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The Corporation of the City of London

Quarterly Report on Internal Audit Results

December 7, 2016

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Agenda

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Status of 2016 Risk Based Audit plan

Project	Status
<i>Corporate services – Finance & IT/ Environmental & Engineering Services: Construction and procurement of higher risk assets</i>	Complete
<i>Corporate Services: Review of inter-municipal agreements</i>	Complete
<i>Corporate Services – Human Resources: Succession planning follow-up review (deferred from 2015)</i>	Complete
<i>Engineering & Environmental Services: Review of allocation of administrative costs to Lake Huron & Elgin Areas Water Supply Boards</i>	Complete
<i>Development and Compliance Services: Building control</i>	Complete
<i>Engineering & Environmental Services: Fleet asset management follow-up review</i>	Ongoing (expected completion Feb 2017)
<i>Corporate Services: Post implementation review of software (including CRM, Amanda, and Time & Attendance)*</i>	Ongoing (expected completion Feb 2017)
<i>*This project replaced Corp Services Finance & IT projects related to (1) Project management and prioritization; (2) software utilization and integration; (3) segregation of duties</i>	

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



2014 Municipal Election Audit

Summary of Risks & Scope

2014 Municipal Election Audit

Scope

- Review procedure manuals: *In-Poll Tabulator Procedures*, *Central Count Procedures*, *Special Vote By Mail Procedures*, *Voter Assist Terminal Procedures*
- Review Deputy Returning Officer Manual 2014
- Review application of procedures described in manuals prior to, on, and following Voting Day, including attendance at regular polls, institutional polls and the central count location

Potential Risks

- Procedure manuals may not be up to date or reflect procedures actually followed, or controls outlined may be inadequate
- Controls outlined in the procedure manuals may not be followed, compromising the fairness and integrity of the election, and the confidentiality of the voting process
- Election results may not reflect the votes cast and procedures may be inadequate to ensure valid votes are counted and invalid votes are rejected

