

[www.pwc.com/ca](http://www.pwc.com/ca)

# *The Corporation of the City of London*

## Quarterly Report on Internal Audit Results

- Development & Compliance Services - By-law  
enforcement & licensing

February 18, 2015

**pwc**

---

# *Agenda*

	Page
Rating Scale – Opportunities for Improvement	4
Summary of Scope – Development & Compliance Services	
- By-law enforcement & licensing	5
Action Plan Summary – Development & Compliance Services	
- By-law enforcement & licensing	6
Observations & Action Plans – Development & Compliance Services	
- By-law enforcement & licensing	7
2014 Internal Audit Projects in Progress	21
Internal Audit Scorecard - February 2015	22

---

## ***Development & Compliance Services - By-law enforcement & licensing***

---

## ***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



# ***Summary of Risks & Scope***

## ***Development & Compliance Services - By-law enforcement & licensing***

### **Scope**

- Review and benchmarking of property-related by-laws, licensing of taxis, businesses and rental units, animal control, and parking, revenue control and by-laws and fees
- Licensing and enforcement processes to identify any opportunities to streamline services/processes
- Contracts with third parties responsible for animal control and parking enforcement

### **Potential Risks**

- Licensing and enforcement revenues and compliance may not be maximized
- Enforcement and licensing methods may be outdated
- Benefits received from outsourced activities may not be maximized
- Licensing and enforcement processes may be inefficient

### **Controls Operating Effectively**

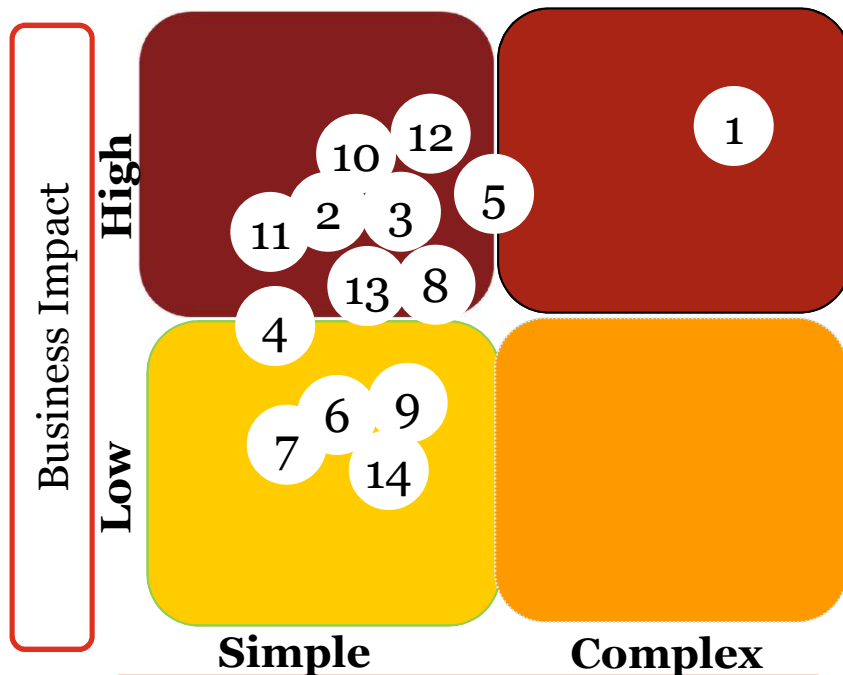
- Cash controls at the Parking Office are appropriate
- Monitoring of the outsourced parking enforcement contract is sufficient
- Residential rental licensing is tracked and maintained in Amanda

### **Value-for-Money Considerations**

- Increasing the number of by-laws, implementing fairly stated associated fees and effectively distributing enforcement efforts could result in additional enforcement and licensing revenues
- Increasing residential rental licence fees by \$45 to be more in line with other municipalities, could increase revenues by \$160k; rental licence fees were recently increased, but could be further increased over time to be more comparable
- Offering online licensing capabilities could result in additional licensing revenues
- Increasing pit bull licences by \$30 to be more in line with other municipalities, could increase revenues by \$10k
- Introducing AMPs and more technologically advanced on-street meters could result in increased enforcement and parking revenues
- Installing meters in unmetered areas could result in increase enforcement and parking revenues

# Action Plan Summary

## Development & Compliance Services - By-law enforcement & licensing



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

### Action Plan Lead

Various Management of By-law Enforcement and Licensing

Observations	Timing	Rating
#1: Parking revenue tracking	December 2015	Unsatisfactory
#2: See Confidential Appendix to the Report		
#3: Dated and unsupported software	December 2015	Needs Improvement
#4: See Confidential Appendix to the Report		
#5: See Confidential Appendix to the Report		
#6: See Confidential Appendix to the Report		
#7: Animal control, residential rental and taxi licensing locations	December 2016	Satisfactory
#8: Comparability of animal control, residential rental and business fees and fines to similar municipalities	June 2015/ December 2015	Satisfactory
#9: On-street parking meter technology	December 2015	Satisfactory
#10: Ticket issuance methods	December 2015	Satisfactory
#11: Parking lots owned, managed and enforced by entities other than the City	December 2015	Satisfactory
#12: Unmetered parking areas	December 2016	Satisfactory
#13: Transparency of advertised rental properties	December 2015	Satisfactory
#14: By-law amendments	December 2015	Satisfactory

# **Observations & Action Plans - #1**      **Unsatisfactory X**

***Development & Compliance Services - By-law enforcement & licensing***

## **Observation**

### **Parking revenue tracking**

The City's tracking and reporting mechanism for parking dollars earned is maintained in a single spreadsheet. The department has previously been warned by City ITS that there is a high risk of data loss.

