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TO:	CHAIR AND MEMBERS AUDIT COMMITTEE MEETING ON December 15, 2014
FROM:	PwC INTERNAL AUDITORS
SUBJECT:	Quarterly Report on Internal Audit Results a) Engineering and Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

RECOMMENDATION

That on the recommendation of PwC, this report **BE RECEIVED** for information and the action plans identified in Appendix A **BE RECOMMENDED** for approval.

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

Risk Assessment and 2014-2016 Performance-Based Audit Plan from PricewaterhouseCoopers – Audit Committee December 5, 2013.

BACKGROUND

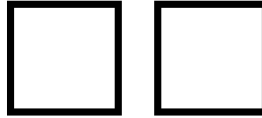
This report has been prepared in line with the reporting process defined within the Risk Assessment and 3-Year Risk-Based Audit Plan provided to the Audit Committee on March 31, 2011.

The purpose of this report is to communicate the results of internal audit projects completed to date, which include the following projects:

- Engineering and Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

PwC requests Audit Committee approval of the action plans developed in collaboration between PwC and City management. Please also refer to the formal presentation document attached in Appendix B.

RECOMMENDED BY:	
	PwC INTERNAL AUDITORS



APPENDIX A – Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Summary of Risks & Scope

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Scope

- Evaluation of current waste collection system (garbage, recycling, yard waste)
- Consideration of ongoing investigations being conducted by civic administration, including Green Bins
- Multi-residential collection and bin rental fees
- Evaluate the optimization and utilization of the current collection route structure
- Additional revenue opportunities
- Evaluate contracted waste collection (Western, Lambeth)
- Effectiveness of monitoring controls over the recycling facility and the operations of the Miller Group

Potential Risks

- The waste collection system may not include best practices or emerging trends
- Outsourcing of collection services versus performing in-house may be more economical
- Costs associated with waste collection contracts may be greater than the revenue earned on the contracts
- Monitoring controls over recycling revenue may not be effective
- Fees for rental of waste bins and additional collection pick-up for multi-residential locations may not reasonably recover operating costs for these services
- Waste collection route utilization may not be monitored and maximized, resulting in additional costs

Controls Operating Effectively

- The frequency of waste collection is appropriate given management's thorough analysis of the costs and benefits.
- Management monitors performance of the waste collection division by comparing key indicators to similar municipalities. The data indicates that the City's cost to collect a tonne of garbage and cost per household is better than the average.
- Management has examined the costs and benefits of outsourcing versus in-house waste collection. The current balance between both options for waste collection is generally appropriate given the service levels determined by Council.
- Recycling facility monitoring controls are operating effectively and the City is able to recover costs through the sale of materials and fees.
- The recycling collection and facility operations tender process is appropriately overseen by Purchasing and Supply and in line with City purchasing policies.

Performance Based Considerations

- Increasing the multi-residential fees for a second pick-up of waste collection by \$2 per unit could potentially generate additional annual revenues of \$85,000.
- If fees for second pick-up of multi-residential bins were increased to recover the full cost of this service, revenues could increase by up to \$485,000.
- Optimizing waste collection beats, including analyzing the current collection structure and adjustments to the alignment and size of collection zones, could reduce collection costs by approximately \$150,000-\$200,000.
- Other recommendations could have a minor to major impact on the cost of service and revenue streams once further analysis is performed.

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#1: Review of waste collection strategy

Observation:

There are many different waste collection strategies that have been implemented by municipalities across Ontario. Currently, the City enforces a four container limit per collection for residential properties and is investigating reducing this limit. The City considered and continues to investigate the cart-based collection system and the collection of organic waste.

Business Impact:

There is a potential risk that the City is not capitalizing on emerging trends that may decrease operating costs and/or promote waste diversion.

Action Plan:

It is recommended that the City continues the process of evaluating waste collection alternatives and strategies. This includes considering reducing the container limit to be more consistent with other municipalities (while considering the six business day collection cycle) and provide bag tags for containers over the limit. Also, management should continue to evaluate the semi- and fully-automated cart-based collection systems and the use of Green Bins and ensure either a further analysis (Green Bin) or a full analysis of these alternatives is completed and provided to Council.

