Winnipeg | Audit

2021 Annual Report

March 2022

Leaders in building public trust in civic government.

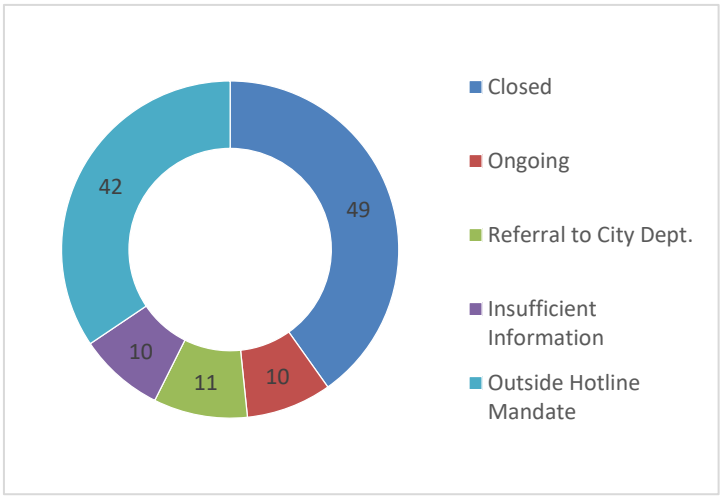
2021 Highlights:

Select Key Performance Indicators

	Target	Actual
% direct hours dedicated to:		
Assurance Services	≥75%	39%
Advisory Services	≤10%	11%
Investigation Services	≤15%	51%
Audit recommendations accepted	92%	100%
Audit recommendations implemented	70%	65%
% completion of Audit Plan	100%	90%
Client Satisfaction	4/5	4.2/5
Cost per billable hour	$247[1]	$126.93

Fraud & Waste Hotline Activity

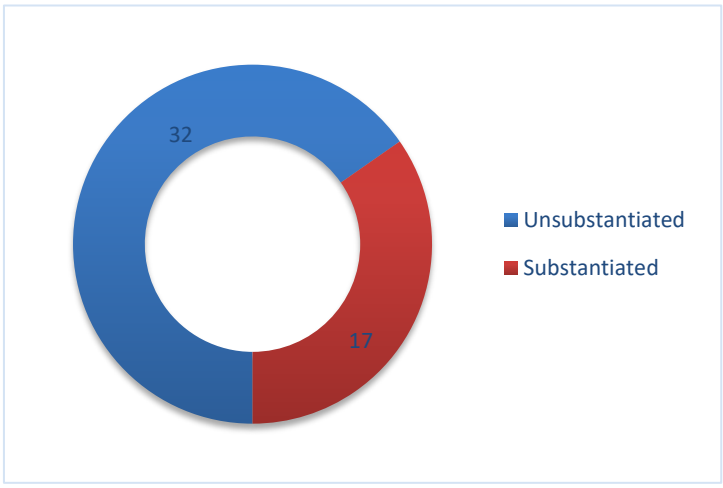
91 New Reports = 122 Total New Allegations



Completed Projects

- Automatic Vehicle Locator Investigation
- Board of Revision Audit
- Business Improvement Zone Governance Review
- Due Diligence Collective Bargaining Agreement Audit
- Implementation of Audit Recommendation Reports
  - New Fire Paramedic Stations Construction Project
  - Quarterly Report Summary
  - WPS Headquarters Construction Project
- Independent Fairness Commissioner Compliance Audits
- Municipal Cemeteries Investigation

Closed Investigations = 49



In-Progress Projects

- Fleet Management Audit
- Investigations arising from reports submitted to the Fraud and Waste Hotline
- Stores Performance Audit
- Tree Pruning Procurement Practice Investigation (Council directed – April 29,2021)

Reports and additional highlights can be viewed at: winnipeg.ca/audit

[1] Based on a review of local professional services firms in 2020, a fully blended (senior manager to junior) equivalent rate is calculated to be $247.00 per hour.

