

# COMMITTEE AGENDA



TO **Audit Committee**

DATE February 4, 2014

LOCATION Council Chambers, Guelph City Hall, 1 Carden Street

TIME 3:00 p.m.

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## DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

**CONFIRMATION OF MINUTES** – November 19, 2013 Open and Closed Meeting Minutes

### PRESENTATIONS (Items with no accompanying report)

a) None.

### CONSENT AGENDA

*The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.*

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
AUD-2014.1 2013 Final Audit Committee Work Plan			
AUD-2014.2 2014 Audit Committee Work Plan			
AUD-2014.3 Internal Audit 2013 Work Plan – Year-End Update	<ul style="list-style-type: none"> <li>Loretta Alonzo, Internal Auditor</li> </ul>		√
AUD-2014.4 Internal Audit 2014 Work Plan			
AUD-2014.5 Service Guelph Operational Audit	<ul style="list-style-type: none"> <li>Katherine Gray, Supervisor, Service Performance &amp; Development</li> </ul>		√

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AUD-2014.6 Management Response to Service Guelph Operational Audit			
AUD-2014.7 Independence Notification – External Auditor			

Resolution to adopt the balance of the Audit Committee Consent Agenda.

**ITEMS EXTRACTED FROM CONSENT AGENDA**

Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

**STAFF UPDATES AND ANNOUNCEMENTS**

**ADJOURNMENT**

**NEXT MEETING** – March 6, 2014



**The Corporation of the City of Guelph  
Audit Committee  
Monday November 19, 2013 at 3:30 p.m.**

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**Attendance**

Members: Chair Guthrie, Councillor Kovach  
Mayor Farbridge Councillor Wettstein  
Councillor Furfaro

Councillors: Councillor Bell Councillor Laidlaw  
Councillor Findlay Councillor Van Hellemond  
Councillor Hofland

Staff: Mr. A. Horsman, Executive Director, Finance & Enterprise/Chief Financial Officer  
Ms. L. Alonzo, Internal Auditor  
Ms. A. Pappert, CAO  
Mr. M. Amorosi, Executive Director, Corporate & Human Resources  
Mr. D. McCaughan, Executive Director, Operations, Transit & Emergency Services  
Dr. J. Laird, Executive Director, Planning, Building, Engineering & Environment  
Mr. D. Thomson, Executive Director, Community & Social Services  
Ms. T. Agnello, Deputy Clerk  
Ms. D. Black, Council Committee Coordinator

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**Call to Order (3:30 p.m.)**

Chair Guthrie called the meeting to order.

**Disclosure of Pecuniary Interest and General Nature Thereof**

There were no disclosures.

**Confirmation of Minutes**

1. Moved by Councillor Kovach  
Seconded by Councillor Wettstein

That the open and closed meeting minutes of the Audit Committee held on November 4, 2013 be confirmed as recorded.

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*  
*VOTING AGAINST: (0)*

CARRIED

**Authority to Resolve into a Closed Meeting**

2. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

That the Audit Committee now hold a meeting that is closed to the public with respect to Sec. 239(2)(a) and (d) of the *Municipal Act* with respect to security of the property of the municipality and labour relations or employee negotiations.

CARRIED

**Closed Meeting** (3:34 p.m.)

The following matter was considered:

**Confidential Labour Relations Matter**

**Rise from Closed Meeting** (3:44 p.m.)

3. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

That the Committee rise from its closed meeting.

CARRIED

**Open Meeting** (3:45 p.m.)

**Consent Agenda**

The following items were extracted:

- AUD-2013.16 Overtime Audit Report**  
**AUD-2013.17 Overtime Audit: Management's Response**

**Extracted Consent Items**

**AUD-2013.16 Overtime Audit Report**

Ms. Loretta Alonzo, Internal Auditor, provided an introduction and overview of the process involved with the overtime audit as detailed in the staff report. Ms. I. Pregel, iPCi Consulting Ltd. was present for this matter.

4. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

That the receipt of the Overtime Audit Report be deferred until the report "Overtime Audit: Management's Response" has been addressed.

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*  
*VOTING AGAINST: (0)*

CARRIED

**AUD-2013.17 Overtime Audit: Management's Response**

The CAO provided an overview of the Management's Response report. She addressed the purpose of the report, the role of staff, and next steps. She explained the current status of overtime, contributing factors and challenges.

Discussion ensued regarding tracking overtime, next steps and the reporting back process. Staff advised they will provide further information on the city's attendance management program.

**Main Motion**

5. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

That report CAO-C-1307 "Overtime Audit: Management's Response", including Attachment #1 "Summary of Management's Response" be received.

**First Amendment**

6. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

That staff report back to members of Council as soon as possible with the number of full time employees, part time employees, casual employees and contract employees by department over the past five years.

*VOTING IN FAVOUR: Councillors Guthrie, Furfaro and Kovach (3)*

*VOTING AGAINST: Mayor Farbridge and Councillor Wettstein (2)*

CARRIED

**Second Amendment**

7. Moved by Mayor Farbridge  
Seconded by Councillor Kovach

That the Internal Auditor report back to the Audit Committee with a framework to provide appropriate ongoing oversight of the use of overtime (eg. key performance indicators).

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*

*VOTING AGAINST: (0)*

CARRIED

**Third Amendment**

8. Moved by Councillor Furfaro  
Seconded by Mayor Farbridge

That a practice be established of the Internal Auditor to report back on a quarterly report on outstanding recommendations on previously completed audits.

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*

*VOTING AGAINST: (0)*

CARRIED

**Main Motion as Amended**

9. Moved by Councillor Kovach  
Seconded by Councillor Furfaro

1. That report CAO-C-1307 "Overtime Audit: Management's Response", including Attachment #1 "Summary of Management's Response" be received.
2. That staff report back to members of Council as soon as possible with the number of full time employees, part time employees, casual employees and contract employees by department over the past five years.
3. That the Internal Auditor report back to the Audit Committee with a framework to provide appropriate ongoing oversight of the use of overtime (eg. key performance indicators).
4. That a practice be established of the Internal Auditor to report back on a quarterly report on outstanding recommendations on previously completed audits.

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*

*VOTING AGAINST: (0)*

CARRIED

**AUD-2013.16 Overtime Audit Report**

10. Moved by Mayor Farbridge  
Seconded by Councillor Furfaro

That the Audit Committee Report CAO-A-1309 Overtime Audit Report, dated November 19, 2013 be received for information.

*VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Furfaro, Kovach and Wettstein (5)*

*VOTING AGAINST: (0)*

CARRIED

**Adjournment (5:58 p.m.)**

11. Moved by Mayor Farbridge  
Seconded by Councillor Furfaro

That the committee meeting be adjourned.

CARRIED

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Tina Agnello – Deputy Clerk

**AUDIT COMMITTEE  
CONSENT AGENDA**

**February 4, 2014**

Members of the Audit Committee.

**SUMMARY OF REPORTS:**

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.

**A Reports from Administrative Staff**

<b>REPORT</b>	<b>DIRECTION</b>
<b>AUD-2014.1 2013 FINAL AUDIT COMMITTEE WORK PLAN</b> 1. That Report FIN-14-04 2013 Final Audit Committee Work Plan Report be received for information by Audit Committee and Council.	Receive
<b>AUD-2014.2 2014 AUDIT COMMITTEE WORK PLAN</b> 1. That Report FIN-14-05 2014 Audit Committee Work Plan be approved.	Approve
<b>AUD-2014.3 INTERNAL AUDIT 2013 WORK PLAN – YEAR-END UPDATE</b> 1. That the Audit Committee receive Report CAO-A-1311, Internal Audit Work Plan, Year-end Update Report and Appendix "A" dated January 7, 2014.	Receive
<b>AUD-2014.4 INTERNAL AUDIT - 2014 WORK PLAN</b> 1. That the Audit Committee approve the recommendations in report "CAO-A-1402, Internal Audit – 2014 Work Plan	Approve

<p><b>AUD-2014.5      SERVICE GUELPH OPERATIONAL AUDIT</b></p> <p>1. That report number CAO-A-1310 – Internal Audit Report – Service Guelph, be received.</p>	Receive
<p><b>AUD-2014.6      SERVICE GUELPH OPERATIONAL AUDIT MANAGEMENT RESPONSE</b></p> <p>1. That the February 4, 2014 report entitled “Service Guelph Operational Audit Management Response” be received for information.</p>	Receive
<p><b>AUD-2014.7      INDEPENDENCE NOTIFICATION – EXTERNAL AUDITOR</b></p> <p>1. That Report FIN-14-07 Independence Notification – External Auditor be approved and that the Chair of Audit Committee be directed to confirm the continuation of services through signing the independence notification letter.</p>	Approve

attach.



# STAFF REPORT



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TO Audit Committee

SERVICE AREA Finance and Enterprise Services

DATE February 4, 2014

**SUBJECT 2013 Final Audit Committee Work Plan Report**

REPORT NUMBER FIN-14-04

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide Council members with a final report on the work that the Audit Committee has performed through 2013. A mid-year status report for 2013 was received by Committee in September 2013.

### KEY FINDINGS

Audit Committee has addressed and satisfied all items on their work plan for 2013.

### FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

### ACTION REQUIRED

That Audit Committee and Council receives Report FIN-14-04.

## RECOMMENDATION

That Report FIN-14-04 2013 Final Audit Committee Work Plan Report be received for information by Audit Committee and Council.

## BACKGROUND

Audit Committee approved a 2013 Annual Work Plan at the February 13, 2013 meeting in Report FIN-13-03. This current information report is a final year end summary report on the work completed by Audit Committee through 2013 with respect to this work plan.

In accordance with the Audit Committee Charter this reporting is required semi-annually.

## REPORT

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# STAFF REPORT



Attached to this report in ATT-1 is the 2013 Final Work Plan Status Report to provide Council with information on the work Audit Committee has completed during 2013.

Highlights since September 18, 2013 include:

- The Committee completed their annual performance review of the performance of the external auditor in accordance with the audit committee charter and work plan. The external auditor was presented with this information and will work alongside staff to address the items identified.
- The Committee received the Internal Auditor's 'Overtime Audit Report' as well as management's response to the Internal Auditor's recommendations. The Committee will continue to hear updates regarding overtime practices from both the Internal Auditor and the Overtime Task Force.
- The Committee received the external auditor's 2013 financial statement audit plan as delivered in a presentation by Elaine Read from our external auditing firm Deloitte.
- The Committee received the status updated on the implementation of PS 3260 – Liability for Contaminated Sites. Audit Committee will continue to receive updates on the implementation of this new standard as we get closer to the compliance date of December 31, 2015.
- The Committee received an update from Legal and Realty Services regarding the current status of litigation matters involving the City.

## **CORPORATE STRATEGIC PLAN**

2.3 Ensure accountability, transparency and engagement

## **DEPARTMENTAL CONSULTATION**

Internal Audit was consulted in the preparation of this report.

## **FINANCIAL IMPLICATIONS**

There are no financial implications resulting from this report.

## **COMMUNICATIONS**

No communication approach is necessary.

## **ATTACHMENTS**

ATT-1 2013 Final Audit Committee Work Plan Status Report

"original signed by Jade Surgeoner"

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### **Report Author**

Jade Surgeoner

Senior Corporate Analyst, Financial  
Accounting and Reporting

# STAFF REPORT

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"original signed by Tara Baker"

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**Approved By**

Tara Baker  
Manager, Financial Reporting  
and Accounting

"original signed by Al Horsman"

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**Recommended By**

Al Horsman  
Executive Director Finance & Enterprise /CFO  
519-822-1260 x5606  
al.horsman@guelph.ca

**REPORT FIN 14-04 DATED February 4, 2014**  
**ATTACHMENT 1**  
**2013 Final Audit Committee Work Plan Status Report**

External Audit	Frequency			Comments
	Annual	Term	Need	
Review the external auditors' proposed audit scope and approach, including coordination of audit effort with City staff	•			Completed in November 2013 for the 2013 audit
Review with management and the external auditors the result of the audit including any difficulties encountered and all other matters required to be communicated to the Committee under Generally Accepted Auditing standards	•			Completed June 12, 2013
Resolve any disagreements between management and the external auditors regarding financial reporting			•	None noted
At the conclusion of the audit, consult with the external auditors, without the presence of management, regarding internal financial controls, compliance and the fullness and accuracy of the City's financial statements	•			Completed June 12, 2013
Ensure the timely presentation of the external auditor's annual audit report to Council	•			Completed June 12, 2013
Financial Statements	Annual	Term	Need	Comments
Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements	•			Completed June 12, 2013
Review the representation letter provided by management to the external auditors	•			Completed June 12, 2013
Prior to the presentation of the annual financial statements to Council, review the financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles	•			Completed June 12, 2013
Recommend to Council the approval and distribution of the annual financial statements	•			Completed June 12, 2013 and approved by Council on June 24, 2013
External Auditor Performance and Review	Annual	Term	Need	Comments
Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the city, including non-audit services, and discussing the relationships with the auditors	•			Completed June 12, 2013
Direct and review the performance evaluation process for the external auditor	•			Completed September 18, 2013
Recommend changes to the external auditor's compensation for Council approval			•	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014
Periodically determine whether a RFP should be issued to select an external auditing firm. As per the Ontario Municipal Act 2001 section 296(3), the external auditor shall not be appointed for a term exceeding five years			•	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014
Participate in the selection of an external auditing firm by reviewing the RFPs and bids received, interviewing potential auditing firms and recommending the external auditor for final approval to the Council			•	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014

<b>Compliance</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Obtain regular updates from management and others (legal counsel, external auditors) regarding compliance with laws and regulations having a material impact on the financial statements including: tax and financial reporting, legal withholding requirements & environmental protection laws and regulations	●			Ongoing throughout the year. No issues noted to date regarding non compliance.
Review by-laws and policies specifically regulating the conduct of members of council, staff and suppliers			●	Not identified as a need in 2013
Review the findings of any examinations by regulatory agencies and any auditor observations			●	Consistent with most large organizations, it is common to have ongoing regulatory reviews throughout the year. Any significant findings will be brought to Council's attention as soon as staff is aware of a situation.
Discuss with the City Solicitor, any significant legal, compliance, or regulatory matters that may have a material effect on the financial statements or the business of the City, or on the compliance policies of the City.			●	Completed September 18, 2013
Review the results of management's investigation and follow-up for any instances of non-compliance			●	Not identified as a need in 2013
Review the effectiveness of the system established to ensure compliance			●	Not identified as a need in 2013
<b>Risk Management &amp; Internal Control</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings.	●			Completed June 12, 2013
Through the use of a risk management framework, assess the financial risks to be managed by the City and any change in significant financial risks.	●			In the Fall of 2012, Audit Committee members attended a Council workshop on developing an enterprise risk management (ERM) framework for the City. Phase 1 of the ERM was approved in Oct 2012 and implementation occurred during 2013. Phase 2 will be implemented in 2014.
Consider the effectiveness of the City's internal control system for the safeguarding of assets, including information technology security and control and the adequacy of policies and procedures			●	Considered by audit committee as part of the external audit process. The external audit for 2012 identified areas of improvement that were reported to committee In June 2013. The IT Governance Committee has been established to address and implement these items.
Review management and program performance regarding efficiency, effectiveness and economy in the use of resources			●	Internal audit presented findings on the Commercial Vehicle Operator's Registration Fleet Audit, Procurement controls and Compliance Audit, and the Overtime audit. Additional audits to be performed in 2014.
Review the effectiveness of management reporting systems regarding administrative and program performance.			●	Corporate Technology Strategic Plan and new IT Governance Committee will be responsible for this review in the future.
Direct other risk management and internal control projects as identified and referred by Council			●	Not identified as a need in 2013

<b>Internal Audit</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Establish and review regularly the Internal Auditor Charter	●			Established in 2012. No items identified in 2013 which required revisions.
Review and approve the internal auditor annual work plan	●			Completed February 13, 2013
Monitor progress of the approved internal audit work plan	●			Completed September 18, 2013
<b>Reporting</b>				
Ensure the creation of semi-annual information report to Council on progress achieved by the Committee and any concerns or issues that have been identified. The report shall be prepared by the Committee Chair with input from staff.	●			Committee reported the final results of the 2012 audit committee work plan on February 13 and this current report satisfies the mid-year 2013 reporting
Provide an open avenue of communication between the external auditors and City Council	●			Completed June 12, 2013
<b>Adequacy of the City's Resources</b>				
Review the nature of evolving or developing businesses managed by the City, including those changes occasioned by business or process redesign	●			Will be addressed as the need arises.
As new businesses and ventures are embarked on by the City, gain comfort that all appropriate processes have been put in place to evaluate feasibility of the new business and to ensure proper resources, both human and financial, have been provided.			●	Will be addressed as the need arises.
<b>Other</b>				
In conjunction with management and the external auditors, develop an annual work plan for the Committee that identifies priorities, objectives and timelines for key deliverables.	●			Completed in February 13, 2013
With Council approval, retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of a review.			●	Not identified as a need in 2013
After consultation with the Chief Financial Officer/Treasurer and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources.	●			Completed June 12, 2013
It is recognized that from time to time, other issues will be referred to the Committee for review and input. These items will be addressed on an as needed basis.			●	Not identified as a need in 2013
Review mandate and make recommendations for change if any		●		The mandate was reviewed in early 2012. No items identified to date which require revision.
Financial literacy and training	●			Financial literacy training received through the status update on PS 3260 - Liability for Contaminated Sites, and through the presentation of the financial statements in June 2013. Additional skill development training will occur in 2014 and on a need be basis.
Legend: Annual - Audit Committee to review each fiscal year Term - Audit Committee to review each term of Council Need - Audit Committee to review when the need arises				

# STAFF REPORT



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TO Audit Committee

SERVICE AREA Finance and Enterprise Services

DATE February 4, 2014

**SUBJECT 2014 Audit Committee Work Plan**

REPORT NUMBER FIN-14-05

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide Committee members with a 2014 work plan to guide the Audit Committee agenda for the up-coming year.

