

COMMITTEE AGENDA

TO **Audit Committee**

DATE Wednesday, April 8, 2015

LOCATION Council Chambers

TIME 3:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES – February 3, 2014 open 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-2015.6 Process Overview for the Selection and Appointment of the External Auditor	Jade Surgeoner, Manager, Financial Reporting and Accounting		✓
AUD-2015.7 2014 Internal Audit Annual Report	Loretta Alonzo, Internal Auditor		✓
AUD-2015.8 Internal Audit – 2015 Work Plan	Loretta Alonzo, Internal 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

CLOSED MEETING (if required)

ADJOURNMENT

NEXT MEETING – May 2, 2015



**The Corporation of the City of Guelph
Audit Committee
Tuesday, February 3, 2015 at 2:30 p.m.**

Attendance

Members: Chair K. Wettstein Mayor C. Guthrie
Councillor P. Allt
Councillor M. Mackinnon

Councillors: Councillor J. Hofland

Regrets: Councillor A. Van Hellemond

Staff: Ms. A. Pappert, Chief Administrative Officer
Mr. A. Horsman, Deputy CAO, Infrastructure, Development and Enterprise
Ms. K. Power, General Manager, Finance
Ms. J. Surgeoner, Manager, Financial Reporting & Accounting
Ms. T. Agnello, Deputy City Clerk
Mr. D. McMahon, Council Committee Coordinator

Call to Order (2:30 p.m.)

Chair Wettstein called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

Confirmation of Minutes

1. Moved by Mayor Guthrie
Seconded by Councillor MacKinnon

That the open and closed meeting minutes of the Audit Committee held on August 12, 2014 be confirmed as recorded.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

Appointment of the Vice-Chair

Chair Wettstein invited nominations from the floor for the position of Vice-Chair of the Audit Committee.

2. Moved by Councillor Mackinnon
Seconded by Mayor Guthrie

That Councillor Allt be appointed to the position of Vice-Chair of the Audit Committee.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

Consent Agenda

The following items were extracted:

AUD-2015.1 Deloitte Service Plan – December 31, 2014

AUD-2015.2 2015 Audit Committee Work Plan

AUD-2015.3 Status Update – Internal Audit Reporting Structure

Balance of Consent Items

3. Moved by Councillor Allt
Seconded by Councillor MacKinnon

That the balance of the Audit Committee February 3, 2013 Consent Agenda, as identified below, be adopted:

AUD-2015.4 Outstanding Motions of the Audit Committee

That report CS-2015-07 dated February 3, 2015, regarding outstanding motions of the Audit Committee, be received.

AUD-2015.5 Litigation Status Report

That the report of Legal and Realty Services regarding the status of City litigation dated January 19, 2015, be received.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

Extracted Consent Items

AUD-2015.1 Deloitte Audit Service Plan – December 31, 2014

Elaine Read, Audit Partner, Deloitte gave a presentation regarding the audit approach for the 2014 consolidated financial statements.

4. Moved by Councillor Allt
Seconded by Councillor MacKinnon

That the Audit Service Plan for the Year Ended December 31, 2014 attached in Appendix A to Report CS-2015-05, be received for information.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

UD-2015.2 2015 Audit Committee Work Plan

Jade Surgeoner, Manager, Financial Reporting and Accounting presented a brief overview of the Audit Committee Work Plan.

5. Moved by Councillor MacKinnon
 Seconded by Councillor Allt

That the Audit Service Plan for the Year Ended December 31, 2014 attached in Appendix A to report CS-2015-05, be received for information.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

AUD-2015.3 Status Update – Internal Audit Reporting Structure

Ann Pappert, Chief Administrative Officer briefly described that the purpose of the Internal Audit Reporting Structure Status Update is to provide increased continuity from the last term to this term of Council.

6. Moved by Councillor Allt
 Seconded by Mayor Guthrie

That the Audit Committee receive the Internal Auditor's report entitled Status Update – Internal Audit Reporting Structure.

VOTING IN FAVOUR: Mayor Guthrie and Councillors MacKinnon, Allt and Wettstein (4)

VOTING AGAINST: (0)

CARRIED

Staff Updates or Announcements

None.

Adjournment (3:03 p.m.)

7. Moved by Mayor Guthrie
 Seconded by Councillor Allt

That the February 3, 2015 meeting of the Audit Committee be adjourned.

CARRIED

Dylan McMahon – Council
Committee Coordinator

**AUDIT COMMITTEE
CONSENT AGENDA**

Wednesday, April 8, 2015

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.

Reports from Administrative Staff

REPORT	DIRECTION
AUD-2015.6 Process Overview for the Selection and Appointment of the External Auditor That the Audit Committee receive report CS-2015-26 Process Overview for the Selection and Appointment of the External Auditor for information.	Receive
AUD-2015.7 2014 Internal Audit Annual Report That the Internal Auditor's report entitled "2015 Internal Audit Annual Report" be received.	Receive
AUD-2015.8 Internal Audit – 2015 Work Plan That the recommendations in report "CAO-A-1504, Internal Audit – 2015 Work Plan", be approved.	Approve

attach.

Process Overview for the Selection and Appointment of the External Auditor

Agenda

- Corporate Policy and Procedure
 - Approved by audit committee April 30, 2014
- Request for Proposal (RFP) Timeline

Policy & Procedure

- Policy, Purpose and Process
- Evaluation Committee
- Evaluation Criteria
- Independence
- RFP Content
- RFP Evaluation & Recommendation

Policy Statement

- “It is the policy of the City of Guelph and its Audit Committee to appoint external auditors who clearly demonstrate quality independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate.”

