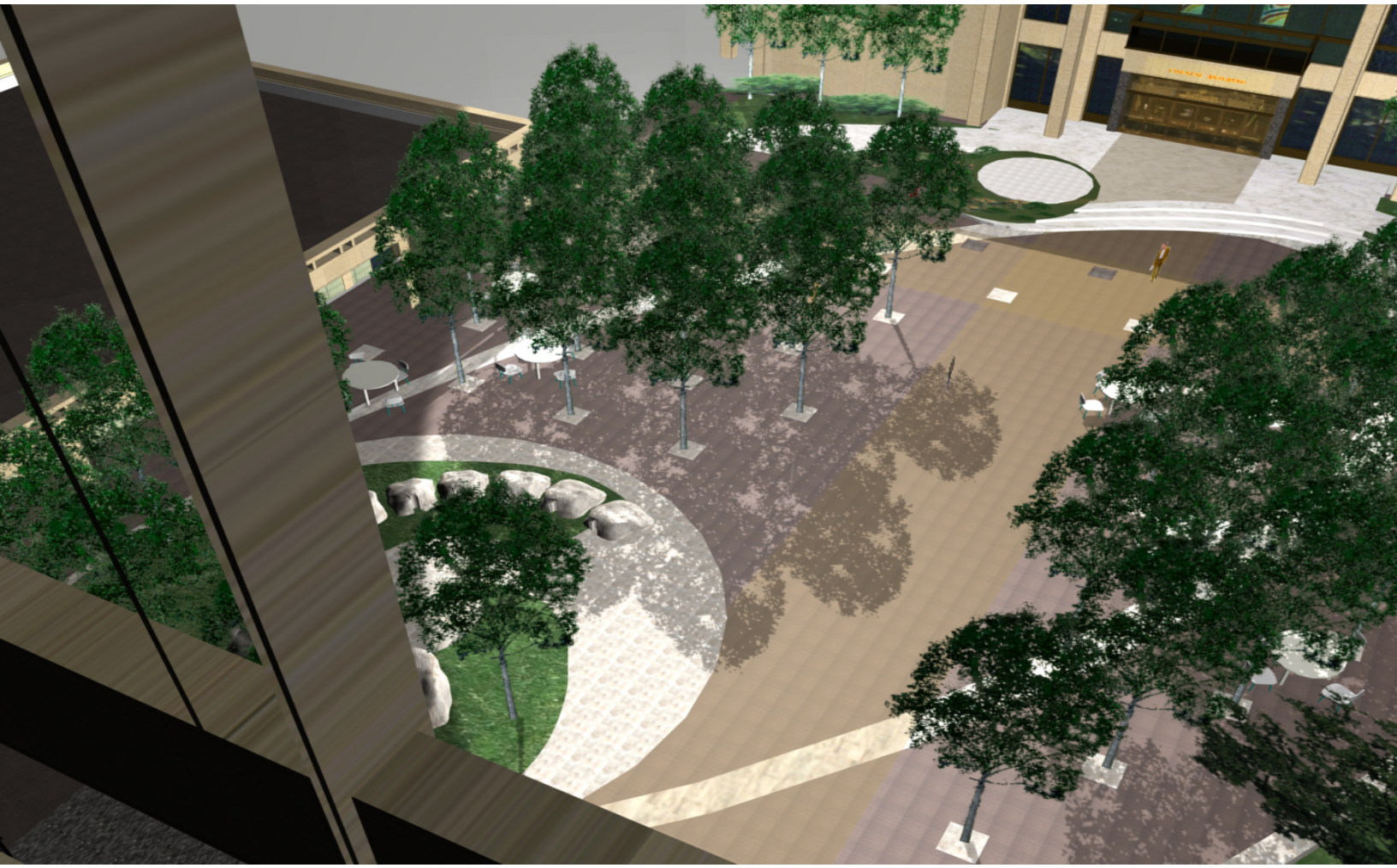
Winnipeg

CITY AUDITOR

2014 REPORT ON PERFORMANCE



Reflections of the City Auditor

This will be my final report as your City Auditor. I was appointed to the position of City Auditor in November 2009. Over the years, I have reported to you on the results of individual projects. I am proud of our accomplishments.

Our value to our primary client, City Council, is the ability to use credible reports to make better decisions and to hold the Public Service accountable. Our citizens are the beneficiaries of more open, transparent and accountable government. Over the past five years, we have conducted audits that have resulted in hundreds of recommendations to improve the efficiency and effectiveness of City services including several that identified significant cost savings. We focused on results; the effectiveness of processes to identify and manage risk; and the completeness, reliability, relevance and transparency of information.

Over the years, as City Auditor, I have had the privilege of asking the questions that citizens have about the workings of their government and to obtain the answers.. My team and I have tackled some tough issues and tried our best to provide realistic recommendations to strengthen the City's services and provide value for your dollars spent. There is no doubt that the City has faced some tough challenges in the past. It is also true that the next few years will be tough as Council and the Public Service manage the financial challenges associated with the infrastructure deficit while, at the same time, maintaining public services and avoiding significant tax increases. These challenges have had, and will continue to have, a substantial impact on the organization and increased the risks associated with the delivery of City services. In this context, I believe that a strong, independent Audit function will be particularly important to provide assurance to citizens that appropriate trade-offs are being made so that important quality of life goals such as safety, health and environmental sustainability are not being compromised to achieve financial targets.