### KEY FINDINGS

The 2014 work plan ensures that Audit Committee meets all the mandated requirements as set by the approved Audit Committee mandate and charter, and the approved Internal Audit Charter.

### FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

### ACTION REQUIRED

That Report FIN-14-05 2014 Audit Committee Work Plan be approved.

## RECOMMENDATION

That Report FIN-14-05 2014 Audit Committee Work Plan be approved.

## BACKGROUND

The Audit Committee has certain mandated responsibilities and duties that are required to be performed either annually or periodically. This work plan ensures that Committee performs all the required duties for the year, and also facilitates a discussion for Committee members to identify other key priorities they would like to focus on in the upcoming year.

## REPORT

The 2014 Audit Committee annual work plan is attached to this report in ATT-1 and should be used to guide audit committee agendas through the year.

# STAFF REPORT



The scheduled 2014 Audit Committee meeting dates are as follows:

February 4, 2014 – 3:00pm

April 8, 2014 – 3:00pm

June 3, 2014 – 3:00pm

July 9, 2014 – 3:00pm

Other meetings and training workshops can be scheduled on an as-needed basis.

## **CORPORATE STRATEGIC PLAN**

2.3 Ensure accountability, transparency and engagement

## **DEPARTMENTAL CONSULTATION**

Internal Audit was consulted in the preparation of this report.

## **FINANCIAL IMPLICATIONS**

There are no financial implications resulting from this report.

## **COMMUNICATIONS**

No communication approach is necessary.

## **ATTACHMENTS**

ATT-1 2014 Audit Committee Work Plan

“original signed by Jade Surgeoner”

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### **Report Author**

Jade Surgeoner  
Senior Corporate Analyst, Financial  
Accounting and Reporting

“original signed by Tara Baker”

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### **Approved By**

Tara Baker  
Manager, Financial Reporting  
and Accounting

“original signed by Al Horsman”

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### **Recommended By**

Al Horsman  
Executive Director Finance & Enterprise /CFO  
519-822-1260 x5606  
al.horsman@guelph.ca



**REPORT FIN 14-05 DATED February 4, 2014**

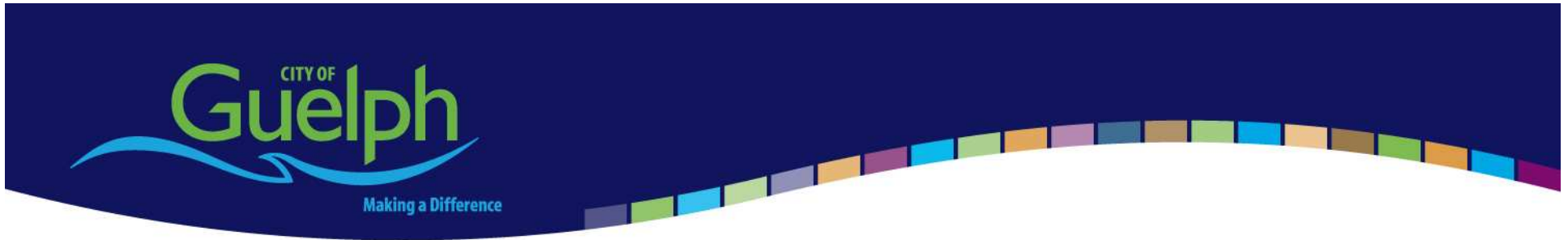
**ATTACHMENT 1**

**2014 Audit Committee Work Plan**

External Audit	Frequency			Comments
	Annual	Term	Need	
Review the external auditors' proposed audit scope and approach, including coordination of audit effort with City staff	●			Completed in November 2013 for the 2013 audit and expected to be completed in early 2015 for the 2014 audit.
Review with management and the external auditors the result of the audit including any difficulties encountered and all other matters required to be communicated to the Committee under Generally Accepted Auditing standards	●			Expected to be completed in June 2014
Resolve any disagreements between management and the external auditors regarding financial reporting			●	Will be addressed if the need arises.
At the conclusion of the audit, consult with the external auditors, without the presence of management, regarding internal financial controls, compliance and the fullness and accuracy of the City's financial statements	●			Expected to be completed in June 2014
Ensure the timely presentation of the external auditor's annual audit report to Council	●			Expected to be completed in June 2014
<b>Financial Statements</b>				
	Annual	Term	Need	Comments
Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements	●			Expected to be completed in June 2014
Review the representation letter provided by management to the external auditors	●			Expected to be completed in June 2014
Prior to the presentation of the annual financial statements to Council, review the financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles	●			Expected to be completed in June 2014
Recommend to Council the approval and distribution of the annual financial statements	●			Expected to be completed in June 2014
<b>External Auditor Performance and Review</b>				
	Annual	Term	Need	Comments
Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the city, including non-audit services, and discussing the relationships with the auditors	●			Expected to be completed in June 2014
Direct and review the performance evaluation process for the external auditor	●			Expected to be completed in July 2014
Recommend changes to the external auditor's compensation for Council approval			●	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014
Periodically determine whether a RFP should be issued to select an external auditing firm. As per the Ontario Municipal Act 2001 section 296(3), the external auditor shall not be appointed for a term exceeding five years			●	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014
Participate in the selection of an external auditing firm by reviewing the RFPs and bids received, interviewing potential auditing firms and recommending the external auditor for final approval to the Council			●	Not required in 2013 - Previous RFP has established Deloitte for term from 2010 - 2014. Methodology and evaluation process for evaluating the RFP applicants will be presented to Audit Committee in April 2014

<b>Compliance</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Obtain regular updates from management and others (legal counsel, external auditors) regarding compliance with laws and regulations having a material impact on the financial statements including: tax and financial reporting, legal withholding requirements & environmental protection laws and regulations	●			Expected to be completed in June 2014
Review by-laws and policies specifically regulating the conduct of members of council, staff and suppliers			●	Will be addressed if the need arises.
Review the findings of any examinations by regulatory agencies and any auditor observations			●	Will be addressed if the need arises.
Discuss with the City Solicitor, any significant legal, compliance, or regulatory matters that may have a material effect on the financial statements or the business of the City, or on the compliance policies of the City.			●	Will be addressed if the need arises - City Solicitor also presents a semi-annual legal update to Council.
Review the results of management's investigation and follow-up for any instances of non-compliance			●	Will be addressed if the need arises.
Review the effectiveness of the system established to ensure compliance			●	Will be addressed if the need arises.
<b>Risk Management &amp; Internal Control</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings.	●			Expected to be completed in June 2014 for items relating to the 2013 audit.
Through the use of a risk management framework, assess the financial risks to be managed by the City and any change in significant financial risks.	●			In the Fall of 2012, Audit Committee members attended a Council workshop on developing an enterprise risk management (ERM) framework for the City. Phase 1 of the ERM was approved in Oct 2012 and implementation occurred during 2013. Phase 2 will be implemented in 2014. Further, the audit committee assesses changes in significant financial risks of the corporation through the external financial statement audit process.
Consider the effectiveness of the City's internal control system for the safeguarding of assets, including information technology security and control and the adequacy of policies and procedures			●	Expected to be completed in June 2014
Review management and program performance regarding efficiency, effectiveness and economy in the use of resources			●	Will be addressed through internal audit reviews and on an as needed basis.
Review the effectiveness of management reporting systems regarding administrative and program performance.			●	Will be addressed if the need arises.
Direct other risk management and internal control projects as identified and referred by Council			●	Will be addressed if the need arises.

<b>Internal Audit</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Establish and review regularly the Internal Auditor Charter	●			Expected to be completed in early 2015.
Review and approve the internal auditor annual work plan	●			Expected to be completed in February 2014.
Monitor progress of the approved internal audit work plan	●			Expected to be monitored throughout 2014 as audits are completed.
<b>Reporting</b>				
<b>Reporting</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Ensure the creation of semi-annual information report to Council on progress achieved by the Committee and any concerns or issues that have been identified. The report shall be prepared by the Committee Chair with input from staff.	●			Committee expected to receive final report for 2013 in February 2014 to be reported to Council. Mid-year reporting for 2014 expected in July 2014.
Provide an open avenue of communication between the external auditors and City Council	●			Expected to be completed in June 2014.
<b>Adequacy of the City's Resources</b>				
<b>Adequacy of the City's Resources</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
Review the nature of evolving or developing businesses managed by the City, including those changes occasioned by business or process redesign	●			Will be addressed as the need arises.
As new businesses and ventures are embarked on by the City, gain comfort that all appropriate processes have been put in place to evaluate feasibility of the new business and to ensure proper resources, both human and financial, have been provided.			●	Will be addressed as the need arises.
<b>Other</b>				
<b>Other</b>	<b>Annual</b>	<b>Term</b>	<b>Need</b>	<b>Comments</b>
In conjunction with management and the external auditors, develop an annual work plan for the Committee that identifies priorities, objectives and timelines for key deliverables.	●			Expected to be completed in February 2014.
With Council approval, retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of a review.			●	Will be addressed as the need arises.
After consultation with the Chief Financial Officer/Treasurer and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources.	●			Expected to be completed in June 2014
It is recognized that from time to time, other issues will be referred to the Committee for review and input. These items will be addressed on an as needed basis.			●	Will be addressed as the need arises.
Review mandate and make recommendations for change if any		●		Expected to be completed in early 2015.
Financial literacy and training	●			As the need arises given the reduced number of meetings.
<p>Legend:</p> <p>Annual - Audit Committee to review each fiscal year</p> <p>Term - Audit Committee to review each term of Council</p> <p>Need - Audit Committee to review when the need arises</p>				



# **Internal Audit 2013 Work Plan**

## **Year End Report**

**February 4, 2014**

**Audit Committee Presentation**

## INTERNAL AUDIT

	DEPT.	TYPE OF AUDIT	Length	TIMELINE	STATUS
Compliance Checklist Development (Phased over 2 years)	All	Compliance	4 weeks (2013 only)	Phased approach over 2 years	In progress Will be completed in Q1-2014
CVOR – Fleet	OTES	Controls-Compliance	2 weeks	January	<b>Completed</b>
Communications	CHR	Operational	4 weeks	May	<b>Phase 1 Completed</b> Phase 2 – Q1 2014

## INTERNAL AUDIT

	DEPT.	TYPE OF AUDIT	Length	TIMELINE	STATUS
Procurement	F&E	Controls- Compliance	4 weeks	March	<b>Completed</b>
Cash handling - Controls	All	Follow-up	2 weeks	June	<b>Completed</b>
Policy Review: Corporate, Council, Financial, Admin Service Guelph	All	Comprehensive	6 weeks	Aug	<b>Canceled</b>
	CSS	Operational	4 weeks	October	<b>Completed</b>

## INTERNAL AUDIT

	DEPT	TYPE OF AUDIT	Length	TIMELINE	STATUS
Overtime	All	Controls – Efficiency	6 weeks	July	<b>Completed</b>
Community Centres and Recreation Facilities	CSS	Value for Money Operational	4 weeks	Aug	Deferred Q2 - 2014
Community Energy Program	F&E	Value for Money Operational	4 weeks	September	Deferred Q2 - 2014
Use of External Consultants	All	Value for Money Operational	3 weeks	October	In Progress
Training and Education Program/Policy	All	Value for Money Operational	2 weeks	November	Deferred Q1 - 2014

## INTERNAL AUDIT

	DEPT.	TYPE OF AUDIT	Length	TIMELINE	STATUS
Confidential Investigations					<b>3 Completed</b>

## RISK MANAGEMENT

ERM development, training, workshops	All		1 week		Ongoing
Corporate Risk Register development, monitoring, reporting	All		2 weeks	2014	Deferred Q1 2014



## RISK MANAGEMENT

Long Term Care	<b>CSS</b>	Risk Assessment	3 days	October	Steering Committee requesting Q1
GMHI	<b>FS</b>	Risk Assessment	3 days	October	Board requesting support Q2
Cemetery Project	<b>Legal</b>	Risk Assessment	2 days	June-Dec	Ongoing
Legislative Services	<b>CHR</b>	Risk Assessment	1 day	June	<b>Completed</b>
Inter-governmental and inter-agency agreements			2 weeks		Q2 2014
Open Air Burning Policy	<b>EMS</b>	Risk Assessment	1 day	May	<b>Completed</b>
Land Ambulance Performance Plan	<b>EMS</b>	Risk Assessment	3 days	November	Canceled

## CONSULTING

<b>Organizational Assessment</b>	<b>All</b>		<b>12 weeks</b>	<b>Jan-May</b>	<b>Completed</b>
<b>Efficiency Target – Business Process Improvement – Mapping(i.e. <u>Overtime analysis</u>)</b>	<b>All</b>		<b>4 weeks</b>	<b>Throughout 2013</b>	<b>Completed</b>
<b>Joint Operational Review PBEE – Advisory Committee</b>	<b>PBE E</b>			<b>As Required</b>	<b>Completed</b>
<b>Confidentiality Policy; information flow, Clerks, CAO By-law, Privacy</b>	<b>All</b>		<b>1 week</b>		<b>Completed by Clerk's</b>
<b>Corporate Delegation of Authority – Full Corporate Scoping</b>	<b>All</b>		<b>2 weeks</b>	<b>September</b>	<b>Not scoped</b>

# STAFF REPORT



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TO **Audit Committee**

SERVICE AREA CAO - Administration

DATE February 4, 2014

**SUBJECT Internal Audit 2013 Work Plan – Year-End Update**

REPORT NUMBER CAO-A-1311

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide the Audit Committee with a year-end status report of the Internal Audit Work Plan for 2013 as required in the Internal Audit Charter for the City of Guelph.

### KEY FINDINGS

N/A

### FINANCIAL IMPLICATIONS

N/A

### ACTION REQUIRED

Audit Committee to receive the Internal Audit 2013 Work Plan – Year-end Update.

## RECOMMENDATION

1. That the Audit Committee receive Report CAO-A-1311, Internal Audit Work Plan, Year-end Update Report and Appendix "A" dated January 7, 2014.

## BACKGROUND

The Internal Audit Annual Work Plan was approved by the Committee on February 13, 2013. The Internal Audit Charter requires the auditor to provide a status report on the annual work plan at least quarterly to the Audit Committee and to seek approval for any significant changes to the work plan.

## REPORT

The attached chart "Appendix A" of this report details the final status of the approved internal audit work plan for 2013.

# STAFF REPORT

The summary status of the approved 2013 Internal Audit Work Plan as of December 31, 2013 is outlined in the following chart:

<b>Internal Audits – 12 approved</b>	
Completed	<b>6</b>
In Progress	<b>2</b>
Deferred to 2014	<b>3</b>
Canceled	<b>1</b>
<b>Ad Hoc Assignments</b>	
Confidential Investigations Completed	<b>3</b>
<b>Risk Management – Assessments Ad hoc work added throughout the year</b>	
Completed	<b>2</b>
In Progress	<b>2</b>
Deferred to 2014	<b>4</b>
Canceled	<b>1</b>
<b>Consulting Services – 5 approved</b>	
Completed	<b>4</b>
Canceled	<b>1</b>

The attached "**Appendix "A" – Report CAO-A-1311 Internal Audit Work Plan Year-end Update**" reports the current status of the entire approved work plan for 2013.

## **CORPORATE STRATEGIC PLAN**

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Innovation in Local Government – Ensure accountability, transparency and engagement.

