Winnipeg

Office of the City Auditor



2005 Report on Performance

Reflections of the City Auditor

In last year's report, I advised that I had tabled a multi-year Audit Plan that focused on providing Audit Committee and Council with assurance that risks associated with significant City services were being identified and managed effectively. Citizens want to know that managers have achieved their business objectives and provided value for money for the services delivered. I also wanted to be able to report on how well our investment in alternative service delivery models has paid off and what lessons were learned that could be applied to tax-supported City services.

Within that context, I initiated several projects that were completed or in progress at the end of 2005. I have summarized these projects in the report but want to provide you with a few highlights:

- The City launched the Photo Enforcement Program in 2002 to improve traffic safety in the City of Winnipeg. I was pleased to report that preliminary data demonstrated a positive impact on public safety by reducing speeding at monitored sites. Unfortunately, financial results were not as positive. While the Photo Enforcement Program resulted in a net benefit to the City of $1.8 million for 2003/2004, a shortfall in gross revenue of over $49 million was predicted for the five years of the contract. In addition, we estimated that the cost of the contract was considerably higher than the cost of a similar contract for the same vendor in another jurisdiction. We estimated that the cost savings to the vendor would be in excess of $10 million over the term of the contract. As a result of the audit, the City was able to re-negotiate more favourable terms for the remainder of the contract.

- Special Operating Agencies arose out of the City's commitment to make government more affordable and efficient through alternative service delivery. To date, five agencies have been created. Our audit found that none of the four reviewed had fully attained their key financial goals and three had not achieved their financial targets. Each agency did, however, report operational improvements. In addition, while the accountability framework did not function as expected, City managers did believe that many lessons were learned through the process of establishing and operating the new agencies. We made several recommendations to improve the framework and practices around special operating agencies for the future and urged the Administration to identify and transfer lessons learned to other City operations.

- Again, this year, we looked at the City's management of its capital assets – this time we focused on management of facilities. While we believe that the Department has done a reasonable job of making trade-offs among relative priorities, we were unable to state that citizens had received value for money for tax dollars spent on this service. The Administration agreed with the recommendations we provided and is in the process of developing implementation plans to improve the management of the City's facilities

- We also launched an audit of the City's arm's length development corporation, CentreVenture, which was created in 1999 to lead the revitalization of the downtown. Consultants' services are also under review. In addition, we have provided our usual due diligence reviews, investigative services and advisory services at the request of the Audit Committee and management. You can read about these activities in our report.

For the second year, we are providing a self-assessment of our own performance through our *Balanced Scorecard*. We were pleased to see that our department still exceeds industry standards in many categories. We think that we have done well and invite you to review the results.

Looking forward, I intend to embark on a new strategic planning process following the Civic election to solicit feedback and audit proposals from our new Audit Committee. And, in our own commitment to alternative service delivery, we will be exploring a more formal relationship with our private sector partners. I look forward to sharing the results of these and other initiatives in my next Annual Report.

Shannon Hunt, CGA, CFE
City Auditor

City of Winnipeg Audit Department
2005 Report on Performance

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Our Legislative Mandate

Sections 102 to 106 of the City of Winnipeg Charter establish the position and mandate of the City Auditor. In 1989, City Council made the decision to contract out the annual financial statement audit to a firm of chartered accountants while expanding the scope of responsibilities for the City Audit Department. The current audit mandate includes the following duties:

- To examine and evaluate the adequacy of the City's systems of internal control, both financial and operational.
- To determine whether applicable sections of the City of Winnipeg Act, by-laws, regulations, orders of Council, and administrative directives have been complied with, as well as applicable federal and provincial legislation.
- To review the performance of operations to ensure money was expended with due regard to economy and efficiency.
- To review whether satisfactory procedures were established to measure and report to Council on program effectiveness.
- To review the results of programs to determine the benefits and whether the program met established objectives.
- To act as an internal consulting group to provide information and help to civic departments within the capabilities and resources of the Audit Department.
- To examine problem areas, within the capabilities of the Audit Department, which are brought to the Auditor's attention by taxpayers, department heads, employees, Council, Standing Committees of Council, members of Council and the CAO.

Our Resources

The office had an authorized complement of 10 full-time equivalent positions in the 2005 fiscal year.

