

TO:	CHAIR AND MEMBERS AUDIT COMMITTEE MEETING ON JANUARY 31, 2013
FROM:	PwC INTERNAL AUDITORS
SUBJECT:	Proposed Risk Assessment and 2013 Risk-Based Audit Plan

RECOMMENDATION

That on the recommendation of PwC, this report **BE RECEIVED** for information and the Proposed 2013 Risk Assessment and Risk-Based Audit Plan identified in Appendix A **BE RECOMMENDED** for approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Risk Assessment and 3-Year Risk-Based Audit Plan from PricewaterhouseCoopers – Audit Committee March 31, 2011.

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 Proposed Risk Assessment and Risk-Based Audit Plan for the 2013 year.

PwC requests Audit Committee approval of the 2013 Risk Assessment and Risk-Based Audit Plan developed in collaboration between PwC and City management. Please also refer to the formal presentation document attached in Appendix A.

RECOMMENDED BY:
PwC INTERNAL AUDITORS

Appendix A - Proposed Risk Assessment and 2013 Risk-Based
Audit Plan



*The Corporation of the
City of London*

Proposed Risk Assessment
and 2013 Risk-Based Audit
Plan

January 31, 2013

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

Investment & Partnerships

Financial Planning & Policy

Facilities

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

Neighbourhood, Children & Fire Services

Housing




Ontario Works &
Employment

Neighbourhoods &
Children's Services

Fire

- 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

Long-term Care*

**(reporting under review)*

Relative Division Risk Assessment:

-  Higher risk
-  Moderate risk
-  Low Risk

Proposed 2013 Risk-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.

	Project	Key Focus
1	<i>Corporate Services - Finance:</i> Property tax assessments and collections	- accuracy and validity of property tax assessments and property tax rates - collection and monitoring of outstanding property tax balances
2	<i>Corporate Services - Finance:</i> Facilities and property utilization	- revenue maximization and cost containment associated with owned, leased and rented space - management, prioritization and cost containment of facilities requests
3	<i>Corporate Services - Finance:</i> Budgeting process	- consistent creation, review and approval of budgets incorporating all related costs for decision making purposes
4	<i>Corporate Services - IT:</i> Project management and system prioritization	- process-based management of IT project requests - prioritization of IT project requests based on rankings and business cases
5	<i>Planning:</i> Project management and prioritization	- timeliness and efficiency of approval of planning projects
6	<i>Engineering & Environmental Services:</i> Revenue and cost model analysis of solid waste management	- value-for-money assessment of landfills and solid waste collection service models
7	<i>Engineering & Environmental Services:</i> Roads and transportation health and safety	- compliance and ongoing monitoring of safety training requirements for staff members with respect to regulatory standards - compliance and ongoing monitoring of safety standards
8	<i>Parks & Recreation:</i> Revenue strategies	- value-for-money assessment of revenue model in relation to use of public recreational facilities

Audit Plan Coverage – 2011, 2012 & Proposed 2013

Project	Year Ending December 31		
	2011	2012	2013 (Proposed)
Engineering and Environmental Services			
<i>Regional Water Supply</i>			
<i>Roads & Transportation</i>			
Roads and transportation health and safety			X
<i>Water & Wastewater</i>			
Water and sewage revenue	X		
Contract and tendering administration		X	
<i>Environmental Fleet & Solid Waste</i>			
Fleet asset management	X		
Revenue and cost model analysis of solid waste management **			X
Development and Compliance Services			
<i>Building:</i>			
Building Control		X	
<i>Business Services</i>			
<i>Development Compliance Services:</i>			
Development approvals	X		
<i>Licensing & By-Law Enforcement</i>			

* Multiple department project

** Potential value-for-money opportunity

Audit Plan Coverage – 2011, 2012 & Proposed 2013

Project	Year Ending December 31		
	2011	2012	2013 (Proposed)
Planning			
<i>Environmental & Parks Planning</i>			
<i>Community Planning & Design</i>			
<i>Urban Forestry</i>			
<i>Policy Planning & Programs</i>			
Project management and prioritization *			X
Corporate Services – Finance & IT			
<i>Finance</i>			
Procurement bid process	X		
Purchasing cards		X	
Expenditure approval and payment		X	
Payroll administration		X	
Property tax assessments and collections **			X
<i>Information Technology</i>			
IT governance assessment & IT general controls	X		
Project management and system prioritization			X
<i>Investment & Partnerships</i>			
<i>Financial Planning & Policy</i>			
Budgeting			X
<i>Facilities</i>			
Facilities and property utilization **			X

PricewaterhouseCoopers LLP

* Multiple department project
 ** Potential value-for-money opportunity

Audit Plan Coverage – 2011, 2012 & Proposed 2013, Continued

Project	Year Ending December 31		
	2011	2012	2013 (Proposed)
Corporate Services – Human Resources			
<i>Human Resources</i>			
Time-off provisions	X		
Succession planning		X	
<i>Human Rights</i>			
<i>Corporate Security & Emergency Management</i>			
<i>Communications</i>			
Corporate Services – Legal			
<i>Clerks</i>			
<i>Legal Services</i>			
<i>Risk Management</i>			
Housing & Social Services			
<i>Housing:</i>			
Housing division	X		
<i>Ontario Works & Employment:</i>			
Financial management		X	

* Multiple department project

** Potential value-for-money opportunity

Audit Plan Coverage – 2011, 2012 & Proposed 2013, Continued

Project	Year Ending December 31		
	2011	2012	2013 (Proposed)
Neighbourhood, Children & Fire Services			
<i>Neighbourhood & Children's Services</i>			
<i>Fire</i>			
Parks & Recreation			
<i>Parks & Community Support</i>			
<i>Arenas, Aquatics and Attractions</i>			
Health and safety		X	
Revenue controls and cash handling **			X
<i>Administration</i>			
<i>Long-term Care (reporting structure under review)</i>			
Long-term care compliance	X		

* Multiple department project

** Potential value-for-money opportunity