2014 was a challenging and difficult year for the Audit Department. A significant portion of our time was dedicated to overseeing four highly sensitive major reviews conducted by external firms simultaneously. The Real Estate Management Review started in 2013 was completed in July 2014. The Audit Department obtained a legal opinion from an out-of-province law firm on the New Fire Paramedic Stations Construction Project Report. This opinion was presented to Council in May 2014. The Audit Department contracted with an external firm to conduct an audit of the Winnipeg Police Headquarters Construction Project which was presented to Council in July 2014. The Audit Department, for the first time, contracted with a firm to conduct a Quantity Survey of the Winnipeg Police Headquarters Project which was also presented to Council in July 2014. In May 2014, we released the *Workplace Safety Audit*. For each report realistic recommendations were provided to address the issues identified, improve performance, and achieve better results. The time spent overseeing these projects resulted in delays in the start and completion of projects we had planned to complete in 2014. The completion and release of the 311 Contact Centre Audit and the Waverly West Arterial Roads Project were planned for 2014 but were delayed until 2015.

While it has been my role and responsibility to bring my concerns forward, I have also been pleased to report many successes as the Public Service has taken action to address those concerns. The Public Service is reporting that as of December 31, 2014, they have fully implemented 78 % of the

246 audit recommendations made since 2010. I trust you will find that this performance report presents a balanced accounting of our activities, results and impacts for the year 2014.

As I leave this office, I want to thank Audit Committee members, other Councillors, and managers and staff of the Public Service who have supported me throughout my term in office. I want to thank citizens who took the time to alert me of their concerns. I also want to say a special thank you to the professionals who served with me; I very much appreciate the dedication, commitment and unique skills that each and every one brought to our department.



Brian Whiteside, CA, CIA
City Auditor

April 10, 2015

City of Winnipeg Audit Department
2014 Report on Performance

Our Mandate 3
Independence and Objectivity 4
Our Service Value 4
Our Service Lines 5
Our Resources 5
Our Intended Outcomes 6
Our Accountability for Performance 7
Our Project Summaries 8
- Advisory Services 8
- Assurance Services 8
- Investigation Services 14
- Projects Performed by External Resources 15
- Additional Recommendations by Council 17

Status of Audit Recommendations 19
Audit Department Balanced Scorecard 21
Who We Are 24
How to Reach Us 26

Our Mandate

The City Auditor is a statutory officer appointed by City Council under *The City of Winnipeg Charter*. The City Auditor reports to Council through the Audit Committee (Executive Policy Committee) and is independent of the City's Public Service. The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations. After communication to City Council, an audit report becomes a public document.

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 Audit Department mandate has remained unchanged since 1989. In 2009, the Mayor and the CAO introduced the concept of a Chief Performance Officer for the City. The mandate of the department, with the addition of the Chief Performance Officer role, is as follows:

- *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.*
- *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 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 Charter, 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.*

Chief Performance Officer Role

- *To monitor the implementation of recommendations from audit reports and report on the status of implementation of recommendations to Audit Committee.*
- *To provide advice and assistance on the definition and development of performance measures, the implementation of performance management systems and the reporting of performance information to the public and to advocate for the use of performance information.*

Independence and Objectivity

Independence has been called the cornerstone of legislative auditing. To be credible, we must maintain an independent position within the organization as well as bring an objective state of mind to all of our work. Mechanisms in place to promote independence and objectivity include:

- The City Auditor is appointed by City Council and can only be suspended or dismissed by virtue of a resolution supported by two-thirds of all members.
- The City Auditor is directly accountable to City Council through the Audit Committee comprised of Executive Policy Committee members.
- The City Auditor is solely responsible for the staff and internal operations of the Audit Department within the budget approved by City Council.
- The City Auditor has broad and defined powers of access to information and City staff by virtue of *The City of Winnipeg Charter*.
- Auditors are required to follow strict standards established by their professional associations and the Audit Department including the requirement to adhere to a Code of Ethics and Professional Conduct.
- Quality assurance practices have been implemented to ensure that Audit reports present information that is reliable, fair and balanced.

Our Service Value

A key role of the Audit Department is to provide independent assurance on the performance of civic services in support of open, transparent and accountable government. Our primary client is City Council, through the Audit Committee. The value to Council is the ability to use credible information to make better decisions and to hold the Public Service accountable. Our stakeholders are civic managers and citizens who are the recipients of our public reports.

The focus of audit assurance is becoming broader as the City's performance measurement model matures. Historically, the City has reported on financial performance and service inputs and outputs. Auditors have used this information to provide assurance on expenditures and the efficiency and cost-effectiveness of services. As departments develop better performance measures to demonstrate the effectiveness of their services, the Audit Department is in a position to provide broader assurance to Council that City services are, in fact, delivering the outcomes that were envisioned by *OurWinnipeg*.

Our Service Lines

Advisory Services

Activities carried out under this service line are proactive and concerned with getting it right the first time. As resources permit, we deliver this discretionary service through

- Educational initiatives
- Research activities
- Consulting services
- Committee participation

Assurance Services

Assurance services are defined as independent professional services that improve the quality of information or its context for decision makers. Assurance can be provided on both financial and non-financial performance, or it can be provided with respect to the strength of risk management strategies and controls. Assurance services provided by the department include

- Performance audits
- Compliance audits
- Business process audits
- Due diligence reviews

Investigation Services

Under this service line, we conduct reviews in response to a request from an external party or as a result of information being brought to the attention of the City Auditor under the City of Winnipeg Fraud, Theft or Related Irregularities Directive. Reviews are typically limited in scope. In 2012, the Audit Department implemented an internal Fraud Hotline. In July 2013, the Hotline was expanded to include accessibility to citizens of the City of Winnipeg.