The City Auditor's Office budget and expenditures are shown below:

Description	Fiscal Year 2005	Fiscal Year 2004
Budget	$ 1,031,782	$ 970,706
Expenditures	$ 1,027,383	$ 950,743
	$ 4,399	$ 19,963

Our Mission and Vision

Our Mission

To support City Council and the Civic Administration in the achievement of organizational objectives by providing objective and independent information, advice and assurance with respect to governance, accountability, risk management and performance

Our Vision

To be recognized as leaders in building public trust in civic government in support of our shared vision of a vibrant and healthy city

Our Key Goals

To realize our vision of being *leaders in building public trust in civic government,* we join Council and the Administration in placing an emphasis on good governance, accountability, risk management, controllership and effective financial management. In 2003, we revisited our strategic objectives to review whether or not they still represented what we wanted to achieve over the next several years. We established four *Key Goals* to guide our work. They are described below:

Key Goal #1
To provide assurance on the effectiveness of the City risk management practices and the efficiency and effectiveness of City operations

Key Goal #2
To influence the achievement of organizational objectives by fostering improvements in governance, risk management, controllership and performance

Key Goal #3
To improve the adequacy and quality of information used and reported by City Administrators and Council

Key Goal #4
To develop, implement and promote innovative strategies to enhance the value of audit services and optimize our resources

Selected Project Summaries

In the Audit Department, we balance our role as legislative auditors with our role as internal consultants to management. To achieve this balance with limited resources, it is critical that we focus on high-risk areas as well as reserve resources for mandatory assignments such as due diligence activities.

We were involved in a number of committees and projects where we could add value and an audit perspective. These activities are reported on under *Advisory Services*. We also undertook a number of audit and due diligence projects this year which we will describe under *Assurance Services*.

Advisory Services

Red Tape Commission

Mayor Sam Katz launched a Red Tape Commission to review civic procedures, processes and regulations. The mandate included identifying measures to reduce red tape, recommend improvements to create a more common sense regulatory environment and a Winnipeg that is open for business. The Audit Department brought a unique perspective and provided additional insight into several recent Audit reports. The final report was formally presented in July.

Kenaston Underpass Risk Assessment

In April 2005, at the request of the Public Works Department Bridge Construction Engineer, we conducted two risk assessment workshops on the Kenaston Underpass project. The purpose of the workshops was to identify and evaluate the risks associated with the construction of the Kenaston Underpass. The workshop participants were drawn from the City departments involved in the project and included the external project consultants. The workshop deliverable was a comprehensive list of project risks assessed as high, moderate or low by participants. This list of risks was used by the Bridge Construction Engineer to develop action plans to manage the risks identified in order to complete the project on time and on budget.

The City of Winnipeg Fraud, Theft or Related Irregularities Directive

The City of Winnipeg is committed to protecting its revenue, property, information and other assets from fraud or other similar irregularities. At the invitation of the Corporate Controller, we participated on a committee to develop an administrative directive that deals with fraud and will supplement the *Employee Code of Conduct*. *The City of Winnipeg Fraud, Theft or Related Irregularities* directive defines the roles and responsibilities of senior management, the City Auditor and employees regarding actions that must be followed for the reporting and investigating of suspected fraud and impropriety. The directive is expected to enable City resources to be used more efficiently and effectively in investigating such matters. *The City of Winnipeg Fraud, Theft or Related Irregularities* was issued in July 2006.

Right IT Initiative

Right~IT is an organization-wide initiative, involving fundamental change to IT service delivery. The Audit Department provided their perspective on the current state of IT service delivery and participated in a series of workshops to define change drivers and a target model.

Photo Enforcement Program

What did we conclude?
We conducted an audit of the Photo Enforcement Program due to its potential to make a positive impact on safety and the significant differences between projected and actual revenues in 2003 and 2004.

The City launched the Photo Enforcement Program in late 2002. The primary goal of the program is to improve traffic safety. While enhanced public safety is the primary goal of the program, financial projections made at inception suggested that the program would also generate significant revenues for the City.

We found that operational processes seem to be working well and are efficient. The WPS has reported preliminary data that demonstrates a positive impact on public safety by reducing speeding at monitored sites. A similar trend in red light offences has not yet been demonstrated. After two years of operation, it is too early to expect the Photo Enforcement Program to have achieved its long-term goal of reducing collisions and injuries. As the program matures, better performance information needs to be gathered and analyzed to provide evidence that the program has achieved its intended long-term outcomes.

The Photo Enforcement Program resulted in a net benefit to the City of $1,802,266 for 2003/2004. At the same time, program revenues have failed to meet both original and revised projections. By the end of 2004, gross revenues fell short of initial projections by over $18 million. Based on experience to date, the shortfall in anticipated revenue might reach $49 million dollars over five years. The primary reason for the shortfall is the significantly lower number of offence notices issued.