## **Business Impact**

The spreadsheet is maintained manually and is heavily formula driven, prone to human and mechanical error and it is difficult to identify errors. Furthermore, surface lot management revenues may be calculated and billed incorrectly as the invoices are directly generated from the spreadsheet.

## **Action Plan**

It is recommended that the City consider replacing the spreadsheet with another reporting and tracking mechanism that is more automated.

## **Action Plan Lead**

Chief Municipal Law Enforcement Officer

## **Timing**

December 2015

---

## ***Observations & Action Plans -#2***

***Development & Compliance Services - By-law enforcement & licensing***

***See Confidential Appendix to the Report***



# Observations & Action Plans - #3

Needs  
Improvement 

*Development & Compliance Services - By-law enforcement & licensing*

## Observation

### **Dated and unsupported software**

Business and taxi licensing records are currently tracked in Oracle, which is an outdated and unsupported system. In September 2013, the City converted residential rental licensing from Oracle to the Amanda system and a similar approach is requested for business and taxis.

## Business Impact

Business licensing and taxi record maintenance is not efficient due to the limited capabilities of Oracle. Additional staff time is required to manage data and if issues arise there is no resource available as the system is no longer supported.

## Action Plan

The City is planning to use an automated conversion approach in dealing with data for business licensing and taxi records to reduce the risk of errors and system failure. Development & Compliance Services and ITS should continue to work together to finalize an approach to converting the business licensing and taxi licensing from Oracle to a more capable system such as Amanda.

## Action Plan Lead

Manager, Business Services, Development & Compliance

## Timing

December 2015

---

## ***Observations & Action Plans -#4***

***Development & Compliance Services - By-law enforcement & licensing***

***See Confidential Appendix to the Report***

---

## ***Observations & Action Plans -#5***

***Development & Compliance Services - By-law enforcement & licensing***

***See Confidential Appendix to the Report***

---

## ***Observations & Action Plans -#6***

***Development & Compliance Services - By-law enforcement & licensing***

***See Confidential Appendix to the Report***

# Observations & Action Plans -#7

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### **Animal control, residential rental and taxi licensing locations**

Animal licence applications must be done in person at the LACC location. Renewals may be done online or in person.

Residential rental and business licence applications and renewals can be done in person on the 7th floor of City Hall or via mail.

### Business Impact

It is more difficult to attract individuals to licence their animals, businesses or residential rentals due to lack of available locations, which could lead to increased non-compliance and lower licensing revenues.

### Action Plan

It is recommended that the City implement additional licensing locations for first time animal licences. The City should investigate offering online licensing as well licensing at local humane societies, pet stores, and animal hospitals and should investigate having informational pamphlets at these location that detail the fines associated with not licensing an animal. Furthermore, the City should investigate offering online licensing for residential rentals and some businesses as well.

### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

December 2016

# Observations & Action Plans - #8

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### Comparability of animal control, residential rental and business fees and fines to similar municipalities

For benchmarking purposes, the following municipalities were reviewed as they were considered comparable to London based on population and demographics: Hamilton, Guelph, Windsor and Waterloo. Based on the comparison, it was noted:

- London's fines were below the municipal average in certain areas; and
- There were several types of establishments that were required to have a licence in other municipalities that London did not require.

### Business Impact

Failure to implement certain by-laws and fairly stated associated fees could result in a loss of enforcement and licensing revenues.

### Action Plan

It is recommended that the City review and update the current Animal Control By-law and consider updating the associated fees to align with like municipalities. For example, the City should consider increasing the pit bull licence fee as the City's amount is significantly lower than like municipalities. It is recommended that management consider reviewing the Business Licence By-law to include additional establishments that are common amongst peer municipalities that London does not currently enforce. It is also recommended that management consider updating the residential licensing and renewal fees to align with comparable municipalities, and consider changing the fee to be on a per unit, rather than per property, basis.

### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

June 2015 for Business By-law  
December 2015 to transfer all fees and fines to the Various Fees and Charges By-law A-47

# Observations & Action Plans -#9

Satisfactory



*Development & Compliance Services - By-law enforcement & licensing*

## Observation

### **On-street parking meter technology**

The City has on-street meters that have dated technology and are prone to maintenance issues due to their age and the climate.

## Business Impact

Parking monies may not be maximized due to broken machines or because the current machines do not accept credit. Staff time must be spent repairing the machines to bring them to working order. Furthermore, manual audits of the machines are performed on a monthly basis which also utilizes additional staff time.

