AUDIT DEPARTMENT

2017 REPORT ON PERFORMANCE



City of Winnipeg Audit Department
2017 Report on Performance

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Our Mandate

The City Auditor is a statutory officer appointed by City Council under *The City of Winnipeg Charter* and is independent of the City's Public Service. Powers and authorities granted through The *City of Winnipeg Charter*, organizational by-laws and Council motions support the position and mandate of the City Auditor.

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. The findings are reported to Council through the Audit Committee (Executive Policy Committee) and an audit report becomes a public document after communication to City Council.

In 2009, the CAO introduced the concept of a Chief Performance Officer as an administrative function for the City. The mandate of the department with the addition of the Chief Performance Officer role is as follows:

- *To examine problem areas 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.*
- *To examine and evaluate the adequacy of the City's financial and operational systems of internal control.*
- *To determine compliance with sections of The City of Winnipeg Charter, by-laws, regulations, orders of Council, administrative directives and applicable federal and provincial legislation.*
- *To review the performance of operations to ensure money was expended with due regard to economy and efficiency.*
- *To monitor and report on the status of implementation of audit recommendations on a quarterly basis.*
- *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.

The Audit Department performs its work in accordance with *Government Auditing Standards*. These standards provide professional guidance for government-related audits and require us to follow relevant CPA Canada auditing standards where they are applicable to our work. The Audit Department recently completed its first peer review for the period of January 1, 2015 to November 30, 2016, and have received a clean opinion from the peer review team. It is the opinion of the Association of Local Government Auditors that the Audit Department's quality control system was suitably designed and operating effectively to provide reasonable assurance of our compliance with *Government Auditing Standards* for audits and attestation engagements for the period reviewed.

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 support their decision-making efforts. Our stakeholders are civic managers and citizens who are the recipients of our public reports.

Our Service Lines

- Advisory Services - activities carried out under this service line are proactive and concerned with getting it right the first time.
- Assurance Services - assurance services are defined as independent professional services that improve the quality of information or its context for decision makers.
- Investigation Services - we conduct reviews in response to reports submitted to the City's Fraud & Waste Hotline, requests received from external parties or as the result of information that is brought to the attention of the City Auditor under the *City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities* Administrative Standard.