We found that a lack of due diligence in the procurement process ultimately resulted in revenue projections that were unrealistic and a contract for the primary contractor that does not appear to be reasonably priced or adequate to protect the City's interests. The portion of the contract related to processing costs is significantly higher than a contract for similar services delivered to the City of Edmonton by the same vendor at the time of the procurement. We have estimated the cost savings to the vendor to be in excess of $10 million over the life of this contract. We suggested that the City attempt to negotiate a reduction in future contract costs. Several recommendations were made to improve the procurement process for all significant City contracts in the future. We also made other recommendations to improve operational and financial management of the Photo Enforcement Program.

What was the response?
The Administration agreed with the recommendations and undertook efforts to re-negotiate the contract with the vendor. This resulted in a reduction in contract billings for the remainder of the contract and the provision of some additional cameras and mobile units at no additional cost.

Assurance Services

Audit of the Special Operating Agencies Initiative

What did we conclude?
The audit of the special operating agencies initiative arose as a result of our focus on assessing how well the City has adapted to a business oriented culture.

The City of Winnipeg's Alternative Service Delivery (ASD) model arose out of City Council's 1997 commitment to make *"civic government more affordable and efficient"*. Special Operating Agencies (SOAs) were identified as one method to be explored. SOAs have been proven to produce cost-savings while enhancing customer satisfaction, promoting operational flexibility, and improving bottom-line accountability.

The design of the policy and framework governing Winnipeg's SOA initiative is logical and comprehensive. Policy direction and intended outcomes are to be stated at the outset. SOAs are given increased management autonomy and flexibility. In return, SOAs are to provide an agreed upon level of performance and results.

To date, five SOAs have been created. In general, we found that the process conducted to establish these SOAs was not adequate and the time required excessive. All relevant ASD options were not fully considered, and it was not apparent that the SOA structure was necessary or the most appropriate in all cases.

Our audit focused on the performance of four of the SOAs. Our review found that of these four, none of the SOAs had fully attained their key financial goals and three SOAs had not achieved their financial targets.

Each SOA reported achieving operational improvements but customer satisfaction was not monitored. For the most part the SOA's continued to operate without significant changes.

The transparency of SOA operations improved through public business plans and audited financial statements, but the City's Operating and Capital budgets require revisions to account fully for the financial activities of the SOAs.

We found that the accountability framework has not been functioning as intended with regards to financial projections and performance information. The Administration failed to adequately monitor the SOAs, respond on a timely basis to significant issues or deliver an annual report to the ASD Committee and Council on the overall performance of the SOA initiative.

Several senior managers believe that the SOA initiative did act as a catalyst to improve performance. While some benefits have been realized to date, the City has not fully capitalized on the potential of the initiative. The streamlined process for establishing SOAs and the new governance model initiated by the Administration should facilitate further progress.

What was the response?
The Administration agreed with the recommendations in the report and expressed the intention to implement them along with other changes that are being made to the SOA initiative.

Public Works - Asset Management: Phase 2 - Facilities Maintenance

What did we conclude?
Well-managed infrastructure is essential to the City's growth, economic development, safety and quality of life. The facilities infrastructure included in the Public Works' portfolio represents a very large investment of public funds; it is estimated at a replacement cost of $797 million as of December 31, 2004.

The primary mandate of the Public Works Department is asset management, which is a systematic process of acquiring, maintaining, upgrading, operating and disposing of physical assets cost-effectively. The Building Services Division (BSD) is responsible for Facilities Maintenance Services. The mandate of BSD is to partner with stakeholder groups to operate, maintain, protect and preserve the City's physical building infrastructure to provide for current and future facility needs.

To date, the City's approach to facilities investment and maintenance decisions has been tactical rather than strategic, resulting in inefficiencies and higher costs over the long-term. The growth in service requests, the high levels of spending on corrective maintenance and the results of citizen and customer surveys all point to a serious deterioration of the building infrastructure. BSD management estimates that only 10% of the maintenance work performed is preventative. The BSD has taken steps recently to improve its performance through the acquisition of a management system.

The responsibility for asset management of the City's buildings and facilities is split among several departments resulting in a diffusion of accountability and a degree of inefficiency. For example, we were unable to obtain a complete inventory of the City's buildings. We believe there is an opportunity to improve the performance of asset management activities through the consolidation of responsibilities into one department or SOA.

We also found that the City's budget process has impacted the effectiveness of the BSD. The BSD's budget is not established based on a long-term facilities maintenance plan. Funds are often re-allocated from planned maintenance to utilities expenses. Also, some facilities should be considered for disposal as their preservation needs exceed replacement costs. The City needs to determine when to dispose of facilities that have exceeded their estimated useful life. The latest information available on the facilities infrastructure indicates the annual average planned deficit is $17.2 million from 2004–2008.