Projects Completed in 2021

Automatic Vehicle Locator (AVL) Investigation:

A summary of the key observations includes:

- There has been minimal progress towards the overall AVL program goals of reduced idle time and increased efficiency of vehicle and resource deployment. The City's return of investment made in the program had not yet been realized at the time of this investigation.
- The current AVL system was intended to be a standard, citywide application; however, the system that was implemented did not have the functionality to meet the needs of all departments expected to use it. As a result, the City was not able to use the AVL tool to obtain planned benefits, including increased service optimization and decreased expenditures. The current AVL system may be customizable to meet specific needs of various departments, but that had not yet been determined at the time of this investigation.
- The AVL program was implemented without a corporate program 'owner' with authority to provide oversight of AVL use in departments and ensure accountability for outcomes. This contributed to inconsistent use among departments and missed opportunities to achieve expected benefits. WFMA has maintained the citywide AVL program without delegated authority to manage how and when AVL devices are used, and without the benefit of supplemental resources to support their AVL-related activities.
- The City lacked an AVL policy to define roles and responsibilities and set minimum standards for AVL use and day-to-day monitoring. This contributed to a lack of clarity among AVL users, inconsistent monitoring of vehicle activities, and ineffective AVL settings.

The full report is available at: https://winnipeg.ca/audit/reports.stm#tab-AuditReports

Board of Revision Audit:

A summary of the key observations includes:

- The Board of Revision has a formal decision-making process in-place but we cannot confirm the fairness or objectivity of the Board's evaluation of evidence in the assessment appeal process.
- The Board of Revision's decision in the Board Order contains insufficient detail to understand the reason for the Board's decision. This coupled with insufficient documentation in the appeal files prevents us from confirming what information the board members considered in making their decision.
- The Board of Revision Practices and Procedures Manual establishes key roles, responsibilities, and performance management functions of the Board of Revision and City Clerk's. However, we identified a lack of oversight has resulted in the Chair of the Board not being held accountable for the performance of some of their key assigned responsibilities. This includes evaluating the performance of the Board and reporting to Council through an annual report.
- Limited information is available on the Board of Revision website to inform residents on the assessment appeal process including how to prepare for a hearing. In addition the option of contacting an assessor first to discuss and possibly to adjust the assessed value to a mutually agreed amount, is not clearly communicated.
- The Board of Revision does not require Board applicants possess specific skills to sit on the Board, which is not consistent with other jurisdictions surveyed. Council has not approved an increase to Board member remuneration in over 20 years and the current rate of remuneration does not align with the skill set required and their respective duties and is not consistent with other jurisdictions.

The full report is available at: https://winnipeg.ca/audit/reports.stm#tab-AuditReports

Business Improvement Zone Governance Review:

A summary of the key observations includes:

The Winnipeg BIZ model has similarities to the BIZ models in other Canadian municipalities, including:

- Provincial legislation delegates authority to a municipality to establish a zone, by by-law;
- Business owners have organized and petitioned a municipality to establish a zone, once conditions in a by-law have been met;
- A board of directors, composed of area business representatives, is established to govern the organization;
- BIZ in each municipality have similar objectives to enhance city services by promoting neighbourhood appeal, safety, and economic activity;
- Each BIZ operates as a non-profit organization, and must have an annual budget approved by BIZ members and by a city council.

We observed different BIZ model characteristics across municipalities. The most noteworthy of these include:

- The process and basic requirements to start a BIZ is similar, but Winnipeg requires a higher threshold of business community support than Calgary and Edmonton;
- The BIZ levy rate is determined on the basis of a business assessment in Winnipeg, Calgary and Edmonton, but is determined via a property assessment in Regina and Toronto;
- The support and guidance material accessible for BIZ is minimal compared to Calgary, Edmonton, and Toronto. In these cities, we found examples of policy templates, board member orientations and defined roles and responsibilities that were publicly accessible for BIZs.

