Winnipeg | Audit

Audit Plan 2022-2023

December 2021

STRATEGIC OVERVIEW

Our Mandate

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 and submits a report of its findings to assist Council in its governance role of ensuring the accountability of the Public Service for the quality of stewardship over public funds and for the achievement of value for money in City operations.

In addition, the City Auditor may examine and audit anything done by the City or an affiliated body or any person to whom the city or an affiliated body has made a financial contribution or a transfer of property for no or substantially inadequate consideration.

Our Vision

To be leaders in building public trust in our civic government.

Our 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 Service Value

The value of an independent audit function to Council is the ability to use credible information to make better decisions and to hold the Public Service accountable. Our principle stakeholder is the Audit Committee. The Audit Committee is chaired by the Mayor and includes the chairs of the Standing Policy Committees of Council. The Audit Committee's primary role is to ensure that due diligence has been directed towards ensuring that an effective control framework is in place. This framework provides reasonable assurance that the financial, operational and regulatory objectives of the City are achieved and that governance and accountability responsibilities of Council and the Public Service are met.

The Audit Department's stakeholders also include the Public Service and residents. Audit reports are made public once they have been communicated to City Council.

Our Winnipeg Policy Alignment

The Audit Department supports the achievement of OurWinnipeg under the policy direction of 01-3 Prosperity - Direction 1 - Provide Efficient and Focused Civic Administration and Governance.

The development of the City Auditor's Audit Plan is our mechanism to support the policy direction through audits of identified service delivery areas with a focus on governance, accountability, risk management and performance.

Winnipeg Climate Action Plan Alignment

The City of Winnipeg Audit Department provides assurance on the efficiency, effectiveness and economy of City programs and activities, thus enabling an organizational operating environment that promotes support of the vision and targets of the Winnipeg Climate Action Plan.

Our Standard of Work

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. *Government Auditing Standards* also require an independent external peer review of our operations to be conducted and published every three years. We believe that this requirement provides transparent accountability for the quality of our work to Council and to the public.

Our Key Risks

Development of an audit plan requires an introspective evaluation of the key risks facing the delivery of services. Through a participative process involving all staff, we create a risk profile for the service and highlight the key inherent risks below:

- 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 SERVICE LINES

The Audit Department works toward achieving our mission and strategic goals through the provision of service under three main categories.

Advisory Services

Activities carried out under this service line are proactive and primarily concerned with "*getting it right" and* measuring the "*right things*". 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, business process audits, performance measures, due diligence reviews, compliance audits, attestation engagements.

Investigation Services

Under this service line, we initiate reviews in response to reports received through the Fraud & Waste Hotline, 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. Investigations are typically limited in scope.

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

Audit Planning Process

The Department undertakes a comprehensive audit planning process every two years. The process 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;
- 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.

Audit Plan 2022-2023

Ensuring a thorough and timely investigation of Fraud and Waste Hotline reports continues to require a higher percentage of Audit resources. This impacts the achievement of the primary mandate for the City Auditor, as defined in the *City of Winnipeg Charter* which is to ensure that examinations of the operations of the city and each affiliated body are made at such times as the city auditor considers appropriate, and to determine whether operations of the city are carried on, and money is expended, with due regard for economy and efficiency.

Historically the Department would target to assign a minimum of 75% of available hours to performance audits. Through October 2021, we only assigned approximately 40% with the remainder being deployed to investigations. We do expect to continue to assign additional resources to investigations in 2022 and 2023, beyond the desired target level.

The table on the next page will identify projects to be performed in 2022 and 2023. **Appendix A** will highlight the status of our previously approved projects. **Appendix B** identifies potential future audit projects under consideration by the Department.

Projects Proposed for 2022

	Mandatory Projects	
Investigations	Fraud & Waste Hotline	Conduct investigations arising from new reports submitted to the Fraud and Waste Hotline.
	New Investigations	Limited scope investigations will be initiated based upon areas identified as high-risk through investigation of previous Fraud and Waste Hotline reports. One investigation identified to be completed in 2021 is being carried forward to 2022.
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.
	Implementation of Audit Recommendations - Quarterly Reports	Follow-up reports on the implementation status of previous audit recommendations.
	Independent Fairness Commissioner	The IFC is required to conduct a compliance review of real estate transactions and management services which require presentation to SPCPDHDD. The IFC will submit an independent report on each compliance review prior to political approval and concurrently with the related administrative report.
	New Projects	
Advisory	Continuous Improvement / Lean Initiative	Audit staff will support the Public Service in evaluating and recommending a program, for Council approval, that incorporates continuous improvement / lean principle tools.
Assurance	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). *This project will be completed at the request of Council.*
	Cybersecurity Audit	Cyberattacks are widely considered to be one of the most critical operational risks facing organizations. Cybersecurity threats are constantly evolving and becoming more sophisticated. With increasing numbers of cyberattacks, in particular ransomware, all types of private and public organizations must ensure they are prepared to ensure critical systems and services are restored. This audit will evaluate the City's ability to minimize the impact and restore its services in the event of a Cyber attack.
	Enterprise Risk Management	Implementing a proactive, corporate-wide and systematic approach to identifying and managing risks assists an organization in the achievement of objectives. An effective risk management system is a key component of management's internal control framework. This audit will evaluate the status of risk management in the City of Winnipeg.
	Workforce Management Audit	Evaluation of the City of Winnipeg workforce including organizational structure, management levels, supervision, span of control, training opportunities and performance management.