Action Plan Lead:

Director, Environment, Fleet & Solid Waste

Timing:

2015 - 2016

#2: Collection route optimization and communication enhancements

Observation:

A major revision of garbage collection routes has not been undertaken since 2008. It is noted that minor adjustments to routes are performed on an ongoing basis as the City expands.

Business Impact:

There is a potential risk of under-utilization of resources to most efficiently facilitate garbage collection. This could result in potentially increased labour and fuel costs associated with inefficient garbage collection routes, and additional trips to the landfill for dumping with multiple partially full trucks.

Action Plan:

It is recommended that the City perform a thorough review and optimization of the garbage collection routes. The review needs to look at how current zones are aligned, the size of zones and the type of housing stock being served. The review must deal with several facts such as the landfill site is in the southern most area of the municipality and substantial growth is occurring in the north and northwest areas.

Additionally, it is recommended that a more efficient communication system is implemented between garbage collection staff and supervisors during garbage collection. This will increase opportunities for garbage collection crews that are not dumping full loads to assist other routes to ensure trucks are fully utilized.

Action Plan Lead:

Director, Environment, Fleet & Solid Waste

Timing:

February 2015



#3: Review of revenue structure

Observation:

Currently, approximately 90% of garbage collection costs are paid through municipal taxes. The remaining portion is recovered through fees charged to multi-residential units and the University of Western Ontario. Also, large and bulky items are picked up on every residential (curbside) scheduled collection free of charge, which differs from some municipalities.

Business Impact:

Garbage collection is a fundamental service for Londoners. There is a risk that medium and longer term financing for garbage collection (and related items) could be eroded and/or jeopardized due to competing interests for the use of municipal taxes. This could increase collection costs. Some funding alternatives could lead to increased waste diversion. Also, there is the potential for waste collection efficiencies to be gained which in turn reduces cost and/or creates additional revenue sources for collection services.

Action Plan:

It is recommended that management considers different sustainable funding alternatives as it relates to waste collection. Some of the these options include but are not limited to: pay-as-you-throw, flat rate included on residential tax bills, variable rate systems based on volume of garbage and a tiered rate system with preferences to those properties that meet waste diversion targets. It is also recommended that management reviews the large and bulky pick-up items which could include: reducing pick-up to once a month, user pay, scheduled pick-up and pick-up systems utilizing a certain number of pick-ups per year.

Action Plan Lead:

Director, Environment, Fleet & Solid Waste

Timing:

2015 - 2016

#4: Review of waste collection agreement with Western University

Observation:

Through a negotiated agreement the City provides bulk bin and bulk collection (collection points) to the University of Western Ontario. Prior to the June 1, 2014 revised agreement, garbage collection and disposal services were negotiated with the university approximately 10 years ago.

Business Impact:

There is a risk that over time as the student population grows and cost of living increases, the costs related to collection at Western are greater than the fees paid.

Action Plan:

It is recommended that the City reassess the cost of services provided to Western on a more frequent basis and renegotiate fees when collection costs are greater than the fees.

Action Plan Lead:

Director, Environment, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing:

March 2017



#5: Review garbage bin rental fee for multi-residential buildings

Observation:

Under the current fee structure, the City does not fully recover the expenses incurred associated with bin rental and first garbage collection for multi-residential buildings. Although it could be argued that multi-residential buildings are taxpayers who should be entitled to garbage collection the same as stand-alone residences, the City does not offer similar collection to commercial and industrial taxpayers who are often profit-oriented entities similar to many multi-residential buildings, and many other municipalities do not offer this service.

Business Impact:

The City of London is not recovering the costs associated with multi-residential building garbage bin rental and first garbage collection pick up. This could result in lost revenues opportunities for the City, that does not mirror the costs that are associated with the services provided to multi-residential buildings. There is a potential risk that the current fee structure is contributing to lower recycling rates.

Action Plan:

It is recommended that, in evaluating the current fee structure of waste collection, the City should explore opportunities to generate additional revenues through increasing the fee charged to multi-residential buildings to increase cost recovery and limit losses associated with garbage bin rental and pickup at those locations.