Our Resources

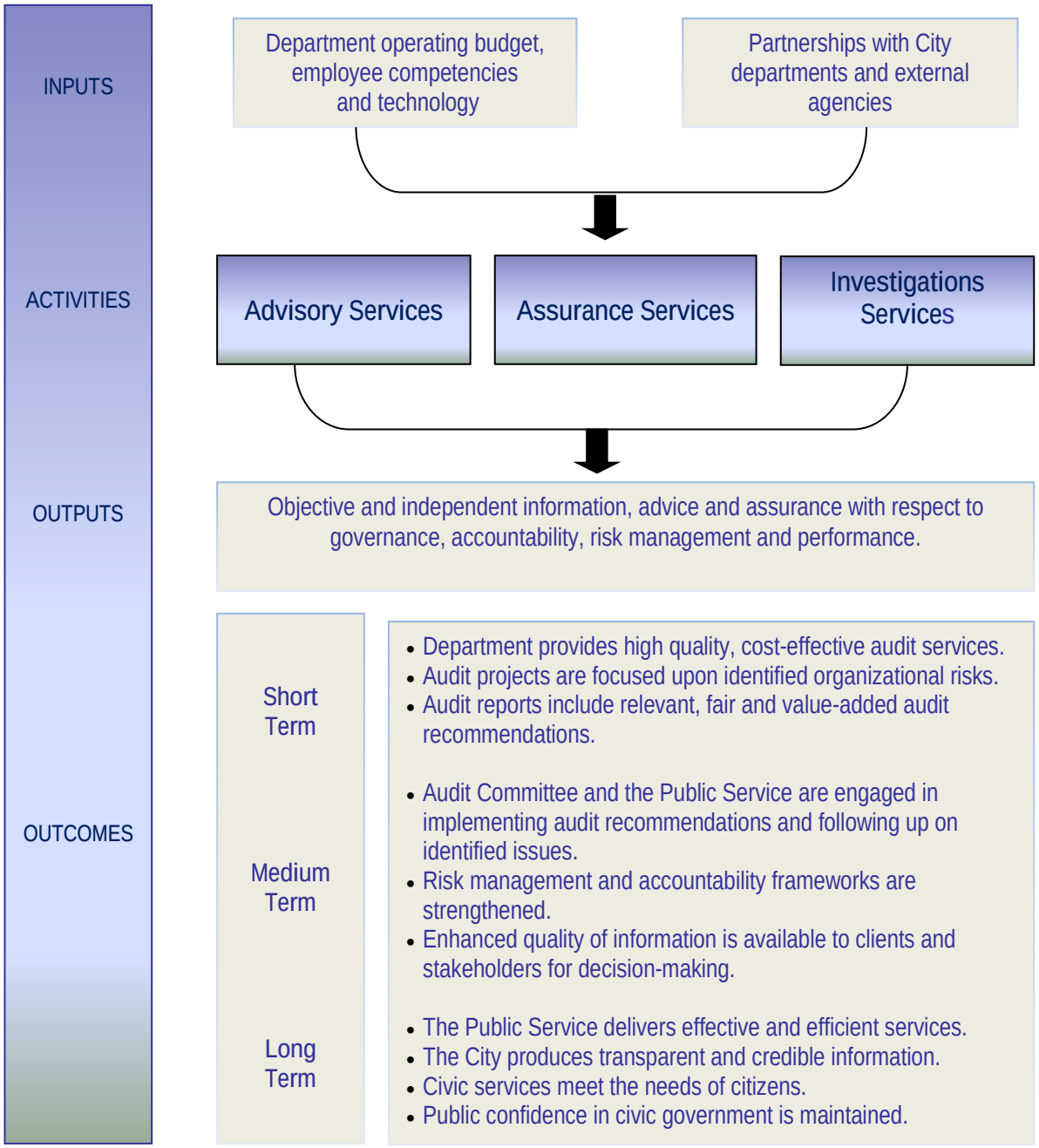
The Audit Department's budget and expenditures are shown below:

Description	Fiscal Year 2015	2016	2017
Budget	$ 1,228,121	$ 1,368,146	$ 1,325,775
Expenditures	$ 794,660	$ 903,096	$ 1,325,775
Surplus	$ 433,461 **	$ 465,050 **	$ 53,689 **
	** Surplus mainly due to unused funding for the Independent Fairness Commissioner (IFC) and Lobbyist Registrar roles. Surplus salaries due to departmental vacancies.	** Surplus mainly due to unused funding for the Independent Fairness Commissioner (IFC) and Lobbyist Registrar roles. Surplus salaries due to departmental vacancies.	** Surplus mainly due to unused funding for the Independent Fairness Commissioner (IFC) and departmental vacancies.

Our Intended Outcomes

The Audit Department's logic model describes the linkages between our resources, and our activities, outputs and 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 leaders in building public trust in our civic government

Mission To support City Council and the Public Service by providing objective and independent advice and assurance with respect to governance, risk management, performance and accountability

Our Strategic Goals

Support the achievement of transparent, efficient and effective City government services
Deliver value-added, cost-effective and innovative audit services
Promote a respectful, team-oriented and professional workplace

Our Key Risks

Capacity – supplement resources with partnerships and audit processes that optimize coverage and productivity
Credibility - maintain a high standard of competence and professionalism
Independence & Objectivity - provide independent assurance that is fair and balanced
Resources - maintain an adequate level of resources to provide an appropriate level of assurance
Service Delivery – produce high quality reports in an efficient manner that result in value-added recommendations
Workflow – efficient completion of audit projects while maintaining compliance with professional standards

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 and the key conclusions reached. We will also provide an update on the status of outstanding audit recommendations. Finally, we will provide our own performance measures and results against industry standards and departmental targets in our *Balanced Scorecard.*

Current Projects

Advisory Services

The Audit Department has representatives who contribute to the following committees:

Excellence Winnipeg

The City of Winnipeg, in partnership with Excellence Canada, began the Excellence Winnipeg initiative in 2013. The initiative promotes excellence, innovation and wellness in the Public Service by focusing on improving performance in: leadership and governance; strategy and planning; citizen experience; people engagement; process and project management; and partner and supplier relationships.