The full report is available at: https://winnipeg.ca/audit/reports.stm#tab-AuditReports

Due Diligence Reviews - Collective Bargaining Agreements:

A Council directive 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. We completed one collective bargaining agreement review in 2021.

Implementation of Audit Recommendations Reports:

Once an Audit is complete, the Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date, which is included in the final report. The implementation of the audit recommendations is the responsibility of the Public Service.

The Audit department monitors and reports on the status of the implementation of audit recommendations on a quarterly basis. After presentation to the Audit Committee these are posted at: Implementation of Audit Recommendation Reports

The Public Service provides an update for all recommendations. For recommendations in progress this includes a target completion date. Documentation supporting implementation and progress is reviewed by the Audit Department for confirmation. If the Public Service indicates that a recommendation will not be implemented, residual risk is identified and discussed with the Department and reported to Audit Committee.

Implementation of Audit Recommendations
Summary as at December 31, 2021

	Number of Recommendations			
Audit Report	**Total**	**Implemented**	**In Progress**	**Not to be Implemented**
Automatic Vehicle Locator Investigation-June 2021	6	1	5	
Board Of Revision Audit - June 2021	18	1	17	
Business Improvement Zone Governance Review 2021	1		1	
By-Law Amalgamation Audit, 2018	11	-	11	
Contract Vendor Management Audit 2020	9	1	8	
Municipal Cemeteries Investigation June 2021	7	6	1	
William R. Clement Parkway/Sterling Lyon Parkway Extension Project Audit, 2018	15	10	5	
Total Recommendations in open reports	**67**	**19**	**48**	

Audit Reports closed in 2021				
Continuous Monitoring- Advisory Report April 2020	1	1		
Independent Fairness Commissioner-Summary Report Recommendations-July 2019	22	18		4
Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018	36	30		6
New Fire Paramedic Stations Construction Project, 2013	14	13		1
Winnipeg Police Service Headquarters Construction Project, 2014	19	19		
Non-Monetary Real Estate Grants Audit, 2013	12	12		
Total audit recommendations in reports that were closed in 2021	**104**	**93**	**0**	**11**

Independent Fairness Commissioner (IFC) Compliance Audits:

On July 9, 2014 a Council motion created the Independent Fairness Commissioner (IFC) role, the mandate was to review and provide assurance on real estate transactions before they are presented to Standing Policy Committee/Council. In May 2020 Council adopted an updated mandate which limited the review to sales, acquisition, land exchanges and leases.

The IFC audits real estate transactions for compliance to applicable policies and procedures. Real Estate Transactions requiring Committee of Council approval are audited by the IFC and the reports are submitted to the Standing Policy Committee on Property and Development, Heritage, and Downtown Development. The IFC completed 20 real estate transaction audits in 2021.

Municipal Cemeteries Investigation:

A summary of the key observations includes:

- There is limited oversight for the interment processes completed by the Customer Service Advisors and the Branch's Operations Manual needs to be updated.
- Annual performance reviews have not been completed in the last four years and job descriptions should be updated as required.
- Safety concerns were not communicated to the direct supervisor in accordance with City procedures and practices (i.e. written form).
- The cemeteries information system is adequate; however, the system's capabilities are not being fully utilized and has resulted in the majority of business processes being performed manually. This is due to the significant amount of data entry required for the Brookside Cemetery with limited resources and is expected to take 10 years or more.

The full report is available at: https://winnipeg.ca/audit/reports.stm#tab-AuditReports

Engagements in Progress

Fleet Management Agency:

The Audit Plan 2021 received as information by Council on November 26,2020 included this 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. The project is in progress and is

The engagement was in progress at the end of 2021. We expect to report on the results in 2022.

