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London CANADA

City of London - Internal Audit

Neighbourhood Decision Making Program Value for Money ("VfM") Audit

Final Report – February 6, 2023

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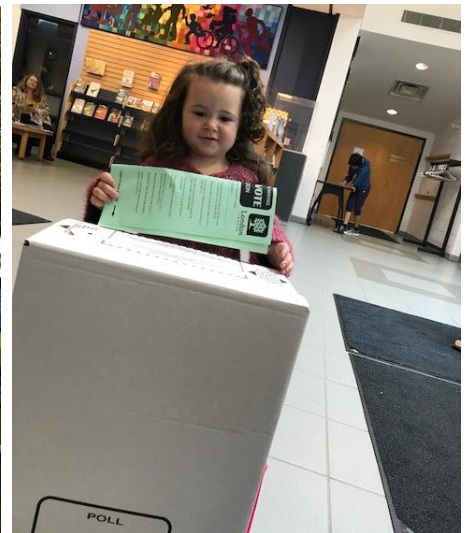MNP LLP
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1.0 BACKGROUND

The City of London ("City") is a municipality with a population of approximately 422,000 (as of 2021) providing various community and neighborhood based services to its residents including neighborhood support programs, infrastructure services, and recreational and cultural programs and amenities. As a municipality, the City is continually attempting to improve its operating efficiency, effectiveness, and transparency for the benefit of its residents.

Neighbourhood Decision Making ("NDM") is a Program that offers community members the opportunity to decide how to allocate a portion of the municipal budget in their neighbourhoods and enables residents to work with their local government to make key decisions in strengthening their neighbourhoods. The purpose of this Program is to engage, empower and connect residents around community-driven initiatives that enhance and strengthen their neighbourhoods. A resident of any age can participate in all steps of the process, from idea submissions to voting.

The Program supports the Strategic Plan of the City in strengthening the community by creating vibrant, connected, and engaged neighbourhoods. The Program was successfully piloted in two areas of the City in 2016 and was officially launched across the City in 2017. The annual pre-approved budget for the Program is a total of $250,000 - $50,000 allocated to five specific geographic areas across the City. Any one project is limited up to a maximum of $30,000.

An external cloud-based tracking and reporting platform is used to administer and manage the key processes of the NDM Program, including the receipt and processing of ideas. Residents can submit their votes online using the City's "Getinvolved" portal, in person or via a phone-in option. All ideas are assessed for feasibility and are voted on. Winning ideas are expected to be implemented within one year of the vote day.

The City is continually looking to improve its operations and drive value to its residents, so with this awareness and in accordance with the City's FY2022 internal audit plan, a value for money ("VfM") audit of the NDM Program was performed to help identify opportunities to optimize the value delivered from this Program.

2.0 OBJECTIVE

To review the design and operating effectiveness of key controls pertaining to the NDM Program, including submission, evaluation and approval of projects, as well as return on investment (measuring outputs and outcomes) and identify opportunities to optimize and expand the scope of the Program, where practical.

3.0 SCOPE

This audit followed a structured approach to review the NDM Program. The scope included the following:

1. Review of existing governance structures and roles and responsibilities.
2. Review of existing policies, process documentation and procedures that are currently being used to support the administration of the Program, including the use of guiding principles.
3. Evaluation of key controls regarding idea submission, idea evaluation, idea approval and allocation of budgetary funds which supports the administration of the Program.
4. Assessment of the effectiveness and completeness of the evaluation performed to determine the feasibility of a resident's idea into a project.

5. Review of measures used to determine the success of a completed idea and identify opportunities for improvement.
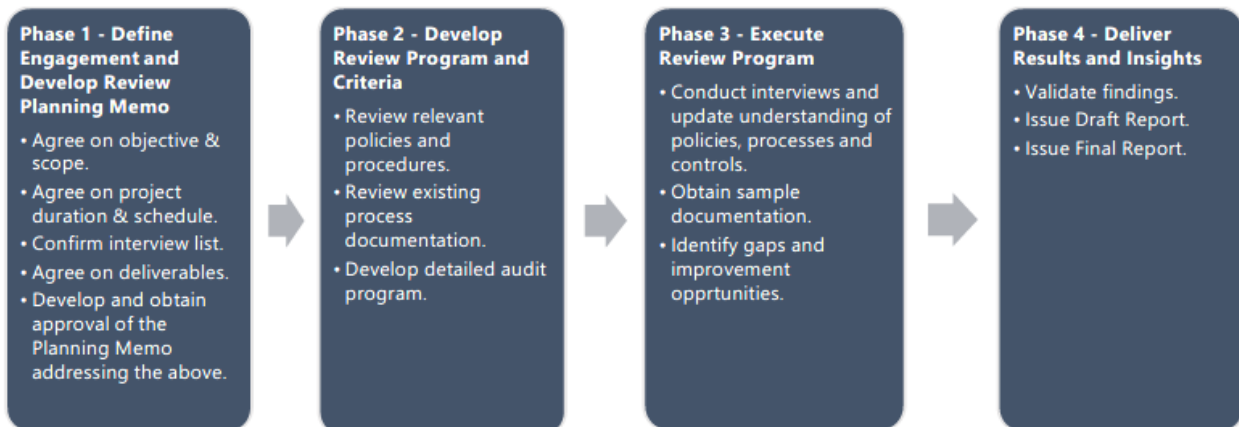
3.0 RISKS