Indigenous Relations Leadership Team

The Indigenous Relations Leadership Team is a cross-section of employees that raise awareness and create opportunities for Indigenous-focused initiatives across the Public Service. The Indigenous Relations Leadership Team has representatives from all civic departments.

Asset Management/Project Management Advisory Committee

The mandate of the committee is to provide guidance and advice on the performance of the Asset Management Program and to monitor progress and success of the Corporate Asset Management Plan.

Sustainable Procurement

The sustainable procurement working group is responsible for incorporating sustainable procurement through the City's procurement policy and developing administrative standards that include environmental, social and economic aspects. Departmental representatives share current practices and ideas to contribute to sustainable procurement. This aligns with a Sustainable Winnipeg (an OurWinnipeg Direction Strategy), which requires a city to demonstrate its commitment to improving sustainability of its operations through the products and services it purchases.

The City of Winnipeg Charitable Fund

The City of Winnipeg Charitable Fund (CWCF) is the official charitable fund for the City of Winnipeg organization. The goal of the Fund is to provide City employees and retirees with the opportunity to support local charitable organizations through a bi-weekly payroll deduction.

Assurance Services

Due Diligence Reviews - Collective Bargaining Agreements

We completed four (4) collective bargaining agreement reviews in 2017. 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 review that the forecasted net incremental costs or savings to the City have been appropriately identified, calculated and summarized in a report, and that all significant assumptions relating thereto have been disclosed.

Compliance Audit – Mayor's Expenditure Policy

The City Auditor was authorized to engage external resources for the purpose of completing the audit of the Mayor's expenditures incurred under the Mayor's Expenditure Policy for the year ended December 31, 2017. The purpose of the audit is to evaluate compliance with the policy requirements and principles of the fund. The fund provides monies to the Mayor to operate their offices, to communicate with constituents, to represent and support local communities, and to cover the additional expenses of chairing committees of Council.

The results of the audit will be reported to the Audit Committee of Council in July 2018. KPMG LLP was awarded the contract under RFP 110-2010 B.

Compliance Audits – Councilors' Ward Allowance Fund

The City Auditor was authorized to engage external resources for the purpose of completing the audit of the ward allowance and chairperson expenditures incurred under the Councillors' Ward Allowance Fund Policy for the year ended December 31, 2017. The purpose of the audit is to evaluate compliance with the policy requirements and principles of the fund. The CWA fund provides monies to City Councillors to operate their ward offices, to communicate with constituents, to represent and support their wards and local communities, and to cover the additional expenses of chairing specific committees of Council.

The CWA funds of fifteen (15) City Councillors and ten chairperson accounts were audited for 2017. The results of the audits will be reported to the Governance Committee of Council in July 2018. KPMG LLP was awarded the contract under RFP 110-2010 B.

Quarterly Report Card

We gather and review management responses regarding the status of implementation of past audit recommendations on a quarterly basis and report the results to Audit Committee.

The Quarterly Report Card presents management's representations as to the status of recommendations implemented, in progress or not to be implemented. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred.

The Quarterly Report Card process enables the City Auditor to provide Audit Committee with assurance that the Public Service has implemented recommendations from past audit reports. Further details of the Quarterly Report Card are provided in the section *Status of Past Audit Recommendations.*

Major Capital Project Estimate Classifications

The classification level of project cost estimates communicates the level of design work completed to support the cost estimate and can have a significant impact on the difference between the final results and the original estimated costs. We performed an audit on the estimate classification for one (1) major capital project presented in the City's 2018 Preliminary Capital Budget. This audit was for the Fermor Avenue Bridge (Seine River) – (Class 3).

We concluded that the estimate classification for the project was fairly presented in the Preliminary Capital Budget. The result was reported to Council in December 2017.

Independent Fairness Commissioner

Council motion created the Independent Fairness Commissioner (IFC) role and the mandate was to review and provide assurance on Real Estate Transactions before they are presented to Standing Policy Committee/Council.

The objective of the Independent Fairness Commissioner is to ensure that real estate transactions and management services adhere to the policies and procedures of the City of Winnipeg and to consider if the goals of being open, fair and transparent have been met.