We believe that within the current financial constraints, the Department has done a reasonable job of making trade-offs among relative priorities. However, we are unable to state definitively that the citizens have received value for money for the tax dollars spent on this service. Until the asset management system is fully utilized, we cannot be certain that planning efforts and maintenance decisions are optimal.

What was the response?
The Director of Public Works agreed with the recommendations and implementation plans are being developed.

Assurance Services

Councillors' Representation Allowance (CRA)

We audited the expenditures incurred under the CRA policy for 2005 to ensure they complied with the policy requirements and principles of the fund. The CRA provides funds to be used by City of Winnipeg Councillors to pay for goods and services that are required for the functioning of their offices, to communicate with their constituents, and represent and support their wards. In 2005, one Councillor left office and a mid-term by-election was held to elect a new Councillor. Audit opinions were issued for all sixteen Councillors that were in office during the year. Fifteen Councillors were provided with an unqualified audit opinion. In the case of the sixteenth Councillor, the Audit Department issued a qualified audit opinion due to personal expenditures being charged to the Councillor's Representation Allowance Fund. These expenditures have since been repaid.

Use of Consultants

Procurement and Contract Administration was identified in the 2004-05 Audit Plan endorsed by Audit Committee in September 2004. The City's use of consultant services has grown in recent years due, in part, to the downsizing of its permanent workforce and the number of infrastructure projects being undertaken. In 2000, the City spent approximately $18 million on external consultant services. By 2004 that number had grown to $39 million.

The process to contract with a consultant within the City of Winnipeg is governed by the Materials Management Policy adopted in March 2004 and its accompanying administrative directive. A well functioning policy helps to ensure that the City, while working in the highly litigious procurement environment, applies a consistent and thorough approach to the procurement process.

The objectives of the audit are as follows:

- To determine whether the risks associated with the use of consultants have been adequately identified and mitigated.
- To determine whether consultants' services contracts are awarded in a fair and open manner.
- To evaluate whether the deliverables of the contracts met the original expectations of quality, price and timeliness.

An informal draft report was released to the Administration in the first quarter of 2006.

CentreVenture

The Audit Department's current Audit Plan focuses on assessing how well the City of Winnipeg has adapted to a business-oriented culture. The design and implementation of the City's model for Alternative Service Delivery (ASD) was a significant aspect of this transition. In 1999, as part of this initiative, the City created CentreVenture, a non-profit, arm's length corporation to provide leadership in the revitalization of the downtown. The Performance Audit of CentreVenture was recommended in the City Auditor's *2004 – 2006 Audit Plan*, approved by Audit Committee in September 2004.

The objectives of the audit are to evaluate

- the extent to which results achieved reflect CentreVenture's Business Plan, mandate, objectives and priorities;
- the adequacy of the agency's governance and management frameworks and practices; and
- the extent to which performance results reported are complete, relevant, and accurate.

The audit was in progress at the end of 2005.

Due Diligence Reviews

Council policy requires that, prior to ratification, the City Auditor and External Auditor report on the full and long-term costs of collective bargaining agreements presented by the Administration. During 2005, we completed the review of the collective bargaining agreement with the United Firefighters of Winnipeg (UFFW)

Investigation Services

We provide investigative services at the request of Council, Senior Administration, City managers and citizens, or as a result of information arising from audit projects. While maintaining an independent and objective perspective, we conduct our services using a cooperative approach. As needed, we consult with staff from Human Resources, Legal Services, Corporate Finance and other investigative agencies. We also work closely with management who is responsible for taking appropriate action to resolve concerns raised during a review.

Investigations

In 2005, the Audit Department conducted a number of investigations. As per our policy, we do not comment on investigations in progress or those that focus on personnel matters. One investigation that was released as a public report in 2005 was the review of the ***Winnipeg Arena Request for Proposal (RFP)***. Based on our audit work, we concluded that the RFP process was conducted in accordance with City Policies and Administrative Directives.

Measuring our Performance

The Balanced Scorecard



We have adopted the Balanced Scorecard model as our framework for performance measurement. The Balanced Scorecard is a performance management system that can be used to align vision and mission with customer requirements, manage and evaluate business strategy, and monitor operational performance and organizational capacity. In the balanced scorecard, vision, mission and strategy are decomposed into different perspectives as seen through the eyes of customers and other stakeholders, managers and process owners, and employees. Three different dimensions of organizational performance can be viewed: results (financial and customer), operations and capacity. For each perspective, we have identified performance measures, targets, and actual results for the prior and current years.