Given the stated objectives and scope, the following inherent risks[1] were considered and assessed during this audit:

- Appropriate governance structures and roles and responsibilities have not been established leading to ineffective oversight and management of the Program;
- Policies and procedures are not documented or are not sufficient leading to inconsistent execution of key processes and loss of institutional knowledge should key team members leave the City or are unavailable for a period of time;
- Key controls pertaining to the Program do not exist or are not operating effectively leading to a reduction of economy, efficiency, and effectiveness of the Program and mismanagement of budgetary funds;
- Feasibility analysis of an idea is not sufficient or complete leading to an undesired outcome; and,
- Evaluation of an implemented idea is not conducted or is insufficient resulting in the City being unable to determine the success of a completed initiative.

4.0 APPROACH

In accordance with MNP's Internal Audit methodology, the high-level work plan for the audit included the following phases:

Phase 1 - Define Engagement and Develop Review Planning Memo
- Agree on objective & scope.
- Agree on project duration & schedule.
- Confirm interview list.
- Agree on deliverables.
- Develop and obtain approval of the Planning Memo addressing the above.

Phase 2 - Develop Review Program and Criteria
- Review relevant policies and procedures.
- Review existing process documentation.
- Develop detailed audit program.

Phase 3 - Execute Review Program
- Conduct interviews and update understanding of policies, processes and controls.
- Obtain sample documentation.
- Identify gaps and improvement opprtunities.

Phase 4 - Deliver Results and Insights
- Validate findings.
- Issue Draft Report.
- Issue Final Report.

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[1] *The risk derived from the environment without the mitigating effects of internal controls; Institute of Internal Auditors.*

5.0 STRENGTHS

During the course of this audit, a number of strengths pertaining to the NDM Program were identified as described in the table below.

Experienced and Knowledgeable NDM Program Personnel	Key personnel directly involved in the NDM Program within the Neighbourhood and Community-Wide Services Team have strong expertise and experience in operating and managing the Program. Furthermore, due to the long service tenure of these individuals in supporting the Program, there is a high level of institutional knowledge which serves the administration of the Program well.
Annual High Level Plan for the Rollout of NDM Program	Prior to the launch of the NDM Program each year, the City creates a plan to help ensure the Program is managed and executed successfully during its lifecycle. The 2022 plan included the following key components: • NDM Program timeline; • Core team and their role and responsibilities; • Project plan detailing important milestones from initiation to conclusion of the Program; and, • Key changes implemented based on the evaluation of the NDM Program in 2021.
NDM Program Communication Tools	The City has created robust "Letters of Information and Understanding" templates which are shared with residents with winning ideas and those who are responsible for implementing the idea. These letters help ensure that all relevant parties are kept apprised of the project plan, roles and responsibilities and terms and conditions. It also ensures that the idea is implemented in a timely manner.
Community Connectors	The City uses Community Connectors to increase participation from members of each community. The Connectors help promote the Program throughout its lifecycle by presenting the Program in different languages to engage with residents from diverse backgrounds and from different equity-denied communities. Promotional activities that the Connectors undertake include pop up events, online engagement, movie nights, neighbourhood and community gatherings and sporting events. Community Connectors are important in ensuring that the Program is easily accessible and understandable for all communities.
Internal Controls regarding the Allocation of Budgetary Funds	The NDM Program has adequate internal controls in place to manage the use of funds. Examples of these internal controls include: • The NDM Program's budget is preapproved by Council. • All internal transfers of budgetary funds to relevant service areas for idea implementation are approved by Finance prior to completion of transfer. • All reimbursements for expenses incurred by a resident and allocation of funds to an organization for idea implementation, are approved by designated Civic Administration. These key controls help mitigate the unauthorized use of budgetary funds and ensure that these funds are managed appropriately.