The Audit Department issued a Request for Proposal (RFP No. 288-2017) in 2017 for a Contract for Professional Consulting Services for an Independent Fairness Commissioner in order to seek a qualified external firm to act in the capacity of the IFC role. The contract was awarded to Deloitte LLP on June 30, 2017. The contract is renewable in one (1) year increments and the Audit department plans on doing a review of the process midway through the contract term.

The IFC completed two (2) real estate transaction reviews in 2017, and the reports were presented to the Standing Policy Committee on Property and Development, Heritage, and Downtown Development in December 2017.

Real Estate Transactions with reporting requirements will continue to be reviewed by the IFC on a monthly basis, and the reports are being submitted to the Standing Policy Committee on Property and Development, Heritage, and Downtown Development as required.

Performance Audits

Audit of Procurement for the Pedestrian and Cycling Strategies Report and Review of the Employee Code of Conduct

A motion was made by City Council that the City Auditor carry out an independent review of the procurement of the contract and subcontracts related to the Pedestrian and Cycling Strategy to ensure that the City of Winnipeg Code of Conduct was upheld, and to provide recommendations in the event that there is a need to update and modernize the City of Winnipeg Employee Code of Conduct.

The objectives of our audit were:

- To provide assurance on whether the City's Employee Code of Conduct had been upheld for the procurement of the Pedestrian and Cycling Strategy.
- To assess and provide recommendations on whether the City's Employee Code of Conduct needs to be updated and modernized.

What we found:

- The Public Service did uphold the City's Employee Code of Conduct for the procurement and execution of the Pedestrian and Cycling Strategies project. The steps taken by the Public Service to mitigate the risk of potential conflict of interest in the procurement and during the course of the project followed the requirements of the Employee Code of Conduct.
- The guidance in the City's Employee Code of Conduct in relation to conflict of interest is in line with the codes of other jurisdictions, and also in line with professional guidance on codes of conduct.
- The City's Employee Code of Conduct has not been updated since it was adopted by Council in 2001.
- The current code has several strengths, including that it discusses key principles to be followed, contains guidelines on ethical conduct including conflict of interest, provides clear details on roles, responsibilities, and options for consequences in cases of ethical misconduct, and is concisely written.

Key recommendations:

- The Public Service updates the City's Employee Code of Conduct to incorporate the key characteristics for codes.
- That the code be revamped to be written in plain language to be more reader friendly to employees of all educational and cultural backgrounds. Other areas that we recommended to be updated in the code included providing a definition of conflict of interest for the benefit of those who may not be familiar with the meaning of the term, incorporating the City's corporate values, and providing references to the Public Service's other ethical standards that support the principles in the code.
- That the Public Service formally documents its Ethics Framework to present a more unified guide for presenting and communicating the City's policies and standards that build and sustain the ethical culture.
- That the Public Service establishes a process to review and update both the Employee Code of Conduct and the Ethics Framework on a periodic basis.

Winnipeg Police Board Effectiveness Evaluation

Background:

- The Winnipeg Police Board ("the Board") is required to comply with *The Police Services Act* to operate in accordance with the policy and procedures manual developed for police boards by the Manitoba Police Commission (MPC).
- Chapter 3.9 of the MPC Manual sets out a policy and related procedures to evaluate the effectiveness of the police boards in carrying out their legislative mandates. The policy requires the police board to evaluate its effectiveness at least every three (3) years, and provides guidance for carrying out the evaluation.
- The Board has been in operation for three (3) years as of June 2016 and decided to initiate the evaluation process of its activities by requesting assistance from the Chief Performance Officer to administer the evaluation and ensure objectivity.

The purpose of the evaluation was:

- To demonstrate the Board maintains compliance with the MPC Manual, which further reinforces measuring effectiveness to demonstrate overall good governance. It also identifies aspects of the Board's operations that can be further improved and incorporated into the goals of subsequent annual business plans.
- The effectiveness evaluation consisted of questionnaires and a policy and procedure checklist that were provided by the Board's Risk Management and Audit Committee.