Our Resources

The Audit Department's budget and expenditures are shown below:

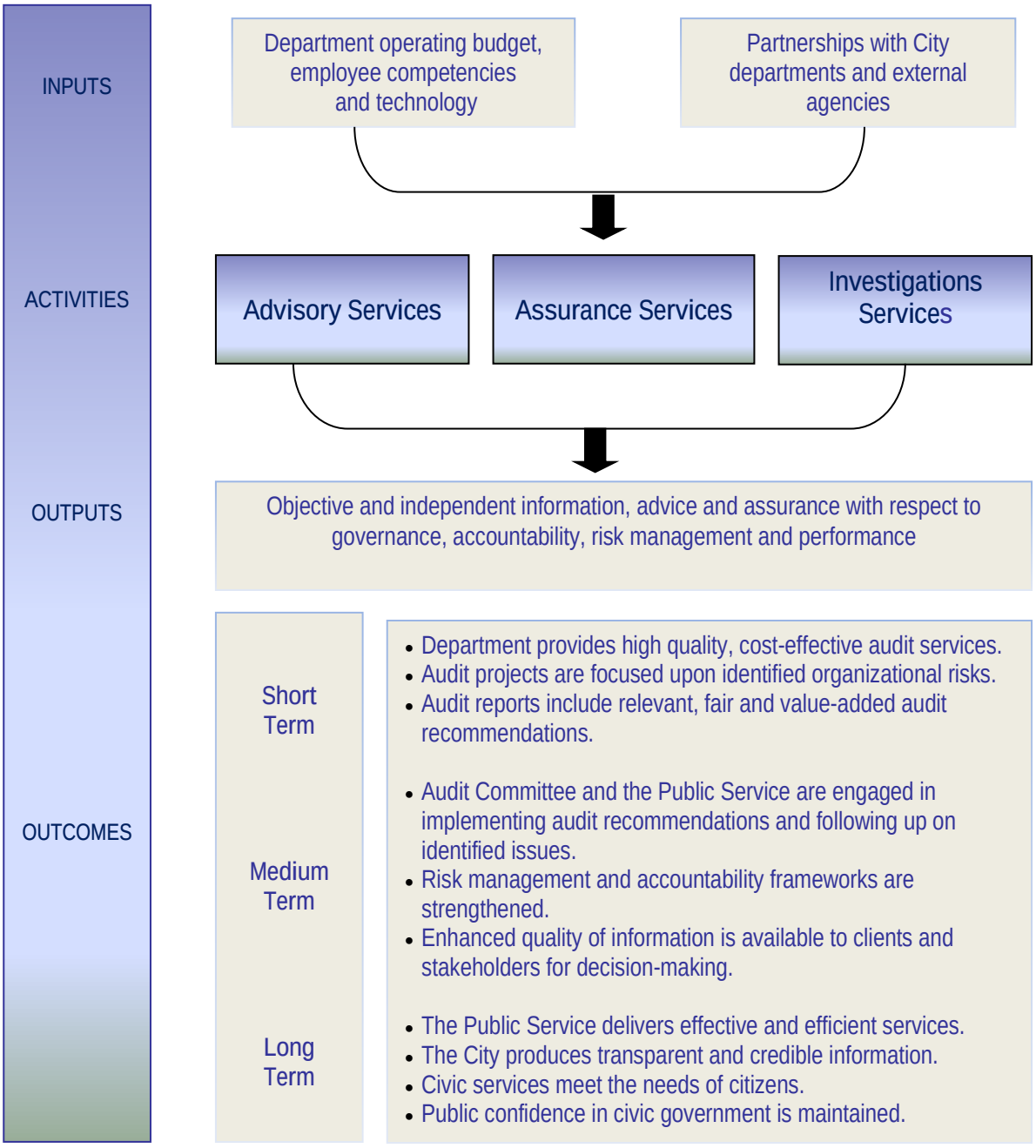
Description	Fiscal Year 2012	2013	2014
Budget	$ 885,733	$ 915,953	$ 1,557,215 *
Expenditures	$ 872,306	$ 894,086	$ 1,531,439
	$ 13,427	$ 21,867	$ 25,776

*Additional funding was allocated for Council approved projects.

Our Intended Outcomes

The Audit Department's Logic Model describes the linkages between our resources and our activities, our outputs and our desired outcomes. To achieve our vision, our work must ultimately contribute to delivering valued services that clearly meet the needs and expectations of our citizens and result in a high level of public confidence in civic government.

Audit Logic Model



Our Accountability for Performance

Our Vision and Mission

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

Mission To support City Council and the Public Service 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 Strategic Goals

- To provide independent and objective assurance on the efficiency and effectiveness of City operations, as well as timely, relevant and value-added recommendations for improvement
- To influence organizational outcomes and accountability by promoting good governance, effective risk management and controllership, and comprehensive and transparent performance information
- To deliver high quality, cost-effective Audit services

Our Key Risks

Credibility - maintain a high standard of competence and professionalism
Independence & Objectivity - provide independent assurance that is fair and balanced
Relevance - produce high quality reports that include value-added recommendations
Resources - maintain an adequate level of resources to provide an appropriate level of assurance
Capacity - supplement resources with partnerships and audit processes that optimize coverage and productivity

Our Key Strategies

- Deliver timely, value-added and relevant audit reports
- Educate clients and stakeholders on strategic areas of focus
- Improve quality of information for clients and stakeholders
- Maintain departmental capacity and a professional workforce
- Prudently manage financial resources
- Deliver cost-effective and innovative audit services
- Ensure an effective performance management model

Our Performance Measures & Results

In the remainder of our *Report on Performance*, we will present the results of our work. We will summarize our significant projects, the key conclusions reached and management's response. We will also update the status of our recommendations. Finally, we will provide our own performance measures and results against industry standards and departmental targets in our *Balanced Scorecard for 2014.*

Our Project Summaries

Advisory Services

Quarterly Report Card

The Quarterly Report Card is produced at the end of March, June, September and December and is presented at the next Audit Committee meeting. The Quarterly Report Card presents management's representations as to the status of recommendations implemented, in progress, or not to be implemented. Further details of the Quarterly Report Card are provided in the section *Status of Audit Recommendations*.