Action Plan Lead:

Director, Environmental, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing:

September 2015

#6: Review of rates charged for second garbage pickup at multi-residential buildings

Observation:

The current fee charged to multi-residential buildings for a second garbage collection may not be sufficient to adequately recover the costs associated with the second pickup.

Business Impact:

There is a potential risk that the City of London is not recovering the costs associated with multi-residential building additional garbage collection. This could result in lost revenue opportunities for the City, that does not mirror the costs that are associated with the services provided to multi-residential buildings. There is a potential risk that the current fee structure is contributing to lower recycling rates.

Action Plan:

It is recommended that Solid Waste Collection perform a formal review of the fee structure charged to multi-residential buildings in relation to the second garbage collection pickup. Municipal Council needs to determine what level of direct cost recovery (versus taxation) is appropriate for this class of properties ranging from current cost recovery levels to full cost recovery. This activity can be undertaken at the same time as Action Plan #5.

Action Plan Lead:

Director, Environment, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing:

September 2015



#7: Garbage bin rental options for multi-residential building garbage collection

Observation:

Currently the City of London offers multi-residential units the option of renting steel or composite garbage bins for collection purposes. The City charges the same rental rates for both garbage bin options, regardless of the associated costs. The City currently favours composite garbage bins over steel bins.

Business Impact:

There is a potential opportunity for the City to have greater use of composite bins for multi-residential units to reduce costs associated with maintenance and replacement of the steel bins. Composite bins currently in use require a higher initial investment per bin; however, this is offset by the reduced maintenance costs and the longer useful life of the composite bins.

Action Plan:

It is recommended that the City require multi-residential units to rent composite bins for garbage pick up, unless there are circumstances where based on previous experience the Solid Waste Collection deems a steel bin to be more appropriate for garbage collection if there is a risk of the bin being vandalized.

Action Plan Lead:

Manager, Solid Waste Collection

Timing:

On-going action

#8: Recycling operating reserve fund

Observation:

The revenues received from recycling materials is based on market rates that fluctuate month to month. Therefore, the recycling operations budget is difficult to predict year over year. The actual profit can range from \$0.5 to \$2 million. Over a 10-year period the average profit is expected to average approximately \$1 million.

Business Impact:

There is a risk that the funding budget for recycling operations may result in lower profit than expected, thereby causing large fluctuations in profit and subsidization when budget is not met.

Action Plan:

It is recommended that the City consider establishing a reserve for the operations of the recycling facility to smooth the earnings in a year of over- and under-performance. In a year of over-performance, the additional profit received over the budget is transferred to the reserve and in a year of under-performance funds, from the operating reserve can be used to meet budget.

Alternatively, it is recommended that the City's Finance Division review the existing corporate practice to manage the corporate operating budget which is susceptible to volatility noting that the current practice is to make use of the Operating Budget Contingency Reserve (OBCR) to manage the budget on a corporate basis when required. This reserve is used to manage fluctuations for all City operations, including all divisions that are subject to volatility where no legislation exists. (For example; the Social Services Division, which incurs significant variations due to caseload changes in Ontario Works, the OBCR has been used when required).

Action Plan Lead:

Director, Financial Planning and Policy

Timing:

September 2015

Appendix B - Quarterly Report on Internal Audit Results

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The Corporation of the City of London

Report on Internal Audit Results

- Engineering and Environmental Services:
Solid Waste (Garbage) Collection and
Recycling Process Review

December 15, 2014

pwc

Agenda

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Rating Scale – Opportunities for Improvement

- **Satisfactory**

Controls are present to mitigate process/business risk, however an opportunity exists for improvement.

Satisfactory



- **Needs Improvement**

Existing controls may not mitigate process/business risk and management should consider implementing a stronger control structure.

Needs
Improvement



- **Unsatisfactory**

Control weaknesses are significant and the overall exposure to risk is unacceptable. Immediate attention and oversight from management is required.