NDM Program Surveys	Each year the City conducts two NDM Program surveys: the "Idea Submitter" survey and the "Voter Exit" survey. The "Idea Submitter" survey is used to obtain an idea submitter's feedback on key areas, such as the idea submission process, spend limit per idea, the division of the City into five geographical regions and other key areas. The "Voter Exit" survey is used to obtain a voter's feedback regarding how they heard about the Program, their experience with the Program and other key areas. Both surveys are important information gathering tools and help to ensure that the Program continuously improves each year and better caters to the needs of residents.
NDM Program Idea Submission Support	The City has created an "Idea Booklet" which provides suggestions on potential feasible ideas that can help improve a resident's neighbourhood. Each idea suggestion provides details such an idea's potential costs, considerations, resident involvement, and helpful links. This is a key resource for any resident looking to submit an idea to improve their neighbourhood as it provides them with a strong understanding and guidance on implementable and successful ideas.

6.0   SUMMARY OF OBSERVATIONS

Based on our review, the City recognizes the importance of performing its duty in continuing to develop and improve the NDM Program and ensuring all residents are engaged and involved in making their neighbourhood a better place to live. The NDM Program adheres to established tasks and procedures from idea receipt to idea implementation and there are established processes in place to support effective administration of the NDM Program across the City. The parties involved in the direct administration of the NDM Program possess strong experience, expertise, and institutional knowledge of the City's NDM Program, having been directly involved in the administration of this Program for several years.

However, opportunities for improvement were identified during the conduct of the audit, such as the updating, and adding clarity to the Program guiding principles; tracking the effectiveness of implemented ideas; documenting key idea feasibility approvals; and considering potential lifetime maintenance costs when determining idea feasibility. These and other opportunities for improvement are detailed further below.

The following table presents a summary of observations identified, recommendations, and their respective risk rating based on the rating scale identified in **Appendix A**. These observations and recommendations were discussed with the City's Management responsible for the respective control area. Management has agreed with the observations and provided action plans to address the recommendations. A full list of the observations identified, and the detailed associated recommendations and management action plans are included in **Section 7.0** of this report.

Ref	Summary of Observations	H	M	L
1	**Resident Project Participation Compensation** During the audit, it was noted that a resident who submitted an idea was also compensated for managing the implementation of an idea. Specifically, the resident supported the project with artist management and negotiations, venue planning, volunteer training and marketing for a neighbourhood event, as part of the project implementation and invoiced the City accordingly as per the approved project budget. There is a risk that idea submitters may look to exploit the NDM Program by exaggerating their involvement and support regarding the implementation of an idea should a resident be compensated for their involvement.		M	
2	**NDM Program Guiding Principles** It was noted that guiding principles do not always help drive consistency in decision making pertaining to ideas related to: • Ideas on Private Property • Ideas on School Property • Role and Compensation for Idea Submitters Without clear guiding principles, there is a risk that ideas that go against the spirit and principles of the Program are submitted and approved for implementation resulting in reduced value for residents.		M	

Ref	Summary of Observations	H	M	L
3	**Tracking the Effectiveness of Implemented Ideas/Projects** While the City implements feasible ideas based on a popular vote, it was noted that the City does not measure the success of an implemented idea in order to determine the value it has brought to a neighbourhood. Without tracking the effectiveness of implemented ideas, the City will not be able to ascertain the true value an implemented idea has brought to a neighbourhood, both qualitative and quantitative. In addition, the City will be unable to measure success of an implemented idea and establish baselines that can serve as a reference for future implementation efforts.		▮	
4	**Consolidation, Formalization and Documentation of Key NDM Program Processes and Templates** It was noted that the following key processes and procedures have not been formally documented within one stand alone procedural manual: • Process of obtaining and documenting idea feasibility information and approvals from Subject Matter Experts ("SMEs") and key members of City Management; • Method for communicating feasibility results to the idea submitter; • Process of modifying winning ideas to ensure they fit budget constraints; • Process for communicating voting results to idea submitters; • Process for communicating correspondence to relevant parties; • Process for implementing a winning idea including allocating funds to relevant parties; and, • A "How to" manual for the use of the NDM Program module within the external cloud based system. In addition, it was noted that the following key processes and procedures have not been standardized within a template: • Template for determining and documenting the feasibility analysis performed on a resident's idea; and, • Template for communicating the feasibility result to a resident. Without documentation and standardization of key NDM Program processes, there is a risk that key NDM Program processes will not be executed in a consistent manner resulting in unintended and undesirable outcomes. In addition, there could be a loss of institutional knowledge should key team members leave the organization or be unavailable for a period of time if processes are not documented.		▮	