Performance benchmarks

The Association of Local Government Auditors (ALGA, formerly known as NALGA, the National Association of Local Government Auditors) represents local government audit organizations in both the United States and Canada. Based on annual surveys of members, benchmarks are established for audit organizations in three categories: small, medium and large departments. The City of Winnipeg Audit Department is a medium audit organization, defined as having 3 to 12 auditors and an annual spending range of $227,508 to $1,703,785 (Canadian). We have benchmarked ourselves against ALGA standards for most of our performance measures.

Strategic Link to Our Performance Management System

Plan Winnipeg Policy Area

- Government and the Economy

Our Mission and Vision

- **Mission** - To support City Council and the Civic Administration in the achievement of organizational objectives by providing objective and independent information, advice and assurance with respect to governance, accountability, risk management and performance
- **Vision** - To be recognized as leaders in building public trust in civic government in support of our shared vision of a vibrant and healthy city

Our Key Goals

- To provide assurance on the effectiveness of the City's risk management practices and the efficiency and effectiveness of City operations
- To influence the achievement of organizational objectives by fostering improvements in governance, risk management, controllership and performance
- To improve the adequacy and quality of information used and reported by City Administrators and Council
- To develop, implement and promote innovative strategies to enhance the value of Audit services and optimize our resources

Our Strategies

- Build on customer satisfaction
- Improve quality of information for clients and stakeholders
- Improve project management
- Enhance products and services
- Ensure adequate financial resources
- Strengthen our workforce

Our Objectives, Measures & Results

Our objectives, performance measures, industry standards, targets and results for 2004 and 2005 are captured in the Balanced Scorecard that follows.

Audit Department Balanced Scorecard 2005

Strategies and Objectives	Performance Measure	Industry* (2004)	Our Target	2004	2005
Customers & Stakeholders Perspective					
Strategy: Build on Customer Satisfaction					
Maintain quality of service	Client service rating (out of 5)	4.2	4.5	4.71	3.9
Provide value-added and realistic recommendations	Audit recommendations accepted	88%	95%	99%	97%
Improve timeliness of reporting	% of projects met target date	74%	80%	82%	68%
Monitor implementation rate of recommendations accepted	Audit recommendations implemented within the last 5 years.	82%	75%	62%	56%
Strategy: Improve Quality of Information for Clients and Stakeholders					
Educate customers and stakeholders on areas of focus	# of advisory projects	N/A	2	4	5
	# of presentations, workshops, speaking engagements	N/A	2	5	1
Improve access to audit products and information	Audit Committee meetings	N/A	5	5	2
	Reports issued to clients/stakeholders		6	9	7
Balanced coverage of audit services	% direct hours dedicated to assurance	N/A	60 - 80%	68.2%	92.3%
	% direct hours dedicated to advisory		10 - 20%	23.6&	6.0%
	% direct hours dedicated to Investigations		0 - 20%	8.2%	1.6%

Internal Business Processes Perspective					
Strategy: Improve Project Management					
Improve communications during project	Client rating	N/A	4.5	4.82	3.9
Assure professional standards are maintained	Meet quality assurance standards	N/A	100%	100%	100%
	Meet peer review standards (per review)	100%	100%	N/A	N/A
Complete projects on budget	% target budget met within 10%	74%	80%	91%	88%
	% Completion of Audit Plan	90%	80%	80%	75%
Strategy: Enhance Products and Services					
Focus projects on risk	Risk assessment for each project	N/A	100%	100%	100%
	Risk based Audit Plan	67%	100%	100%	100%
Implement best practices	% of industry best practices implemented	48%	90%	88%	88%
Maximize hours dedicated to projects	Direct hours to total hours available	63%	65%	62%	67%

*Industry is represented by Association of Local Government Auditors (ALGA)

Audit Department Balanced Scorecard 2005

Strategies and Objectives	Performance Measure	Industry* (2004)	Target	2004	2005
Financial Perspective					
Strategy: Ensure Adequate Financial Resources					
Ensure adequate budget	Audit budget to organizational budget	1:1259	1:1259	1:946	1:975
Prudently manage public resources	Budget commitments met (within 10%) Cost per billable hour	N/A $98.39	90% $98.39	100% $89.74	100% $89.68
Utilize alternate resources to leverage Audit Department resources	Number of projects using resources external to the Audit Department	N/A	1	1	2
Employee and Organizational Perspective					
Strategy: Strengthen our Workforce					
Ensure a sufficient level of staff	Audit staff to total organizational staff	1:750	1:750	1:1140	1:978
Strengthen our staff competencies	% of auditors with appropriate qualifications Training hours per year per staff member	76% 40	90% 40	100% 42	100% 39
Build a diverse workforce	% of staff from designated group (visible minority, Francophone)	N/A	10%	10%	20%
Maintain a positive working climate	Average level of staff satisfaction on several attributes per annual survey (out of 5)	N/A	4	4.24	4.1
Ensure effective performance management process	On-going formal feedback at project level Bi-annual evaluation for each staff member	N/A N/A	100% 100%	76% 38%	68% 30%
Supplement competencies with external and internal partnerships	Number of partnerships per year	N/A	1	3	5

* Industry is represented by Association of Local Government Auditors (ALGA).