Assurance Services

Due Diligence Reviews

Collective Bargaining Agreements

We completed three collective bargaining agreement reviews in 2014. Council policy requires that prior to ratification of an agreement, the City Auditor and the external auditor review the full and long-term costs of collective bargaining agreements reported by the Public Service. Our role is to evaluate that the net incremental costs or savings to the City have been completely and appropriately identified, calculated and summarized in a report, and that all significant assumptions relating thereto have been disclosed.

Compliance Audits

Councillors' Representation Allowance (CRA) Fund

We audited the expenditures incurred under the CRA Fund Policy for the year ended December 31, 2013 to ensure compliance with the policy requirements and principles of the fund. The CRA Fund provides monies to City Councillors to operate their ward offices, communicate with constituents, and represent and support their wards.

Expenditures for fifteen City Councillors were audited for 2013. The results of the audits were reported to the Governance Committee of Council in June 2014.

Performance Audits

311 Contact Centre Audit

An audit of the 311 Contact Centre was endorsed by the Audit Committee in the 2009-2010 Audit Plan. The audit was carried forward to the 2011-2014 Audit Plan and was endorsed by Audit Committee.

Why audit the 311 Contact Centre

- The 311 Contact Centre operates as a 24/7 single point of contact for the majority of citizens' information and service requests. They respond to over 1.6 million requests annually and the primary method of contact is by telephone; they also respond to requests through other media such as email and their mobile app.

What did we audit

The audit focused on the following objectives:

- To evaluate the extent that the objectives in the business case for the creation of the 311 Contact Centre have been achieved
- To evaluate the extent the 311 Contact Centre is delivering service to citizens effectively and efficiently
- To evaluate the extent the 311 Contact Centre is delivering service to City departments effectively and efficiently
- To evaluate the adequacy of the organizational performance management system

What we found

- The 311 Contact Centre has expanded access channels to contact the City, contributed to improved management accountability and reduced the cost per call minute as defined in the objectives of the original business case for the creation of the 311 Contact Centre. Original objectives such as answering 80% of the calls within 30 seconds, further reducing cost per minute call and revenue generation require further analysis to evaluate if achievable within current environment.
- The 311 Contact Centre is delivering service to citizens in a more transparent and accountable manner. Implementing improvements in select areas, such as the use of IVR, will enhance the existing service. The cost per call minute has been reduced to $0.68 in 2012 from an estimated $1.13 to $1.30 prior to 311.
- Departments are satisfied with the level of service provided by 311. The 311 service has improved the accountability of city management through the provision of a wide array of performance reports.
- The 311 Contact Centre operational performance management system provides real time information to monitor operations. In general, 311 staff are well trained and management has a comprehensive staff performance system to help ensure quality service.

What were the key recommendations

1. We recommend 311 Contact Centre management develop a report for consideration of Council to revisit the performance target of 80% of calls answered within 30 seconds with a mind to revising it to a more realistic target consistent with what the City can afford. The revised target should consider exploring areas where service efficiencies can be gained through the expanded use of IVR and modifications to the hours of operations.
2. Contact Centre management should explore increased use of Interactive Voice Response (IVR) technology to route the majority of Transit information requests (represent approximately 41% of total calls received in 2013) that can be handled by existing technology (e.g. Navigo and Telebus) to free up existing resources to improve the call wait times.
3. There is a need for Service Level Agreements to be put in place with departments to ensure key responsibilities, service standards, key processes and dispute resolution procedures are clearly defined.
4. We recommend that Contact Centre management continue to work with their own staff and departments to further refine processes to identify and group multiple service requests for the same incident.
5. We recommend that electronic forms contain data validation controls to reduce the potential for errors and that they are reviewed to ensure that mandatory fields are functioning as required.

Workplace Health & Safety Audit

The audit of *Workplace Safety* was added to the 2011-2014 Audit Plan at the request of the Director of CSS and was endorsed by Council.

Why audit Workplace Safety

- 103,790 lost hours to workplace safety incidents in 2012
- $9.0 million in Workers Compensation costs in 2012 (32% increase from 2011)
- Strain and sprains are the largest type of injury representing 67% of total injuries in 2011
- City's Loss Time Injury Frequency rate was 7.4 in 2012 and has been stable over last 5 years – City's rate is 38% higher than the Province of Manitoba as calculated by Workers Compensation Board despite City's efforts and increased focus on workplace safety

What did we audit

The audit focused on two main objectives:

1. To determine the effectiveness and efficiency of the workplace safety program at the organizational and departmental level.
2. To determine the adequacy and completeness of the workplace safety performance information.

The audit covered the period January 1, 2008 to December 31, 2012.

What we found

- City at both the organizational level and departmental level have developed and implemented components of a comprehensive safety program.
- The Administrative Standard HR-010 Organizational Safety Governance (Administrative Standard HR-010) provides the governance framework for the workplace safety program for the City.
- The roles and responsibilities for all staff levels within the organization are outlined in the Administrative Standard HR-010.
- Minimum acceptable safety standards for the performance of work have been developed in some key areas including: how to raise safety concerns, escalation of safety concerns, reporting an incident or injury and incident investigation.
- Some workplace safety performance information is prepared and presented annually in the Organizational Safety Performance Report. Additionally, some Departments compile more detailed performance information for internal use.

What were the key recommendations

1. Ensure Administrative Standard HR-010 is re-communicated to all organization and departmental leaders with emphasis put on the respective roles and responsibilities and further defining the expectations for oversight
2. Establish a more comprehensive set of minimum safety standards for the organizational safety program to be implemented in all departments to monitor compliance with the Workplace Safety and Health Act.
3. Establish minimum standards for the type of information to be collected and reported, guidance for data integrity and reporting mechanisms to ensure the right staff receive the right information at the right interval to allow the departments and the organization to proactively manage the performance and cost of the safety programs throughout the City.
4. Require regular reporting of safety performance information by the departmental human resource leaders to the Organizational Safety Branch. Departmental human resource leaders should work with departmental safety resources, where applicable, and their Department Heads to ensure organizational safety initiatives are implemented and performance information reported to demonstrate the departments' compliance with the Workplace Safety and Health Act.