What we found:

Evaluation Questionnaire:

- There was a 59% response rate for the evaluation questionnaire that was distributed to the Board and stakeholders selected by the Risk Management and Audit Committee. There may be future opportunities for the Board to improve the response rate by increasing its communication with desired stakeholders about the contribution of the feedback to the Board's future success.
- Based on the analysis performed, the respondents were pleased with the overall effectiveness of the Board. The majority of the average scores in each section were satisfactory; however, some of the quantitative results, as well as the comments expressed by respondents, indicated areas for potential improvement.
- The questionnaire competencies that received more favorable responses included restrictions on the mandate, strategic planning, and the Board-Chief relationship. Areas with lower satisfied results were training and capacity and risk management.

Policy and Procedures Checklist:

- Overall, the Board provided support that it is following the guidance of the vast majority of the items included in the Risk Management and Audit Committee's policy and procedure checklist.
- The Board staff have openly communicated that there are a few checklist items that the Board is not following. The Board will want to determine the risks associated with these items, and how those risks may impact the Board's effectiveness. These items have been summarized below:
    - Not all complaints about the WPS or individual officers, other than the Police Chief are forwarded to the Chief or designated for appropriate action. Instead, the Board explains the options they have available to complainants for making a complaint and encourages complainants to contact the appropriate agency directly. The Board believes this is the best way to act in accordance with the complainants' wishes for their concerns, and is currently holding discussions with the Manitoba Police Commission on this policy.

- Whether directors' liability insurance is necessary has been outstanding since 2013.
- The Board has not reviewed the results of its 2015 informal assessment.
- No formal set of individual and/or collective competencies are currently in place.
- A process for the Board Chair to review its members' self-evaluations has not been implemented. This is because the Board has not yet determined whether it is appropriate and/or a priority for Board members to have individual performance evaluations on an annual basis.
- Agendas are prepared for every meeting; however, the materials that are presented during each meeting are not always available three (3) days prior to the meetings.
- The Board's audited financial statements are not ready by March 31st, and the Board obtains an extension from the MPC each year.

Engagements In-Progress

Continuous Monitoring

Leading practices are moving towards implementing processes and procedures that create an environment where risk is managed proactively rather than reactively.

A "Continuous Monitoring Program" involves the ongoing review and identification of transactions that fall outside usual parameters. The objective of continuous monitoring is to provide periodic reports to management that assist in proactively monitoring financial transactions, detecting unusual expenses and identifying areas where internal controls could be strengthened.

We recognized the advantages of implementing a Continuous Monitoring Program, and hired a consultant to evaluate the opportunity to implement such a program within the City's PeopleSoft financial system. The intent is to develop a program with built in parameters that will monitor and analyze financial transactions, with a focus on high-risk and high-value transactions, reporting on errors, irregularities or exceptions.

The Services required under this Contract consisted of research on the Continuous Monitoring mechanisms in a PeopleSoft financial system used by other jurisdictions or private sector entities to detect and report on high risk transactions; a comprehensive current state analysis on the City's PeopleSoft financial system and how risk is monitored and managed; and an assessment of the Return on Investment to aide in decision making to invest in implementing the program.

At the end of 2017, the consultant was working on a draft report. We expect to receive a final draft in 2018.

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit

Stage 2 of the Southwest Rapid Transitway and Pembina Highway Underpass is one of the largest capital projects that the City has embarked upon. Appropriate communication is important to allow key stakeholders to fulfill their roles in relation to the project; it also keeps the public informed on project performance. In a proactive effort, the Audit Department has been releasing quarterly audit reports that provide assurance on the reporting processes and selected key project management areas throughout the construction of the project.

The objectives of the ongoing audit are:

- To provide assurance that appropriate reporting is occurring for the Project based on regulatory requirements, City policies and procedures, and agreements with third parties
- To provide assurance that appropriate financial status reporting is occurring for the Project
- To provide assurance that appropriate risk management is occurring in the Project

By the end of 2017, two (2) quarterly audit reports had been released; one (1) report was covering the period of October 1 to December 31, 2016, and the second report was covering the period of January 1, 2017 to March 31, 2017. No key recommendations were provided in any of the two (2) reports. A

reproduction of the Fairness Monitor's illustration of the risk distribution for this project was introduced in the October 1 to December 31, 2016 report. The remaining quarterly audit reports for 2017 were in progress at the end of 2017. We expect to continue to report quarterly on the project until construction is completed.