Unsatisfactory



***Engineering & Environmental Services:
Solid Waste (Garbage) Collection and Recycling
Process Review***

Summary of Risks & Scope

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Scope

- Evaluation of current waste collection system (garbage, recycling, yard waste)
- Consideration of ongoing investigations being conducted by civic administration, including Green Bins
- Multi-residential collection and bin rental fees
- Evaluate the optimization and utilization of the current collection route structure
- Additional revenue opportunities
- Evaluate contracted waste collection (Western, Lambeth)
- Effectiveness of monitoring controls over the recycling facility and the operations of the Miller Group

Potential Risks

- The waste collection system may not include best practices or emerging trends
- Outsourcing of collection services versus performing in-house may be more economical
- Costs associated with waste collection contracts may be greater than the revenue earned on the contracts
- Monitoring controls over recycling revenue may not be effective
- Fees for rental of waste bins and additional collection pick-up for multi-residential locations may not reasonably recover operating costs for these services
- Waste collection route utilization may not be monitored and maximized, resulting in additional costs

Controls Operating Effectively

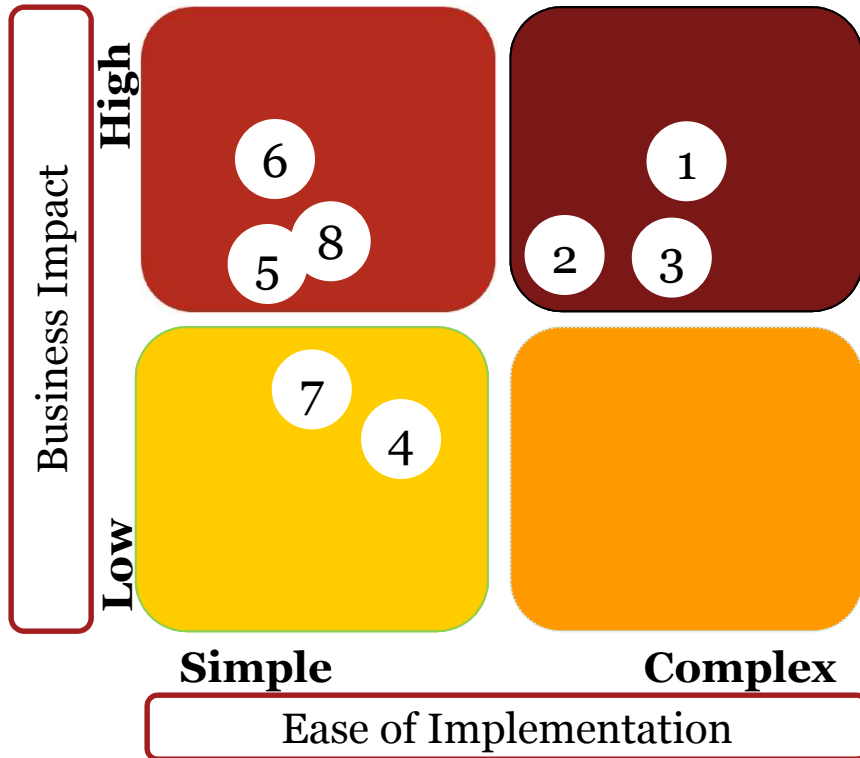
- The frequency of waste collection is appropriate given management's thorough analysis of the costs and benefits.
- Management monitors performance of the waste collection division by comparing key indicators to similar municipalities. The data indicates that the City's cost to collect a tonne of garbage and cost per household is better than the average.
- Management has examined the costs and benefits of outsourcing versus in-house waste collection. The current balance between both options for waste collection is generally appropriate given the service levels determined by Council.
- Recycling facility monitoring controls are operating effectively and the City is able to recover costs through the sale of materials and fees.
- The recycling collection and facility operations tender process is appropriately overseen by Purchasing and Supply and in line with City purchasing policies.