Audits In-Progress

Waverly West Arterials Roads Construction Project Audit

Background

The Standing Policy Committee on Finance initiated a motion in its December 3, 2012 meeting that "the Waverley West Arterial Roads Project be referred to the City of Winnipeg Audit Department to be given priority for an Audit of the entire project thus far." This motion was made in the same meeting that a report was submitted by the Public Works Department identifying a potential $20 million (37%) shortfall in the originally approved $54.7 million capital budget for the Waverley West Arterial Roads Project ("the Project").

Council passed the committee's motion in its December 12, 2012 meeting. The audit was added to the City Auditor's updated audit plan for 2013, which was endorsed by Audit Committee.

The original objectives of the audit were:

- To determine the reasons for the reported potential $20 million budget shortfall for the Project by evaluating the reasonability of the original Project capital budget submission and evaluating the project management to date
- To evaluate the reasonability of budget increases to date
- To evaluate the cost reporting as of December 31, 2012

After observing similar results to what we observed in our 2008 *Capital Project Management Audit*, we extended our work to also compare our observations on the Project to the City's project management guidance as it stands today.

Key Issues

- Adequacy of the original Capital Budget.
- Disclosure of the specific classification for every project estimate in the Capital Budget to inform Council of the reliability of each estimate.
- Project Management Practices.

Current Status

The Audit is nearing completion. The Audit Department will bring forward this audit report to Audit Committee in early 2015.

Community By-Law Enforcement Services Audit

The Community By-law Enforcement Services Division within the Community Services Department was established in November 2008 from recommendations which came out of the report: Open for Opportunity: Final Report of the Mayor's Red Tape Commission. Before the creation of the Division, there existed inefficiencies and red tape resulting from a fragmented approach to by-law enforcement which could be eliminated by the creation of an identifiable stand-alone by-law enforcement unit. An audit of the Community By-law Enforcement Services Division was endorsed by the Audit Committee in the 2011-2014 Audit Plan.

The objectives of the audit are:

- To assess the efficiency and effectiveness of the Community By-law Enforcement Services Division.
- To assess whether adequate systems, processes, practices and controls are in place for the Division to achieve its goals and objectives.

The audit was in progress at the end of 2014. We expect to report on our results in the fall of 2015.

Audit of WFPS Emergency Mechanical Services Branch

An audit of the Winnipeg Fire Paramedic Service's heavy fleet operations was added to the 2012 update of the City Auditor's 2011-2014 Audit Plan, which was endorsed by the Audit Committee. The heavy fleet for the department is maintained by the Emergency Mechanical Services Branch.

The objectives of the audit are:

- To assess the efficiency and effectiveness of the branch based on commonly accepted industry performance measures
- To assess whether adequate systems, processes, practices, and controls are in place for the branch to achieve its goals and objectives

The audit was in progress at the end of 2014. We expect to report on our results in the fall of 2015.

Investigation Services

We provide investigative services at the request of Council, the Public Service (pursuant to the Administrative Standard City of Winnipeg Fraud, Theft, or Related Irregularities), 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.

Fraud and Waste Hotline Program

In May of 2011, Council approved the implementation of a Fraud & Waste Hotline to be managed by the Audit Department. The Fraud & Waste Hotline commenced operations on April 30, 2012. The Hotline is a confidential and anonymous service that allows staff to report complaints 24 hours a day, 7 days a week. The Hotline is operated independently by a third party and is accessible by phone or Internet.

In July 2013, the Hotline was expanded to include accessibility to citizens of the City of Winnipeg. To support expansion of the Fraud and Waste Hotline to the public it was necessary to establish a Council Policy that provided specific guidance for this initiative and the resulting interaction between the public and the City of Winnipeg.

The purpose of the guidance is to establish specific responsibilities for reporting and investigation of fraud, theft, misappropriations and other related irregularities through the Fraud and Waste Hotline. This guidance reflects the City of Winnipeg's ongoing effort to support ethical, accountable and transparent local government.

In 2014, the Audit Department conducted ten investigations. Additional information on the Fraud & Waste Hotline and the investigations conducted can be found in our report entitled *Fraud and Waste Hotline Annual Report 2014*. It is our policy not to comment on investigations in progress or those that focus on personnel matters.

Projects Performed by External Resources

City Council delegated authority to the City Auditor to acquire external resources to conduct several projects. A brief summary of these external projects are provided below. The full reports are available on the City's website at Winnipeg.ca.

Real Estate Management Audit

On September 27, 2012, Winnipeg City Council passed a motion that an external and objective Real Estate Management Audit be conducted, going back a minimum of 5 years, reviewing the processes and policies for all major land Acquisition, Sales, Transfers and External leasing activities, including all transactions where commissions or management fees were paid with City of Winnipeg funds.

The Audit Department facilitated a competitive two-stage procurement process comprised of a Request for Qualifications and a subsequent Request for Proposal process. A contract was awarded to Ernst & Young LLP in December 2012.

The Ernst & Young report included 17 recommendations regarding the City's processes and policies for real estate transaction.

On July 9, 2014 Council accepted the 17 recommendations from EY and added the following decisions:

- The Report be referred to Manitoba Justice for review,
- An Independent Fairness Commissioner be established, and
- An external firm (other than EY) be acquired to report on the implementation of recommendations on a quarterly basis.

New Fire Paramedic Stations Construction Project – Report on the Result of Interviews of City Council

On October 7, 2013 Ernst & Young (EY) issued its report regarding its findings and recommendations resulting of the EY review of the construction of four fire and paramedic stations in the City of Winnipeg. On October 22, 2013 Council concurred with EY's recommendations outlined in their independent review. Council also requested that EY interview all members of Council and incorporate the results of the interviews into their report.