Controls Operating Effectively

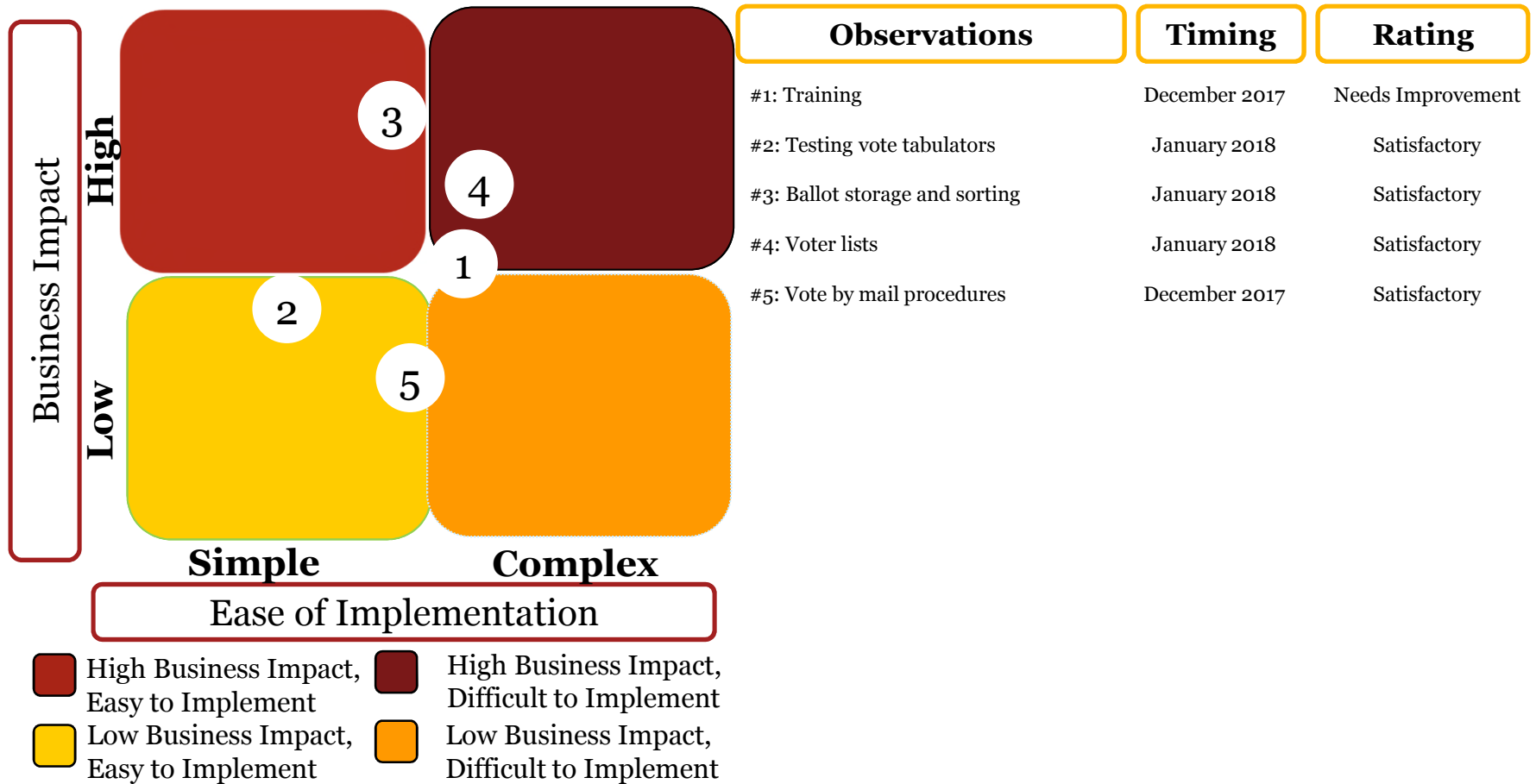
- Programming Vote Tabulator Memory Devices and testing Vote Tabulators (ensuring valid votes are counted and invalid votes are rejected)
- Security over Vote Tabulator Memory Devices and election materials
- Tracking training of election staff and changes to voter information in Municipal Voterview
- Uploading results accurately from Vote Tabulator Memory Devices to the Master Control Central Computer

Value-for-Money Considerations

- Working with Election Systems and Software to transmit vote results from Vote Tabulators via the internet may reduce staffing needs
- Working with Election Systems and Software to test vote tabulators prior to delivery may reduce required storage time and staffing costs for testing and auditing results
- Moving to electronic voting machines may reduce printing and storage costs of ballots as well as costs of the large number of staff required to sort and store returned ballots on Voting Day, recognizing this may be offset by other costs including additional staff, in polls technical support and technology.

Action Plan Summary

2014 Municipal Election Audit



Observations & Action Plans -#1

2014 Municipal Election Audit

**Needs
Improvement** 

Observation

Training

On Voting Day, PwC observed minor instances where procedures described in the Deputy Returning Officer (DRO) Manual were not being followed at polling stations.

There could be potential for workers to not adequately complete their required forms, or forms may be not adequately explained to voters.

Business Impact

In person training is cost intensive and due to the limited time allocated to training election staff there is a risk that required election procedures may not be followed.

Action Plan

During the 2014 election, minor issues were encountered at each poll; however, they were not always consistent, and did not pose a risk that impacted the counting of valid votes and exclusion of invalid votes. Improved procedures should be implemented to ensure all election workers adequately complete their required forms prior to the election day. Moving to online training, with feedback in the form of quizzes, may reduce costs of training in class and also allow staff to complete the training at times best suited to their schedule. Feedback analysis would also point to areas where staff did not understand requirements that may need to be addressed further prior to the election. Feedback may also highlight ways to improve training for future elections.