Safety Review of the City of Winnipeg Outdoor Aquatic Facilities

A safety review of the City of Winnipeg Outdoor Aquatic Facilities was included in the City Auditors Audit Plan 2015 – 2018. The Audit Department issued a Request for Proposal (RFP) to identify experienced and capable proponents to conduct the review. In June 2017, a contract was awarded to the Lifesaving Society – Manitoba Branch Inc. The work performed under the contract consisted of a safety review, evaluating the overall operation of outdoor aquatic facilities, through on-site inspections of all ten (10) outdoor swimming pool facilities, a sample of nine (9) wading pool facilities and three (3) spray pads.

The objective of this audit was to evaluate the outdoor aquatic facilities safety processes and practices and report on the facilities adherence to Manitoba regulations and Lifesaving Society best practices.

The audit was in progress at the end of 2017. We will report on the results in 2018.

By-Law Amalgamation

The Province of Manitoba has enacted two (2) statutes, The Municipal By-law Enforcement Act (MBEA) and The Provincial Offences Act (POA). Both the MBEA and POA transfer the responsibility of administering by-law enforcement to the City of Winnipeg (the City).

Under the previous system, the courts not only administered the judicial process for by-law enforcement but also collected fines and court costs resulting from by-law violations. Under the new system, the City is responsible for screening and adjudicating and collecting all payment of penalties or fines except those voluntarily paid to the Court under the POA.

In light of changes made to by-law enforcement legislation, as a proactive measure, the Audit department evaluated strengths and opportunities within the current process to provide recommendations on optimal processes and administrative structures going forward.

The objectives of the audit were:

- To evaluate whether adequate processes, systems and controls are in place to achieve by-law enforcement service delivery objectives.
- To recommend on an appropriate organizational structure for the Public Service's by-law enforcement processes in light of recent legislative changes.

Further, Council passed a motion on July 19, 2017 that:

- Those amendments to twelve (12) by-laws, which will allow some by-law offences to be enforced under the MBEA and others to be enforced through tickets issued under The POA, be enacted.

- The Public Service is directed to report back to Council within one (1) year with an implementation plan for administration of screening and adjudication functions for City by-laws enforced under the MBEA and the collection of all fines and penalties imposed for contraventions of City by-laws under both the MBEA and POA.
- As a temporary measure until such time as a implementation plan referred to in recommendation 2 is in place, and notwithstanding its Operating Charter, the Winnipeg Parking Authority be authorized to administer screening and adjudication functions for City by-laws enforced under the MBEA and the collection of all fines and penalties imposed for contraventions of City by-laws under both the MBEA and POA.

The audit was still in progress at the end of 2017. A final report will be issued in 2018.

Audit of the Legal Services Department

Council approved a motion directing the CAO to request that the City Auditor 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. The project was added to the City Auditor's 2018 Audit Plan which was approved by Audit Committee on December 6, 2017.

The single objective of the audit was to evaluate whether the Legal Services Department has the appropriate systems and processes in place to mitigate the risks of file management errors, including missing critical deadlines in legal processes.

This audit was in progress at the end of 2017. We reported the results in February 2018.

Investigation Services

Fraud and Waste Hotline

The Fraud and Waste Hotline is a confidential and anonymous service accessible to City staff and citizens to report complaints twenty-four (24) hours a day, seven (7) days a week.

The Audit Department provides investigative services as a result of information arising from reports submitted through the Fraud & Waste Hotline, through audit projects, or at the request of Council, the Public Service (pursuant to the City of Winnipeg's Administrative Standard: *Fraud, Theft, Misappropriation or Related Irregularities*), City managers and citizens.

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 department management who are responsible for taking appropriate action to resolve concerns raised during a review.

Hotline Activity

The following table summarizes the types of complaints received through the Fraud and Waste Hotline by the Audit Department during the calendar year.