In response to the Council request, EY interviewed all current City of Winnipeg Councilors and the Mayor. The interviews were conducted in person, by phone, and by email, based on availability of each member of Council. Each member of Council was asked a set series of questions to determine if they could provide new or additional information regarding the Fire and Paramedic Station Project(s).

The interviews did not produce information that EY believed required amendments and/or additions to their October 7, 2013 report.

Legal Review of New Fire Paramedic Stations Construction Project Report

The Ernst & Young *Review of the Fire Paramedic Stations Construction Project* was presented to Council on October 22, 2013. The next day Council passed a motion to obtain outside legal counsel that specializes in the law of competitive public tendering processes and procurement practices of government and quasi-government entities, to provide a legal opinion as to whether there was any potential illegal activity by the civic administration as well as potential legal and financial liability of the City arising from this conduct.

The Audit Department facilitated a competitive two-stage procurement process comprised of a Request for Qualifications and a subsequent Request for Proposal process seeking proposals from qualified law firms in Canada.

The Procurement Law Office (PLO) was the successful proponent in this procurement process, and was instructed to prepare a legal opinion using the E&Y Report as its factual basis, and to consider the provisions of legislation and policies, including The Agreement on Internal Trade, The City of Winnipeg Charter, and the Materials Management Policy, as well as the common law, in rendering its opinion. A summary of the Procurement Law Office's written legal opinion was presented to Council on May 26, 2014 at an in-camera meeting.

Winnipeg Police Service Headquarters – Construction Project

On January 29, 2014 Council approved the motion for the City Auditor to engage external resources to conduct an independent audit and a quantity survey review of the Winnipeg Police Headquarters construction project.

The Audit Department issued a Request for Proposal for Audit of Winnipeg Police Headquarters Construction Project. A contract was awarded to KPMG LLP in April 2014.

The KPMG report included 19 recommendations to improve or build upon the City's existing capital project practices. On July 16, 2014 Council accepted the recommendations presented by KPMG and referred the KPMG report to Manitoba Justice for review.

Winnipeg Police Service Headquarters – Quantity Survey

On January 29, 2014 Council approved the motion for the City Auditor to engage external resources to conduct an independent audit and a quantity survey review of the Winnipeg Police Headquarters construction project.

The Audit Department issued a Request for Proposal for Contract for Quantity Surveying and Cost Consulting Services for the Winnipeg Police Headquarters Construction Project. A contract was awarded to Turner & Townsend in March 2014.

The Turner & Townsend report was presented to Council on July 16, 2014.

Additional Recommendations by Council

Independent Fairness Commissioner

Background
As recommended by Council at a Special Meeting on July 9, 2014 - Motion 2, Item 19:

That the City of Winnipeg create an Independent Fairness Commissioner (IFC), who would have the power to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council, and that they would report directly to Council, via and under the Office of the City Auditor.

Key Issues
The key issues to implementation include:

- Establishing criteria for the various types of real estate transactions that would act as a threshold to indicate the IFC should be involved in the transaction;
- Determining whether the involvement of the IFC should be initiated at the outset of a transaction (and ongoing throughout the transaction) or prior to the finalization and reporting of the transaction to Council;
- Determining whether the role should be conducted by in-house staff or contracted out to a professional services firm; and
- Identifying funding as current budgets do not contain a provision for the implementation of this initiative.

Current Status/Next steps
The Audit Department is currently analyzing potential models for implementation of an IFC. To date, the Department has not identified another jurisdiction with a similar role related to real estate transactions. Consultations are ongoing with the Planning, Property and Development Department to ensure each model fairly anticipates the potential impact to service delivery.

The Department will bring forward a report for the consideration of Council that highlights:

- The options regarding the implementation of an operating model for the IFC;
- The resulting level of assurance and potential impacts on service delivery of the various options regarding an operating model; and
- Recommendations on the preferred model for implementation and an estimate of potential costs for the City of Winnipeg.

Lobbyist Registry for the City of Winnipeg

Background

As referred by Council on March 26, 2014 to the Executive Policy Committee - Motion 3:

"That the Public Service be directed to devise a Lobbyist Registry, based upon best practices from cities like Toronto and Ottawa as well as the Provincial Governments; That the Lobbyist Registry be administered through the City Auditor, and that an annual report be filed by the City Auditor on activities and registrants; That the City Auditor recommend penalties for violation of the Lobbyist Registry; That the Public Service report back to Council within 60 days with a recommended plan for Council adoption."

As recommended at the Governance Committee on May 15, 2014:

That Governance Committee of Council recommended that the Council Motion of March 26, 2014 be referred to the City Auditor for report back to the Governance Committee of Council.

- Lobbyists Registries are in place in all three levels of government across Canada. In addition to the Federal government, most provincial governments and two municipal governments have registries.
- The Audit Department reviewed the lobbyist registries of the Federal Government, the Province of Manitoba and the cities of Ottawa and Toronto by examining publicly available information and conducting telephone interviews.

Key issues

The key issues to implementation include:

- Defining the criteria to determine if an individual is a lobbyist;
- Creating a Code of Conduct for lobbyists;
- Determining if fees should be charged to lobbyists for registration;
- Defining the process and timing for lobbyists to register their activities;
- Determining how should the lobbyist registry be enforced and what penalties, if any, should there be;
- Establishing the level of Council oversight of the Lobbyist Registry and Registrar;
- Resolving the lack of legal authority within the *City of Winnipeg Charter* Act to enable the investigative and enforcement activities of the Registrar; and
- Identifying funding as current budgets do not contain a provision for the implementation of this initiative.

Current Status/Next Steps

The Department is currently finalizing a report to be brought forward to the Governance Committee of Council. The report will provide:

- An overview of the key elements of a lobbyist registry;
- Information on how lobbyist registries work in other jurisdictions; and
- Recommendations on how the lobbyist registry should be implemented and an estimate of potential costs for the City of Winnipeg.