Action Plan Lead

City Clerk

Timing

December 2017

Observations & Action Plans -#2

2014 Municipal Election Audit

Satisfactory



Observation

Testing vote tabulators

The planning and marking of test decks, as well as time required to test the tabulators, was time consuming and required both City and Election Systems and Software staff. After the tabulators were tested they were stored in a locked room with secured limited access, with three bar-coded tamper evident seals ensuring each tabulator could not be opened or tampered with. All test decks, the excel spreadsheet for tracking tabulators, and tested in-poll tabulators observed followed required procedures.

Business Impact

The manual process of testing tabulators, although an important for integrity of the election, may be inefficient due to the significant time commitment required by City and Election Systems and Software staff.

Action Plan

Procuring more Election Systems and Software staff to administer the process may produce efficiency, however the testing of vote tabulators by City Clerk's staff is necessary to ensure the accuracy, integrity, and reliability of election results.

Action Plan Lead

City Clerk

Timing

January 2018

Observations & Action Plans -#3

2014 Municipal Election Audit

Satisfactory



Observation

Ballot storage and tracking

From the time ballots were delivered to City Hall they were separated by the following type: vote by mail kits, advance polls, and regular polls. The ballots used for each of these processes were tracked manually, making a reconciliation of ballots used, spoiled, and left over difficult. Also, following the election, used ballots must be stored securely for 120 days. On Voting Day, a large amount of staff was required to receive ballot boxes from polls and institutions and sort ballots from advance polls.

Business Impact

Printing, shipping and storage of ballots is cost intensive. Manual tracking of ballots is prone to human error and time consuming. Sorting of ballots on Voting Day was labour intensive.

Action Plans

The City could investigate if the use of electronic voting machines may be a possibility for the next election. This would reduce the cost of supplying and storing ballots, reduce the risk associated with tracking the used and remaining ballots, and reduce the risk associated with their storage and transportation. This may also reduce staffing costs required to track and sort the ballots. There has not been a court challenge on use of electronic voting machines, so the City will need to consider additional risks they may pose in the case of machine failure or recounts.

Action Plan Lead

City Clerk

Timing

January 2018

Observations & Action Plans -#4

2014 Municipal Election Audit

Satisfactory



Observation

Voter Lists

At each poll visited, numerous Application to Amend the Voter List applications had been filled out. At institutions, almost every elector was required to complete an application. Failure to have electors on the Master Voter List that DROs have at the polling station eliminates the control of prior verification of the elector's residential status. Revision clerks at polls on election day and DROs at institutions were required to spend a significant amount of time completing these forms. There were instances observed at both institutions ballots were being issued to electors after completing an Application to Amend for the elector, but prior to recording the details of that elector on the Master Voter List. The Master Voter List is then updated when time permits during Voting Day.

Business Impact

There is a low risk that if the Master Voting List is not immediately manually updated to reflect the amendments, a voter could return during that time period to cast a second ballot. No instances of this were observed or noted during the audit, and the likelihood of occurrence is considered low. There are also mitigating controls that would detect a second vote subsequent to the Voting Day, such as a reconciliations of ballots and voter count sheets.

Action Plan

Access at each poll to an electronic view of Municipal Voterview (via a tablet or computer) would provide a method of immediately updating the Master Voting List in real time, however there would be significant costs associated with this endeavor to procure the necessary devices and provide technical support. Offsetting this would be a reduction in time spent updating the list subsequent to Voting Day. The risk of human error of transferring information from paper applications to the Municipal Voterview program would be reduced (e.g. unclear writing of an elector's name or address may lead to confusion and misreading of the application).

Action Plan Lead

City Clerk

Timing

January 2018

Observations & Action Plans -#5

2014 Municipal Election Audit

Satisfactory



Observation

Vote by mail procedures

The processing of ballots was done on election day and required little staff involvement. Those who had applied for, and received Vote by Mail kits were tracked efficiently through Municipal Voterview. If needed, staff in the election office could have opened the returned Vote by Mail kits and sorted ballots for tabulating prior to election day, though the small number returned did not require this. Ballots issued were tracked adequately and Vote by Mail materials were stored securely.