Ref	Summary of Observations	H	M	L
5	**Idea/Project Feasibility Analysis and Documentation of Approvals** MNP noted that while feasibility analysis considers key components of an idea, anticipated lifetime maintenance costs may not be consistently taken into consideration when determining the feasibility of a resident's idea. Furthermore, MNP reviewed four samples out of approximately 100 feasible ideas and noted that the required idea feasibility approvals from the SME and key members of City Management were not formally documented. Without the consideration of all relevant factors when determining the feasibility of a resident's idea, there is a risk that the conclusion of the feasibility analysis will be inaccurate resulting in unforeseen obstacles, additional monetary or resource expenditure and the City potentially not being able to implement the idea. Without the documentation of idea feasibility approvals, there is a risk that all relevant approvals are not obtained resulting in the implementation of an unapproved idea.		■	
6	**Cancellation Contingencies for Implementing an Idea/Project** It was noted that the City has not established a contingency regarding reserving the right to cancel the implementation of a winning idea if factors pertaining to implementing the idea change substantially such as material increases in costs due to market conditions such as inflation and supply chain disruption. Without the establishment of relevant contingencies, there is a risk that the City will be required to implement an idea during unforeseen market conditions which can lead to a disruption in operations and additional monetary or resource expenditure.		■	
7	**NDM Program Status Update Report** It was noted that there is currently no formal and standardized Program status report which is produced at a set frequency to provide key Program information on a timely basis. Such a report would increase efficiency and accessibility to key information on a consistent basis. Without periodic status updates, there is a risk that relevant stakeholders are not kept apprised of the progress of the Program in a timely manner and Program management are sporadically responding to information requests resulting in resource inefficiencies.		■	

Ref	Summary of Observations	H	M	L
8	**External Cloud Based Platform and User Limitations** It was noted that the current platform used to administer and manage the Program has some limitations and functionality issues which impacted the availability and use of the platform to support NDM Program processes. Limitations within the system and capacity of users can lead to operational inefficiencies and disengagement amongst Program staff.		■	
9	**Service Level Agreements ("SLAs") and Key Performance Indicators ("KPIs")** It was noted that internal and external SLAs and related KPIs have not been established to measure and monitor the performance of key processes of the NDM Program. Without SLAs and KPIs in place to monitor NDM Program operations, the City is unable to measure the performance of key processes and identify opportunities for improvement. Moreover, there is a risk that performance expectations are not clear and understood which could result in performance discrepancies versus expectations, and key performance measures cannot be compared and monitored to set targets or standards against.		■	
10	**Use of Physical Advertising for NDM Program Promotion** It was noted that the City has not performed a review of its current use of digital billboards or other forms of large physical advertisements in order to ensure large physical advertisements are being displayed evenly throughout all five quintiles of the City. There is a risk that certain areas of the City will not be engaged with the Program as intended and therefore the City is not maximizing its value from its advertisements.			■
11	**Project Steering Committee** While it was noted that there is frequent communication and collaboration between key stakeholders administering the Program, a formalized and dedicated committee to support the execution of the Program has not been established. Without a project steering committee, there is a risk that issues will not be actioned upon and remediated in a timely manner leading to delays and operational inefficiencies. In addition, key stakeholders to the Program may not be present or aware of key project decisions.			■

6.1 ACKNOWLEDGEMENT OF COOPERATION AND EFFORTS

Internal Audit would like to express our appreciation for the cooperation and efforts made by City personnel within the Neighbourhood and Community-Wide Services Team who manage and administer the NDM Program. Their contributions assisted in ensuring a successful engagement.

6.2 LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of the City of London and should not be distributed to third parties without MNP's prior written consent. Any use that a third party makes of this report, and any reliance or decisions made based on it, are the responsibility of such third party. MNP accepts no liability or responsibility for any loss or damages suffered by any third party as a result of decisions made or actions taken based on this report.