Status of Audit Recommendations

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 Public Service provides a response to each recommendation in our audit reports along with an action plan. The subsequent implementation of the audit recommendations in accordance with the action plans is the responsibility of the Public Service.

The Quarterly Report Card is produced at the end of March, June, September and December and is presented at the next Audit Committee meeting. 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.

At the request of Executive Policy Committee in January 2015, the City Auditor is now required to provide assurance on the implementation steps undertaken by the Public Service. Departmental representatives will now be required to provide appropriate documentation to support the implementation that has occurred to date. The completed Quarterly Report Card is presented to Audit Committee by the City Auditor along with any observations he may have.

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. 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 Public Service, the Audit Committee may propose a new audit of the subject entity through the annual planning process.

Five Year Summary Status Report

Below is a summary of the implementation status of recommendations made in the more significant audit reports issued in the past five years.

AUDIT REPORTS	Issue Date	RECOMMENDATIONS			
		Total	Implemented	Pending	Not to be Implemented
Winnipeg Police Services Overtime	Feb-09	11	11		
Capital Project Management	Feb-09	29	21	6	2
Wpg. Fire Paramedic Service Overtime & Sick Leave	Jun-09	10	10		
Building Permits & Inspections Audit	Nov-09	6	4	2	
Winnipeg Fleet Management Performance Audit	Mar-10	10	10		
Business Resumption Planning Audit	Mar-10	5	5		
Local Improvements Audit	Jul-10	9	7	2	
Review of the Councillors' Representation Allowance Fund - Policy Requirements	Jan-11	5	5		
Fraud & Waste Hotline Research Study	Apr-11	1	1		
Operational Review of Winnipeg Golf Services	Apr-11	11	4		7
Traffic Signals Branch Performance Audit	Jun-11	19	14	4	1
Operational Review of the Winnipeg Parking Authority	Jun-11	27	23	2	2
Animal Services By-law Enforcement Audit	Jun-11	13	10	2	1
Risk Management Audit	Jun-11	16	15		1
Corporate Leadership Training & Development Audit	Jan-12	6	6		
Review of the Assiniboine Active Transportation Bikeway	Jan-12	3	3		
Review of the Winnipeg Public Library Services	Jan-12	9	6	2	1
Contract with Winnipeg Airports Authority Inc.,	Jul-12	13	12	1	
Review of the Hired Equipment Process	Jul-12	9	1	8	
WPS Civilianization	Oct-12	7	3	4	
Safety Review of Aquatics Services	Feb-13	15	12	2	1
Non-Monetary Real Estate Grants Audit	Jan-14	12	10	2	
FIVE YEAR TOTAL		246	193	37	16
FIVE YEAR PERCENTAGE			78%	15%	7%

* Note: Stats from 2014 4th Quarterly Report Card

Audit Department Balanced Scorecard

Strategies	Performance Measure	Actual 2012	Actual 2013	Actual 2014	3 year Average	Industry* Benchmk	2015 Target
Customers & Stakeholders Perspective							
Deliver quality audit reports to clients and stakeholders	• Collaborative risk-based Audit Plan in place • # of Audit Committee meetings • # of reports issued to clients/ stakeholders • Post project satisfaction rating (out of 5) • The rating of the quality of audit reports as 'reliable and credible' (out of 5)	Yes 3 11 3.9 3.8	Yes 3 14 3.9 4.0	Yes 2 13 3.9 4.0	-- 3 13 3.9 3.9	n/a n/a n/a 4.4 n/a	Yes 3 15 4.4 4.0
Provide value-added and relevant recommendations	• Audit recommendations accepted • Audit recommendations implemented (last 5 yrs.) • Clients/stakeholders rating of the audit recommendations as 'value-added' (out of 5)	100% 74% 3.7	100% 71% 4.0	100% 78% 4.0	100% 74% 3.9	88% 80% n/a	95% 80% 4.0
Educate clients and stakeholders on strategic areas of focus (governance, risk management & controllership, performance information)	• # of advisory projects • # of presentations and workshops • # of committee membership • Clients/stakeholders rating that the audit recommendations improved focus areas (out of 5)	7 0 2 3.7	8 1 2 4.5	8 5 2 4.5	8 2 2 4.2	n/a n/a n/a n/a	6 2 2 4.0
Maintain focus on primary assurance role while dedicating some resources to advisory and investigative roles	• % direct hours dedicated to assurance • % direct hours dedicated to advisory • % direct hours dedicated to investigations	71% 20% 9%	62% 22% 16%	68% 12% 21%	67% 18% 15%	n/a n/a n/a	75% 15% 10%

Audit Department Balanced Scorecard

Strategies	Performance Measure	Actual 2012	Actual 2013	Actual 2014	3 year Average	Industry* Benchmk	2015 Target
Financial Perspective							
Prudently manage public resources	• Operating Budget variance	-2%	-2%	-1.7%	-1.9%	n/a	0%
Deliver cost-effective audit services	• Cost per billable hour	$103.16	$117.06	$118.03	$112.75	$108.82 [1] $200.00 [2]	$118.00
Potential cost savings/avoidance or revenue generation opportunities	• Cost savings/avoidance identified in Audit Reports	$775,780	$2.2M	$0	$991,927	3.21 ratio of $ savings to Audit $	50% of Dept. Budget

[1] Industry Benchmark [2] Fully blended rate (partner to junior) based on a review of local professional services firms