## **DEPARTMENTAL CONSULTATION**

N/A

# STAFF REPORT

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## COMMUNICATIONS

N/A

## ATTACHMENTS

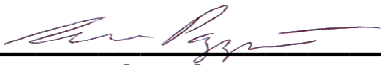
Appendix A – 2013 Internal Audit Work Plan- Year-end Update



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### Report Author

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Internal Auditor  
519-822-1260, ext. 2243  
loretta.alonzo@guelph.ca



---

### Approved and Recommended By

Ann Pappert  
Chief Administrative Officer  
519-837-5602  
ann.pappert@guelph.ca

# APPENDIX "A" - REPORT CAO-A-1311 - INTERNAL AUDIT WORK PLAN

## 2013 YEAR END UPDATE

<b>INTERNAL AUDIT</b>					
	<b>DEPT.</b>	<b>TYPE OF AUDIT</b>	<b>Length</b>	<b>TIMELINE</b>	<b>STATUS</b>
Compliance Checklist Development (Phased over 2 years)	All	Compliance	4 weeks (2013 only)	Phased approach over 2 years	<b>In progress</b> <b>Will be completed in Q1-2014</b>
CVOR – Fleet	OTES	Controls- Compliance	2 weeks	January	<b>Completed</b>
Communications	CHR	Operational	4 weeks	May	<b>Phase 1 Completed</b> <b>Phase 2 – Q1 2014</b>
Procurement	F&E	Controls- Compliance	4 weeks	March	<b>Completed</b>
Cash handling - Controls	All	Follow-up	2 weeks	June	<b>Completed</b>
Policy Review: Corporate, Council, Financial, Admin	All	Comprehensive	6 weeks	Aug	<b>Canceled</b>
Service Guelph	CSS	Operational	4 weeks	October	<b>Completed</b>
Overtime	All	Controls – Efficiency	6 weeks	July	<b>Completed</b>
Community Centres and Recreation Facilities	CSS	Value for Money Operational	4 weeks	Aug	<b>Deferred Q2 - 2014</b>
Community Energy Program	F&E	Value for Money Operational	4 weeks	September	<b>Deferred Q2 - 2014</b>
Use of External Consultants	All	Value for Money Operational	3 weeks	October	<b>In Progress</b>
Training and Education Program/Policy	All	Value for Money Operational	2 weeks	November	<b>Deferred Q1 - 2014</b>

## AD HOC

Confidential Investigations					<b>3 Completed</b>
-----------------------------	--	--	--	--	--------------------

## RISK MANAGEMENT

ERM development, training, workshops	All		1 week		<b>Ongoing</b>
Corporate Risk Register development, monitoring, reporting	All		2 weeks	2014	<b>Deferred Q1 2014</b>
Long Term Care	CSS	Risk Assessment	3 days	October	<b>Steering Committee requesting Q1 2014</b>
GMHI	FS	Risk Assessment	3 days	October	<b>Board requesting support Q2 2014</b>
Cemetery Project	Legal	Risk Assessment	2 days	June-Dec	<b>Ongoing</b>
Legislative Services	CHR	Risk Assessment	1 day	June	<b>Completed</b>
Inter-governmental and inter-agency agreements			2 weeks		<b>Q2 2014</b>
Open Air Burning Policy	EMS	Risk Assessment	1 day	May	<b>Completed</b>
Land Ambulance Performance Plan	EMS	Risk Assessment	3 days	November	<b>Canceled</b>

## CONSULTING

Organizational Assessment	All		12 weeks	Jan-May	<b>Completed</b>
Efficiency Target – Business Process Improvement – Mapping(i.e. <u>Overtime analysis</u> )	All		4 weeks	Throughout 2013	<b>Completed</b>
Joint Operational Review PBEE –Advisory Committee	PBEE			As Required	<b>Completed</b>
Confidentiality Policy; information flow, Clerks, CAO By-law, Privacy	All		1 week		<b>Completed by Clerk's</b>
Corporate Delegation of Authority – Full Corporate Scoping	All		2 weeks	September	<b>Not scoped</b>

# STAFF REPORT



TO **Audit Committee**

SERVICE AREA CAO - Administration

DATE February 4, 2014

**SUBJECT Internal Audit – 2014 Work Plan**

REPORT NUMBER CAO-A-1402

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To recommend the 2014 Internal Audit Work Plan for the Committee's approval, as required by the Internal Audit Charter.

### KEY FINDINGS

The number of audits will be increased this year with additional staff support from the Business Performance Specialist. We are proposing 49 weeks of audit work including 5 value for money audits.

The audit schedule has been developed giving consideration to the fact that there will not be any Committee meetings after August 2014. Staff have therefore tried to compress as many audits as possible into the first 6 months of the year. There will be a number of audits that will continue from August to December and be brought forward to Committee in 2015.

### FINANCIAL IMPLICATIONS

N/A

### ACTION REQUIRED

Audit Committee to approve the Internal Audit Work Plan presented in report CAO-A-1402.

## RECOMMENDATION

1. That the Audit Committee approve the recommendations in report "CAO-A-1402, Internal Audit – 2014 Work Plan

## BACKGROUND

The Internal Auditor is required annually to submit a proposed work plan to the Audit Committee for approval.



# STAFF REPORT



## REPORT

The work plan being recommended has been developed using a combination of criteria including:

- The approved "Auditable Entities" and risk-based rating criteria
- Required "Due Diligence"
- Requests from management
- Internal Auditor's recommendations

The Executive Team has been consulted for input and fully supports the proposed plan.

Staff have scheduled as many audits as possible in the first six months of this year in order to have the results presented to Committee before the Council schedule is suspended for the election.

The audit schedule will continue from August to December and those reports will be presented to Committee early in 2015.

## CORPORATE STRATEGIC PLAN

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Innovation in Local Government – Ensure accountability, transparency and engagement.

## DEPARTMENTAL CONSULTATION

The Executive Team was consulted in the development of these recommendations.

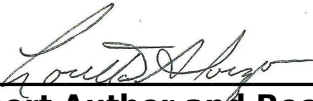
## COMMUNICATIONS

N/A

## ATTACHMENTS

**Internal Audit Work Plan 2014**

# STAFF REPORT



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**Report Author and Recommended by**

Loretta Alonzo  
Internal Auditor  
519-822-1260, ext. 2243  
loretta.alonzo@guelph.ca



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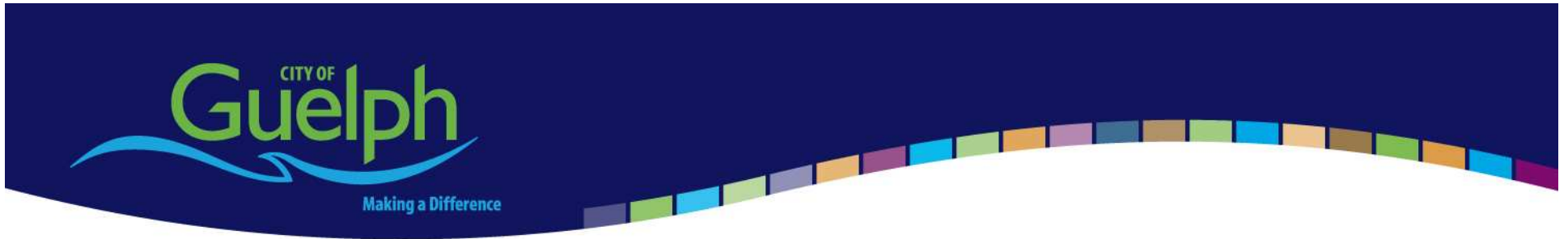
**Approved By**

Ann Pappert  
Chief Administrative Officer  
519-837-5602  
ann.pappert@guelph.ca

## INTERNAL AUDIT WORK PLAN 2014

	DEPT.	REASON FOR AUDIT	TYPE OF AUDIT	ESTIMATED DURATION	TIMELINE	STATUS
<b>Follow Up Audits</b>						
<b>Legal Services</b>	CHR		Follow-up	2 weeks	Q1	<b>Required</b>
<b>CVOR – Fleet</b>	OTES		Follow-up	2 weeks	Q2	<b>Required</b>
<b>Overtime</b>	ALL		Follow-up	2 weeks	Q4	<b>Required</b>
<b>Deferred from 2013</b>						
<b>Communications</b>	CHR	Requested	Operational	4 weeks	Q3-Q4	<b>Required</b>
<b>Community Energy Program</b>	F&E	Audit Selection	Operational Value for Money	6 weeks	Q2 - Q3	<b>Required</b>
<b>Training and Education Program/Policy</b>	All	Requested	Operational Value for Money	5 weeks	Q1	<b>Required</b>
<b>Community Centres and Recreation Facilities</b>	CSS	Audit Selection	Operational Value for Money	5 weeks	Q2	<b>Required</b>
<b>Requested for 2014</b>						
<b>Development Engineering</b>	PBEE	Requested	Operational Value for Money	6 weeks	Q3	<b>Required</b>
<b>Clerk's – Print Shop</b>	CHR	Requested	Operational Value for Money	3 weeks	Q2	<b>Required</b>
<b>Clerk's – Election- Online system testing</b>	CHR	Requested	Controls	3 weeks	Q2	<b>Required</b>
<b>Contract Administration</b>	F&E	Requested	Controls- Compliance	6 weeks	Q3 or Q4	<b>Required</b>

<b>Due Diligence</b>						
<b>Cash handling - Controls</b>	All	Due Diligence	Follow-up	2 weeks	Q3	<b>Required</b>
<b>Purchase Cards</b>	F&E	Audit Selection	Controls-Compliance	3 weeks	Q4	<b>Required</b>
<b>Total Audits - 49 weeks</b>						
<b>Required for 2015</b>						
<b>Solid Waste</b>	PBEE	Audit Selection	Operational	8 weeks		<b>ED Request 2015</b>
<b>Water Billing System</b>	PBEE	2014 Request		8 weeks		<b>ED Request 2015</b>
<b>Ad Hoc</b>						
<b>Confidential Investigations</b>	TBD			Estimate 4 wks.	TBD	
<b>Risk Management</b>						
<b>Corporate Risk Register development, monitoring, reporting</b>	All	ET Workshops (3)		Estimate 2 wks.		<b>Required</b>
<b>LTC Risk Assessment</b>	CSS	Workshop		1 day		<b>Required</b>
<b>Tourism Review</b>	CSS	Steering Committee		3 days		<b>Required</b>



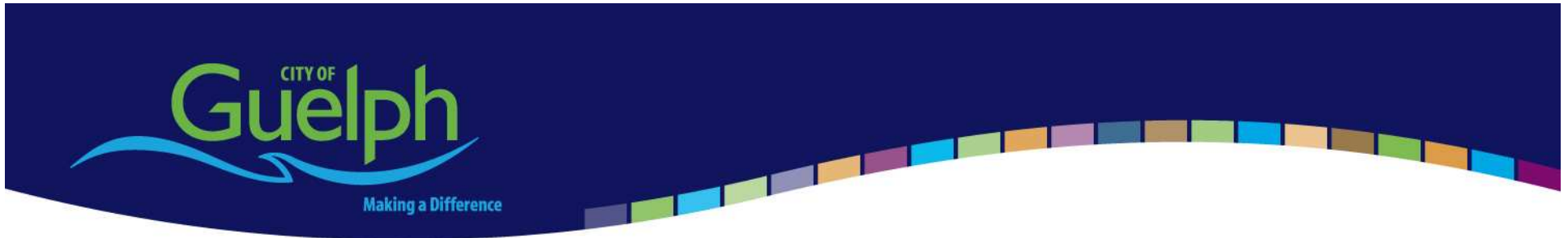
# **ServiceGuelph Operational Audit**

**February 4, 2014  
Audit Committee Presentation**

# Agenda

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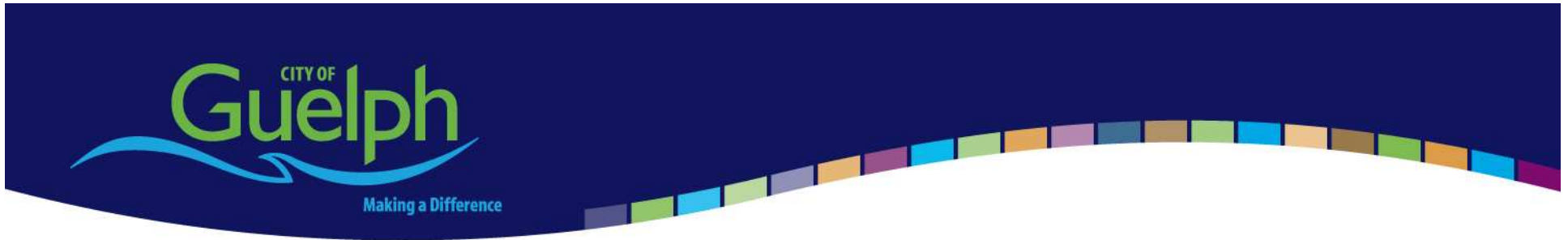
- Purpose
- Scope
- Methodology
- Results
- Conclusion



## Purpose

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- Systematically review the activities conducted by ServiceGuelph
  - Review effectiveness
  - Review efficiency
  - Identify improvements and opportunities



## Scope

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- The scope of the audit included
  - Services provided by ServiceGuelph located at City Hall
- Not included in the scope
  - Other counter services
  - Administrative fees
  - Revenue generation

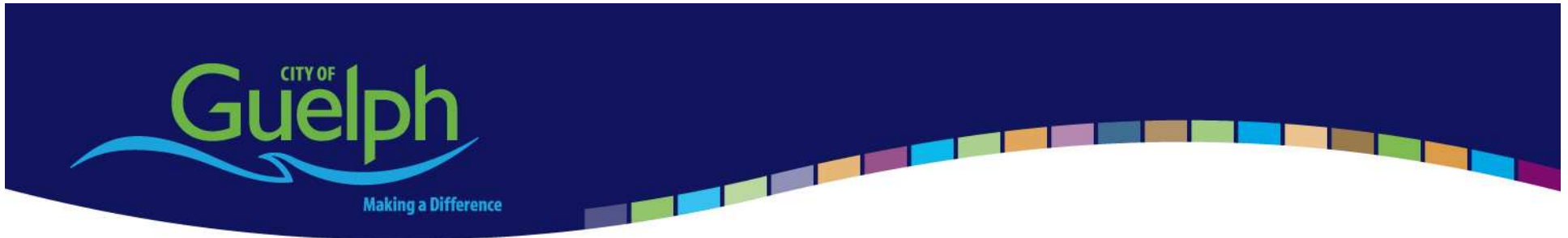


# Methodology

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The following research and analysis was undertaken for the audit:

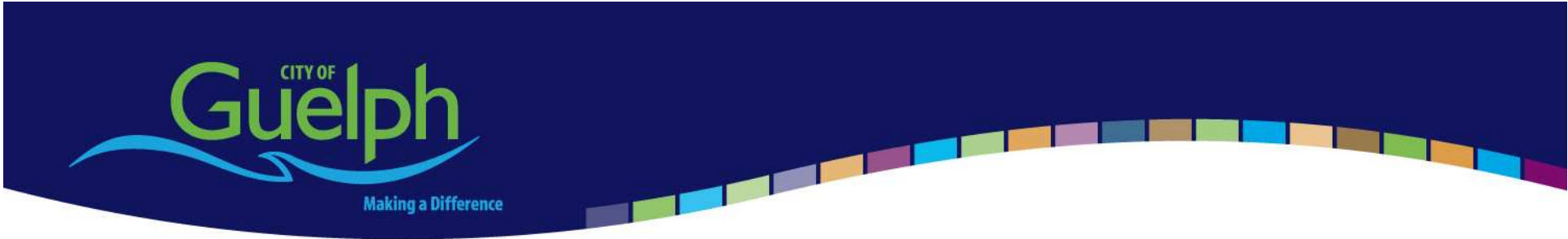
- Staff interviews
- Community and Stakeholder engagement
- Data analysis
- Performance metrics
- Workflow analysis
- Benchmarking



## Results

---

- Total of 10 findings and recommendations
- In areas of
  - Service mandate
  - Training/Knowledge/Information
  - Service standards
  - Key Performance Indicators
  - Customer relationship management
  - Physical layout of area
  - Utilization of social media and technology
  - Hours of service



**Thank You**

# STAFF REPORT



TO Audit Committee

SERVICE AREA CAO Administration, Internal Audit

DATE February 4, 2014

**SUBJECT Service Guelph Operational Audit**

REPORT NUMBER CAO-A-1310

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide the results of the Service Guelph operational audit as part of the Internal Auditor's 2013 work plan.

### KEY FINDINGS

- Service Guelph provides centralized customer service for both financial and non-financial transactions.
- The audit identified 10 findings and recommendations as well as a number of opportunities for improvement.
- Staff interviews identify a highly engaged team committed to providing excellent customer service to the community.
- Further review of the other services offered at the front counter will be reviewed by the Business Performance Specialist when they are hired in March to assess impacts of Service Guelph changes.

### FINANCIAL IMPLICATIONS

There are no implications to the 2014 approved budget. Recommendations regarding physical layout of area, service mandate and staffing may have implications in future budget cycles.