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7.0   DETAILED OBSERVATIONS AND RECOMMENDATIONS

#	Observation	Priority	Recommendation	Management Response
1	**Resident Project Participation Compensation** During the audit, it was noted that a resident who submitted an idea was also compensated for managing the implementation of an idea. Specifically, the resident supported the project with artist management and negotiations, venue planning, volunteer training and marketing for a neighbourhood event, as part of the project implementation and invoiced the City accordingly as per the approved project budget. The current Program's guiding principles ("FAQs") do not clarify whether a resident may be compensated for supporting the implementation of an idea. There is a risk that idea submitters may look to exploit the NDM Program by exaggerating their involvement and support regarding the implementation of an idea should a resident be compensated for their involvement	Medium	The NDM Program guiding principles should be updated and clarified to include that idea submitters either will or will not be compensated for their time and involvement. (Reimbursement for eligible and reasonable expenses should be permitted, if desired within the Program, if a resident has incurred related expenditures for implementing the idea and has appropriate supporting documentation for their expenditures within the approved project budget. Refer to Recommendation #2 for more details).	**Action Plan:** Review the guiding principles. Develop a comprehensive NDM Procedural Manual. **Accountability:** Community Development and Grants in consultation with Finance Supports. **Timeline:** Guiding principles to be reviewed prior to launch of the 2023 NDM Program.
2	**NDM Program Guiding Principles** The City has created guiding principles ("FAQs") to support with the administration of the Program. These principles can be accessed through the City's website and	Medium	The NDM Program guiding principles should be updated to ensure that principles are clear, succinct, and aligned to the intent and spirt of the Program. Specifically, additional supporting criteria should be prepared for the following areas: • Ideas on Private Property:	**Action Plan:** Review Guiding Principles and incorporate updates into the new NDM Procedural Manual.

#	Observation	Priority	Recommendation	Management Response

	are used to guide idea submissions, feasibility analysis and approvals for a resident's idea.
	
	It was noted that guiding principles do not always help drive consistency in decision making pertaining to ideas related to:
	
	• Ideas on Private Property – Currently, the City will not pay for a project on private property unless there is complete and total access by the public. However, it is unclear whose responsibility it is to maintain/restore the outcome of an idea that is located on private property once completed (e.g., beautification of private property which is visible to the public, such as a mural).
	• Ideas on School Property – The City does not clarify when an idea would be suitable to be implemented on public property, such as a school.
	• Role and Compensation for Idea Submitters – It is not clear if a resident can be compensated for time spent managing and supporting the implementation of an idea.
	• Expenditure Reimbursement for Idea Implementers – It is not clear how the City will determine the reasonability of expense reimbursements.
	
	Without clear guiding principles, there is a risk that ideas that go against the spirit and principles of the Program are submitted and approved for implementation resulting in reduced value for residents.
			o What constitutes a private property.
			  o Ownership of maintenance of ideas implemented on private property.
			  o Timeline restrictions to amend idea outcomes.
			• Ideas on School Property:
			  o When can an idea be implemented on school property considering access requirements/restrictions.
			• Idea Submitter Compensation
			  o Can a resident be compensated for their submission and involvement with the implementation of an idea.
			• Expenditure Reimbursement
			  o What will the resident be reimbursed for and when and how.
			  o Factors to consider include:
			   ▪ Value of common alternatives.
			   ▪ Volume of purchase.
			   ▪ Type of good (luxury vs normal).
				Accountability:
				
				Community Development and Grants in consultation with Finance Supports.
				
				Timeline:
				
				Guiding principles to be reviewed prior to launch of the 2023 NDM Program.

#	Observation	Priority	Recommendation	Management Response
3	**Tracking the Effectiveness of Implemented Ideas/Projects** While the City implements feasible ideas based on a popular vote, it was noted that the City does not measure the success of an implemented idea in order to determine the value it has brought to a neighbourhood. By determining the success of an implemented idea, the City can determine the degree to which implemented ideas contribute to strengthening and increasing neighbourhood engagement and value. This will also help the City justify spend and budget allocation for ongoing and future idea implementation efforts. Without tracking the effectiveness of implemented ideas, the City will not be able to ascertain the true value an implemented idea has brought to a neighbourhood, both qualitative and quantitative. In addition, the City will be unable to measure success of an implemented idea and establish baselines that can serve as a reference for future implementation efforts.	**Medium**	The success of ideas post implementation should be measured, where practical. The frequency, type and nature of analysis can vary depending on the implemented idea. Both qualitative and quantitative analysis should be utilized to help determine if desired outcomes have been accomplished. As an example, to determine the effectiveness of an implemented idea, the City could utilize factors such as: • Measuring resident attendance or usage (i.e., for park playgrounds, benches, skate parks, community electric vehicle charging stations, etc.). • Tracking social media engagement (i.e., reviewing hashtags for locations/implemented ideas). • Performing resident surveys to obtain their opinions on the implemented idea. • Measuring community safety metrics (i.e., after installation of streetlights and traffic signs).	**Action Plan:** Develop a comprehensive program evaluation framework that combines the assessment of implemented ideas with existing program metrics and KPIs. Incorporate the program evaluation into the NDM Procedural Manual. **Accountability:** Community Development and Grants in consultation with relevant Service Areas. **Timeline:** 2024 – 2025.