Performance Based Considerations

- Increasing the multi-residential fees for a second pick-up of waste collection by \$2 per unit could potentially generate additional annual revenues of \$85,000.
- If fees for second pick-up of multi-residential bins were increased to recover the full cost of this service, revenues could increase by up to \$485,000.
- Optimizing waste collection beats, including analyzing the current collection structure and adjustments to the alignment and size of collection zones, could reduce collection costs by approximately \$150,000-\$200,000.
- Other recommendations could have a minor to major impact on the cost of service and revenue streams once further analysis is performed.

Action Plan Summary

Engineering and Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review



Observations	Timing	Rating
#1: Review of waste collection strategy	2015-2016	Satisfactory
#2: Collection route optimization and communication enhancements	February 2015	Needs Improvement
#3: Review of revenue structure	2015 - 2016	Satisfactory
#4: Review of waste collection agreement with Western University	March 2017	Needs Improvement
#5: Review garbage bin rental fee for multi-residential buildings	September 2015	Needs Improvement
#6: Review of rates charged for second garbage pickup at multi-residential buildings	September 2015	Needs Improvement
#7: Garbage bin rental options for multi-residential building garbage collection	On-going action	Satisfactory
#8: Recycling operating reserve fund	September 2015	Needs Improvement

- High Business Impact, Easy to Implement
- High Business Impact, Difficult to Implement
- Low Business Impact, Easy to Implement
- Low Business Impact, Difficult to Implement

Observations & Action Plans - #1

Satisfactory 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Review of waste collection strategy

There are many different waste collection strategies that have been implemented by municipalities across Ontario. Currently, the City enforces a four container limit per collection for residential properties and is investigating reducing this limit. The City considered and continues to investigate the cart-based collection system and the collection of organic waste.

Business Impact

There is a potential risk that the City is not capitalizing on emerging trends that may decrease operating costs and/or promote waste diversion.

Action Plan

It is recommended that the City continues the process of evaluating waste collection alternatives and strategies. This includes considering reducing the container limit to be more consistent with other municipalities (while considering the six business day collection cycle) and provide bag tags for containers over the limit. Also, management should continue to evaluate the semi- and fully-automated cart-based collection systems and the use of Green Bins and ensure either a further analysis (Green Bin) or a full analysis of these alternatives is completed and provided to Council.

Action Plan Lead

Director, Environment, Fleet & Solid Waste

Timing

2015 - 2016

Observations & Action Plans -#2

Needs Improvement 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Collection route optimization and communication enhancements

A major revision of garbage collection routes has not been undertaken since 2008. It is noted that minor adjustments to routes are performed on an ongoing basis as the City expands.

Business Impact

There is a potential risk of under-utilization of resources to most efficiently facilitate garbage collection. This could result in potentially increased labour and fuel costs associated with inefficient garbage collection routes, and additional trips to the landfill for dumping with multiple partially full trucks.

Action Plan

It is recommended that the City perform a thorough review and optimization of the garbage collection routes. The review needs to look at how current zones are aligned, the size of zones and the type of housing stock being served. The review must deal with several facts such as the landfill site is in the southern most area of the municipality and substantial growth is occurring in the north and northwest areas.

Additionally, it is recommended that a more efficient communication system is implemented between garbage collection staff and supervisors during garbage collection. This will increase opportunities for garbage collection crews that are not dumping full loads to assist other routes to ensure trucks are fully utilized.

Action Plan Lead

Director, Environment, Fleet & Solid Waste

Timing

February 2015

Observations & Action Plans -#3

Satisfactory 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Review of revenue structure

Currently, approximately 90% of garbage collection costs are paid through municipal taxes. The remaining portion is recovered through fees charged to multi-residential units and the University of Western Ontario. Also, large and bulky items are picked up on every residential (curbside) scheduled collection free of charge, which differs from some municipalities.

Business Impact

Garbage collection is a fundamental service for Londoners. There is a risk that medium and longer term financing for garbage collection (and related items) could be eroded and/or jeopardized due to competing interests for the use of municipal taxes. This could increase collection costs. Some funding alternatives could lead to increased waste diversion. Also, there is the potential for waste collection efficiencies to be gained which in turn reduces cost and/or creates additional revenue sources for collection services.