Projects Proposed for 2023

	Mandatory Projects	
Investigations	Fraud & Waste Hotline	Conduct investigations arising from new reports submitted to the Fraud and Waste Hotline.
	New Investigations	Limited scope investigations will be initiated based upon areas identified as high-risk through investigation of previous Fraud and Waste Hotline reports.
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.
	Implementation of Audit Recommendations - Quarterly Reports	Follow-up reports on the implementation status of previous audit recommendations.
	Independent Fairness Commissioner	The IFC is required to conduct a compliance review of real estate transactions and management services which require presentation to SPCPDHDD. The IFC will submit an independent report on each compliance review prior to political approval and concurrently with the related administrative report.
	New Projects	
Assurance	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). *This project will be completed at the request of Council.*
	Corporate Fraud Risk Assessment	The City receives revenue through a number of different collection systems. This audit would proactively examine key revenue streams' vulnerabilities to internal (e.g. embezzlement and misappropriation of assets) and external fraud (e.g. hacking and theft of information).
	Organizational Culture Audit	Baseline assessment of the City's current organizational culture. Assessment of "what is said" (the desired culture) through the organization's vision, mission, stated values, code of conduct/ethics, internal administrative standards, etc. and "what is done" (the actual culture) through staff's actual behaviours, practices, attitudes and mindsets (survey based).
	Wastewater Collection (Sewer) System	The wastewater collection system comprises a number of elements to collect and treat land drainage and wastewater to mitigate environmental impact. This audit would assess the City's plans to address sewer renewal/capacity issues, adherence to those plans and required reporting and a review of costs incurred to date as well as future projected costs.

APPENDIX A – STATUS OF PREVIOUSLY APPROVED PROJECTS

2021 Project Status

Name	Overview	Status
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).	No new major capital projects were identified in 2021.
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. Two Review Engagement Reports submitted in 2021.
Implementation of Audit Recommendations - Quarterly Report	Follow-up on the implementation status of previous audit recommendations.	Complete. Nine reports following up on 139 recommendations submitted in 2021 as of October 31,2021.
Independent Fairness Commissioner	The IFC is required to conduct a compliance review of real estate transactions and management services which require presentation to SPCPDHDD or Council. The IFC submits an independent report prior to political approval and concurrently with the related administrative report.	Ongoing. Nineteen transaction audit reports submitted in 2021 to SPCPDHDD as of October 31, 2021.
Contract / Vendor Management	Review processes to ensure contracts contain adequate provisions for oversight, and that contractors are held accountable for compliance with requirements.	Complete. Report presented to Audit Committee in March 2021.
Business Improvement Zones (BIZ) Governance Review	Examine mechanisms in place against best practices to provide Council assurance that BIZ Associations are fulfilling their legislated roles and providing value to members.	Complete. Report presented to Audit Committee in April 2021
Automatic Vehicle Locator Investigation	Inconsistencies were identified in how and when the City's automatic vehicle locator (AVL) technology was used, and indicators of data quality issues in the City's AVL records. The scope of the investigation included the implementation and oversight of the AVL program.	Complete Report presented to Audit Committee in September 2021
Board of Revision Audit	Performance audit to review the property assessment appeal process by evaluating the quality of information and support provided to the Board, adherence to governing authorities, and communication and consistency of rendered decisions.	Complete. Report presented to Audit Committee in September 2021

2021 Project Status (Continued)

Name	Overview	Status
Municipal Cemeteries Investigation	The investigation examined key business processes and procedures, field safety concerns, adequacy of the information system, and assessing the roles and responsibilities including oversight of staff.	Complete Report presented to Audit Committee in September 2021
Fleet Management Audit	Performance audit to evaluate the size, economic value, utilization, and care/maintenance of the City's light fleet assets. This project supports the City's Green Fleet Plan which is to reduce the environmental impact of the City's vehicle and equipment fleet by reducing fuel consumption, emissions and overall fleet costs through right-sizing the fleet.	In-progress.
Stores Operations Audit	To assess the current operation of the Stores in each department and compare with the leading practices and good standard operating practices and procedures.	In-progress.
Urban Forestry Branch	Council motion directed the Department to review all tree pruning contract to confirm awards are in compliance with City guidance. This project will also review other purchasing activity including oversight and assess the work environment via a cultural survey.	In-progress
Other Investigations	Limited scope investigations initiated based upon areas identified as high-risk through investigation of previous Fraud and Waste Hotline reports.	One investigation is in-progress. One investigation identified to be completed in 2021 is being carried forward to 2022.
Special Operating Agency (SOA) Governance	Achieve the *City Charter* requirement to review the process for developing, implementing, operating and evaluating the special service units.	In discussion with Chief Administrative Officer, the Audit Department will not be proceeding with this project.