## Action Plan

It is recommended that the City continue replacing outdated on-street meters in high traffic areas with new technology individual meters to allow customers to pay using credit card and to leverage from maintenance and other system technology already in place from the pay and display meters including automated audits.

## Action Plan Lead

Chief Municipal Law Enforcement Officer

## Timing

December 2015

# Observations & Action Plans - #10

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### Ticket issuance methods

In accordance with provincial regulations, the two methods an enforcement officer can serve a ticket is directly to the offender or on the vehicle. An additional option is AMPs (Administrative Monetary Penalties). Other municipalities have commenced phasing in AMPs to deal with minor by-law infractions to make the enforcement process more effective and efficient and increase compliance.

### Business Impact

The AMP system takes by-law disputes from the courtroom to the municipality through the use of independent Screening and Hearing Officers who have the authority to modify, cancel or affirm penalties. Penalty notices can be issued not only in person and on the vehicle but via mail; fax or email. AMPs allows tickets to be issued to 'drive always' and in instances where a large amount of individuals are committing offences and it is impossible for an officer to issue tickets to everyone (i.e. parents at a grade school parked in a no parking zone). This could result in increased enforcement revenues and compliance, and allocate more court time to more serious offenses. Currently, per provincial regulation, the dollar limit of an AMP is \$100.

### Action Plan

It is recommended that the City investigate implementing the Administrative Monetary Penalties system for both parking and animal enforcement.

### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

December 2015



# Observations & Action Plans - #11

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### **Parking lots owned, managed and enforced by entities other than the City**

There are several lots within the City that are owned, managed and enforced by entities other than the City.

### Business Impact

The City receives no revenues from lots owned, managed and enforced by others and therefore substantial parking dollars are not being realized.

### Action Plan

It is recommended that the City consider, similar to the private parking enforcement contracts, negotiating with other private lot owners to secure lot management or enforcement contracts in which the City enforces the lots.

### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

December 2015

## **Observations & Action Plans -#12**

**Satisfactory**



**Development & Compliance Services - By-law enforcement & licensing**

### **Observation**

#### **Unmetered parking areas**

There are high traffic areas in the City where there are no parking meters and parking is not monitored or enforced.

### **Business Impact**

If a given area is not monitored by meters substantial parking dollars may not be realized.

### **Action Plan**

It is recommended that the City consider conducting a study of high traffic areas that are currently unmonitored that have high non-compliance to identify additional areas where parking meters should be installed.

### **Action Plan Lead**

Chief Municipal Law Enforcement Officer  
and Division Manager, Roadway Lighting &  
Traffic Control

### **Timing**

December 2016

# Observations & Action Plans - #13

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### Transparency of advertised rental properties

When a property is advertised, there is no requirement for the property to owner or real estate agent to state if the property is licensed or not. The City collaborates with oversight organizations such as RECO (The Real Estate Council of Ontario) to assist with transparency of rental properties.

### Business Impact

There may not be transparency between landlords or real estate agents and tenants and there is higher risk of non-compliance and unrealized licensing and enforcement revenues.

### Action Plan

The City should consider amending the by-law to require landlords to add a disclaimer in any and all advertisements for their rental properties that they are licensed with the City of London. To enforce this amendment, officers could scan popular advertisement media (kijiji, off-campus housing websites, rental websites, newspaper classifieds, etc.) to ensure landlords are including the licence number and to discover any unlicensed properties which are being rented. The City should also consider posting on the City website, all landlords that are having their property's utilities paid for by the City in accordance with the Vital Services By-law.

### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

December 2015

# Observations & Action Plans -#14

Satisfactory



## Development & Compliance Services - By-law enforcement & licensing

### Observation

#### By-law amendments

Currently, the By-law Enforcement by-law states that any proposed by-law amendment must be presented at a public meeting to allow for public input.

### Business Impact

Requiring a public meeting could cause significant delays in what should typically be a simple process, particularly in instances when the proposed change is minor.

### Action Plan

It is recommended that management consider removing fees and fines amount from individual by-laws and include them in the Various Fees and Charges By-law A-47 as this document is updated annually. Consideration should also be given to updating the Various Fees By-law to index the fees in line with the provincial CPI.




### Action Plan Lead

Chief Municipal Law Enforcement Officer

### Timing

December 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 
Corporate Services	Investments & Partnerships – Project Management & Prioritization & Funding Allocation Review	Deferred to later date 



Higher risk



Moderate Risk



Lower Risk

# Internal Audit Scorecard - February 2015

		Key Measures	TARGET	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
CORPORATE STRATEGY	Audit Committee	Approval of annual risk-based audit plan	Y	Y	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	4	5
		Timely reporting of recommendations	Y	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	\$770k
	Management/Auditees	Number of closing meetings held with management	8	0	0	0	0	2	2	2	3	4	4	5	5	5	7
		Number of concise, value-added recommendations		0	0	0	0	9	9	9	9	9	9	9	17	17	40
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	17	40
		Use of internal audit resources and processes	Y	Y	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%	95%	95%
		Completion of annual risk assessment and updates to audit plan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

---

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2012 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.