AUDIT COMMITTEE

Minute No. 268 Audit Plan 2012 Update

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, recommends to Council:

1. That the Audit Plan 2011 – 2014, 2012 Update be approved in principle.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Minutes – Executive Policy Committee – May 25, 2012

DECISION MAKING HISTORY:

Moved by Councillor Fielding,
That the recommendation of the City Auditor be concurred in and forwarded to Council.

Carried

Audit Department Report
Audit Plan 2011 – 2014

The Audit Plan 2011 – 2014, 2012 Update sets out a list of audit projects planned for 2012. It also presents a list of projects identified for the next two years. The Audit Plan was updated with input from all departmental management teams.

Report Summary

The attached Audit Plan is an update to the 2011-2014 Audit Plan previously approved by Audit Committee. The plan identifies the areas considered a priority through our independent risk assessment. The City Auditor initiates a project after considering the corporate environment, risks challenges and priorities. The City Auditor will continue to provide status reports to Audit Committee and update the plan next year.

Policy

The report is submitted in accordance with the City Organization By-law 7100/97 section 19(d) (ii) that the Audit Committee will "Approve the Audit Department's Annual Audit Plan".

Recommendation:

The Audit Committee recommend to Executive Policy Committee and City Council that the Audit Plan 2011 – 2014, 2012 Update be approved in principle

Report Written By B. Whiteside - April 28, 2011

Winnipeg

Audit Department

Audit Plan 2011 - 2014
2012 Update

April 2012

Leaders in building public trust in civic government

TABLE OF CONTENTS

A MESSAGE FROM THE CITY AUDITOR 2

Audit Plan Development 3

Purpose of an Audit Plan 3
Audit Planning Process 3

Audit Plan 2012 – 2014 4

Proposed Projects for 2012 4
Proposed Projects for 2013 5
Proposed Projects for 2014 6
Proposed Projects for Subsequent Years 7

A MESSAGE FROM THE CITY AUDITOR

I am pleased to present an updated Audit Plan for the period 2012 through 2014. The original 2011-2014 Audit Plan was developed through a comprehensive process that involved broad consultation with Councillors and senior managers across the organization. In addition, utilizing our Integrated Risk Management Model, risk profiles were updated for all key services and a Corporate Risk Profile was created to provide context for our plan. Earlier this year, we met with senior managers across the City to update each risk profile and to identify amendments to the Plan that may be required to reflect circumstances that have changed. The risk profiles demonstrated that although progress has been made in some areas many of the key challenges identified in 2011 remain. There is sustained pressure to maintain service to citizens while operating in an environment of financial constraint.

The Audit Plan has not substantially changed from the original plan. The changes to the Plan have been highlighted for each year. We have also made revisions to the Potential Project list for consideration in 2015 and subsequent years.

We remain committed to identifying opportunities to improve performance of the public services for the citizens of Winnipeg and to enhancing the quality of performance information available to the public. I look forward to reporting the results of our work over the next three years covered by this plan.

Sincerely,



Brian Whiteside CA•CIA

City Auditor/ Chief Performance Officer

April 19, 2012

Audit Plan Development

Purpose of an Audit Plan

The purpose of a formal audit plan is to provide a disciplined approach to the identification of potential audit projects. Formal planning has several benefits:

- It focuses scarce resources on priority or high-risk areas.
- It provides the basis for the involvement of clients and stakeholders in the audit planning process.
- It ensures that all business units (and associated risks) are considered for audit attention during the planning process.
- It serves as a standard against which to measure the performance of the Audit Department.

Audit Planning Process

The Audit Department developed a 2011–2014 Audit Plan, that was endorsed by the Audit Committee and approved by Council. The process to develop the four year plan is comprehensive and comprises the following activities:

- identification and classification of auditable entities;
- evaluation of audit entities against standard criteria and risk factors;
- consultation with City Councillors and Senior Administrators;
- updating of *Service Risk Profiles*;
- creation of a *Corporate Risk Profile*;
- consideration of resources available and required by project type;
- selection of Audit Projects;
- presentation of our proposed Audit Plan to Audit Committee; and
- communication of our final Audit Plan to City Council.

The plan is based upon the risks and priorities that exist at a certain point in time. Since we are operating in a dynamic environment, risks and priorities are constantly changing. On an annual basis the Audit Department meets with departmental management teams, updates the *Service Risk Profiles* and makes adjustments to the Audit Plan on a go forward basis. Changes to the Audit Plan are reported to Audit Committee each year. The following pages highlight the proposed projects for the years 2012-2014.