### ACTION REQUIRED

Audit Committee to receive the Internal Audit report CAO-A-1310

## RECOMMENDATION

1. That report number CAO-A-1310 – Internal Audit Report – Service Guelph, be received.”

## BACKGROUND

Operational audits are designed to provide Council and Management with the information necessary to understand a service or aspects thereof; how it compares to other municipalities; best practices in terms of process or outcomes; and to

# STAFF REPORT



identify improvements that can be made to enhance value-for-money through a combination of cost savings, streamlined processes, improved service quality and increased levels of customer satisfaction.

As part of the Internal Audit 2013| Work Plan, Service Guelph was scheduled for this operational audit which was conducted between September and November 2013.

## REPORT

ServiceGuelph delivers centralized customer service for a variety of financial and non-financial service and transactions including;

- Customer service via phone, email and in-person
- Issuance of forms, applications, marriage licenses, burial permits and dog licenses
- Sale of items on behalf of City departments
- Receipt of bids and tenders, packages, mail
- Processing of incoming and outgoing mail
- Parking permit renewals
- Program registrations (e.g. leisure activities)
- General inquiry and redirection for service completion

The audit has examined the services provided; the organizational structure and the costs associated with delivering these services. Recommendations have been made with respect to service mandate, service level agreements, staffing, process monitoring and performance measurement. These recommendations will better position the department to provide more efficient and effective services to both the community and its internal customers.

Staff will conduct further review of the other services provided at the service counter to determine the impact of changes in Service Guelph processes. These will be conducted by the Business Performance Specialist once they are hired in March.

## FINANCIAL IMPLICATIONS

There are no implications to the 2014 approved budget. Recommendations regarding physical layout of area, service mandate and staffing may have implications in future budget cycles.

## CORPORATE STRATEGIC PLAN

2.2 Deliver better public service

2.3 Provide accountability, transparency and engagement

## DEPARTMENTAL CONSULTATION

ServiceGuelph

Community Engagement

Communications

# STAFF REPORT

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Internal Stakeholders (survey participants)

## COMMUNICATIONS

Community and Social Services and the Business Services department are aware that this report will be reviewed by the Audit Committee at its February meeting.

## ATTACHMENTS

Internal Audit Report, December 13, 2013  
Slide Presentation of Audit report  
Management Response to Audit report  
Audit Implementation Plan from Management

**Report Author: Katherine Gray**  
Supervisor, Service Performance & Development  
Operations, Transit & Emergency Services

---

**Recommended By**  
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**Approved By**  
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Chief Administrative Officer  
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# **INTERNAL AUDIT REPORT**

## **SERVICE GUELPH**

### **FINAL**

**December 13, 2013**

Prepared by: Katherine Gray, Service Performance & Development Supervisor

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## **EXECUTIVE SUMMARY**

### **Purpose**

The purpose of this operational audit was to systematically review the activities within ServiceGuelph to determine whether the right services are being provided, in the most appropriate methods, while ensuring the services are delivered in the most efficient and effective manner.

### **Scope**

The scope of the audit included ServiceGuelph located at City Hall and the services provided at this location. Not included in the scope of this audit are the services provided by other counter service areas, administrative fees or other methods of revenue creation.

### **Objectives**

The objectives of the operational audit were;

- Define the services provided, criteria for service, levels of service, service channels and relationship with internal and external customer
- Provide a full understanding of the current services, its organizational structure, costs, objectives, standards and outcomes.
- Define the mandate for ServiceGuelph (what is the service, who are the customers, how does ServiceGuelph differ from other counter services
- Examine other municipal practices with respect to counter service provision.
- Determine resource requirements (technology, financial, human, physical) and the resource requirements (gap) to achieve the preferred service & performance.
- Make informed recommendations for improvements to the current services, for the introduction of new services or service delivery models.

### **Approach**

Staff interviews, community and stakeholder engagement, data analysis, performance metrics, workflow analysis and best practice research, were the methods utilized to undertake this operational audit.

Stakeholders include; Council, City Staff and Residents.

**Key Findings and Recommendations**

	<b>Finding</b>	<b>Recommendation</b>
<b>1</b>	Current services require Customer Service Representatives to perform tasks that are administrative in nature and not necessarily 'citizen-focused'	<ul style="list-style-type: none"> <li>• Create a service mandate for ServiceGuelph</li> <li>• Options are depicted below. For further information refer to the Service Options section of this report.</li> </ul> <p>Note: Current ServiceGuelph FTE level = 4.7</p>

**Current Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Switchboard Service	10	26,734	4,455.67	3.42
Email Service	5	1,600	133.33	0.10
Incoming Mail Processing	40	260	173.33	0.13
Outgoing Mail Processing	40	260	173.33	0.13
<i>Required FTE</i>				<b>5.23</b>

Resource shortage of

**Citizen First or Counter Service Only Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Visitor Check In	5.0	22,000	1,833.33	1.41
Tax Payments ( <i>assuming the same time as financial transaction</i> )	3.4	8,400	846	0.37
<i>Required FTE</i>				<b>3.21</b>

Resource excess of 1.49 FTE

Administration

**All-In Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Switchboard Service*	12	26,734	5,346.80	4.11
Email Service	5	1,600	133.33	0.10
Incoming Mail Processing	40	260	173.33	0.13
Outgoing Mail Processing	40	260	173.33	0.13
Visitor Check In	5.0	22,000	1,833.33	1.41
Tax Payments ( <i>assuming the same time as financial transaction</i> )	3.4	8,400	846	0.37
<i>*additional time per call to provide requested call investigation</i>				
<i>Required FTE</i>				<b>7.68</b>

Resource shortage of

<b>2</b>	There are varying perceptions of services provided by ServiceGuelph across the internal stakeholder group	<ul style="list-style-type: none"> <li>• Create service level agreements with departments to clearly define service expectations and position the department for service based budgeting in the future.</li> <li>• Develop a methodology for the request of additional services and amendments to the agreements.</li> </ul>
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	<b>Finding</b>	<b>Recommendation</b>
<b>3</b>	Lack of a training plan for Customer Service Representatives	<ul style="list-style-type: none"> <li>• Create a formal training plan for ServiceGuelph staff include               <ul style="list-style-type: none"> <li>◦ planned time with administration/clerical staff in the departments supported to identify changes and improve operational understanding</li> <li>◦ customer service training such as conflict resolution, communications, dealing with difficult people</li> </ul> </li> </ul>
<b>4</b>	Lack of formal service standards	Review the Corporate Service Excellence Strategy and Standards report that went to Governance Committee in 2011 for relevancy and implement those standards that apply to ServiceGuelph with corresponding performance measurement.
<b>5</b>	Lack of Key Performance Indicators	Define key performance indicators, not just statistics; to drive value added activity and continuous improvement. Measures could include; <ul style="list-style-type: none"> <li>• Contact reasons – to influence what information and the way information is provided to the public</li> <li>• Wait times to assist with setting and validating standards of service</li> </ul>
<b>6</b>	Lack of a knowledge base or information availability which restricts the Customer Service Representatives from providing answers to the public	Develop and implement a knowledge base system to share applicable information from the various departments across the organization
<b>7</b>	Lack of systems to manage customer relationships and allow for performance measurement in areas such as contact reasons, results and to identify areas of improvement.	Investigate and implement a CRM (Customer Relationship Management) program to manage this information.
<b>8</b>	Inefficiencies and challenges with the current layout and location(s) of ServiceGuelph <ul style="list-style-type: none"> <li>• Privacy is insufficient – the current layout allows other customers and staff to overhear personal information and potentially see personal information on the computer screens.</li> </ul>	Conduct a review of the layout of ServiceGuelph to address privacy, safety and accessibility.  Also review the current location of administrative functions with a potential to move these activities to the first floor to provide the best customer service possible.

	<b>Finding</b>	<b>Recommendation</b>
	<ul style="list-style-type: none"> <li>• Accessibility requires improvement. There is a lack of a secondary exit, seating for customers who require it</li> <li>• Inefficiencies in service locations requiring customer service staff to be located on three different floors within City Hall.</li> </ul>	
<b>9</b>	Insufficient resources to utilize alternative methods of customer service such as social media, live web-chats	Create a service mandate for ServiceGuelph based on the options provided in the Service Options section of this report and adjust the resources appropriately to provide for this administrative function
<b>10</b>	Hours of service do not meet the needs of the customers	Changes in the hours of service such as extending hours to 6:00 pm or 8:00 pm one or two days a week and Saturday hours.

## Opportunities

Several opportunities for improvement were identified during this audit. These opportunities are in addition to the recommendations made in the above Key Findings and Recommendations section of this report.

Opportunities for improvement;

- Removal of the line-up and utilization of waiting area and number system to prevent confusion present with the two (2) line system and to provide seating to those who need it.
- Investigate the use of technology to count customers and track wait and service times.
- There are multiple counter services across the city, investigate potential efficiencies by incorporating these and ServiceGuelph counter service together to potentially offer more services at more locations with standardization in service provision.
- Organizational changes made to staffing can, if not communicated to the Customer Service Representative restrict their ability to provide appropriate levels of service. A regularly updated organizational chart from each service area or department, which includes pictures of the staff would assist with this issue.
- The issuance of marriage licenses takes a minimum of twenty (20) minutes, when processed as a walk-in counter service, this potentially increases wait times for other customers. Consider implementing an appointment requirement for marriage license issuance to ensure the customer service level for counter transactions is maintained.
- There can be communication challenges or language barriers when dealing with customers. To address this consider requesting volunteers from staff to provide interpretation. Contact the City of Kitchener for specifics as they have a program which utilizes staff volunteers to provide this service as needed.

## SERVICE DESCRIPTION

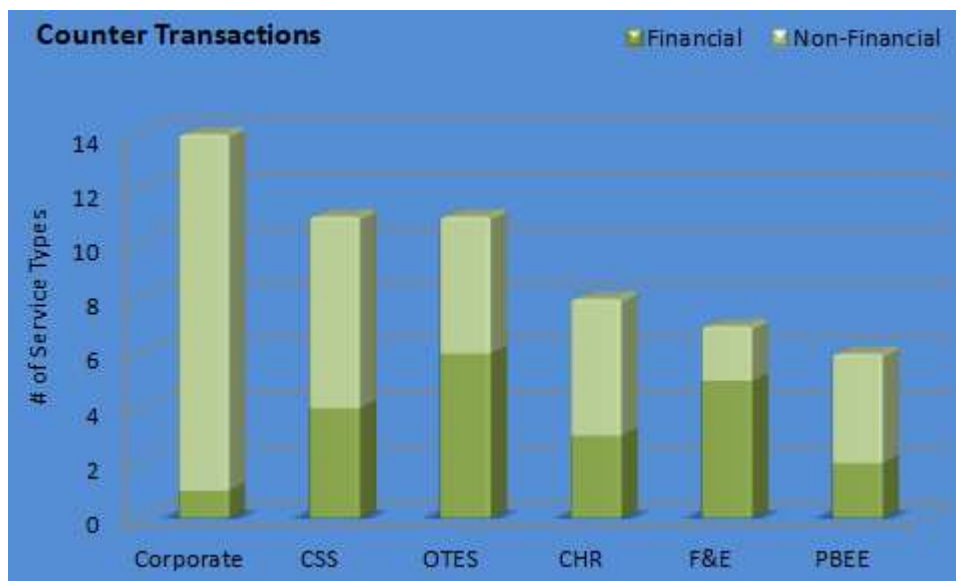
ServiceGuelph delivers centralized customer service for a variety of financial and non-financial services and transactions.

### Current Services

Services provided by ServiceGuelph include;

- Customer service via phone, email and in person
- Issuance of forms, applications, marriage licenses, burial permits and dog licenses
- Sale of items on behalf of City departments
- Receipt of bids and tenders, packages, mail
- Processing of incoming and outgoing mail
- Parking permit renewals
- Program registrations (e.g. leisure activities)
- General inquiry and redirection for service completion

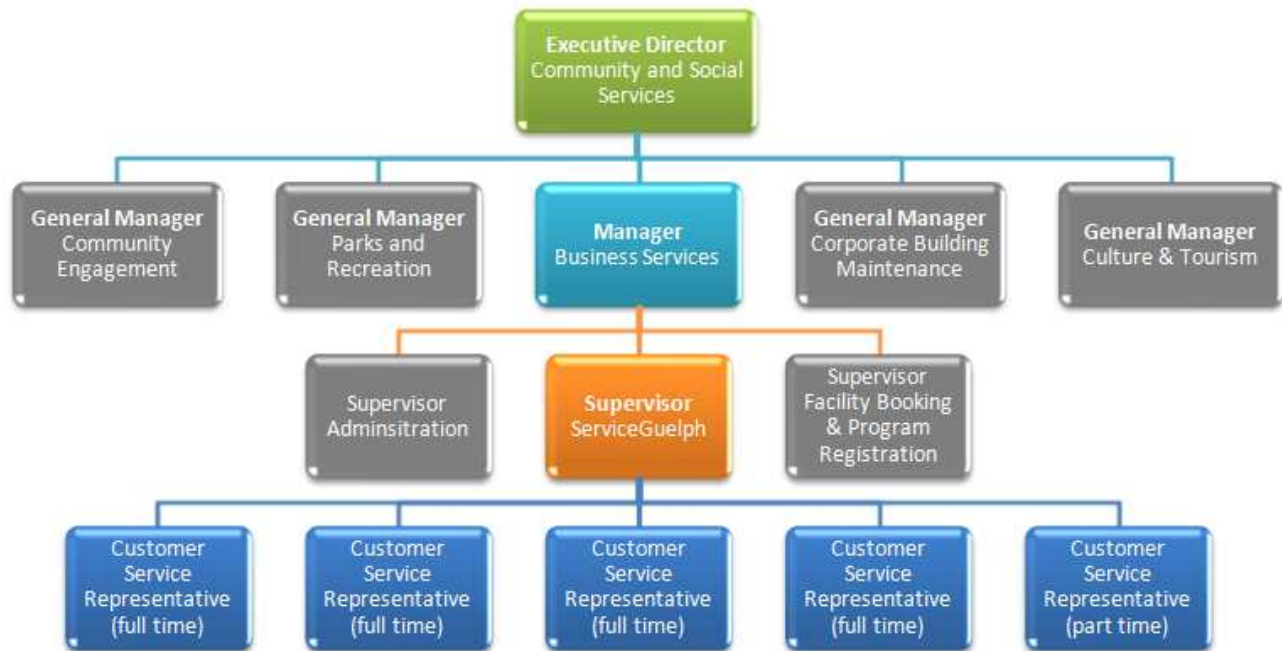
Services are provided to residents and visitors to City Hall on behalf of and for all service areas within the Corporation of the City of Guelph. Illustration #1: Services Provided for Service Areas depicts the number of activities currently performed, on a recurring basis by ServiceGuelph.



*Note: This chart illustrates the number of individual services provided on behalf of the service areas (not the quantity of transactions completed)*

## Organizational Chart

ServiceGuelph is part of the Business Services department within the Community and Social Services service area. The staffing complement of ServiceGuelph currently consists of one (1) Supervisor, four (4) full time Customer Service Representatives and one (1) part time Customer Service Representative. Refer to illustration #2: Organizational Chart which depicts the department structure.



## Staff Interview Summary

All staff members of ServiceGuelph were interviewed, areas of review included;

- Role explanation
- Service provision and methods
- Identification of customers and stakeholders
- Scheduling, planning and workload
- Performance measurement
- Challenges
- Opportunities for improvement

The team at ServiceGuelph is highly engaged and committed to providing excellent customer service to the community. The team considers themselves extremely motivated and supported by their supervisor.



During the interviews staff identified the following challenges and opportunities for improvements in their day to day provision of customer service.