Report Category	2015	2016	2017
Financial Reporting and Accounting	0	0	1
Health and Safety, Environment	0	1	0
Unethical Conduct and Conflict of Interest	12	9	16
Manipulation or Falsification of Data	0	2	1
Harm to People or Property	3	1	0
Theft, Embezzlement, Fraud	11*	23	41*
Violation of Laws, Regulations, Policies, Procedures	3	10	8
Organization	0	0	0
Management/Supervisor	0	0	1
Compensation, Pension and Benefits	1	2	2
Product/Customer Service	1	0	0
Office and Equipment Requirements	0	0	0
Safety and Security Issues	1	2	0
Suggestions for Improvement	1	1	0
Miscellaneous	7	3	8
Undefined	2	2	6
Total	42	56	84

Note: * a duplicate report required only one investigation

Disposition of Complaints

We investigated all complaints received in 2017 in accordance with internal procedures and guidelines, as well as professional standards. We gathered evidence to confirm or dispel the allegations reported. We consulted with other appropriate internal or external experts as deemed necessary. If "No Action" is taken on a report, it would typically be due to insufficient information being supplied to support the allegation. Despite attempts by the Audit Department staff to obtain additional information through the hotline system, there may not be sufficient information to proceed.

	Carry Forward from Prior Year	Complaints Received in 2017	Closed
No Action	0	4	4
Referral to Another Agency	0	49	47
Referral to Department	0	4	4
Investigation	10	27	26

Outcomes of Reports

	Closed
Substantiated	7
Unsubstantiated	74
Conclusion pending	13

Note – counts may include complaints received in prior year.

Through the investigations conducted this year, the following actions were taken as a result of the investigation into the reports:

- Identification of a number of water meters that had been tampered with. The department repaired the meters and implemented enhanced monitoring procedures.
- Improved monitoring and documentation of overtime arrangements and implementation of a process to reconcile hours taken with banked hours.
- Staff meetings have been established within a City of Winnipeg department to communicate and remind staff of departmental expectations, policies, and procedures.
- Updates to the Project Management Manual and Bid Opportunity Templates to clarify the process for contract administrators tasked with managing a bid solicitation. The guidance focused on the process for reviewing requests for substitutes, the subsequent approval or denial of a substitute and the inclusion of an approved product.
- Revisions to the procurement process to request contract administrators do not include proprietary specifications/products in City tenders/RFPs unless prior approval of a single source is obtained from the appropriate authority.

Status of Past 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 audit recommendation in the Audit Report along with an action plan for completion. The subsequent implementation of the audit recommendations in accordance with the action plans is the responsibility of the Public Service.

The Audit Department provides a template of outstanding audit recommendations to the Department Director responsible for implementing the recommendations. The templates are forwarded to the Audit Department for review and compilation. Documentation supporting the implementation of recommendations is reviewed to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

The Quarterly Report Card summarizes the status of:

- the specific recommendations targeted for completion in the current quarter as indicated by the Public Service;
- the specific recommendations from each Audit report currently in progress and the target date for completion; and
- the number of Audit recommendations implemented to date.

Overall, the Quarterly Report Card presents management's representations as to the status of recommendations implemented, in progress or not to be implemented. The Quarterly Report Card is produced at the end of March, June, September and December and is presented by the City Auditor at the next Audit Committee meeting along with any observations he may have.

Quarterly Report Cards are typically completed within five (5) years following the issue date of an audit report, which may be extended as circumstances warrant. After the reporting period, 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 Public Service, 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 our audit reports.*

AUDIT REPORTS	Issue Date	RECOMMENDATIONS			
		Total	Implemented	Not to be Implemented	Pending
Capital Projects Management [1]	Feb-09	29	26	3	
Traffic Signals Branch Performance Audit	Jun-11	19	15	1	3
Operational Review of the Winnipeg Parking Authority [1]	Jun-11	27	25	2	
Animal Services By-law Enforcement Audit [1]	Jun-11	13	11	2	
Review of the Winnipeg Public Library Services	Jan-12	9	7	1	1
Review of the Hired Equipment Process	Jul-12	9	4		5
Safety Review of Aquatics Services [1]	Feb-13	15	14	1	
New Fire Paramedic Station Construction Project	Oct-13	14	12		2
Non-Monetary Real Estate Grants Audit	Jan-14	12	11		1
Winnipeg Police Service Headquarters Project	Jul-14	19	18		1
311 Contact Centre Audit [1]	Dec-14	13	13		
Waverley West Arterial Road Project Audit	Dec-14	6	5		1
Community By-law Enforcement Services Audit	Sept-15	6	4	1	1
Emergency Mechanical Services Branch Audit	Feb-15	15	10		5
TOTAL		206	175	11	20
PERCENTAGE			85%	5%	10%