Action Plan

It is recommended that management considers different sustainable funding alternatives as it relates to waste collection. Some of these options include but are not limited to: pay-as-you-throw, flat rate included on residential tax bills, variable rate systems based on volume of garbage and a tiered rate system with preferences to those properties that meet waste diversion targets. It is also recommended that management reviews the large and bulky pick-up items which could include: reducing pick-up to once a month, user pay, scheduled pick-up and pick-up systems utilizing a certain number of pick-ups per year.

Action Plan Lead

Director, Environment, Fleet & Solid Waste

Timing

2015 - 2016

Observations & Action Plans -#4

Needs Improvement 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Review of waste collection agreement with Western University

Through a negotiated agreement the City provides bulk bin and bulk collection (collection points) to the University of Western Ontario. Prior to the June 1, 2014 revised agreement, garbage collection and disposal services were negotiated with the university approximately 10 years ago.

Business Impact

There is a risk that over time as the student population grows and cost of living increases, the costs related to collection at Western are greater than the fees paid.

Action Plan

It is recommended that the City reassess the cost of services provided to Western on a more frequent basis and renegotiate fees when collection costs are greater than the fees.

Action Plan Lead

Director, Environment, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing

March 2017

Observations & Action Plans -#5

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Review garbage bin rental fee for multi-residential buildings

Under the current fee structure, the City does not fully recover the expenses incurred associated with bin rental and first garbage collection for multi-residential buildings. Although it could be argued that multi-residential buildings are taxpayers who should be entitled to garbage collection the same as stand-alone residences, the City does not offer similar collection to commercial and industrial taxpayers who are often profit-oriented entities similar to many multi-residential buildings, and many other municipalities do not offer this service.

Business Impact

The City of London is not recovering the costs associated with multi-residential building garbage bin rental and first garbage collection pick up. This could result in lost revenues opportunities for the City, that does not mirror the costs that are associated with the services provided to multi-residential buildings. There is a potential risk that the current fee structure is contributing to lower recycling rates.

Action Plan

It is recommended that, in evaluating the current fee structure of waste collection, the City should explore opportunities to generate additional revenues through increasing the fee charged to multi-residential buildings to increase cost recovery and limit losses associated with garbage bin rental and pickup at those locations.

Action Plan Lead

Director, Environmental, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing

September 2015

Observations & Action Plans -#6

Needs Improvement 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Review of rates charged for second garbage pickup at multi-residential buildings

The current fee charged to multi-residential buildings for a second garbage collection may not be sufficient to adequately recover the costs associated with the second pickup.

Business Impact

There is a potential risk that the City of London is not recovering the costs associated with multi-residential building additional garbage collection. This could result in lost revenue opportunities for the City, that does not mirror the costs that are associated with the services provided to multi-residential buildings. There is a potential risk that the current fee structure is contributing to lower recycling rates.

Action Plan

It is recommended that Solid Waste Collection perform a formal review of the fee structure charged to multi-residential buildings in relation to the second garbage collection pickup. Municipal Council needs to determine what level of direct cost recovery (versus taxation) is appropriate for this class of properties ranging from current cost recovery levels to full cost recovery. This activity can be undertaken at the same time as Action Plan #5.

Action Plan Lead

Director, Environment, Fleet & Solid Waste
Manager, Solid Waste Collection

Timing

September 2015

Observations & Action Plans -#7

Satisfactory 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Garbage bin rental options for multi-residential building garbage collection

Currently the City of London offers multi-residential units the option of renting steel or composite garbage bins for collection purposes. The City charges the same rental rates for both garbage bin options, regardless of the associated costs. The City currently favours composite garbage bins over steel bins.

Business Impact

There is a potential opportunity for the City to have greater use of composite bins for multi-residential units to reduce costs associated with maintenance and replacement of the steel bins. Composite bins currently in use require a higher initial investment per bin; however, this is offset by the reduced maintenance costs and the longer useful life of the composite bins.

Action Plan

It is recommended that the City require multi-residential units to rent composite bins for garbage pick up, unless there are circumstances where based on previous experience the Solid Waste Collection deems a steel bin to be more appropriate for garbage collection if there is a risk of the bin being vandalized.