Business Impact

Although Vote by Mail procedures may be essential to ensure all residents have the ability to vote, it was noted that the number of electors who chose to vote by mail was quite small, as observed by the number of ballots returned.

Action Plan

The City must undergo planning for Vote by Mail procedures and procure the materials for Vote by Mail kits, with similar cost regardless of the number of electors who vote by mail. Controls over Vote by Mail procedures are satisfactory and processing of the ballots requires relatively low staff involvement as it could be done before Voting Day. This suggests it may be efficient to promote voting by mail to use available resources and reduce costs on Voting Day. Promotion could be done through public awareness campaigns or even encouraged by creating online forms to apply.

Action Plan Lead

City Clerk

Timing

December 2017

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
Housing Access Centre Process Review - <i>Housing, Social Services & Dearness Home (2014)</i>	Some delays
By-law Enforcement & Licensing - <i>Development & Compliance Services (2014)</i>	Some delays
Facilities Design & Construction: <i>Construction of higher risk assets, including Normal School (2016)</i>	On track
Development & Compliance Services: <i>Building Cash Controls</i>	On track
Corporate Services: <i>Review of administrative cost allocations to the Lake Huron and Elgin Water Supply Boards (2016)</i>	On track

Delayed Action Plans: Housing Access Centre Process Review - Housing, Social Services and Dearness Home (2014)

#	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 continue to support HCI. Furthermore, it is recommended that the Housing Division consider including the following features and functionalities in the new web-based system: (1) Staff access controls; (2) Ability for users to submit their applications and supporting documents online; (3) Blank field and character logic to mitigate against submission of incomplete/inaccurate forms; (4) Unit vacancy tracking capabilities; and (5) Flexibility to eventually support integration of choice-based letting programs.	June 30, 2016	December 2017	Management is well underway with this initiative and the project is in the middle of development with a projected full system implementation date by the end of 2017. In addition, 8 new service managers have agreed to license the system once fully developed through early adoption funding provided by the Province.

Delayed Action Plans: By-law Enforcement & Licensing - Development & Compliance Services (2014)

#	Action Plan	Original Expected Target Date	Revised Expected Target Date	Reason(s) for Delay(s) and Management Action Plans for Completion
1	It is recommended that the City consider replacing the spreadsheet with another reporting and tracking mechanism that is more automated.	December 2015	December 2016	The project is in progress – software purchased and implementation/ testing has begun.
3	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.	December 2015	February 2017	This IT project is approved and expected to be implemented by February 2017.
8	Recommended that the City review and update the current Animal Control By-law and consider updating the associated fees to align with 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.	June 2015 for Business by-law December 2015 for fees	December 2016 December 2016	A report on this initiative will be presented to CPSC in June 2016. A report on rental license fees is expected in August 2016.

Delayed Action Plans: By-law Enforcement & Licensing - Development & Compliance Services (2014) ...continued

#	Action Plan	Original Expected Target Date	Revised Expected Target Date	Reason(s) for Delay(s) and Management Action Plans for Completion
10	It is recommended that the City investigate implementing the Administrative Monetary Penalties system for both parking and animal enforcement.	December 2015	May 2017	AMP software has been purchased and AMPs for parking is expected to be implemented in early 2017.
11	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.	December 2015	May 2017	This project is ongoing, but additional time needed to consider and implement this action plan.
14	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.	December 2015	December 2016	Expected to be implemented in the fall of 2016 during the annual Fees and Charges by-law amendment

This report was prepared by PricewaterhouseCoopers at the request of the City of London and is intended solely for the information of the City of London management and the Audit and Finance Committee. The material in it reflects PricewaterhouseCoopers best judgement in light of the information available at the time of preparation. The work performed in preparing this report, and the report itself is governed by and in accordance with the terms and conditions of the internal audit services engagement letter between PricewaterhouseCoopers and the City of London. The existence of this report may not be disclosed nor its contents published in any way without PricewaterhouseCoopers written approval in each specific instance. PricewaterhouseCoopers does not accept any responsibility to any other party to whom it may be shown or into whose hands it may come.

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