#	Observation	Priority	Recommendation	Management Response
4	**Consolidation, Formalization and Documentation of Key NDM Program Processes and Templates** The City utilizes various guidance and informative materials to support the administration of the NDM Program. However, there is no overarching framework underpinned by formally documented and an approved procedural manual pertaining to the NDM Program that provide a detailed overview of the Program and its processes. While MNP noted that an overarching framework and a related procedural manual may not be formally documented, it was noted that the NDM Program processes and procedures are well understood by those involved in the process. In addition, the following key processes and procedures have not been formally documented within a procedural manual: • Process of obtaining and documenting idea feasibility information and approvals from Subject Matter Experts ("SMEs") and key members of City Management. • Method for communicating feasibility results to the idea submitter; • Process of modifying winning ideas to ensure they fit budget constraints; • Process for communicating voting results to idea submitters; • Process for communicating correspondence to relevant parties;	**Medium**	An overarching framework outlining the end-to-end process of the NDM Program should be developed. This framework should outline the key roles and responsibilities of each key stakeholder. Key processes should also be documented within a procedural manual and should outline the detailed steps of each process and the responsibilities of staff. This information should be communicated and accessible to relevant staff. A 'version control' section should be included within the framework and procedural manual. This section should cover the following information: • Owner; • Approver; • Date of approval; • Date issued; • Date effective; • Date of last change; • Description/rationale of changes; • Frequency of Review (e.g., annually, biennially); and, • Date of next review. In addition, templates should be created to ensure key processes are standardized. For example, the following factors should be considered when creating a	**Action Plan:** Develop NDM Procedural. Manual that formally documents existing processes and procedures. **Accountability:** Community Development and Grants. **Timeline:** Prior to launch of 2023 NDM.

#	Observation	Priority	Recommendation	Management Response

	• Process for implementing a winning idea, including allocating funds to relevant parties; and,
	 • A "How to" manual for the use of the NDM Program module within the external cloud based system.
	
	Templates help drive consistency in operations, save time and improve efficiency. It was noted that the following key processes and procedures have not been standardized within a template:
	
	 • Determining and documenting the feasibility analysis performed on a resident's idea; and,
	 • Communicating the feasibility result to a resident.
	
	Without documentation and standardization of key processes, there is a risk that key NDM Program processes will not be executed in a consistent manner resulting in unintended and undesirable outcomes. In addition, there could be a loss of institutional knowledge should key team members leave the organization or be unavailable for a period of time if processes are not documented.
			template for documenting the feasibility analysis performed on a resident's idea:
			
			 • Assessment of the competency and capability of the service area to implement the idea including assessing resource capacity.
			 • Assessment of the idea against guiding principles of the Program.
			 • All potential expenditures including the following:
			     o Costs for implementing an idea;
			     o Ensuring each stated cost for implementing an idea are tied back to a responsible party;
			     o Potential increase in costs due to market conditions such as inflation, supply chain etc.; and,
			     o Lifetime maintenance costs.
			 • Approvals from the following key parties:
			     o The SME and key members of City Management.	

5	**Idea/Project Feasibility Analysis and Documentation of Approvals** Each idea that is submitted by a resident is analyzed to determine its feasibility by the respective service area. This helps the City determine whether the service area will be able to implement the idea within the $30,000 budget	**Medium**	Anticipated lifetime maintenance costs should be taken into consideration when determining the feasibility of a resident's idea. In addition, idea feasibility approvals should be documented from the following key parties:	**Action Plan:** Develop a new NDM Procedural Manual. **Accountability:**