Action Plan Lead

Manager, Solid Waste Collection

Timing

On-going action

Observations & Action Plans -#8

Needs Improvement 

Engineering & Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Observation

Recycling operating reserve fund

The revenues received from recycling materials is based on market rates that fluctuate month to month. Therefore, the recycling operations budget is difficult to predict year over year. The actual profit can range from \$0.5 to \$2 million. Over a 10-year period the average profit is expected to average approximately \$1 million.

Business Impact

There is a risk that the funding budget for recycling operations may result in lower profit than expected, thereby causing large fluctuations in profit and subsidization when budget is not met.

Action Plan

It is recommended that the City consider establishing a reserve for the operations of the recycling facility to smooth the earnings in a year of over- and under-performance. In a year of over-performance, the additional profit received over the budget is transferred to the reserve and in a year of under-performance funds, from the operating reserve can be used to meet budget.

Alternatively, it is recommended that the City's Finance Division review the existing corporate practice to manage the corporate operating budget which is susceptible to volatility noting that the current practice is to make use of the Operating Budget Contingency Reserve (OBCR) to manage the budget on a corporate basis when required. This reserve is used to manage fluctuations for all City operations, including all divisions that are subject to volatility where no legislation exists. (For example; the Social Services Division, which incurs significant variations due to caseload changes in Ontario Works, the OBCR has been used when required).

Action Plan Lead

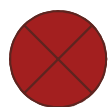
Director, Financial Planning and Policy

Timing

September 2015

2014 Internal Audit Projects in Progress

Service Area	Project	Stage
Engineering & Environmental Services	Roads & Transportation – Capital Budget & Project Costing	Completion 
Engineering & Environmental Services	Roads & Transportation – Project Management & Resource Utilization	Completion 
All Service Areas	Shared Services Opportunities	Completion 
Development & Compliance Services	By-law Enforcement & Licensing	Completion 
Corporate Services	Investments & Partnerships – Project Management & Prioritization & Funding Allocation Review	Deferred to 2015 



Higher risk



Moderate Risk



Lower Risk

Internal Audit Scorecard - December 2014

		Key Measures	TARGET	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
CORPORATE STRATEGY	Audit Committee	Approval of annual risk-based audit plan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
		Number of reports presented to the Audit Committee	4	1	1	1	1	1	2	2	2	3	3	3	4	
		Timely reporting of recommendations	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Estimated quantification of Value-for-Money for current year projects (2014)		\$0	\$0	\$0	\$0	\$50k	\$50k	\$50k	\$50k	\$50k	\$50k	\$50k	\$50k	\$770k
	Management/Auditees	Number of closing meetings held with management	8	0	0	0	0	2	2	2	3	4	4	5	5	
		Number of concise, value-added recommendations		0	0	0	0	9	9	9	9	9	9	9	17	
INTERNAL AUDIT STRATEGY	Innovation/Capabilities	Number of best practices identified by internal audit		0	0	0	0	9	9	9	9	9	9	9	17	
		Use of internal audit resources and processes	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
	Internal Audit Processes	Percentage of projects completed	100%	0%	0%	10%	20%	25%	25%	30%	40%	50%	60%	75%	90%	
		Completion of annual risk assessment and updates to audit plan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	

Rating Scale – Status of Past Project Action Plans

Closed

All action plans have been addressed by the appointed Action Plan Lead.

On Track

All action plans targeted for completion have been addressed. Action Plan Leads are progressing well towards future action plan targets.

Some Delays

Some action plans targeted for completion have not been addressed. Action Plan Leads have revised some targets.

Not Addressed

Action plans targeted for completion have not been addressed by the appointed Action Plan Lead.