Status of Audit Recommendations

What is the Quarterly Report Card?

The Audit Department's work does not end when an audit report is presented to City Council. The most important component of an audit recommendation is its implementation. The Administration provides a response to each audit recommendation in the Audit Report along with an action plan. The subsequent implementation of the audit recommendations in accordance with the action plans is the responsibility of the Administration. The Audit Department has traditionally provided Audit Committee with an update on the status of the implementation of outstanding audit recommendations in its annual report. In 2006, the *Status of Audit Recommendations Quarterly Report Card* was introduced at the request of Audit Committee. The *Quarterly Report Card* is produced at the end of March, June, September and December and is presented at the next Audit Committee. The *Quarterly Report Card* presents management's representations as to the status of recommendations implemented, in progress or not to be implemented. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

How is the Quarterly Report Card produced?

The Audit Department provides a template of outstanding audit recommendations to the accountable department head with a copy to the Chief Administrative Officer (CAO). Departments provide a status update to the CAO for her review. When the CAO is satisfied with the responses, the templates are forwarded to the Audit Department for compilation. The Audit Department summarizes the results and prepares a brief overview for Audit Committee. The department does not audit the responses provided by the departments. The completed Quarterly Report Card is presented to Audit Committee by the City Auditor along with any observations she may have. The CAO attends the Audit Committee meeting to address concerns or questions regarding the responses raised by Audit Committee members.

Quarterly Report Cards are completed for five years following the issue date of an audit report. After five years, the Audit Department prepares a final report to Audit Committee that provides a summary of recommendations implemented, in progress and not to be implemented. Included is a complete history of status updates relating to those recommendations not implemented. After presentation of this final report, the status of audit recommendations will no longer be tracked by the Audit Department. If there are significant concerns that cannot be satisfactorily addressed by the Administration, the Audit Committee may propose a new audit of the subject entity through the annual planning process.

Summary Status Report

Below is a summary of the implementation status of recommendations made in the more significant audit reports issued in the years 2002 through 2005.

Audit Reports	Audit Recommendations				
	Total	Implemented	Percent Implemented	In Progress	Not to be Implemented
Land Dedication Reserve Fund, 2002	5	2	40%	3	N/A
Winnipeg Police Service Communications Centre, 2002	35	30	86%	5	N/A
Winnipeg Fire & Paramedic Service Communications Centre, 2003	7	3	43%	4	N/A
Review of Community Centres, 1999, 2001, 2004	24	15	63%	8	1
Review of Emergency Mechanical Services, 2004	21	17	81%	4	N/A
Purchasing Card Program Review, 2005	8	8	100%	0	N/A
Audit of "Winnipeg Arena" Request for Proposals, 2005	5	4	80%	1	N/A
Public Works Asset Management Performance Audit, Part I, 2005	35	3	9%	31	1
Photo Enforcement Program Review, 2006	15	10	67%	5	N/A
Audit of Special Operating Agencies Initiative, 2006	17	9	53%	6	2

Audit Observations

The Administration has provided an update on all outstanding audit recommendations. Where recommendations have not been implemented, an action plan and timeframe have been provided or, as an alternative, an explanation as to why the recommendation will not be implemented. The responses provided by the Administration appear reasonable in the circumstances.

Organizational leadership

The Audit Department occupies a unique role in the City of Winnipeg. As legislative auditors, we report to City Council on the performance of the Administration. At the same time, to lever positive change, we provide internal audit and advisory services to senior managers across the organization. Members of our department are active in several organizational initiatives, participating as team members, instructors and facilitators.

Integrated Risk Management (IRM)

In 2005, the City embraced a new Competency Model and is designing courses and training sessions that support the development of various competencies. The course originally entitled *Risk Management* will undergo a name change to *Making Quality Decisions,* and supports the development of Competency 17 - *Decision Quality*. Senior Auditors of the Audit Department will continue to participate as the instructors of this course whose target audience includes managers, coordinators and supervisors involved in strategic and business planning or who are responsible for a program or service.

Foundations of Supervisory Development

The Deputy City Auditor is an instructor for the *Foundations of Supervisory Development Course* that is offered four times a year. This program provides an overview of the fundamental roles and responsibilities of a supervisor and its target audience is those with direct reports. This course supports the development of Competency 5 - *Business Acumen* and Competency 24 - *Functional/Technical Skills*.