Investigations arising from reports submitted to the Fraud and Waste Hotline:

The Audit Plan 2021 received as information by Council on November 26, 2020 included: Investigations conducted over the past couple of years have identified specific areas of concern that merit broader investigation. These investigations will provide assurance by evaluating key controls and internal processes. The Audit Department has identified four organizational units and two process-oriented systems that we intend to perform investigations. Reports on these special investigations will be brought forward to Audit Committee as deemed appropriate based on the findings.

Two investigations were completed in 2021, three investigations are in progress at the end of 2021. We expect to report on the results in 2022.

Stores Performance Audit:

An investigation was initiated to assess the current Stores operations in each department and compare with the leading practices and good standard operating practices and procedures. The project was revised to a performance audit as this will be a more effective approach to initiate change. The focus of the review is on inventory management and purchasing policies, processes, and controls. This will include an assessment of the sufficiency of the current state operations considering talent/staffing levels, inventory management practices, utilization of facilities, capacity and hours of operation compared to leading practices.

The engagement was in progress at the end of 2021. We expect to report on the results in 2022.

Tree Pruning Procurement Practice Investigation

On April 29,2021 Council directed that in order to reassure the local business community that the City's procurement process is fair and unbiased, that the City Auditor as part of the 2022 Annual Audit Plan be directed to review all contracts awarded to tree pruning service providers from October 2019 thru December 2021, to ensure the contracts were awarded in accordance with city regulations, and report back to Council with the results.

The engagement was in progress at the end of 2021. We expect to report on the results in 2022.

Investigation Services:

The Audit Department provides investigation services based on information identified in reports submitted through the Fraud and Waste Hotline , audit projects, Council, Public Service or resident's request. The Public Service is required to report fraud, theft, misappropriation or related irregularities in accordance with an Administrative Standard.

The Fraud and Waste Hotline is a confidential and anonymous service accessible to everyone to make reports 24/7/365. We review every report that is received and will investigate when appropriate supporting information is provided.

While maintaining an independent and objective perspective, we conduct our services using a cooperative approach. The work performed for investigations conforms to Audit Department standards for independence, objectivity and quality. We consult with and work closely with the Public Service who are responsible for taking appropriate action to resolve concerns identified during an investigation.

Through the Fraud and Waste Hotline investigations conducted in 2021, the following actions were taken:

- An employee resigned in advance of employment termination
- The Public Service is meeting with the Contractor to review contractual obligations
- The Winnipeg Parking Authority (WPA) will implement revisions to enforcement at city parking lots where there is visitor and paid employee parking. This will include 24/7 enforcement at varying times, improvements to the visitor sign in logs including review and retention. The WPA will work with the Department to ensure employees are aware that employee parking is not permitted in spaces allocated for visitor parking.
- An employee was required to attend to a medical review for their long-term disability claim and the employee was required to return to work.

- Two potential risks were identified, which are being considered as a future audit projects

- Three recommendations to update or clarify departmental procedures or Administrative Standards are underway

- Two reports were referred to the Winnipeg Police Service for investigation

- Employees were reminded of the requirement to make an appointment to attend to the office to reduce the number of employees in the office; employees in non-compliance with mask mandate were issued Unsafe Acts notices

- Individual employee performance management actions included:
    - an employee was reminded of the need to complete a conflict of interest form, instructed to complete Ethical Conduct online learning module and reminded to ensure they are not conducting any business related to their personal business during the work day.
    - an employee was reminded of workplace expectations in relation to City Administrative Standards and policies related to the misconduct. The employee was provided direction and expectations by management. Employee avoided parking fees (not quantified).
    - an employee was directed not to conduct personal business in the workplace at any time, this includes posting on social media. The employee was required to complete a conflict of interest declaration form and complete the Ethical Conduct – Online Training.
    - two employees were required to complete a conflict of interest form, complete Ethical Conduct online learning module and reminded not to conduct personal business during the work day.
    - Two employees were provided written documentation about workplace expectations in relation to City Administrative Standards and policies as well they were reminded verbally to be mindful of the public perception.
    - an employee was reminded of workplace expectations in relation to City Administrative Standards and policies in writing, the employee was reminded verbally to be mindful of public perception.
    - An employee was reminded about workplace expectations in relation to City Administrative Standards and policies and to be mindful of the public perception.
    - An employee was provided a copy of the Code of Conduct and reminded of the importance of public perception and to keep that in mind while performing their duties and during their break times