Status of Past Project Action Plans

Project	Status
Technology Services - Information Security Governance Assessment - <i>Corporate Services/Information Technology</i> (2011)	Closed
Time Off Provisions - <i>Corporate Services /Human Resources</i> (2011)	Some Delays
Municipal Housing Finance and Monitoring - <i>Housing and Social Services</i> (2011)	On Track
Succession Planning - <i>Corporate Services/Human Resources</i> (2012)	Some Delays
Urban Forestry and Planning Application Processes - <i>Planning</i> (2013)	Closed
Budgeting Process - <i>Corporate Services/Finance</i> (2013)	Some Delays
Property Tax Assessment and Collection - <i>Corporate Services / Finance</i> (2013)	Closed
Facilities and Property Utilization - <i>Corporate Services / Finance</i> (2013)	Closed
Revenue Strategies - <i>Parks & Recreation</i> (2013)	On Track
Project Management and System Prioritization - <i>Corporate Services /Information Technology</i> (2013)	Closed
Housing Access Centre Process Review - <i>Housing, Social Services & Dearness Home</i> (2014)	On Track
Solid Waste - Landfill Process Review - <i>Engineering & Environmental Services</i> (2014)	On Track

Delayed Action Plans: Time Off Provisions - Corporate Services /Human Resources (2011)

#	Action Plan	Original Expected Target Date	Revised Expected Target Date	Reason(s) for Delay(s) and Management Action Plans for Completion
4, 6, 7	Action plans were presented in closed session.	31-Dec-12	31-Dec-14	Completion of these action plans is contingent upon the completion of the Kronos restart project which has been delayed to the fall of 2014.

Delayed Action Plans: Succession Planning - Corporate Services/Human Resources (2012)

#	Action Plan	Previously Revised Expected Target Date	Revised Expected Target Date	Reason(s) for Delay(s) and Management Action Plans for Completion
7	It is recommended that management, in consultation with HR, ensure all members of the talent pool are provided with individualized training and developmental opportunities designed to prepare them to potentially fulfill critical positions in the future.	31-Mar-14	31-Dec-14	The process for developing individualized training and development opportunities requires the combined resources of the Corporate Training Team, the Talent Pool Member, the Manager and potentially the current incumbent within the position. Consequently, scheduling challenges have resulted in postponed meetings for some members of the talent pool. Corporate Training has rescheduled meetings as needed and continues to follow up on the assessments which have been provided.
8	It is recommended that HR, in consultation with management, monitor the success of training and developmental opportunities and the progress of members of the talent pool against their individual training and development plans in accordance with succession planning objectives.	30-Sep-14	31-Dec-15	Completion of this action plan is dependent upon completion of the individualized training and development plans as identified in action plan #7 above. As all individualized training and development plans are expected to be completed by the end of 2014, monitoring activities are expected to be in progress by the end of 2015.

Delayed Action Plans: Budgeting Process - Corporate Services/Finance (2013)

#	Action Plan	Original Expected Target Date	Revised Expected Target Date	Reason(s) for Delay(s) and Management Action Plans for Completion
4	<p>It is recommended that the City investigate implementing multi-year budgeting by:</p> <p>1) Continuing to obtain City Council approval of the multi-year forecast for the 2014 budget, and;</p> <p>2) Obtaining City Council approval of a multi-year budget at the commencement of the next Council term, as a means of streamlining the budgeting process and improving long-term financial planning. A threshold should be determined above which approval would be required for any budget changes.</p>	<p>1) 2014 budget</p> <p>2) 2015 budget</p>	<p>2) 2016 budget</p>	<p>1) Completed</p> <p>2) The timing for implementing the multi-year budget was discussed extensively with the Finance leadership team. It was eventually determined that a multi-year budget could not be implemented for the 2015 budget because that approval would be required shortly after the new Council was elected. Management has decided that the concept will be discussed with Council during 2015 budget deliberations, however, the full multi-year approval will not be introduced until the 2016 budget in order to provide more time for the new Councillors to become familiarized with the budget process.</p>
9	<p>It is recommended FBAs are granted JDE access to update expenditure detail records for capital projects. Ultimate approval, assignment of funds, and completion of project creation process would be required by FP&P before the project is undertaken.</p>	31-Mar-14	31-May-15	<p>Decentralized entry for capital project creation was investigated and tested, however, management was not able to implement this in time for the 2015 budget. As such, the topic will be revisited for the 2016 budget cycle.</p>

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