APPENDIX B – POTENTIAL AUDIT PROJECTS

Name	Overview
311 Contact Centre	The City's 311 service continues to evolve and offer new methods to get information about City of Winnipeg services and programs, or to make a request for service. The focus of this audit would be on the post-call process where the information or service request has been transferred to a department. Are the systems and processes effective at communicating timely and informative updates between the parties?
Asset Rationalization	The City maintains a large inventory of land and buildings for various current needs and future plans. This audit would consider an evaluation of the utilization of the City's land and building assets for purposes other than current Public Service operations. It would also evaluate if there is an established process to periodically evaluate the major holdings within each asset category against established criteria for retention or divestiture.
Building Permits and Inspections	Recent updates to Manitoba Legislation has significantly impacted service delivery expectations. Bill 37's stated intent is to modernize the planning and permitting processes and reduce red tape on development. Bill 38 creates a new dispute resolution process and sets timeframes for decision-making. This would be a post--implementation audit to assess whether the Public Service has adjusted processes to adhere to the legislative changes and provided adequate resources to meet defined performance metrics.
Climate Action Plan	Climate change is a serious global environmental issue and governments worldwide are taking action to reduce greenhouse gases and address climate change. This audit would evaluate the success towards achieving the City's Corporate Climate Change Action Plan including the setting of targets, ongoing measurement and reporting and resourcing of the initiative.
Effectiveness of Oversight Processes over Elected Officials Expenditures	Recent amendments to the Councillors' Ward Allowance Fund Policy establishes that expenditure compliance audits be conducted by the external auditor for five Councillors selected randomly by management each year. This audit would evaluate the effectiveness of the City Clerks' oversight practices to ensure continued scrutiny that expenditures are compliant with Policy provisions and thereby accountability for public monies.
Emergency Management / COVID Response	The City was obligated to react to the Pandemic and the resulting Provincial Public Health Orders through significant revisions to operational service delivery. This audit would likely include governance structures, decision-making processes, reliability of information, analysis of alternatives, lessons learned, and operational elements. The purpose of the audit would be to identify successes and areas for improvement in preparing for the next emergency.
Emergency Social Services	City staff are required to coordinate emergency care for people in crisis (e.g. after a fire destroys a home) twenty-four hours per day, seven days per week. The current model places service delivery within the Community Services Department who often rely on staff to volunteer to support this service. The audit would evaluate the organizational placement of the service, the level of resourcing and performance metrics for service delivery.
French Language Services	The City of Winnipeg Charter as well as supporting Bylaws direct the organization to offer/deliver certain aspects of service delivery in French. The organization is currently revising the service delivery model. This would be a post--implementation audit to assess whether the new delivery model has improved service compliance and the associated cost.

Name	Overview
Housing and Homelessness	The City of Winnipeg has different relationships with external entities to address housing needs within the City. The City of Winnipeg is a partner in the Winnipeg Housing Rehabilitation Corporation whose missions is "To provide quality, affordable and attainable housing in Winnipeg that is safe and secure." The City receives federal funding for the Rapid Housing Initiative to expedite the delivery of affordable housing units to vulnerable people and populations. This audit would evaluate whether the oversight and accountability processes are properly structured to ensure defined outcomes are measured and achieved.
Snow Clearing – Sidewalk and Active Transportation Pathways	City Council amended the policy on Snow Clearing and Ice Control in 2018 to include an Active Transportation Network – Winter Maintenance Strategy. This strategy identified a winter re-prioritization of specific Roadways, Sidewalks and Active Transportation Pathways. This audit would evaluate the Public Service's adherence with the Council approved snow clearing service levels with a focus on the Sidewalk and Active Transportation Pathways.
Utility Cut Performance	Utility cuts are made in street pavement, sidewalk pavement, curbs and boulevards by utilities, private contractors and City crews to either repair existing or install new electric, water, wastewater or hydro lines. This audit would evaluate the process and the impacts to residents, traffic flow and longevity of the infrastructure.
Water Main Renewals	Asses the asset management, design services, construction services and project delivery of the program to replace and/or rehabilitate deteriorating water main infrastructure. (City's overall infrastructure deficit estimated at $6.9billion; from 2018 State of Infrastructure report).
Welcoming Winnipeg Initiative	The Welcoming Winnipeg initiative is a new process to support reconciliation efforts and will help ensure that the contributions, experiences, and perspectives of First Nations, Métis, and Inuit are reflected truthfully in our stories, historical markers, and place names. This audit would assess current processes including scope, community oversight and clarity of roles.
Workplace Safety	Safety of staff and contractors is of paramount importance to supervisors, senior management and elected officials. The Audit Department previously conducted a Workplace Safety Audit that resulted in the creation of a corporate oversight role to provide coordination and standardization on safety initiatives. This audit would evaluate the successes and challenges with the current safety governance model.
Workers Compensation (Mental Health)	The City continues to experience an increase in claims related to mental health issues (i.e. PTSD, stress, anxiety). This audit would assess the organization's resources currently available to support staff mental health, including preventative measures (e.g. mental health support staff such as psychiatrists and counsellors) as well as attempt to identify the root cause of these issues.