amp; Solid Waste</i>			
Solid Waste - Landfills	X		
Solid Waste - Waste collection	X		
Fleet asset management follow-up review			X
<b>Development and Compliance Services</b>			
<i>Building</i>			
<i>Licensing &amp; 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
<b>Planning</b>			
<i>Environmental &amp; Park Planning</i>			
<i>Urban Forestry</i>			
<i>Policy Planning &amp; Programs</i>			
<i>Community Planning &amp; Design</i>			
<b>Corporate Services – Finance &amp; IT</b>			
<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 &amp; Policy</i>			
<i>Investment &amp; 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
<b>Corporate Services – Human Resources</b>			
<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>			
<b>Corporate Services – Legal</b>			
<i>Clerks</i>			
<i>Legal Services</i>			
<i>Risk Management</i>			
<b>Housing, Social Services &amp; Dearness Home</b>			
<i>Housing</i>			
Housing Access Centre process review	X		
<i>Ontario Works &amp; 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
<b>Neighbourhood, Children &amp; Fire Services</b>			
<i>Fire</i>			
Cost structure review			X
<i>Neighbourhood &amp; Children's Services</i>			
Strategic funding formula review		X	
<b>Parks &amp; Recreation</b>			
Cost structure and delivery model*		X	
<i>Parks &amp; Community Support</i>			
<i>Arenas, Aquatics and Attractions</i>			
<i>Administration</i>			
<b>All Service Areas</b>			
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
<b>Corporate Strategy</b>	<b>Audit Committee</b>	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
	<b>Management / Auditees</b>	Number of closing meetings held with management
		Number of concise, value-added recommendations
<b>Internal Audit Strategy</b>	<b>Innovation / Capabilities</b>	Number of best practices identified by internal audit
		Use of internal audit resources and processes
	<b>Internal Audit Processes</b>	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 &amp; Environmental Services: Solid Waste - Landfills</i>	- Value-for-money assessment of landfill service models
2	<i>Engineering &amp; Environmental Services: Solid Waste - Waste collection</i>	- Value-for-money assessment of solid waste collection service model
3	<i>Housing, Social Services &amp; 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 &amp; 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 &amp; Environmental Services: Roads &amp; 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 &amp; 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 &amp; Environmental Services: Roads &amp; 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"> <li>- Processed-based management of projects supported by adequate planning, monitoring and controlling activities</li> <li>- Prioritization of projects based on rankings and business cases</li> </ul>
10	<i>Engineering &amp; Environmental Services:</i> Regional water supply cost structure review	<ul style="list-style-type: none"> <li>- Review of the regional water supply cost structure and cost allocation processes</li> </ul>
11	<i>Development &amp; Compliance Services:</i> Development Services - processes and approvals surrounding site plans and subdivisions	<ul style="list-style-type: none"> <li>- Review of development services processes and approvals surrounding site plans and subdivisions</li> <li>- Compliance with document retention policies</li> </ul>
12	<i>Parks &amp; Recreation:</i> Cost structure and delivery model	<ul style="list-style-type: none"> <li>- 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</li> </ul>
13	<i>Corporate Services – Finance &amp; IT:</i> Software utilization, consistency and integration	<ul style="list-style-type: none"> <li>- Review of number and types of software applications to assess for redundancies/overlap and opportunities for streamlining and improving integration</li> <li>- Assessment of software/module utilization</li> </ul>
14	<i>Neighbourhood, Children &amp; Fire Services:</i> Neighbourhood and children - Strategic funding formula review	<ul style="list-style-type: none"> <li>- Evaluation of community and development funding model and allocation processes</li> </ul>
15	<i>Corporate Services – Human Resources:</i> Performance review processes	<ul style="list-style-type: none"> <li>- Assessment of performance review processes, including effective development of goals, integration with strategic objectives and business plans, and ongoing monitoring activities</li> </ul>
16	<i>All Service Areas:</i> Strategic planning process review	<ul style="list-style-type: none"> <li>- Assessment of the City’s strategic planning process including development, stakeholder involvement, communication and ongoing monitoring and evaluation of strategies</li> </ul>

## Appendix – Project Descriptions, continued

	Project	Key Focus
17	<i>Engineering &amp; 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 &amp; 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 &amp; 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 &amp; Fire Services:</i> Fire – Cost structure review	- Review of cost structure and delivery models
22	<i>Housing, Social Services &amp; 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