Strategies	Performance Measure	Actual 2012	Actual 2013	Actual 2014	3 year Average	Industry* Benchmk	2015 Target
Employee and Organizational Perspective							
Maintain staff capacity through recruitment and/or secondment	• Approved staff complement • Number of Auditors (FTE) to total organizational staff	7 1:1446	7 1:1449	7 1:1458	7 1:1451	6 - 10 1:1222	6 1:1701
Supplement competencies with external/internal partnerships	• # of collaborative projects	5	4	6	5	n/a	3
Build a competent and diverse workforce	• % of auditors with professional designations • Number of training hours/FTE • Work diversity by designated group	100% 43 33%	100% 41 33%	100% 14 50%	100% 33 39%	82% n/a n/a	100% 40 50%
Promote positive working environment	• Average level of staff satisfaction per annual survey (out of 5)	4.9	4.9	4.9	4.9	n/a	4.0
Ensure effective performance management model and process	• Annual evaluation for each staff member • Performance measures used by Audit Department	100% Yes	100% Yes	100% Yes	100% --	n/a 73%	100% Yes

Audit Department Balanced Scorecard

Strategies	Performance Measure	Actual 2012	Actual 2013	Actual 2014	3 year Average	Industry* Benchmk	2015 Target
Internal Business Processes Perspective							
Assure professional standards are maintained	• Risk assessment for each project	Yes	Yes	Yes	--	n/a	Yes
	• Projects meet quality assurance standards	Yes	Yes	Yes	--	n/a	Yes
	• Peer review standards met (per external review)	No	No	No	--	Yes	No
Complete committed projects on time and on budget	• % Completion of Audit Plan	77%	84%	81%	81%	75%	75%
	• % Target date met	94%	92%	90%	92%	76%	75%
	• % Target budget met within 10%	94%	92%	90%	92%	79%	75%
Optimize productivity	• Direct project hours to total hours available	77%	76%	74%	76%	72%	78%
	• Audit management software used	Yes	Yes	Yes	--	60%	Yes
	• Fraud Hotline	No	No	Yes	_	64%	Yes

* Industry is represented by the Association of Local Government Auditors (ALGA/CALGA) which represents local government audit organizations in both the United States and Canada. The latest comparative survey was published in March 2013.

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.

Brian Whiteside, CA, CIA
City Auditor

Brian was appointed City Auditor/Chief Performance Officer in November 2009. He joined the Audit Department in 1997 and was appointed Audit Manager in 1999 and Deputy City Auditor in 2003. Previously, Brian worked for the Office of the Provincial Auditor of Manitoba in the Value for Money Audit Division. Brian has over twenty years of experience in all facets of government 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
Deputy City Auditor

Bryan has worked with the City of Winnipeg Audit Department since 1999 and currently holds the position of Deputy City Auditor. Bryan has been responsible for providing leadership and direction to internal audit professionals. The primary focus of his works is managing performance audits and information technology reviews, acting as an advisor on city-wide initiatives and conducting special investigations. Prior to joining the city, Bryan worked in the private sector as a management consultant specializing in the areas of quality management systems (ISO 9000), business planning and strategic planning. 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 has held several executive positions on various non-profit boards and is currently serving on the National Advisory Council for the Canadian Centre for Government Auditing.

Micheal Giles, CA, CIA
Project Leader

Micheal joined the Audit Department in 2008 as an Auditor and was promoted to Project Leader in July 2011. He is also an active member of the City's Aboriginal Relations Leadership Team. Before starting with the Audit Department, Micheal obtained his Bachelor of Commerce (Honours), majoring in accounting, at the University of Manitoba, and articled in public practice at Booke & Partners Chartered Accountants in Winnipeg. He is a Chartered Accountant and a Certified Internal Auditor. Micheal is also active in supporting and further developing the audit and accounting profession by facilitating online courses and marking exams for both the CA School of Business and CPA Canada, and currently serves on the Bylaws Advisory Committee of the Institute of Chartered Accountants of Manitoba.

Larissa Klimchak, CMA, CIA
Project Leader

Larissa began her career with the City of Winnipeg as an Auditor in 2008 and was promoted to Project Leader in September 2014. Previously, Larissa worked in the private sector as an Internal Auditor for Investors Group. Larissa brings experience in compliance and risk-based operational audits, fraud investigations, business continuity planning and business process analysis. Larissa is a graduate of the University of Manitoba with a Bachelor of Commerce (Honours) with a major in accounting. She holds the designation of Certified Management Accountant and Certified Internal Auditor.

Sadia Aslam, CA
Auditor

Sadia joined the Audit Department as an Auditor in October 2014. She graduated from the University of Manitoba with a Bachelor of Commerce (Honours) with a major in accounting. Sadia worked at PriceWaterhouseCoopers for several years before moving into the Internal Auditor position at StandardAero Limited. Sadia brings with her extensive experience in financial and operational audits, risk analysis and compliance. She holds the designation of a Chartered Accountant and will be working towards attaining her Certified Internal Auditor designation.

Donna Woytowich
Administrative Coordinator

Donna has been with the City since 1987 and joined the Audit Department in 1998. In her current position as the Administrative Coordinator, Donna is responsible for the department's administrative functions, which includes financial reporting, budget preparation and all areas related to human resources. In addition to these duties, she participates as a team member on departmental initiatives and various audit projects.

Jason Egert, M. ACC, CA, CIA
Project Leader

Jason joined the Audit Department as a Project Leader 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 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. In the spring of 2014, Jason resigned to accept a management position in the public sector.

Donovan Fontaine, CA, CIA, CISA
Auditor

Donovan joined the Audit Department as an Auditor in July 2011. He is a graduate of the University of Manitoba with a Bachelor of Commerce (Honours) with a major in accounting. While articling with Ernst & Young he attained his Chartered Accountant designation and then went on to work at the Office of the Auditor General of Manitoba. Donovan brings experience in compliance, value for money, information technology and financial auditing. He is a Chartered Accountant, Certified Internal Auditor and Certified Information Systems Auditor. In the fall of 2014, Donovan resigned to accept a management position in the public sector.

How to Reach Us

All of our reports become public documents once submitted to City Council. Complete reports are available on our website. If you would like to provide comments or receive more information about our department, please contact us as noted below.

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