- In five substantiated reports, the employee's actions were not in violation of the code of conduct, there was no fraud or wrongdoing by City employees. An example would be a resident reporting some City staff activity which we could confirm occurred but that activity is in compliance with City guidance.

No Action / Insufficient Information to Proceed

- There was insufficient evidence to proceed with investigating the allegations for a variety of reasons including reports in which the Vehicle number or license plate were not provided so the city vehicle could not be identified and instances where the Hotline reporter did not respond to request for additional information.

Fraud and Waste Hotline Report Category	2019	2020	2021
Financial Reporting and Accounting	1	5	-
Health and Safety, Environment	5	7	9
Unethical Conduct and Conflict of Interest	15	16	13
Manipulation or Falsification of Data	3	2	5
Harm to People or Property	1	1	2
Theft, Embezzlement, Fraud	58	66	39
Violation of Laws, Regulations, Policies, Procedures	16	16	13
Organization	-	1	-
Management/Supervisor	-	-	-
Compensation, Pension and Benefits	1	1	1
Product/Customer Service	-	1	-
Office and Equipment Requirements	2	-	1
Safety and Security Issues	3	5	2
Suggestions for Improvement	1	1	1
Miscellaneous	9	14	3
Undefined	2	3	1
Training and Development	-	-	1
Total Reports Total Allegations	117	139 182*	91 122

* 2020 is the first year of calculating total allegations

Disposition of allegations:

We gather and review evidence to substantiate or dispel all reported allegations.

Disposition of Allegations	Prior Years Carried over	2021	Carried over to 2022
Investigated - Substantiated		17	
Investigated - Unsubstantiated		32	
Ongoing investigation (carried over from previous years)	28	10	38
Outside Hotline Mandate - Referral to City Department		11	
No Action / Insufficient Information to Proceed		10	
Outside Hotline Mandate - Non-City Business		42	
Total	28	122	

An allegation will be marked as unsubstantiated if there is a lack of evidence to support what was reported. It is important to note that through the investigation process, opportunities to revise internal processes and controls may be identified and result in recommendations to management even though an allegation is identified as unsubstantiated.

Advisory Services

The Audit Department has representatives who actively participate on the following committees:

Asset Management Advisory Committee:

The committee is comprised of Senior Management from all departments that have responsibility for the construction and maintenance of physical assets. The committee provides guidance and advice on the performance of the asset management program. This supports the Infrastructure Planning Office in their role of overseeing the management of the City's infrastructure by setting corporate direction and by recommending and influencing corporate policy changes.

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 the city to demonstrate its commitment to improving sustainability of its operations through the products and services it purchases.

Records Committee:

The records committee is a committee appointed under subsection 110(2) of the City of Winnipeg Charter. This is required by the City of Winnipeg Charter to have a by-law for the management, retention, safekeeping, disposition and destruction of records.

The Records Management By-law was updated and approved by City Council in December 2020 effective January 1, 2021 and provides clarity and efficiency around records management. It designates members of the Records Committee, who will review and approve retention schedules, and enables the City to better meet its legal, regulatory, and operational requirements.

The City of Winnipeg Charitable Fund (CWCF):

The CWCF is the official charitable fund for the City of Winnipeg employees/retirees. The goal of the CWCF is to provide City employees and retirees with opportunities to support local charities through payroll deduction.

For more information about the Audit Department visit: winnipeg.ca/audit

Fraud and Waste Hotline or call 1.866.840.5837