[1] Audit reports closed in 2017

Audit Department Balanced Scorecard

Strategies	Performance Measure	Actual 2015	Actual 2016	Actual 2017	Target	Industry* Benchmark
Support the achievement of transparent, efficient and effective City government services	**Customers & Stakeholders Perspective**					
	• # of reports issued	35	27	27	25	32
	• The audit report was relevant and addressed the priority issues (out of 5) Audit Survey	3.2	5	5[1]	4	n/a
	• Audit recommendations accepted	100%	100%	100%	100%	92%
	• Audit recommendations implemented	79%	81%	85%	80%	63%
Deliver value-added, cost-effective and innovative audit services	**Customers & Stakeholders Perspective**					
	• % direct hours dedicated to:					
	Assurance Services	66%	80.9%	83.3%	≥75%	n/a
	Advisory Services	25%	11.5%	4.8%	≤10%	n/a
	Investigation Services	9%	7.5%	7.5%	≤15%	n/a
	• Clients/stakeholders rating of the audit recommendations as 'value-added' (out of 5)	3.2	4	4[1]	4	n/a
	Financial Accountability Perspective					
	• Operating Budget variance	-35.3%[2]	-34.0% [2]	3.89%[2]	0%	n/a
	• Cost per billable hour	$124.60	$116.54	$159.24[3]	$118.00	$235.00 [1]
	• Cost savings/avoidance identified through Audit services	$11,700	$0	$1,700,000	n/a	n/a
	Internal Processes Perspective					
	• % Completion of Audit Plan	87%	79%	79%	75%	98.6%
	• % Target budget hours met within 10%	92%	98%	98%	80%	n/a
	• Direct project hours to total hours available	76%	75%	78%	75%	70%
Maintain a respectful, team-oriented and professional workplace	**Learning & Growth Perspective**					
	• Approved staff complement	6.72	6.72	6.72	6	6-10
	• Number of Auditors (FTE) to total organizational staff	1:1518	1:1525	1:1554	1:1701	n/a
	• % of auditors with professional designations	100%	100%	100%	100%	n/a
	• Annual evaluation for each staff Member	100%	100%	100%	100%	n/a
	• Number of training hours/FTE	43	42.25	38.88	40	40
	• Average level of staff satisfaction per annual survey	4.90 / 5	5.8 / 7	5.9 / 7[4]	6 / 7	n/a

* Industry is represented by the Association of Local Government Auditors (ALGA) which represents local government audit organizations in both the United States and Canada. The latest comparative survey was published in October 2016.

[1] This number is a carry-forward from 2016 due to an inability to obtain 2017 survey results for completed projects as staff left the organization.

[2] Surplus is mainly due to unused funding for the Independent Fairness Commissioner role and salary monies due to departmental vacancies.

[3] In 2017, our billing rate was $159.24 per audit hour. Based on a review of local professional services firms, a fully blended (partner to junior) equivalent rate is calculated to be $235.00 per hour. The comparison rate was based on a calculation made in 2016.

[4] Staff satisfaction levels are expressed out of 5 based on a set rating scale for Actual 2014, Actual 2015. The rating scale was revised in 2016 for staff satisfaction levels to be expressed out of 7.

Who We Are

Our greatest strength is our 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.

Bryan Mansky, MBA, CPA, CMA, CIA
City Auditor

Micheal Giles, CPA, CA, CIA
Deputy City Auditor

Larissa Klimchak, CPA, CMA, CIA
Senior Auditor

Sadia Aslam, CPA, CA
Acting Senior Auditor

Oiza Momoh, CPA, CA
Senior Auditor

Marisol Gil Reyes, CPA, CA, MPacc
Auditor

Angel Sobrevilla
Executive Assistant

How to Reach Us

All of our reports become public documents and are available on our website once submitted to City Council.
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