- Area layout
  - Safety
    - Area is lacking an escape route and there are multiple points of potential physical contact between staff and customers.
    - *Consider adding a door exiting to the courtyard or committee room 112.*
    - Cash counting is done in an open area office, non-locking door.
    - *Investigate a lock room similar to the one at Transit for secure cash counting.*
  - Ergonomics
    - The counter is large and very low, so customers are above eye level with the Customer Service Representatives.
    - *Adjust counter and chair height to ensure Representative and customer are at eye level.*
    - Cash drawers are located behind the Customer Services Representatives causing them to turn their backs to the customers.
    - *Relocate the cash drawers to ensure cash is in front of Representative and out of sight of the customers.*
  - Accessibility
    - There is no seated service area or waiting area for customers.
    - *Need one low area to accommodate a seat or wheelchair to ensure accessibility for customers that require it.*
    - *A seating area for people who require it while waiting for service.*
  - Training
    - Would benefit from additional training in things such as conflict resolution, dealing with mental health issues.
  - Privacy Issues
    - Customer information is open for other customers to hear and to see the computer screens, with potential personal information on the screen.
    - *Alternative layout to ServiceGuelph to ensure privacy of information.*

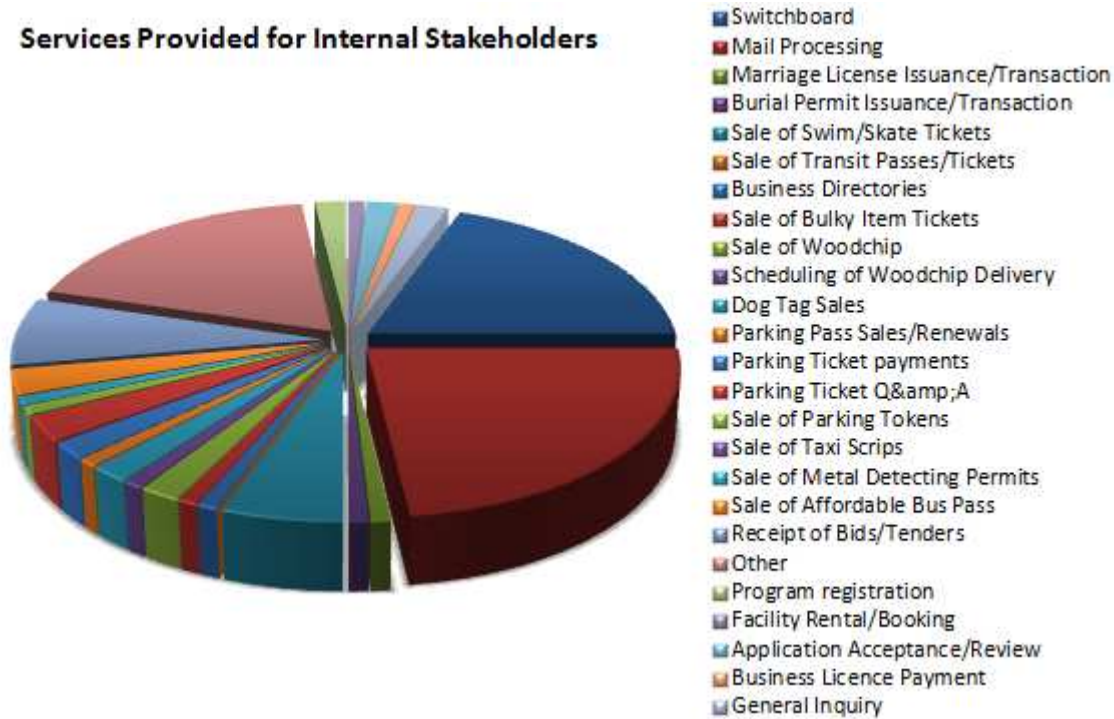
The Access Privacy and Records Specialist was also interviewed in regards to privacy requirements and concurs that there are deficiencies in the area of customer information privacy, as noted in the Privacy Audit conducted in 2013.

Privacy is defined as the quality of being secluded from the presence or view of others, in control of your own information, where disclosure of personal information is a function of individual choice.

**Internal Stakeholder Engagement Summary**

An internal stakeholder survey was conducted to determine service satisfaction and perceptions of service levels. ServiceGuelph provides support to all internal departments within the City, in one form or another. Forty-seven (47) responses were received from internal stakeholders.

**Services Provided for Internal Stakeholders**



Of the 47 responses most identified receiving service support in the areas of switchboard, mail processing, payment and sales services and registrations, as depicted above, in illustration #3: Services Provided for Internal Stakeholders.

60% of respondents are satisfied with the services provided by ServiceGuelph, with 21% somewhat satisfied and 6% dissatisfied, as identified in illustration #4: Internal Stakeholder Satisfaction Levels.

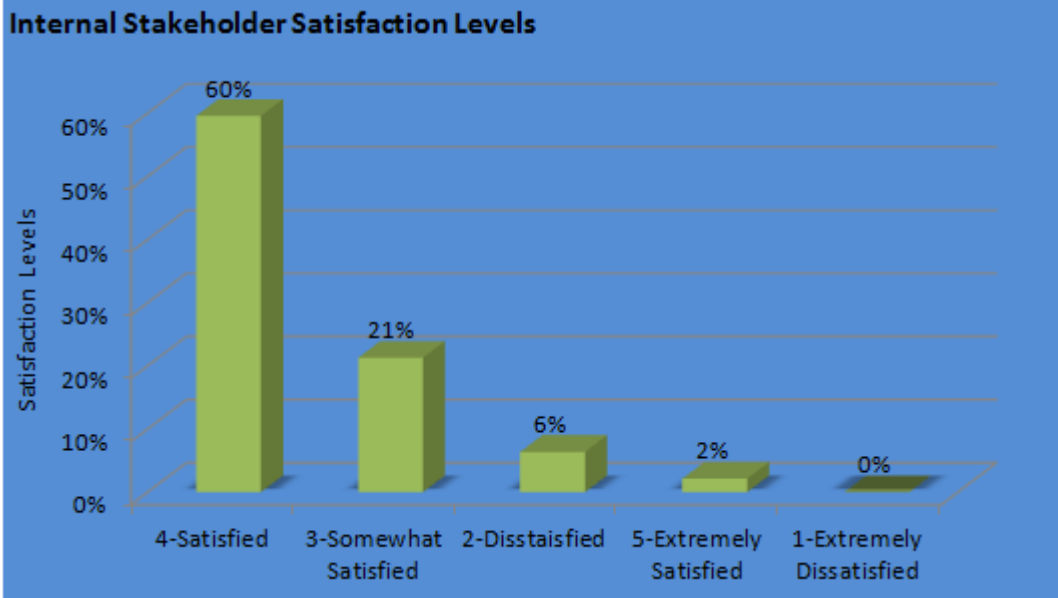
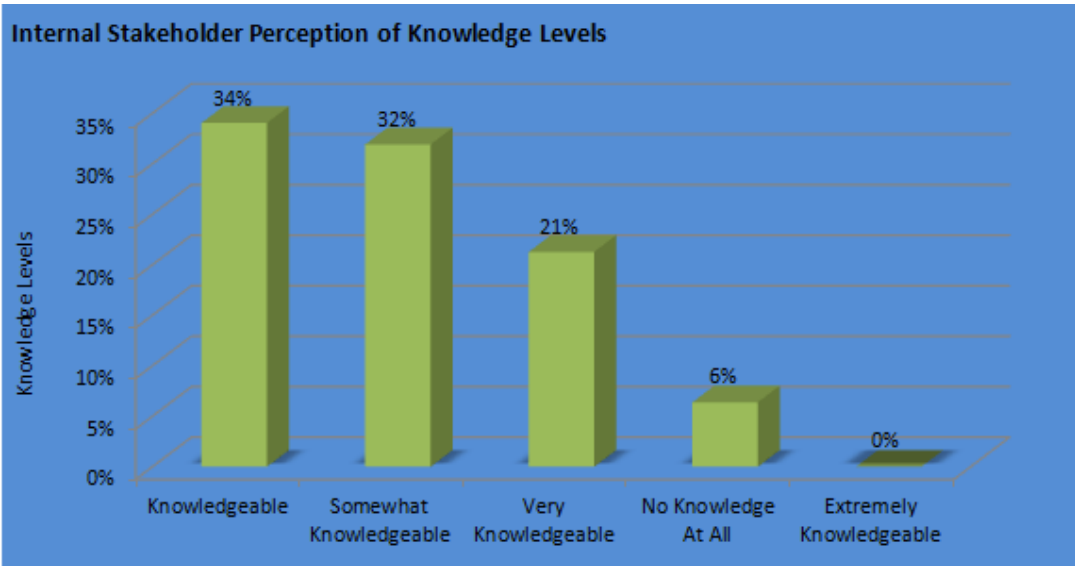


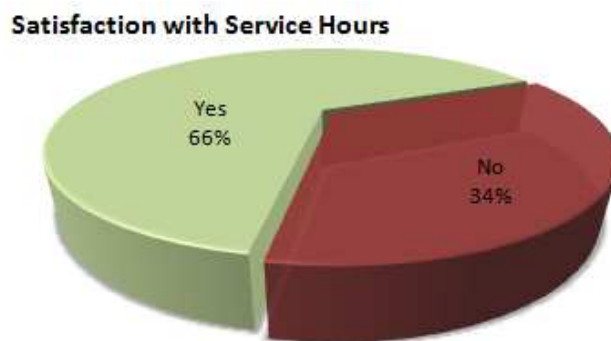
Illustration # 4: Internal Stakeholder Satisfaction Levels

21% of internal respondents feel that the Customer Service Representatives in ServiceGuelph are very knowledgeable about the services they are supporting and 6% feel they have little to no knowledge. Refer to illustration #5: Internal Stakeholder Perception of Knowledge Levels, which depicts the perception of service knowledge that stakeholders feel the Customer Service Representatives have.



Internal stakeholders were asked to rate some common services, provided by ServiceGuelph, to define how essential these services are to supporting their day-to-day jobs. Respondents identified support in areas of switchboard, mail processing, receipt of bids/tenders/packages, sale of goods/passes and registration activities as essential to supporting their day-to-day operations.

When asked if they thought the current hours of business at ServiceGuelph, which are 8:30 am to 4:30 pm (8:30 am to 4:00 pm during the summer months), are sufficient to provide the services required, 66% of respondents identified the hours as satisfactory as depicted in illustration 6: Internal Stakeholder Satisfaction with Service Hours.



*Illustration # 6: Internal Stakeholder Satisfaction with Service Hours*

Internal Stakeholders were asked to identify services and practices that ServiceGuelph did well, improvements that could be made and to identify additional services they would like to see provided.

Things done well by ServiceGuelph include;

- Timeliness of Service
- Customer Service skills
- Well-Informed Customer Service Representatives
- Staff are receptive to additional information and training

Improvement suggestions include;

- More in-depth call/issue investigation
  - *This would require a significant change in the current switchboard service delivery model.*
- Increased knowledge of the various services providing by all departments
  - Improved orientation with the departments
  - Increased training with the departments

- Explore the opportunity for integration with Tax and Parking to find efficiencies in providing these services
- Utilization of a knowledge and customer relationship management software

Additional services or service level increases identified by the stakeholders included;

- Reception and dedicated switchboard service
  - *This would require a change in the current service model to provide dedicated administrative support for reception and switchboard services in addition to providing 'citizen-focused' counter service.*
- Create a one-stop-shop type of service area, responding to customer needs via in-person, phone, email, social media and web-live.
  - *Additional resources to provide this type of one-stop service would be required.*
- Provide extended service hours for customers
  - *Provide extended hours one or two days per week and weekend hours to ensure service is available to all who need it.*
- Provide 24 hour phone coverage and remove the need for third party after hour services
  - *There is currently a shared contract across multiple departments for a third-party after hours call centre. The additional costs for increased staffing as well as increased knowledge requirements would have to be investigated.*
- Provide inter-office mail service for the satellite locations
  - *Providing mail delivery service to satellite locations would require resources to implement and will likely not be an efficient use of staff time.*
- Central location for lost and found items across all city facilities
  - *There is potential for this to provide efficiency and ease of property return for the community. Further investigation into the resource requirements for both space and personnel would need to be investigated.*

Overall, internal stakeholders are satisfied with the services provided by ServiceGuelph. There are varying perceptions of the services provided, a lack of a defined mandate or standard of work for ServiceGuelph, as well the lack of service level agreements with departments to ensure clear understanding of services being provided, contributes to these perceptions.

## External Stakeholder Engagement Summary

An external survey was conducted to obtain feedback from the community on service satisfaction and provide an opportunity to identify recommendations for service improvements. The survey ran from October 8, 2013 to November 8, 2013 and was handed out at ServiceGuelph and available online, which was advertised in City News, Social Media and on Guelph.ca. There were a total of 46 responses received from the community.

The community was asked to identify the types of services they utilize at ServiceGuelph, illustration #7: Types of Services used at ServiceGuelph depicts the many services identified. Services identified include bus tickets/passes, licenses (marriage, dog, business), permits, applications and general inquiries.

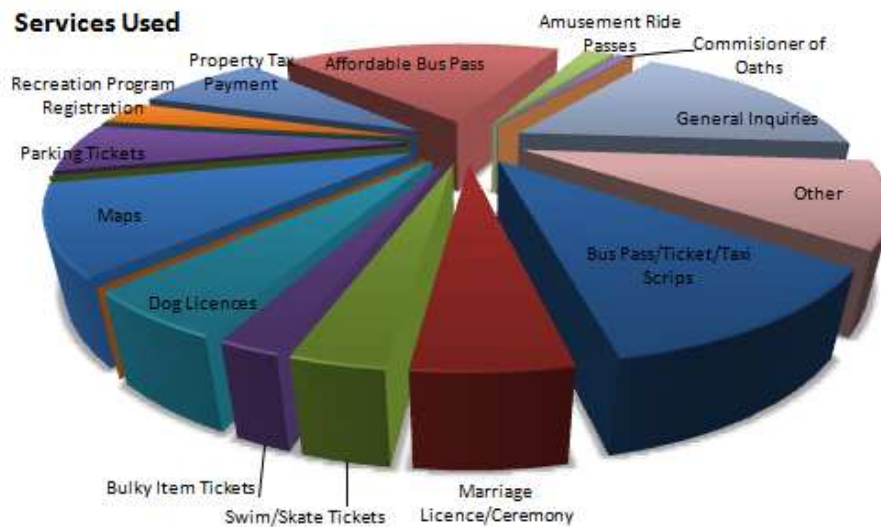
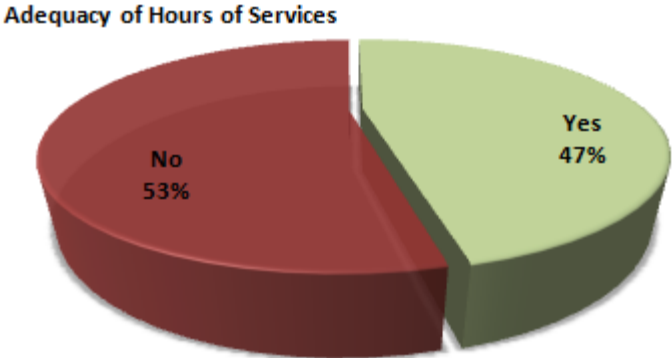


Illustration # 7: Types of Services used at ServiceGuelph

When asked what the average wait time for service was, 78% of respondents identified a 0-5 minute wait time, indicating an overall good response to customer needs. However it was identified that during tax payment and bus pass renewal times these wait time can increase to almost 20 minutes due to the increase in service demand.

Respondents were asked if the current hours of service, 8:30 am to 4:30 pm Monday to Friday (8:30 am to 4:00 pm during the summer months), were adequate to conduct their business at ServiceGuelph. 53% of respondents identify the need for alternative or extended hours of service to better meet their needs. Illustration #8: Adequacy of Hours of Service depicts the results of this question.



stration # 8: Adequacy of Hours of Service

Customer Service Representative (CSR) knowledge levels on the services being provided were rated during this survey, 91% of external respondents identified CSR staff as being knowledgeable to extremely knowledgeable, providing the services and information required. Illustration #9: CSR Knowledge Levels depicts the ratings provided by the respondents.

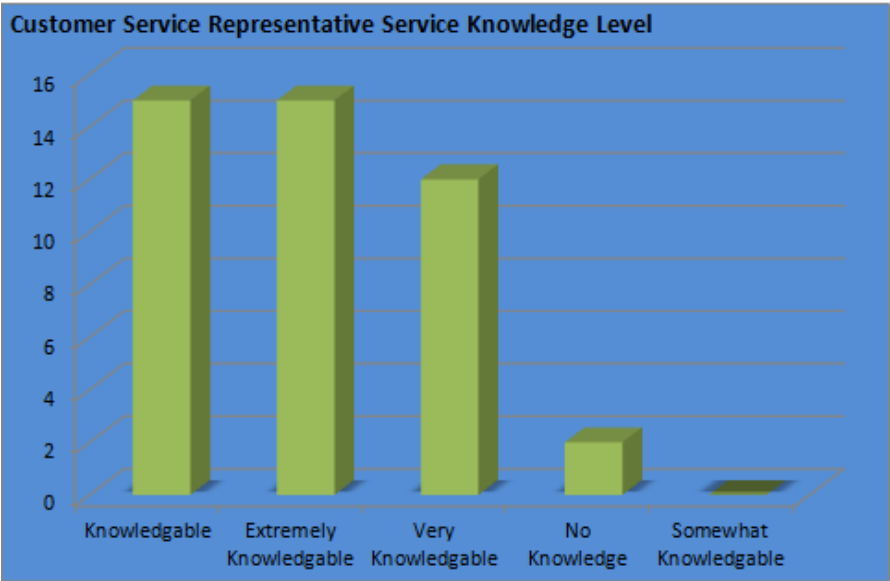


Illustration #9: CSR Knowledge Levels

External customer satisfaction rating indicates that 76% of survey respondents are extremely satisfied or satisfied with the service they have received at ServiceGuelph. Causes of lower satisfaction levels include being transferred to another location or person to deal with questions or conduct a transaction and limited on-line capability to conduct transactional business. Illustration #10: Overall Customer Satisfaction Level depicts the breakdown of responses to the question regarding overall satisfaction with the services provided at ServiceGuelph.



