Winnipeg
Audit Department
Service de vérification

# Audit Plan
# 2018 Update

## December 2017

*Leaders in building public trust in civic government*

# AUDIT PLAN OVERVIEW

## *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 Planning process is comprehensive and comprises several 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 operate in a dynamic environment, organizational risks and priorities constantly change and emerge. The following pages highlight the status of our 2017 projects and the projects proposed for 2018.

## 2017 Project Status

| Name | Overview | Status |
|---|---|---|
| Collective Agreements Due Diligence | Council policy requires that prior to ratification of an agreement, the City Auditor and the external auditor review the projected costs of collective bargaining agreements reported by the Public Service. | Complete.<br>Four Review Engagement Reports submitted in 2017. |
| Councillors' Ward Allowance | The City Auditor is required to audit the expenditures incurred under the CRA Fund Policy annually to ensure compliance with the policy requirements and principles of the fund. | Complete.<br>Report submitted to Governance Committee of Council on July 6, 2017. |
| Quarterly Report Cards | Follow-up on the implementation status of past audit recommendations. | Complete.<br>Twelve report cards submitted in 2017.<br>Quarterly report cards will continue to be submitted in 2018. |
| By-Law Enforcement Amalgamation | Evaluate opportunities as a result of recent Provincial Legislation changes: the Municipal By-Law Enforcement Act and the Provincial Offences Act. | Ongoing.<br>Report expected to be presented to Audit Committee by Q2 - 2018. |
| Capital Project Estimates | The capital budget estimate documentation supporting a new major capital project is reviewed to confirm it supports the identified estimate class (AACE). | Complete.<br>One Audit report related to the 2018 Capital Budget prepared for submission to Audit Committee. |
| Continuous Monitoring | To evaluate the opportunity to implement continuous monitoring to proactively monitor financial transactions, detect unusual expenses and identify areas where internal controls should be strengthened. | Ongoing.<br>Report expected to be presented to Audit Committee by Q2 - 2018. |
| Independent Fairness Commissioner | Report to identify possible options for the mandate, model and the financial resources required for the implementation and operation of an Independent Fairness Commissioner role. | Ongoing.<br>Contract awarded to external firm.<br>Compliance framework and report template developed.<br>Reports will be submitted to Standing Policy Committee on Property and Development, Heritage and Downtown Development in Q1 2018. |
| Outdoor Aquatics Safety Review | To review the safety processes and practices in place for the aquatics services provided at outdoor aquatic facilities. | Ongoing.<br>Onsite fieldwork completed in August.<br>Report expected to be presented to Audit Committee by Q1 - 2018. |

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| Process Efficiency Audit and Pilot Project | Evaluate the tools and resources available to City staff to identify opportunities to streamline service delivery with an aim to utilize the lowest amount of inputs to create the greatest amount of outputs. Audit Department staff would facilitate a pilot project in cooperation with the Public Service to guide staff through a process mapping and re-engineering session. | Postponed.<br>Request for funds to acquire expertise was not approved by Standing Policy Committee on Innovation.<br>In discussions with CFO to identify alternate options to proceed. |
| Pedestrian and Cycling Strategies – Review of Consultant Contracts – Employee Code of Conduct | Review of the procurement of the contract and subcontracts related to the Pedestrian and Cycling Strategy to ensure that all aspects of the City of Winnipeg Code of Conduct have been upheld. | Complete.<br>Report presented to Audit Committee on July 5, 2017. |
| Southwest Transitway Capital Project | Limited scope engagement to provide assurance on a proactive basis of specific aspects of the capital project. | Complete.<br>Four report cards submitted in 2017.<br>Quarterly report cards will continue to be submitted in 2018. |
| Winnipeg Police Board Effectiveness Evaluation | Section 50 of the Police Board's Rules of Practice and Procedure requires a formal, comprehensive evaluation of the board's effectiveness every three years to be conducted by the City's Chief Performance Officer. | Complete.<br>Report presented to Police Board's Risk Management and Audit Committee on January 23, 2017.<br>The report was also forwarded to Audit Committee on April 26, 2017. |

# PROJECTS PROPOSED FOR 2018

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| Mandatory Projects | | |
| Investigations | Fraud & Waste Hotline | Conduct investigations arising from reports submitted through the Fraud and Waste Hotline. |
| Assurance | Collective Agreements Due Diligence | 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. |
| | Councillors' Ward Allowance | The City Auditor is required to audit the expenditures incurred under the CRA Fund Policy annually to ensure compliance with the policy requirements and principles of the fund. |
| | Independent Fairness Commissioner | The IFC is required to conduct a compliance review of real estate transactions and management services which require presentation SPCPDHDD. The IFC will submit an independent report on each compliance review prior to political approval and concurrently with the related administrative report. |
| | Quarterly Report Cards | Follow-up on the implementation status of past audit recommendations. |
| New Projects | | |
| Advisory | Winnipeg Fleet Management Agency | Audit staff will perform a project management role to assist WFMA to undertake an operational review performed by a contracted firm. |
| Assurance | Mayor's Office Expenditure Policy [1] | To audit the expenditures incurred under the Mayor's Office Expenditure Policy to ensure compliance with the policy requirements and principles of the fund. |
| | Audit Recommendation Follow-up [2] | To complement the quarterly report card process, Audit would schedule a follow up audit 2 years after recommendations are implemented. This would encompass the audits that had all recommendations implemented in last 2 years. Intent is to confirm that implementation is still functioning as previously reported.<br>Project postponed. Replaced by Mayor's Office Expenditure Policy. |
| | Capital Project Estimates | The capital budget estimate documentation supporting a sample of new capital projects is reviewed to confirm it supports the identified class estimate (AACE). |
| | Contract / Vendor Management | Review processes to ensure contracts contain adequate provisions for oversight, that contractors are held accountable for compliance with requirements and City contract administrators are fulfilling their required roles. |
| | Employee Business Expense [2] | Review of employee business expenses such as travel, training, hosting, and employee recognition to ensure compliance with related Administrative Directives, Procedures and other guidance.<br>Project postponed. Replaced by Legal Services. |
| | Legal Services [1] | Council directed the City Auditor to conduct a review of the City's Legal Services Department including an examination of the current systems and processes for pursuing legal action against contractors and develop recommendations to ensure that critical deadlines are not missed in the future. |
| | Southwest Transitway Capital Project | Limited scope engagement to provide assurance on a proactive basis of specific aspects of the capital project. Reports will be submitted quarterly. |
| | Water Main Renewals | Assess the asset management, design services, construction services and project delivery of the program to replace and/or rehabilitate deteriorating water main infrastructure. |

Note 1: New Addition to Audit Plan.
Note 2 – Project Postponed, will be considered for inclusion in the 2019-2020 Audit Plan.