Minutes – Executive Policy Committee – March 13, 2013

AUDIT COMMITTEE

Minute No. 226 Audit Plan 2011-2014, 2013 Update

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That the Audit Plan 2011-2014, 2013 Update report dated March 2013 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 – March 13, 2013

DECISION MAKING HISTORY:

Moved by Acting Deputy Mayor Browaty,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

Audit Department Report
Audit Plan 2011-2014, 2013 Update

The Audit Plan 2011 – 2014, 2013 Update sets out a list of audit projects planned for 2013. It also presents a list of projects identified for the 2014, the final year of this audit plan. 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 for the final year.

The Audit Plan 2011 – 2014, 2013 Update highlights the addition of four new projects. Two projects were initiated at the request of Council and two other projects were initiated at the request of the Chief Administrative Officer. These projects were viewed as a priority over the existing listing of projects and as a result four other projects were either delayed to 2014 or placed on the listing of projects to be considered in subsequent years.

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, 2013 Update be approved in principle

Winnipeg

Audit Department

Audit Plan 2011 - 2014
2013 Update

March 2013

Leaders in building public trust in civic government

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A MESSAGE FROM THE CITY AUDITOR

I am pleased to present an updated Audit Plan for 2013 and 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 asked senior managers across the City to update the Corporate Risk profile included in this Plan.

The Audit Plan for 2012 had substantially changed with the addition of four significant projects during the year: the Review of the New Fire Paramedic Constructions Project, the Real Estate Management Audit, the Operational Review of the Public Works Department and the Operational Review of the Winnipeg Police Service. The addition of these four projects to the 2012 Audit Plan resulted in the deferral of several projects from 2012 to 2013 and 2014. 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.

I look forward to reporting the results of our work over the next two years covered by this plan.

Sincerely,



Brian Whiteside CA•CIA

City Auditor

February 15, 2013

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. The Audit Department solicited the feedback from the Chief Administrative Officer, Chief Operating Officer, Chief Financial Officer and all Departmental Directors for any revisions required to the City's Corporate Risk Profile. Changes to the Audit Plan are reported to Audit Committee each year. The following pages highlight the proposed projects for the years 2013-2014.

Audit Plan 2013 – 2014

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* • Operational Review of the Public Works Department [1] • Operational Review of the Winnipeg Police Service [1] • New Fire Paramedic Station Construction Project [1] • Real Estate Management Audit [1] • Waverley West Arterial Roads Project [1] • 311 Contact Centre [2] • Liabilities for Contaminated Sites [2]

Notes:

1 - New Addition to Audit Plan
2 – Moved from 2012.
*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 [1]
- Corporate Exception Reporting[2]
- Veolia Contract Management
- North Portage Development Corporation [1]
- Records Management [2]
- Winnipeg Fire Paramedic Heavy Fleet Operations [2]
- By-law Enforcement [1]

Notes:

1 – Moved from 2012
2 - 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*)
- Grant Accountability Follow-up Audit (moved from *2012 New Projects*)
- Implementation of Transit's Capital Program
- Maintenance of Downtown Skywalk system
- Neighbourhood Revitalization
- Parks & Urban Forestry (moved from *2014 New Projects)*
- Procurement and Contract Management
- Recreation Services
- Recycling & Waste Minimization (moved from *2014 New Projects)*
- Reporting on Financial Condition of the City
- Sidewalk Asset Management (moved from *2013 New Projects)*
- Survey Infrastructure
- Transit Fare Collection System (moved from *2013 New Projects)*
- Winnipeg Convention Centre
- WFPS Training Branch
- Winnipeg Housing and Homeless Initiative

Appendix A – Corporate Risk Profile – February 15, 2013

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