The survey asked respondents to identify improvements to existing services or additional services they would like to see provided at ServiceGuelph. The responses included the following;

- Increased knowledge of the satellite services such as waterworks, snow removal and solid waste
- Ability to respond to questions via live chat on Guelph.ca when City Hall is open
- Increase in transactional service availability on line, self-serve and/or kiosks
- Dedicated reception services to ensure all phone calls are answered
- Better signage for the line-ups or removal of the line-ups

Overall, external survey respondents are satisfied with the timeliness of the services provided, the results and knowledge of staff. The survey identified a desire for more self-serve or online options for service as well as a more dedicated one-to-one response whether on the phone or online. Changes in the hours of service such



as extending the hours to 6:00 pm or 8:00 pm one or two days per week and perhaps some availability on Saturdays was identified as an improvement opportunity by the respondents to the survey.

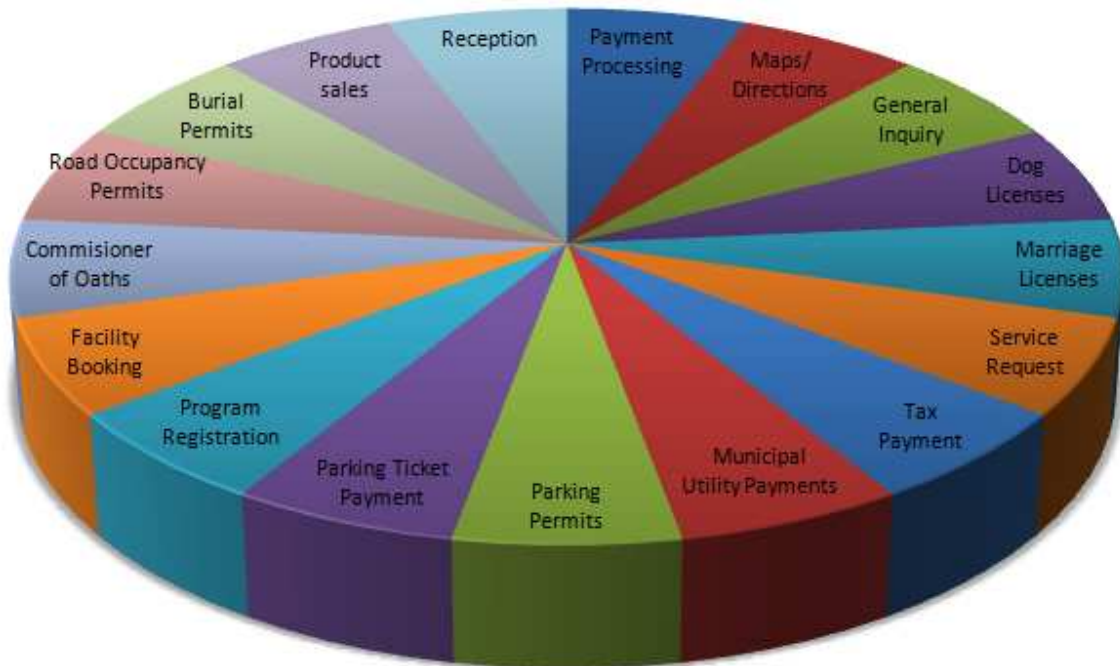
**Benchmarking – Municipal Comparators**

Twenty-three (23) municipalities (from the Council approved comparator list) were contacted to participate in a benchmark study on front counter services at City Hall. There was a 30% participation rating.

Of the municipalities that participated only 43% provide a front counter service, the remainder provide a reception or welcome desk service only. Counter Service Providers all provide some form of extended hours to serve the community, with extended hours during the week and reduced hours on the weekend, e.g. 8:30 am – 8:00 pm on Wednesdays and Thursdays and 10:00 am to 2:00 pm on Saturdays.

The municipalities that provide a front counter service provide mainly transactional services (as depicted in illustration #11: Service Types), such as payment processing, permits, licensing (business, marriage and dog), general inquiries, transit passes and tickets, facility booking and program registration much the same as the services provided at ServiceGuelph.

**Service Types**



All municipalities were asked to identify if there were service level agreements in place between the front counter service and the various departments which have services provided on their behalf. Only one of the municipalities (City of Oshawa) identified having these agreements, however noted that at this time they are dated and not reflective of current arrangements.

Staffing levels among the municipalities vary for counter service. The average customer service representative staffing level is 5.6 FTE. This number does not include management, supervision or administrative support personnel. Guelph currently has a customer service representative staffing level of 4.7 FTE.

Comparing costs associated with providing counters service is not possible or value added as each municipality's results are influenced to varying degrees by a number of factors, including reporting structure, locations of service and the services offered. Most municipalities that provide front counter service, which participated in the study, do not have separate line items for this service and as such the budget is part of a larger area resulting in an annual budget in excess of \$1 million.

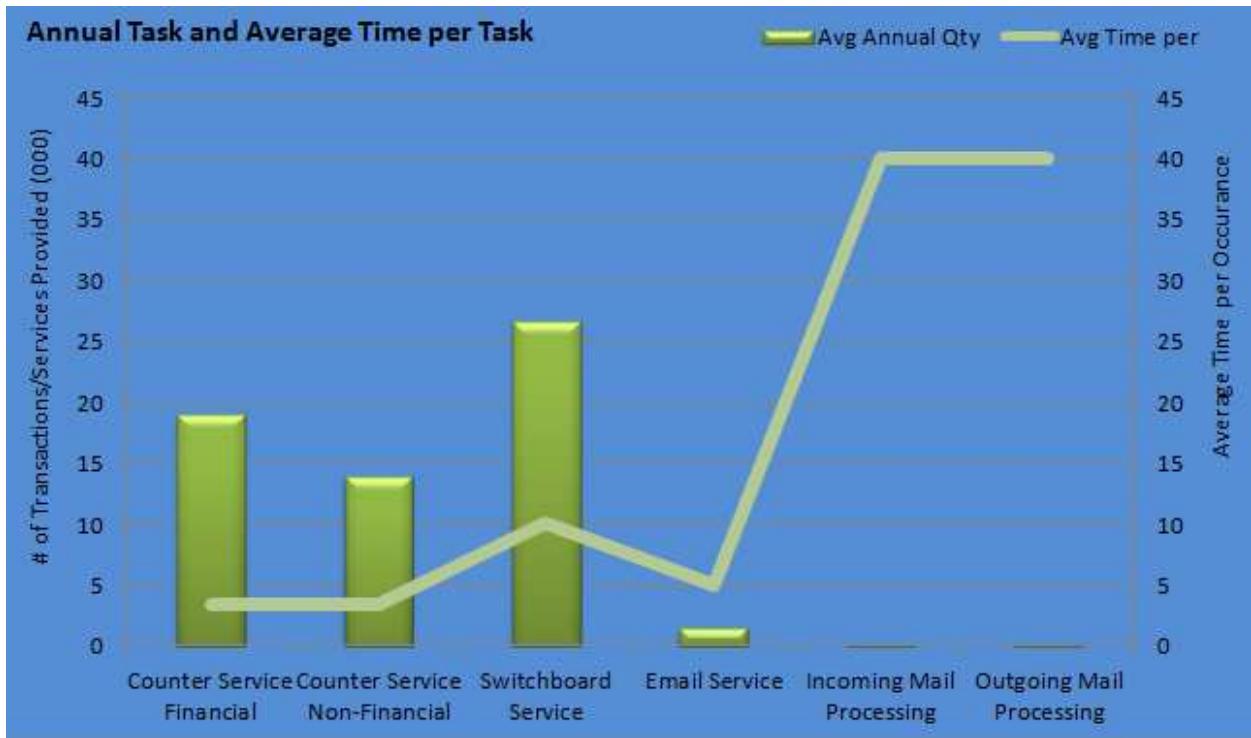
Participating municipalities identified challenges in the areas of knowledge sharing of procedure or policy changes, increasing demands for services and the vast amount of information and finding an efficient and effective way of sharing this.

Conducting benchmarking by examining other municipal practices for front counter services was one of the objectives of this audit. The benchmarking activity identified that not all municipalities have front counter service at City Hall. However those that do are transactional in nature, administrative functions such as switchboard and mail processing are not conducted by the customer service representative. In those cases where an activity such as switchboard is in the same functional area there is dedicated staff for this activity.

It is recommended to create a service mandate for ServiceGuelph Customer Service Representatives to provide transactional community facing services or 'citizen first' services rather than the scenes administrative functions. Administrative activities can be conducted by administrative staff. It is also recommended to create service level agreements with departments to clearly define service expectations and costs associated with those services.

**Process Mapping**

The services provided by ServiceGuelph were reviewed to identify activities and the average timing for each activity to be completed once. It must be noted that the time is an average and some activities could require additional time to complete due to factors such as customer needs, complexity of issue or knowledge available. Illustration #12: Annual Tasks and Average Time per Task is a depiction of the types of services currently provided at ServiceGuelph and the average time it takes to conduct each task once. This illustrates that the administrative tasks completed by ServiceGuelph utilize the most time per occurrence.



The current service level requires an average of 61,756 individual activities utilizing an average of 6,807 hours. The FTE requirement to achieve this level of service is 5.23, the current Customer Service Representative staffing level is 4.7, indicating a shortage of 0.53 FTE. This shortage results in service reductions primarily in the area of switchboard and email responsiveness.

In 2012 an average of 13% of all calls to the main switchboard were not answered live but routed to voicemail, resulting from a lack of staff to provide live-answer. The Customer Service Excellence Strategy developed in 2011 identified that the telephone remained the preferred service delivery channel by Canadians and it is

also understood that utilizing the telephone to address enquiries is a cost effective way to provide service.

These tasks (*identified above in illustration #12*) are provided on behalf of and for the all departments and divisions across the corporation. These services or tasks break out as follows;

- Counter Service Financial; any activity that involves a monetary transaction
  - Payments for things such as licenses, permits, taxes, rentals, registrations and donations
  - Sales of goods and services, tickets and passes
- Counter Service Non-Financial; any activity that requires service to the customer with no monetary exchange
  - Handout or distribution of packages, literature, mail and permits
  - Referrals to internal and external areas of expertise
  - Processing of membership, permits, appointments, banners and posters
  - Receipt of packages, applications, mail and other submissions
  - General inquiry to provide information on services
- Switchboard service; answering the phones and monitoring voicemail
- Email Service; monitoring and management of general mailbox email activity
- Mail Processing; the receipt, sorting and distribution (in the mail room) of incoming mail for the corporation. The processing of outgoing mail and mail-out support for city departments.

There are tasks performed by the Customer Service Representatives that are not external 'Citizen-Focused' activities but are considered administrative in nature. One recommendation from this audit is to develop a service mandate for ServiceGuelph, having Customer Service Representative provide counter service or 'citizen-focused' services. Administrative functions would be the responsibility of the departments and divisions or ServiceGuelph would require dedicated administrative staff, focused on areas/tasks such as mail processing, switchboard, email and social media management.

The types of services provided are varied across the organization. Service level agreements are recommended to ensure clarity of services and to identify level of service expectations. Also recommended is a process or procedure for the request of additional services or revision/amendment of the service level agreements.

### ***Physical Location and Layout***

There are inefficiencies with the location of ServiceGuelph services. These services are being provided on multiple floors within City Hall. Mail processing is conducted on the fourth floor while switchboard activities are conducted on the second floor, which does not allow for Customer Service Representatives to assist at the counter should there be an influx of in-person customers.

The physical layout of ServiceGuelph has challenges in the following areas;

- Privacy;
  - The current layout allows other customers and staff to overhear personal information and potentially see personal information on the computer screens.
- Accessibility
  - Lack of a secondary exit for safety
  - There is a lack of seating for those who require it, waiting to make a transactions as well as a lack of seating while making a transaction.

It is recommended that a review the layout of ServiceGuelph, be conducted, to address privacy, safety and accessibility. Also recommend a review of the current location of mail processing and mail room services and the switchboard with a potential to move these activities to the first floor to provide the best customer service possible.

### ***Service Excellence Strategy and Standards***

There is a lack of formal service standards defined for ServiceGuelph. In 2011 a corporate service excellence strategy and standard report went to the Governance Committee outlining a proposed strategy and standards for service excellence and a plan for implementation. This strategy and the service standards did not go to Council and have not been formally implemented across the organization. However the recommendations and service standard guidelines are relevant to ServiceGuelph and the services they provide.

It is recommended that the original Service Excellence Strategy and Standards report be reviewed for continued relevancy and to implement those standards that apply along with corresponding performance measurement to track performance and identify continuous improvement opportunities with service provision.

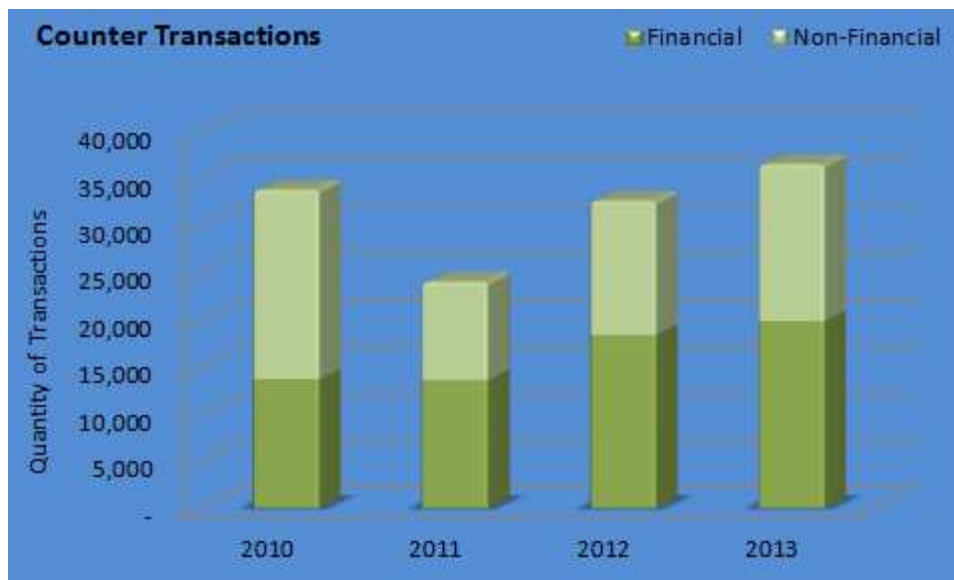
## PERFORMANCE

Analysis was conducted on the statistical data of ServiceGuelph for the timeframe of 2010 to August 2013, in some cases data is only available since January 2012. Where historical data is available a forecast is provided for the fourth (4<sup>th</sup>) quarter of 2013.

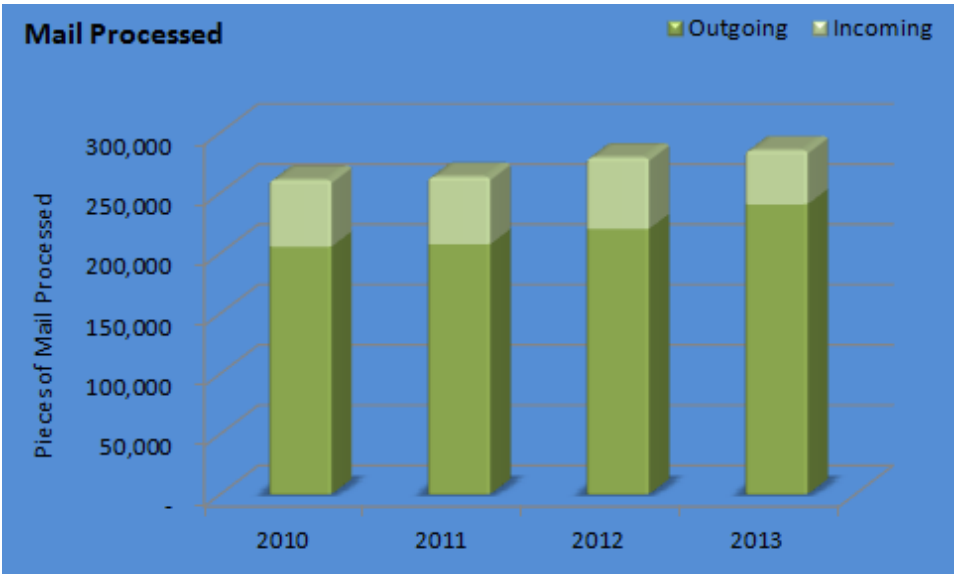
### Key Performance Indicators (KPIs)

ServiceGuelph tracks statistical data only, these are not KPIs and do not currently drive value-added activity or change. Only data on counter service, switchboard and mailroom statistics are tracked.