#	Observation	Priority	Recommendation	Management Response
	limit and whether the idea aligns with the Program's guiding principles. This process is also used to obtain approvals from key parties, such as a SME and key members of City Management. MNP noted that while the feasibility analysis considers key components of an idea, anticipated lifetime maintenance costs may not be consistently taken into consideration. Furthermore, MNP selected four samples out of approximately 100 feasible ideas and noted that the required idea feasibility approvals from the SME and key members of City Management were not formally documented. It is acknowledged that approvals were given verbally by each party during in person or virtual meetings. Without the consideration of all relevant factors when determining the feasibility of a resident's idea, there is a risk that the conclusion of the feasibility analysis will be inaccurate resulting in unforeseen obstacles, additional monetary or resource expenditure and the City potentially not being able to implement the idea. Without the documentation of idea feasibility approvals, there is a risk that all relevant approvals are not obtained resulting in the implementation of an unapproved idea.		• The SME and key members of City Management. These approvals can be documented within the template for recording the feasibility analysis performed on a resident's idea as noted in Recommendation #4.	Community Development and Grants. **Timeline:** Prior to launch of 2023 NDM.

#	Observation	Priority	Recommendation	Management Response
6	**Cancellation Contingencies for Implementing an Idea/Project** It was noted that the City has not established a contingency regarding reserving the right to cancel the implementation of a winning idea if factors pertaining to implementing the idea change substantially such as material increases in costs due to market conditions such as inflation and supply chain disruption. This contingency will help minimize risks and additional expenditure by ensuring the City and the service area is not required to implement ideas that have increased costs due to market conditions. This will also ensure that only winning ideas within the established limit of $30,000 are implemented. Without the establishment of relevant contingencies, there is a risk that the City will be required to implement an idea during unforeseen market conditions which can lead to a disruption in operations and additional monetary or resource expenditure.	Medium	The City should establish a contingency which allows it to reserve the right to cancel and/or amend the implementation of a winning idea if factors pertaining to implementing the idea were to substantially change. This contingency should be displayed on the City's website and residents should be made aware of this contingency when submitting their ideas and when being notified of a winning idea.	**Action Plan:** Develop a contingency procedure that outlines the City's rights should a winning idea no longer be feasible, and how the surplus funds will be used. Include the contingency procedure in the new NDM Procedural Manual and communicate information to program participants. **Accountability:** Community Development and Grants in consultation with Legal Services. **Timeline:** 2023 – 2024.

#	Observation	Priority	Recommendation	Management Response
7	**NDM Program Status Update Report** During the audit, it was noted that key City stakeholders inquire as to the status of the Program, and this often requires Program management to collate information at the time of these requests. This can often be a cumbersome process as each request can vary in nature. There is currently no formal and standardized Program status report that is produced at a regular frequency to provide key Program information on a timely basis. Such a report would increase efficiency and accessibility to key information on a consistent basis. Without periodic status updates, there is a risk that relevant stakeholders are not kept apprised of the progress of the Program in a timely manner and Program management are sporadically responding to information requests resulting in resource inefficiencies.	**Medium**	A standardized status update report should be established, updated, and distributed to key stakeholders at a regular frequency. The following Program information is an example of what can be considered when creating the status update report: • Number of ideas received; • Number of ideas currently in feasibility analysis; • Pending approvals on feasibility for a resident's idea; • Number of ideas determined to be feasible and unfeasible; • Social media metrics; • Program health (i.e., on track, experiencing some delays or experiencing significant delays); and, • Potential risks.	**Action Plan:** Develop status update report template including existing KPIs. **Accountability:** Community Development and Grants. **Timeline:** Prior to launch of 2023 NDM.
8	**External Cloud Based Platform and User Limitations** An external cloud-based tracking and reporting platform that is used to administer and manage key processes of the NDM Program, such as the receipt and processing of ideas and voting. It was noted that the system has some limitations and functionality issues which impacted the availability and use of the platform to support NDM Program processes.	**Medium**	The City should consider performing a cost/benefit analysis to help determine whether another system may be more suitable to help administer and manage key processes of the NDM Program.	**Action Plan:** Provide additional training to the current NDM program staff using the system and explore simple upgrades to assist the users. In future, if necessary, assess suitability of the current system.