Assessment Tax Communications Task Force

The Assessment Tax Communications Task Force (ACTF) meets monthly and consists of representatives from the Assessment Department, the Corporate Finance Department, the Board of Revision and Legal Services. The ACTF fosters communication, monitors the status of outstanding appeals, discusses strategies, and resolves issues related to appeals. As a member of the ACTF, our department ensures that risks related to appeals are identified and that mitigation plans are implemented.

Conference Board of Canada Executive Network

The City Auditor is an active member of the Conference Board of Canada Executive Network. The Conference Board builds leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy and organizational performance. The Executive Network brings executives together to learn from one another and share best and next practices on key issues facing every organization.

Supporting our Profession

To build and sustain our capability, we encourage our staff to seek certification with, and membership in, a diverse group of professional associations. Through these relationships, we are able to benchmark our performance, share best practices and foster our reputation as innovators. Our associations include memberships in key organizations that set the standards for our profession: the Association of Local Government Auditors (ALGA) based in the United States and CALGA, the Canadian affiliate, as well as the Institute of Internal Auditors (IIA) and the Information Systems Audit and Control Association (ISACA) which both have global members.

In addition, we support various professional organizations that promote effective public sector management such as the Canadian Comprehensive Auditing Foundation, the Institute of Public Administration of Canada and the Financial Management Institute. The Audit Department recently joined the Canadian Evaluation Society Manitoba Chapter, and, in September 2005, the City Auditor Shannon Hunt spoke at their Annual General Meeting on the relationship between evaluation and accountability.

Staff members are required to maintain their accreditation through their professional associations such as the Canadian Institute of Chartered Accountants (CICA), the Certified General Accountants (CGA), the Certified Management Accountants (CMA), the Certified Fraud Examiners (CFE), the Information Systems Audit & Control Association (ISACA) and the Society for Technical Communication (STC).

Institute of Internal Auditors (IIA)

This organization represents internal auditors across the globe and sets standards for the profession. Over the years, our staff have actively participated in several training workshops and seminars offered by the IIA, both as students and as instructors and facilitators. Kevin Milne, one of our senior auditors is a regular instructor for the Tools & Technique course, which was recently offered in Winnipeg. Our involvement in such activities allows us to contribute to the development of the audit profession and to share our successes with our colleagues who are also, of course, our citizens.

Winnipeg Chapter (WIA) activities

Several of our staff have served on boards and committees for the local chapter. This year, Jason Egert, one of our senior auditors, held the position of Director of Professional Relations. Another senior auditor, Kevin Milne, served as the Director of Member Communications for the WIA.

Information Systems Audit & Control Association (ISACA)

ISACA has become the pace-setting global organization for information governance, control, security and audit professionals. Its IS auditing and IS control standards are followed by practitioners worldwide. Bryan Mansky, our audit manager, sits on the executive of the local chapter.

Who We Are

The Audit Department's greatest strength is its people. Our multi-disciplinary team shares common values and is dedicated to the pursuit of excellence. Although our team is small, we possess a wide range of knowledge, skills and experience and take pride in supporting our profession. We are pleased to present brief profiles of our people.

Shannon Hunt, CGA, CFE
City Auditor

Shannon was appointed City Auditor in 1998. Originally from Winnipeg, Shannon spent twenty years in Toronto in a variety of positions with the federal and provincial governments. Throughout her public service career, she has promoted audit as a catalyst of organizational change and a champion of best practices. Shannon has a Bachelor of Arts in English from Carleton University and a Bachelor of Education from the University of Toronto. She is a frequent speaker and instructor on matters relating to audit and risk management. Shannon is a Certified General Accountant and Certified Fraud Examiner.

Brian Whiteside, CA●CIA
Deputy City Auditor

Brian joined the Audit Department in 1997 and was appointed Audit Manager in May 1999. In June 2003, Brian became the Deputy City Auditor. Previously, Brian worked for the Office of the Provincial Auditor of Manitoba in the Value for Money Audit Division. Brian has several years experience in all facets of legislative auditing including value for money, attest and compliance auditing. Brian is a graduate of the University of Manitoba with a Bachelor of Commerce (Honours) with a major in accounting. He holds the designations of Chartered Accountant and Certified Internal Auditor.