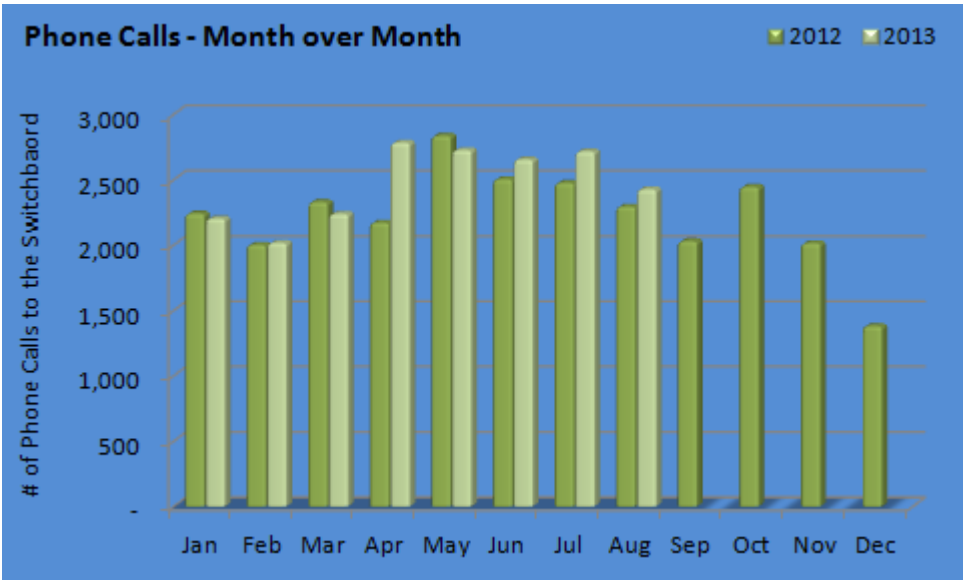
Illustration #13: Counter Transactions shows the number of in-person counter transactions is increasing year over year. Measuring wait times and time of day/month quantities would provide data for setting standards, measuring performance and identifying continuous improvement activities for in-person counter services.

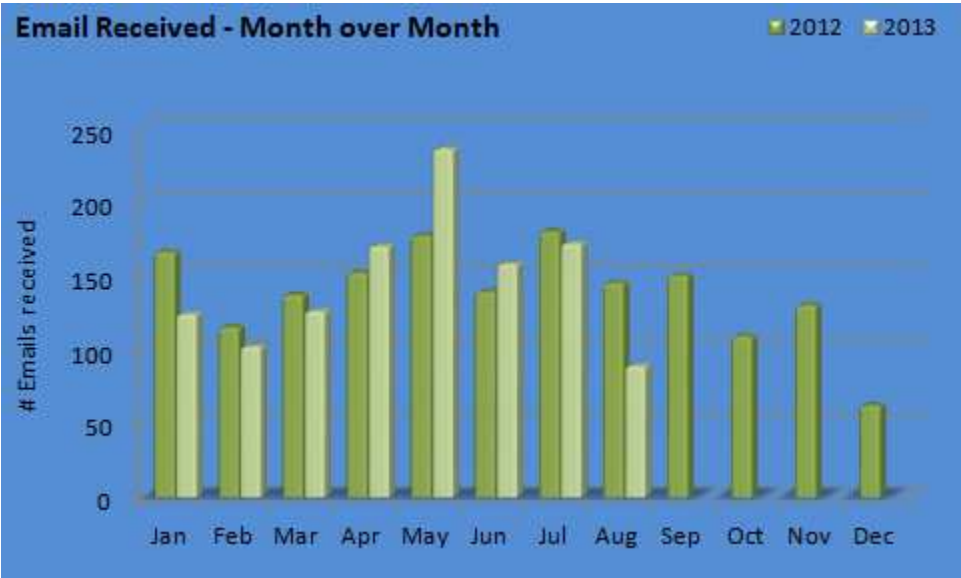


The quantity of mail being processed is increasing year over year, resulting in the Customer Service Representative allotting more time administering that process instead of providing citizen focused service. Measuring the mail processed by type and department may identify areas for improvement or process review. Illustration #14: Mail Processed Year over Year depicts the increasing mail processing requirements.



Switchboard and email data has only been tracked since January 2012 so trend data is limited. However looking at the data on a month over month basis the amount of calls and email are increasing and will likely continue to increase. Tracking the reasons for the contact could identify improvement opportunities in information availability and sharing options, such as online information provision. Illustration #15: Switchboard Month over Month and Illustration #16: Email Contact Month over Month illustrates this.

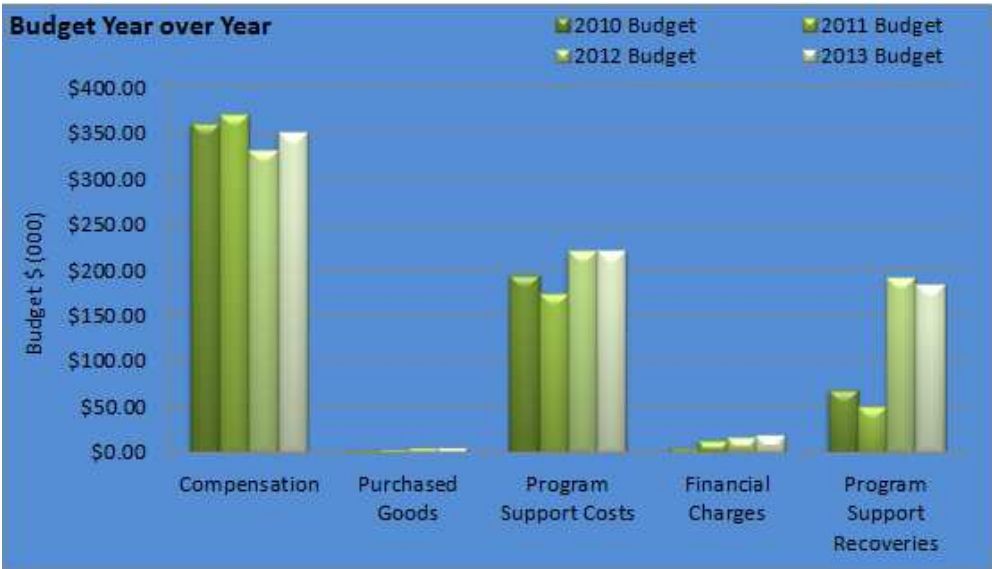




It is recommended to define key performance indicators, not just statistics, to drive value-added activity and continuous improvement. Service level standards, for customer response to phone calls and emails as well as wait times and transaction times, should be set and variance to the standard analyzed to identify areas of concern and improvement opportunities.

**Financial Analysis**

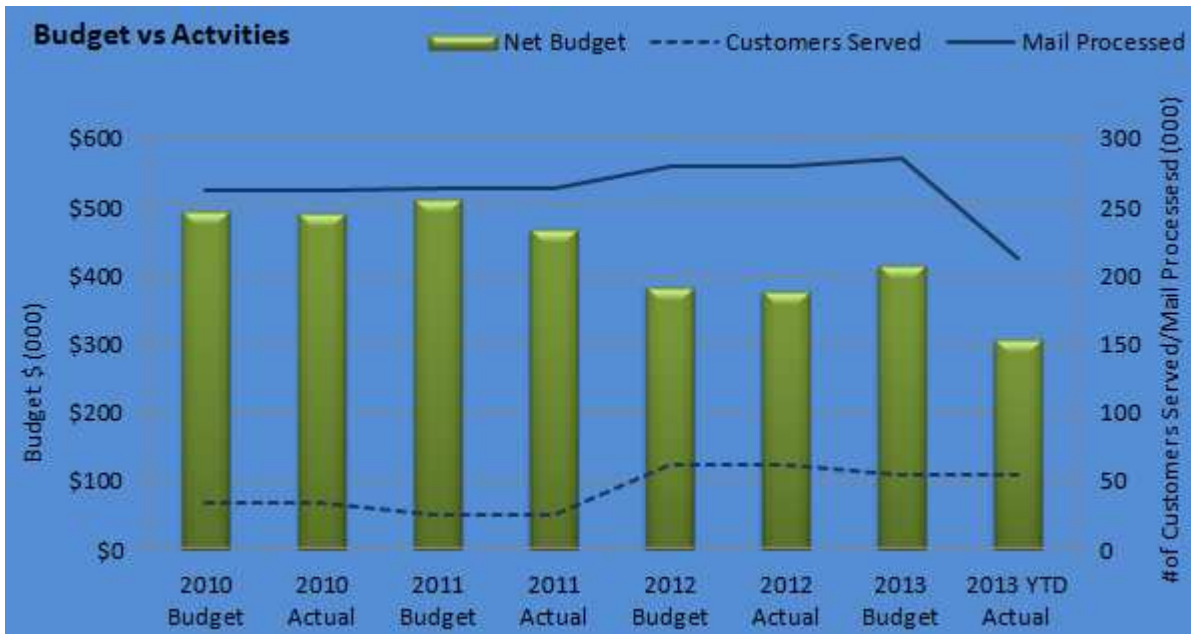
Budget data from 2010 to August 2013 was reviewed. In 2012 the net budget was reduced due to increased internal recoveries resulting from allocation of service costs following the OMBI methodology. Illustration #17: Budget Year over Year depicts the net budget by financial area.





The service requirements continue to increase and the internal recoveries need to keep pace with these increases. The lack of service level agreements defining service expectations and their associated costs prevents the ability to have full cost recovery for services as well as support a service based budgeting process.

Illustration #18: Budget vs. Activities depicts the net budget and performance as well as the customers served at ServiceGuelph and the mail processed for the corporation. Customers served include all counter services as well as switchboard activity.



It is recommended to implement service level agreements and a methodology to track the activities including the time/cost required for all departments. This would provide data for full cost recovery of all services provided.

**Service Options**

An analysis of current workload requirements and the resource requirements was conducted. Three service options were reviewed, current service requirements, citizen focused or counter service only requirements and all-in service requirements based on additional services as identified in the stakeholder engagement activities.

**Current Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Switchboard Service	10	26,734	4,455.67	3.42
Email Service	5	1,600	133.33	0.10
Incoming Mail Processing	40	260	173.33	0.13
Outgoing Mail Processing	40	260	173.33	0.13
<i>Required FTE</i>				<b>5.23</b>

The FTE requirement to achieve the current level of service is 5.23, the current Customer Service Representative staffing level is 4.7, indicating a shortage of 0.53 FTE. This shortage results in service reductions in the area of switchboard capability (voicemail rather than live answer) and email response timeliness.

**Citizen First or Counter Service Only Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Visitor Check In	5.0	22,000	1,833.33	1.41
Tax Payments ( <i>assuming the same time as financial transaction</i> )	3.4	8,400	846	0.37
<i>Required FTE</i>				<b>3.21</b>

To focus Customer Service Representatives' time and efforts on front end counter service, including the addition of visitor check in and processing Tax Payments (as identified during the stakeholder engagement activities) and removal of the requirements to perform the administrative functions, from the Customer Service Representatives would require 3.21 FTE, which is a reduction in Customer Service Staff. However the resources would need to be reallocated or provided by the specific departments to provide the administrative functions being removed.

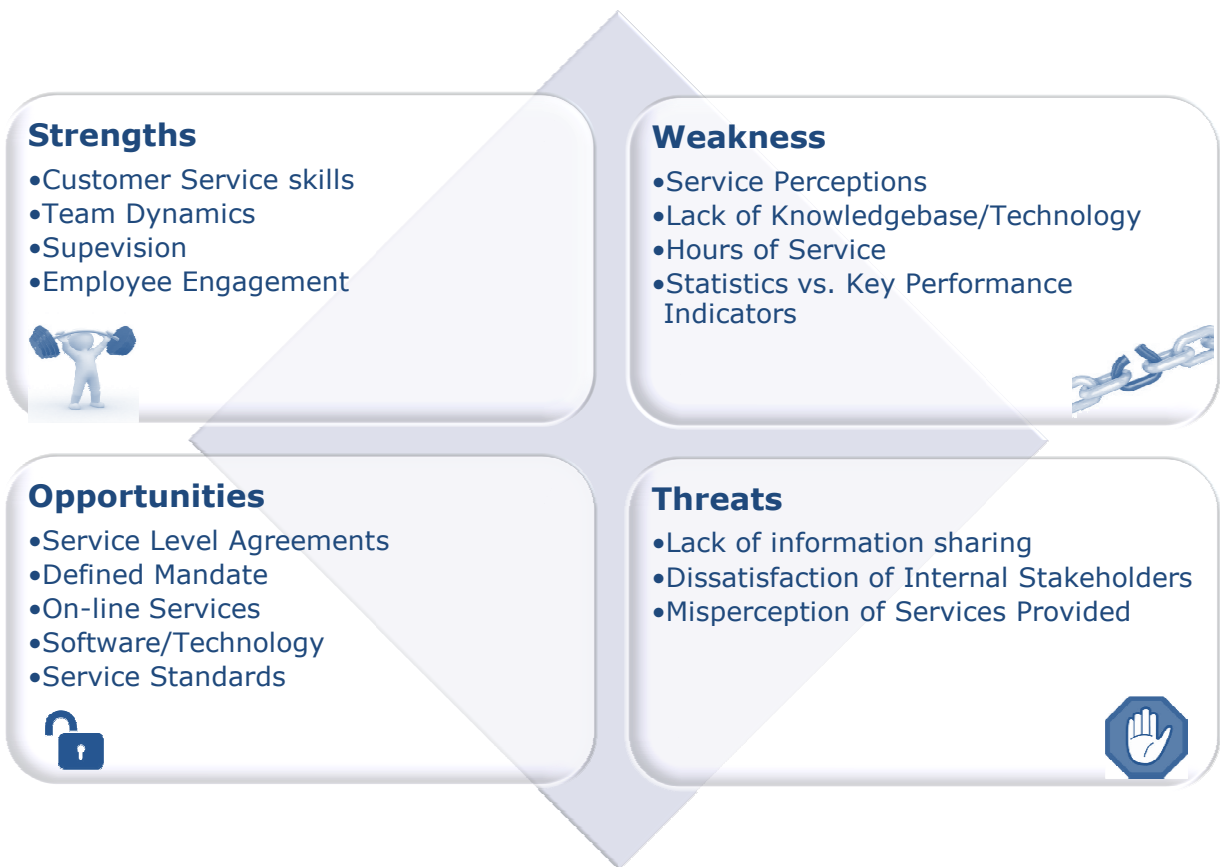
**All-In Service Requirements**

Task Type	Average Time per Task (minutes)	Average # Tasks per Year	Total Time Required (hours)	FTE Requirement
Counter Service Financial	3.4	19,000	1,076.67	0.83
Counter Service Non-Financial	3.43	13,902	794.73	0.61
Switchboard Service*	12	26,734	5,346.80	4.11
Email Service	5	1,600	133.33	0.10
Incoming Mail Processing	40	260	173.33	0.13
Outgoing Mail Processing	40	260	173.33	0.13
Visitor Check In	5.0	22,000	1,833.33	1.41
Tax Payments ( <i>assuming the same time as financial transaction</i> )	3.4	8,400	846	0.37
<i>*additional time per call to provide requested call investigation</i>				
<i>Required FTE</i>				<b>7.68</b>

To provide all counter services and the administrative services, including the requested increased switchboard call investigation, visitor check in and tax payment processing, would require an FTE compliment of 7.68.

It is recommended to create a service mandate for ServiceGuelph, whereby ServiceGuelph Customer Service Representatives provide "Citizen-Focused" counter service only, requiring 3.21 dedicated counter staff, providing the ability to complete all visitor processing and financial and non-financial transactions that do not require subject matter expertise. The administrative functions for mail processing, switchboard, social media and email services could still be part of ServiceGuelph but would have dedicated administrative/clerical staff. The administrative FTE compliment would be approximately 3.79. This would provide a consistent level of service to the customer(s) and a clear understanding of the services provided at ServiceGuelph.

**SWOT ANALYSIS**



**CONCLUSION**

This operational audit has provided an understanding of the services provided; the organizational structure and the costs associated ServiceGuelph. Recommendations

have been made for service mandate, service level agreements, staffing, process monitoring and measurement. These recommendations will better position the department to provide services to the community on behalf of the organization efficiently and effectively. A management response is required within 30 days of receipt of this audit report. Receipt was delivered on December 13, 2013, to the Executive Director of Community and Social Services, the Manager of Business Services and the Supervisor of ServiceGuelph. Management response should include action plans, timelines and accountabilities for each recommendation noted in this audit report (refer to Key Findings and Recommendations section).