#	Observation	Priority	Recommendation	Management Response
	Limitations within the system and capacity of users can lead to operational inefficiencies and disengagement amongst Program staff.			**Accountability:** Community Development and Grants in consultation with relevant Service Areas. **Timeline:** Provide training in 2023 and assess system in 2024.
9	**Service Level Agreements ("SLAs") and Key Performance Indicators ("KPIs")** An SLA defines the level of service that is expected and lays out the metrics by which the service is measured. A KPI is a measurable value that demonstrates how effectively a stakeholder is meeting the SLA. It was noted that internal and external SLAs and related KPIs have not been established to measure and monitor the performance of key processes of the NDM Program. Without SLAs and KPIs in place to monitor NDM Program operations, the City is unable to measure the performance of key processes and identify opportunities for improvement. Moreover, there is a risk that performance	Medium	SLAs and related KPIs should be established for key processes of the Program. The development of the SLAs and KPIs should factor in the processing of ideas by type, volume, and frequency to help ensure any service standards created are realistic and represent an accurate reflection on performance. The following are examples of internal and external measures that could be implemented by the NDM Program team: • Feasibility Analysis (Internal Measure) o Average time taken for SMEs or relevant staff to provide idea feasibility notes and conclusion.	**Action Plan:** Develop SLAs as appropriate and incorporate relevant KPIs. **Accountability:** Community Development and Grants. **Timeline:** 2024.

#	Observation	Priority	Recommendation	Management Response

	expectations are not clear and understood which could result in performance discrepancies versus expectations, and key performance measures cannot be compared and monitored to set targets or standards against.		• Communications with idea submitters (External Measures)
			
			    o Average time taken to communicate the idea feasibility result to an idea submitter.
			
			    o Average time taken to communicate the voting results to an idea submitter and next steps for idea implementation.
			
			    o Average time taken to provide status update/progress of implementation to an idea submitter.
			
			Internal measures should be communicated within the City and external measures should be communicated to residents via the City's website to ensure performance expectations are clear and understood by each party.	

10	**Use of Physical Advertising for NDM Program Promotion** The City uses digital billboards as one of the physical advertising mechanisms to promote the Program throughout London. In addition, the City uses several promotional tactics to support external communications for the Program, including organic and paid English and translated social media posts, Google Display ads, TV ads, posters, postcards, bus advertisements, inserts included in Ontario Works cheques and digital advertisements across popular websites.	**Low**	A review of the City's use of digital billboards or other forms of large physical advertisements to support marketing initiatives should be performed and should consider key factors such as spend, placement and location.	**Action Plan:** A review will be conducted to ensure digital billboards, or other forms of large physical advertisements, will be distributed evenly in all five quintiles moving forward.

#	Observation	Priority	Recommendation	Management Response
	However, it was noted that the City has not performed a review of its current use of digital billboards or other forms of large physical advertisements in order to ensure large physical advertisements are being displayed evenly throughout all five quintiles of the City. There is a risk that certain areas of the City will not be engaged with the Program as intended and therefore the City is not maximizing its value from its advertisements.			**Accountability:** Corporate Communications. **Timeline:** 2023.
11	**Project Steering Committee** While it was noted that there is frequent communication and collaboration between key stakeholders administering the Program, a formalized and dedicated committee to support the execution of the Program has not been established which would discuss key program issues, make key decisions, and obtain and document relevant approvals. Without a project steering committee, there is a risk that issues will not be actioned upon and remediated in a timely manner leading to delays and operational inefficiencies. In addition, key stakeholders to the Program may not be present or aware of key project decisions.	**Low**	A Project Steering Committee should be established with a clear Terms of Reference which outlines decision and approval authorities, frequency of meetings, quorum, and role and responsibilities. This will allow for all key idea items to be discussed and managed in a centralized forum.	**Action Plan:** Recruit Steering Community and develop Terms of Reference. **Accountability:** Community Development and Grants in consultation with all Service Areas. **Timeline:** 2024.

APPENDIX A – RATING SCALE

The findings outlined in this report have been assessed based on a rating scale defined in the table below:

Rating	Description
Low	The finding is not critical but should be addressed in the longer term to improve either internal controls, efficiency of the process, or mitigate a minor risk.
Medium	The finding represents a control weakness or risk that could have or is having an adverse effect on the ability to achieve process objectives and/or a significant impact to the City's residents. The finding requires Management action within the short-to-intermediate term.
High	The finding represents a significant control weakness or risk that could have or is having a major adverse effect on the ability to achieve process objectives and/or a material impact to the City's residents. The finding requires immediate Management action.

MNP

APPENDIX B – REPORT DISTRIBUTION LIST

This report was distributed to the following parties:

City of London
To:
Audit Committee
Cheryl Smith, Deputy City Manager, Neighbourhood and Community-Wide Services
Kristen Pawlec, Director, Community Development and Grants
Karen Oldham, Manager, Neighbourhood Development & Support
MNP LLP
Geoff Rodrigues, Engagement Partner Veronica Bila, Quality Assurance Partner Deepak Jaswal, VfM Specialist Phil Racco, Engagement Leader Osman Qureshi, Senior Auditor