Bryan Mansky, MBA, CMA, CIA
Audit Manager

Bryan joined the Audit Department in 1999 as a Senior Auditor and was appointed Audit Manager in 2003. Previously, Bryan worked as a management consultant specializing in the areas of quality management systems (ISO 9000), feasibility analysis, business planning and strategic planning. Prior to that, he worked as a commercial loans manager. Bryan is a graduate of the University of Manitoba with a Master of Business Administration degree. He holds the designations of Certified Management Accountant and Certified Internal Auditor. Bryan is on the executive of the Information Systems Audit and Control Association board in Winnipeg.

Kevin Milne, CGA, CIA
Senior Auditor

Kevin has been with the Audit Department since September 2000. As a Senior Auditor, Kevin is responsible for managing assurance services projects to promote, develop, implement and integrate effective control systems throughout the City. Kevin has over 16 years of internal audit experience with many types of audits with various organizations and is also an experienced facilitator. In addition, he is a guest trainer for the Corporate Services Department where he facilitates courses on facilitation skills development and risk management as well as being a volunteer instructor for the Institute of Internal Auditors where he teaches a course for beginning auditors. Kevin is a Certified General Accountant (CGA) and a Certified Internal Auditor (CIA).

Jason Egert, M. ACC, CA●CIA
Senior Auditor

Jason joined the Audit Department as a Senior Auditor in February 2002. Previously, Jason worked as an Internal Auditor for the Canadian Wheat Board and in the private sector as a Controller and Senior Financial Analyst. Jason brings several years of experience in risk-based operational, compliance and attest auditing, financial analysis, controllership and business process reengineering. Jason is a graduate of the University of Manitoba with a Bachelor of Commerce (Honours) degree and a Masters of Accountancy degree. He is a Chartered Accountant and a Certified Internal Auditor. Jason is the Director - Promotion of the Profession of the Winnipeg Internal Auditors, which is the local chapter of the Institute of Internal Auditors.

Autumn Robbie-Draward, BSA, BA, CIA
Auditor

Autumn has been with the City since 1984. She joined the Department in 1998 as the Department's Research Analyst and assumed her present role as Auditor in 2005. Autumn is experienced in the areas of scientific research and technical communications. She holds a Bachelor of Science in Agriculture and a Bachelor of Arts in Labour Studies from the University of Manitoba and a Certificate in Technical Communications from Red River College. She obtained her Certified Internal Auditor designation in 2004.

Donna Woytowich
Administrative Coordinator

Donna has been with the City for nineteen years and joined the Audit Department in 1998. She is responsible for the administrative functions of the department, including financial reporting, budget preparation, as well as all areas related to human resources. In addition to these duties, Donna participates as a team member on various audit projects.

Glenda Stevens, CA, CFE
Senior Auditor

Glenda joined the department in January 2003. Previously, she provided audit, accounting and tax services to a broad range of clients through Chartered Accounting firms in Winnipeg and Dauphin, Manitoba. Most recently, Glenda specialized in performing investigative work and preparing business plans for clients of BDO Dunwoody LLP Chartered Accountants and Consultants. Glenda is a graduate of the University of Manitoba with a Bachelor of Commerce (Honours). She holds the designation of Chartered Accountant and is a Certified Fraud Examiner. Glenda resigned from the department in the fall of 2005 to assume a supervisory position in the private sector.

Lorna Smith, ACCA, MBA, CGA, CIA
Senior Auditor

Before joining the Department in February 2003, Lorna was employed at PricewaterhouseCoopers as a Senior Associate in the Assurance and Business Advisory Services Department. She also worked at Pricewaterhouse in Jamaica, where she earned the Association of Chartered Certified Accountants (ACCA) designation and in the private sector as an Internal Auditor. She has several years of experience in various types of audits including compliance and risk-based operational. Lorna is a graduate of the University of Manitoba with a Masters of Business Administration, majoring in Finance. She is a Certified General Accountant and Certified Internal Auditor. In the spring of 2006, Lorna resigned from the department to pursue other career options.

Louise Marius, CGA
Senior Auditor

Louise joined the Audit Department as a Senior Auditor in January 2005. Previously, Louise worked in the private sector as a Business Unit Accounting Supervisor for Newalta Corporation in Red Deer, Alberta. Prior to that, she worked in the public sector here in Winnipeg, as a Senior Auditor for Consulting and Audit Canada, and as an Auditor with Canada Revenue Agency. Louise has several years experience in all facets of auditing including comprehensive, value for money, attest and compliance auditing. Louise is a graduate of the College Universitaire de Saint-Boniface with a Bachelor of Arts with a major in Mathematics. She holds the designation of Certified General Accountant and is currently working on her Certified Internal Auditor designation. In December 2005, Louise resigned to accept a supervisory position with a previous employer.

How to Reach Us

If you would like to obtain copies of one of our reports, provide comments or receive more information about our department, please contact us as noted below.

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