Audit Plan 2012 – 2014

Proposed Projects for 2012

2012 PROJECTS	
Advisory Services Projects *On-going Commitments* • Assessment Communications Task Force • Quarterly Report Card and Follow-up • Corporate Performance Measurement • Corporate Services Transformation • Service Level Agreements *New Projects* • [1] **Investigations Services Projects** • Reports received through the Fraud Hotline	**Assurance Services Projects** *On-going Commitments* • Collective Agreements Due Diligence* • Councillors' Representation Allowance* • Winnipeg Police Service contract with Winnipeg Airport Authority • Winnipeg Police Service Civilianization • Aquatics Programs • Hired Equipment Process *New Projects* • Corporate Performance Measurement • Real Estate - non-monetary grants to not for profits[2] • Grant Accountability Follow-up Audit • Workplace Health & Safety[3] • 311 Contact Centre • Liabilities for Contaminated Sites

Notes:

1 - Transit Fare Collection System project was dropped
2 - Moved from 2011
3 - New Addition to Audit Plan

*Due Diligence Reviews of Collective Agreements negotiations and the annual audit of the Councillors' Representation Allowance are mandatory projects.

Proposed Projects for 2013

2013 PROJECTS	
Advisory Services Projects *On-going Commitments* • Assessment Communications Task Force • Quarterly Report Card and Follow-up **Investigations Services Projects** • Reports received through the Fraud Hotline	**Assurance Services Projects** *On-going Commitments* • Collective Agreements Due Diligence* • Councillors' Representation Allowance* *New Projects* • Corporate Performance Measurement • Records Management[1] • Winnipeg Fire Paramedic Heavy Fleet Operations[2] • Sidewalk Asset Management • North Portage Development Corporation[3] • By-law Enforcement • Transit Fare Collection System

Notes:

1 - New Addition to Audit Plan
2 - New Addition to Audit Plan, replaced Hospital Offload Times
3 - New Addition to Audit Plan, replaced Neighbourhood Revitalization

*Due Diligence Reviews of Collective Agreements negotiations and the annual audit of the Councillors' Representation Allowance are mandatory projects.

Proposed Projects for 2014

2014 PROJECTS

Advisory Services Projects

On-going Commitments

- Assessment Communications Task Force
- Quarterly Report Card and Follow-up

New Projects

- Continuous Monitoring

Investigations Services Projects

- Reports received through the Fraud Hotline

Assurance Services Projects

On-going Commitments

- Collective Agreements Due Diligence*
- Councillors' Representation Allowance*

New Projects

- Corporate Performance Measurement
- Corporate Exception Reporting[1]
- Recycling & Waste Minimization
- Parks & Urban Forestry
- Veolia Contract Management

Notes:

1 - Moved from 2013

*Due Diligence Reviews of Collective Agreements negotiations and the annual audit of the Councillors' Representation Allowance are mandatory projects.

Proposed Projects for Subsequent Years

The following projects have also been identified as potential projects. They will be considered for 2015 and subsequent years. All projects will be re-evaluated annually to ensure continued relevance and priority.

- Archives Management
- Assiniboine Park Conservancy
- Board of Revision
- Building Operations and Security
- Business Improvement Zone Financial Reporting
- Campus Accommodation Strategic Planning
- Corporate Planning
- Development Agreement Parameters
- Employee Benefits
- Graffiti Control (moved from *2014 New Projects*)
- Implementation of Transit's Capital Program
- Maintenance of Downtown Skywalk system
- Neighborhood Revitalization
- Procurement and Contract Management
- Recreation Services
- Reporting on Financial Condition of the City
- Survey Infrastructure
- Winnipeg Convention Centre
- WFPS Training Branch
- Winnipeg Housing and Homeless Initiative

Appendix A – Corporate Risk Profile – March 31, 2012

Key Context Risks

Context risks relate to internal and external factors that impact the environment in which the City operates or business processes are conducted.

External Environment	Compliance	Organizational Culture	Management Processes
Government Relationships ↑	Compliance with Capital Project Contracts	Mandate – Unclear mandate	Strategic Planning - Business planning ↑
Physical Environment	Compliance with Environmental Legislation	Leadership - Balancing competing objectives, ability to adapt to change ↑	Business Resumption Planning - Disaster Management ↓
Relationship with Partners	Compliance with Workplace Health and Safety	Governance Structure - Corporate Services Transformation ↓	Performance Measurement & Management
Public Safety	Compliance with Provincial Legislation (FIPPA)	Transportation Authority Implementation	Procurement & Contract Management
Addressing the needs of the Aboriginal community			
Economy			

Key Resource Risks

Resource risks relate to the resources used by the City to accomplish its goals.

Human Resources	Financial Resources	Information Resources	Physical Assets
Recruitment ↑	Financial Sustainability	Integrity – Quality of Information ↓	Condition / Maintenance
Retention (management continuity) ↑		Integrity – Records Management	Suitability for Service Level Requirements/Obsolesence
Labour relations			
Staff Levels			

Risk is defined as a future event that may impact the achievement of an organization's business objectives. Risk is measured by the likelihood of occurrence and the potential impact. Since future events may be either negative or positive, risks can be either *threats* that could prevent the achievement of objectives or *opportunities* that might enhance the achievement of objectives.

Red indicates a critical risk; **orange** a high risk. **Trend arrows** indicate that a risk has increased or decreased since the last assessment.