The Corporation of the City of London

Quarterly Report on Internal Audit Results

June 23, 2015

pwc

Proposed 2015 Performance-Based Internal Audit Plan

Note: the scope of projects 1 through 6 was previously approved at the December 15, 2014 Audit Committee meeting

	Project	Key Focus
1	*Engineering & Environmental Services:* Regional water supply cost structure review	- Review of the regional water supply cost structure and cost allocation processes
2	*Development & Compliance Services:* Development Services - processes and approvals surrounding site plans and subdivisions	- Review of development services processes and approvals surrounding site plans and subdivisions - Compliance with document retention policies
3	*Parks & Recreation:* Cost structure and delivery model	- Review of parks and recreation cost structure and delivery models for functional areas
4	*Corporate Services – Finance & IT:* Software utilization, consistency and integration	- 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
5	*Neighbourhood, Children & Fire Services:* Neighbourhood and children - Strategic funding formula review	- Evaluation of community and development funding model and allocation processes
6	*Corporate Services – Human Resources:* Performance review processes	- Assessment of performance review processes, including effective development of goals, integration with strategic objectives and business plans, and ongoing monitoring activities
7	*Housing, Social Services & Dearness Home:* Long-term care - Governance, oversight and structure review	- Review of governance model and reporting structure - Review of structure of third party management and consulting contract and division of responsibilities between the City and contractor

2015 Internal Audit Scorecard - June 2015

		Key Measures	TARGET	Jan	Feb	Mar	Apr	May	Jun
CORPORATE STRATEGY	Audit Committee	Approval of annual risk-based audit plan	Y	Y	Y	Y	Y	Y	Y
		Number of reports presented to the Audit Committee	4	0	0	0	0	0	1
		Timely reporting of recommendations	Y	Y	Y	Y	Y	Y	Y
		Estimated quantification of Value-for-Money for current year projects		$0	$0	$0	$0	$0k	$0k
	Management/ Auditees	Number of closing meetings held with management	7	0	0	0	0	0	0
		Number of concise, value-added recommendations		0	0	0	0	0	0
INTERNAL AUDIT STRATEGY	Innovation/ Capabilities	Number of best practices identified by internal audit		0	0	0	0	0	0
		Use of internal audit resources and processes	Y	Y	Y	Y	Y	Y	Y
	Internal Audit Processes	Percentage of projects completed	100%	0%	0%	5%	10%	15%	15%
		Completion of annual risk assessment and updates to audit plan	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
Municipal Housing Finance and Monitoring - *Housing and Social Services* (2011)	**Closed**
Succession Planning - *Corporate Services/Human Resources* (2012)	**Closed**
Budgeting Process - *Corporate Services/Finance* (2013)	**Some Delays**
Revenue Strategies - *Parks & Recreation* (2013)	**Closed**
Housing Access Centre Process Review - *Housing, Social Services & Dearness Home (2014)*	**On Track**
Solid Waste - Landfill Process Review - *Engineering & Environmental Services (2014)*	**Closed**
Solid Waste (Garbage) Collection and Recycling Process Review - *Engineering & Environmental Services (2014)*	**On Track**
By-law Enforcement & Licensing - *Development & Compliance Services (2014)*	**On Track**
Roads & Transportation - Capital Budget Development and Project Costing - *Engineering & Environmental Services (2014)*	**On Track**
Roads & Transportation - Project Management and Resource Utilization - *Engineering & Environmental Services (2014)*	**On Track**

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
3	It is recommended that the City consider the full implementation of value-based budgeting on a rotational basis, using a risk-based approach in identifying areas of potential cost savings.	2015 budget	2016 budget	The City has utilized a value-based approach in the development of the 2015 budgets for two divisions based on both financial and non-financial drivers. The City is in the process of implementing 5-6 service reviews per budget cycle which will assist in the implementation of value-based budgeting. The greater emphasis on reviewing efficiency and effectiveness of services will contribute to the implementation of value-based budgeting for the 2016 budget cycle.
4	It is recommended that the City investigate implementing multi-year budgeting by: 1) Continuing to obtain City Council approval of the multi-year forecast for the 2014 budget, and; 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.	1) 2014 budget 2) 2015 budget	2) 2016 budget	1) Completed 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.
9	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.	31-Mar-14	2017 budget	Decentralized entry for capital project creation was investigated and tested, however, management was not able to implement this in time for the 2015 and 2016 budgets. As such, the topic will be revisited for the 2017 budget cycle.