Further review of the other counter services e.g. Taxation is recommended to synchronize the changes impacting Service Guelph. This work will be conducted by the Business Performance Specialist who will be hired in March.

**SERVICEGUELPH - MANAGEMENT RESPONSE – 7JAN14**

FINDING#	AUDIT FINDING	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE
1	Current services require Customer Service Representatives to perform tasks that are administrative in nature and not necessarily 'citizen-focused'	<ol style="list-style-type: none"> <li>1. Create a service mandate for ServiceGuelph</li> <li>2. Options are depicted below. For further information refer to the Service Options section of this report.</li> </ol>	<p><b>Agree with recommendations.</b></p> <p><i>Will develop mandate and assess options.</i></p>
2	There are varying perceptions of services provided by ServiceGuelph across the internal stakeholder group	<ol style="list-style-type: none"> <li>1. Create service level agreements with departments to clearly define service expectations and position the department for service based budgeting in the future.</li> <li>2. Develop a methodology for the request of additional services and amendments to the agreements.</li> </ol>	<p><b>Agree with recommendations.</b></p> <p><i>Will develop a template for service level agreements and implement with departments</i>  <i>Will develop methodology for requests of additional service based on mandate.</i></p>
3	Lack of a training plan for Customer Service Representatives	<ol style="list-style-type: none"> <li>1. Create a formal training plan for ServiceGuelph staff include:               <ol style="list-style-type: none"> <li>a. planned time with administration/clerical staff in the departments supported to identify changes and improve operational understanding</li> <li>b. customer service training such as conflict resolution, communications, dealing with difficult people</li> </ol> </li> </ol>	<p><b>Agree with recommendations.</b></p> <p><i>Ad hoc training started/introduced includes:</i></p> <ul style="list-style-type: none"> <li>• <i>Robbery Prevention, Officer Safety (dealing with aggressive customers), Standard First Aid</i></li> </ul> <p><i>Will develop formal training plan for Customer Service Representatives to enhance both customer service and people skills and City service knowledge on an ongoing basis.</i></p>
4	Lack of formal service standards	<ol style="list-style-type: none"> <li>1. Review the Corporate Service Excellence Strategy and Standards report that went to Governance Committee in 2011 for relevancy and implement those standards that apply to ServiceGuelph with corresponding performance measurement.</li> </ol>	<p><b>Agree with recommendations.</b></p> <p><i>Will implement Corporate Service Excellence Standards.</i></p>

**SERVICEGUELPH - MANAGEMENT RESPONSE – 7JAN14**

FINDING#	AUDIT FINDING	AUDIT RECOMMENDATION	MANAGEMENT RESPONSE
5	Lack of Key Performance Indicators	1. Define key performance indicators, not just statistics; to drive value added activity and continuous improvement. Measures could include; <ul style="list-style-type: none"> <li>• Contact reasons – to influence what information and the way information is provided to the public</li> <li>• Wait times to assist with setting and validating standards of service</li> </ul>	<p><b>Agree with recommendations.</b></p> <p><i>Will determine appropriate key performance indicators and identify any costs/resources associated.</i></p>
6	Lack of a knowledge base or information availability which restricts the Customer Service Representatives from providing answers to the public	1. Develop and implement a knowledge base system to share applicable information from the various departments across the organization	<p><b>Agree with recommendations.</b></p> <p><i>Will work with the IT Strategic Plan to scope and determine budgetary requirements toward developing an implementation plan.</i></p>
7	Lack of systems to manage customer relationships and allow for performance measurement in areas such as contact reasons, results and to identify areas of improvement.	1. Investigate and implement a CRM (Customer Relationship Management) program to manage this information.	<p><b>Agree with recommendations.</b></p> <p><i>Will work with the IT Strategic Plan to scope and determine budgetary requirements toward developing an implementation plan.</i></p>
8	Inefficiencies and challenges with the current layout and location(s) of ServiceGuelph <ul style="list-style-type: none"> <li>• Privacy is insufficient – the current layout allows other customers and staff to overhear personal information and potentially see personal information on the computer screens.</li> <li>• Accessibility requires improvement. There is a lack of a secondary exit, seating for customers who require it</li> </ul>	1. Conduct a review of the layout of ServiceGuelph to address privacy, safety and accessibility. 2. Also review the current location of administrative functions with a potential to move these activities to the first floor to provide the best customer service possible.	<p><b>Agree with recommendations.</b></p> <p><i>Some actions related to this recommendation are contingent on the results of Recommendation #1-Create a service mandate for ServiceGuelph. Adjust location of functions according to mandate.</i></p> <p><i>Actions that have already been taken include:</i></p> <ul style="list-style-type: none"> <li>• Space/security design planner to conduct feasibility study of ServiceGuelph counter area in 2014 and having any implementation</li> </ul>

**SERVICEGUELPH - MANAGEMENT RESPONSE – 7JAN14**

<b>FINDING#</b>	<b>AUDIT FINDING</b>	<b>AUDIT RECOMMENDATION</b>	<b>MANAGEMENT RESPONSE</b>
	<ul style="list-style-type: none"> <li>Inefficiencies in service locations requiring customer service staff to be located on three different floors within City Hall.</li> </ul>		subject to the 2015 capital budgets process.
<b>9</b>	Insufficient resources to utilize alternative methods of customer service such as social media, live web-chats	Create a service mandate for ServiceGuelph based on the options provided in the Service Options section of this report and adjust the resources appropriately to provide for this administrative function	<p><b>Agree with recommendations.</b></p> <p><i>Actions related to this recommendation are contingent on the results of Recommendation #1-Create a service mandate for ServiceGuelph. Implement resources appropriately according to mandate.</i></p>
<b>10</b>	Hours of service do not meet the needs of the customers	Changes in the hours of service such as extending hours to 6:00 pm or 8:00 pm one or two days a week and Saturday hours.	<p><b>Agree with recommendations.</b></p> <p><i>Actions taken already include a six month extended hours pilot launched on January 2, 2014. ServiceGuelph open until 7 p.m. on Thursdays until June 26, 2014.</i></p> <p><i>Traffic and contact data being tracked for review and recommendation after pilot period.</i></p>

## ServiceGuelph Audit Implementation Plan

As at end of:

Q1 2014
Q2 2014
Q3 2014
Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	completed
					state reason & estimated start date	estimated completion date and reason if delayed	if completed when and how
<b>Audit Report: ServiceGuelph</b>							
<b>Report Issued: February 2014</b>							
1.1	Create a service mandate for ServiceGuelph	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Utilize existing public service/government service delivery models and budget structures as best practices. Engage key stakeholders to develop citizen-centred model.			Discussion to happen with ET to decide on service mandate option and work with implementing. Will require broad discussion as service mandate impacts other departments. Estimated completion date of 30-Mar-14	
1.2	Options are depicted below. For further information refer to the Service Options section of this report.	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Selection and implementation of a Service Option will be dependant on the establishment of a mandate for ServiceGuelph.			Same as 1.1 above	
2.1	Create service level agreements with departments to clearly define service expectations and position the department for service based budgeting in the future.	Supervisor, ServiceGuelph	Agree. Create a template (document) and process that can be used by ServiceGuelph to develop service level agreement for a service with department. Create service level agreements on a prioritized basis using transaction volume or other <i>service based criteria</i> .		Dependent on mandate, once approved, can implement. Start date - April 2014		
2.2	Develop a methodology for the request of additional services and amendments to the agreements.	Supervisor, ServiceGuelph	Agree. Create a process, SOP, and communications for departments to inform them on how service level agreement can be activated or <i>changed</i> .		Same as 2.1		
3	Create a formal training plan for ServiceGuelph staff include: a. planned time with administration/clerical staff in the departments supported to identify changes and improve operational understanding b. customer service training such as conflict resolution, communications, dealing with difficult people	Supervisor, ServiceGuelph	Agree. Develop a formal training plan for ServiceGuelph team members. The plan should touch on some key components: - customer service training - people skills training - knowledge transfer through job shadowing			Training commenced in 2013, will continue to train and formalize process. Will work with HR to assess, identify and develop opportunities for knowledge transfer. Estimated completion date of 30-Sep-14	
4	Review the Corporate Service Excellence Strategy and Standards report that went to Governance Committee in 2011 for relevancy and implement those standards that apply to ServiceGuelph with corresponding performance measurement.	Manager, Business Services/Supervisor, ServiceGuelph	Agree.			Standards already implemented and practiced since 2012 and tracking performance since January 2013. Additional activities for marketing and public awareness being developed. Estimated completion date of 30-Mar-14	
5	Define key performance indicators, not just statistics; to drive value added activity and continuous improvement. Measures could include; • Contact reasons – to influence what information and the way information is provided to the public • Wait times to assist with setting and validating standards of service	Supervisor, ServiceGuelph	Agree. Conduct research necessary to determine the best key performance indicators to measure based on best practices. Determine any costs/resources required to implement the tracking of any new indicators.		Dependent on mandate, once approved, can implement Start date - April 2014		
6	Develop and implement a knowledge base system to share applicable information from the various departments across the organization	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Contingent on IT Strategic Plan. Will work to develop project scope and budgetary requirements and move toward implementation plan.		Dependent on IT Strategic Plan prioritize and budget allocation. Start date March 2014		
7	Investigate and implement a CRM (Customer Relationship Management) program to manage this information.	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Contingent on IT Strategic Plan. Will work to develop project scope and budgetary requirements and move toward implementation plan.		Dependent on IT Strategic Plan prioritize and budget allocation. Start date March 2014		
8.1	Conduct a review of the layout of ServiceGuelph to address privacy, safety and accessibility.	Manager, Business Services	Agree. Conduct space/security feasibility study of ServiceGuelph counter. Implementation plan to be developed through capital budget process			Consultant work scoped in 2013, security/space consultant to assess, review and provide recommendation of physical layout in time for 2015 capital budget submissions. Estimated completion date by 30-May-14	



## ServiceGuelph Audit Implementation Plan

As at end of:

Q1 2014
Q2 2014
Q3 2014
Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	completed
					<i>state reason &amp; estimated start date</i>	<i>estimated completion date and reason if delayed</i>	<i>if completed when and how</i>
8.2	Also review the current location of administrative functions with a potential to move these activities to the first floor to provide the best customer service possible.	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Selection and implementation of a Service Option will be dependant on the establishment of a mandate for ServiceGuelph.		Subject to decision on service mandate - 1.1 above and 8.1. Start date April 2014		
9	Create a service mandate for ServiceGuelph based on the options provided in the Service Options section of this report and adjust the resources appropriately to provide for this administrative function	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Selection and implementation of a Service Option will be dependant on the establishment of a mandate for ServiceGuelph.			Same as 1.1 above	
10	Changes in the hours of service such as extending hours to 6:00 pm or 8:00 pm one or two days a week and Saturday hours.	Manager, Business Services/Supervisor, ServiceGuelph	Agree. Actions taken already include a six month extended hours pilot launched January 2, 2014. ServiceGuelph open until 7 p.m. on Thursdays until June 26, 2014. Traffice and contact data being tracked for review and recommendation after pilot period.				Extended hours pilot already launched 2-Jan-14

# STAFF REPORT



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TO Audit Committee

SERVICE AREA Community and Social Services  
Business Services

DATE February 4, 2014

**SUBJECT ServiceGuelph Operational Audit Management Response**

REPORT NUMBER CSS-BS-1407

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide management's response to the operational audit of the ServiceGuelph business unit.

### KEY FINDINGS

Management agrees to all recommendations

### FINANCIAL IMPLICATIONS

There are no implications to the 2014 approved budget. Some recommendations may have implications in future budget cycles.

### ACTION REQUIRED

Receive the report for information

## RECOMMENDATION

1. That the February 4, 2014 report entitled "Service Guelph Operational Audit Management Response" be received for information

## BACKGROUND

ServiceGuelph was officially launched with the opening of the new City Hall in the spring of 2009 following extensive work of a large cross departmental project team and a one year pilot. Previous to ServiceGuelph, most City departments provided their own counter services. The original ServiceGuelph model based on industry trends consolidated and brought together some counters under a centralized approach. Since its launch, it has reported through two separate departments (Clerks and Business Services) and has evolved into providing various functions, which were included in this audit.

# STAFF REPORT

## REPORT

From all the internal staff documents, ServiceGuelph's original administrative mandate was to process external customer counter transactions which take five minutes or less. Over the years, the mandate has expanded to include longer counter transactions (such as the issuing of a marriage license), internal back office corporate mail services, and the corporate phone switchboard services.

The scope of this audit has thoroughly examined the current services, funding and organizational structure, and management agrees with all recommendations and has included a detailed implementation plan. Beyond the scope of this audit, it is management's intent to continue to seek out opportunities to expand the service offerings.

## FINANCIAL IMPLICATIONS

There are no implications to the 2014 approved budget. Some recommendations may have implications in future budget cycles.

## CORPORATE STRATEGIC PLAN

Innovation in Local Government

- 2.2 Deliver Public Service better
- 2.3 Ensure accountability, transparency and engagement

## DEPARTMENTAL CONSULTATION

N/A

## COMMUNICATIONS

N/A

## ATTACHMENTS

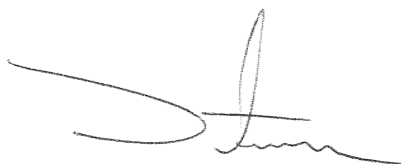
N/A



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### Approved By

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Business Services  
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### Recommended By

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Executive Director  
Community and Social Services  
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derrick.thomson@guelph.ca

# STAFF REPORT



TO Audit Committee

SERVICE AREA Finance and Enterprise Services

DATE February 4, 2014

**SUBJECT Independence Notification – External Auditor**

REPORT NUMBER FIN-14-07

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide Committee members notice of an independence issue as identified by the External auditor.

### KEY FINDINGS

The City's external auditor Deloitte has provided a letter addressed to the Audit Committee Chair detailing an independence consideration related to the services being provided by Deloitte. In accordance with generally accepted auditing principles, the external auditor is required to report any concerns related to independence to the Audit Committee.

In late 2013, Deloitte acquired a company called TMA Construction Consultants Inc. ("TMA"). Upon completing an internal due diligence review, Deloitte has indicated that the City of Guelph used the services of TMA for active litigation matters. The City may require these services in the future.

As Deloitte now provides the City with external audit services as well as litigation support services, this is seen under independence rules as a potential conflict depending on the magnitude of the services being offered. Given that the amount under litigation is less than 10% of the City's combined net assets; both Deloitte and City staff agree that continuation of both services is permissible under the Institute of Chartered Accountants of Ontario Rules of Professional Conduct.

Deloitte requires the approval of audit committee in order to proceed with providing litigation services if required.

### FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

### ACTION REQUIRED

That Report FIN-14-07 Independence Notification – External Auditor be

# STAFF REPORT



approved and that the Chair of Audit Committee be directed to confirm the continuation of services through signing the independence notification letter.

## **RECOMMENDATION**

1. That Report FIN-14-07 Independence Notification – External Auditor be approved and that the Chair of Audit Committee be directed to confirm the continuation of services through signing the independence notification letter.

## **BACKGROUND**

The City's external auditor Deloitte has provided a letter addressed to the Audit Committee Chair detailing an independence consideration related to the services being provided by Deloitte. In accordance with generally accepted auditing principles, the external auditor is required to report any concerns related to independence directly to the Audit Committee.

## **REPORT**

In late 2013, Deloitte acquired a company called TMA Construction Consultants Inc. ("TMA"). Upon completing an internal due diligence review, Deloitte has indicated that the City of Guelph used the services of TMA for active litigation matters. The City may require these services in the future.

As Deloitte now provides the City with external audit services as well as litigation support services, this is seen under independence rules as a potential conflict depending on the magnitude of the services being offered. Given that the amount under litigation is less than 10% of the City's combined net assets; both Deloitte and City staff agree that continuation of both services is permissible under the Institute of Chartered Accountants of Ontario Rules of Professional Conduct.

Deloitte requires the approval of audit committee in order to proceed with providing litigation services if the need arises.

## **CORPORATE STRATEGIC PLAN**

2.3 Ensure accountability, transparency and engagement

## **DEPARTMENTAL CONSULTATION**

Internal Audit and Legal Services were consulted in the preparation of this report.

## **FINANCIAL IMPLICATIONS**

There are no financial implications resulting from this report.

## **COMMUNICATIONS**

No communication approach is necessary.

# STAFF REPORT



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## ATTACHMENTS

ATT-1 Independence Notification Letter – Audit Committee

### Report Author

Tara Baker  
Manager, Financial Reporting  
and Reporting

“original signed by Katrina Power”

“original signed by Al Horsman”

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### Approved By

Katrina Power  
GM Finance / Deputy Treasurer

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### Recommended By

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