Purpose

- To outline the selection process for the appointment of the external auditors
- Pertains to the audit of the financial statements of the City and its related entities
- Method ensures the auditor is independent and has appropriate expertise and experience to provide audit services to the City

Process

- Appointment will occur through a Request for Proposal process
- RFP document issued publicly for all potential proponents to provide a response
- Evaluation committee ensures the City provides detailed information so an appropriate proposal and fee estimate can be presented
- Objective and based on merit

Process...cont'd

- Selection criteria clearly set out in advance of the RFP being evaluated
- Evaluation committee evaluates submissions and recommends to audit committee
- Audit committee has ultimate authority to approve all audit engagement fees and terms
- City executes a formal letter of engagement with the auditor before any audit work begins

Evaluation Committee

- Consists of two members of the audit committee and two members of City staff
- Appointed members are approved by the audit committee before the RFP process begins

Evaluation Criteria

Evaluation Criteria

- Standards and measures used to determine if a proposal has addressed the requirements identified in the RFP
- Two types:
 1. Mandatory
 2. Weighted/ranked

Mandatory evaluation criteria

- Identify the minimum requirements essential to successful completion of work
- Evaluated on a “pass/fail” basis
- Bids that “fail” given no further consideration
- Must be designed so a “meets” or “does not meet” response is easy to determine

Weighted/Ranked criteria

- Used to determine relative technical merit of each proposal and best overall value to the City
- Identify value-added factors and provide a means to assess and distinguish one proposal from another

Independence

- Auditors must be objective and independent of the City
- Evaluation committee and audit committee consider actual and perceived independence when making selection
- External auditor will not provide services that impact the independence of the audit role

Content of the RFP

- Background Information on the City of Guelph
- Proposal
- Fees and Expenses

Background Information

- General information on City of Guelph
 - Population, location, etc..
- Primary services
 - Ambulance, Fire, Police, Transit etc..
- Automated business systems in use
 - JDE, WAM, Vailtech etc..
- Web site address for additional information

Proposal

- Recent experience with municipal audits, financial reporting and relevant legislation
- Sufficient resources to address scope of audit
- Audit techniques to be utilized
- Commitment to complete work in April and report to audit committee in June
- Five year term

Proposal...cont'd

- Firm profile
- Location of office responsible for the audit
- Resumes of engagement partner, manager and senior staff
- Contact references

Fees and Expenses

- Firm bid for a specified number of years
- Estimate of projected fees for the remaining years in the 5 year term
- Separate fee schedules for audits of associated agencies
- Out of pocket expenses

Fees - comment

- Fee proposal is relevant factor but is not the determining factor in selecting the auditor
- Determining factor is the ability of the auditor to provide an appropriate audit to the level and depth the evaluation committee requests

RFP Evaluation & Recommendation

- Highest ranked proponent
- Based on published criteria
- Will be recommended by the evaluation committee
- To the audit committee

Audit RFP Timeline

- May 2015 – Audit committee appoints 2 members to evaluation committee
- June – Audit Report issued on 2014 FS
- May/June – DRAFT RFP developed by Finance Dept.
- July – RFP issued
- Aug – Responses received and evaluated
- Sept 8 – Audit committee approval of recommendation
- Sept 28 – Council for information

Questions?

STAFF REPORT



TO Audit Committee

SERVICE AREA Corporate Services, Finance

DATE April 8, 2015

SUBJECT Process Overview for the Selection and Appointment of the External Auditor

REPORT NUMBER CS-2015-26

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide an overview of the process to be followed for the selection and appointment of the external auditor in 2015.

KEY FINDINGS

The process for the Selection and Appointment of the External Auditor is governed by a council approved policy. A request for proposal (RFP) is required to be issued after the completion of the 2014 external audit and will cover the years 2015 – 2019. The audit committee will participate in the selection of the external auditing firm.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

ACTION REQUIRED

Audit Committee to receive for information.

RECOMMENDATION

That Audit Committee receive report CS-2015-26 Process Overview for the Selection and Appointment of the External Auditor for information.

BACKGROUND

Section 296 of the *Municipal Act, 2001* requires that a municipality shall appoint an auditor licensed under the Public Accounting Act, and that the term of the appointment shall not exceed five years.

In 2010 the City issued an RFP for City Auditor covering the fiscal years 2010 to 2014. The successful bidder was Deloitte and audit services have been provided to the City for the aforementioned years.

STAFF REPORT

In April 2014 Audit Committee approved a policy for the Selection and Appointment of the External Auditor.

At the February 2015 Audit Committee meeting the 2015 work plan was approved. This work plan specifies that the committee participate in the selection of an external auditing firm by reviewing the RFP's and bids received, interviewing potential auditing firms and recommending the external auditor for final approval. To assist with this task, staff committed to present the methodology and evaluation process for evaluating the RFP applicants to audit committee in April 2015.

REPORT

The process for the Selection and Appointment of the External Auditor is governed by a council approved policy. An RFP is required to be issued after the completion of the 2014 external audit and will cover the years 2015 – 2019. The audit committee will participate in the selection of the external auditing firm.

The key components related to the selection and appointment of the external auditor are:

1. Request for Proposal (RFP) process and timelines
2. Composition of the evaluation committee
3. Evaluation criteria
4. Independence considerations
5. Content of the RFP
6. RFP Evaluation & Recommendation

CORPORATE STRATEGIC PLAN

- 1.3 Build robust systems, structures and frameworks aligned to strategy
- 2.3 Ensure accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

Manager, Procurement & Risk Management

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

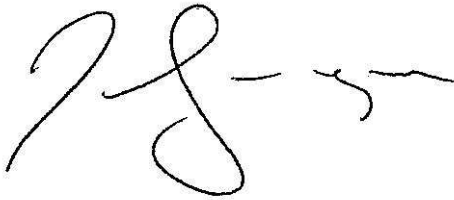
COMMUNICATIONS

N/A

STAFF REPORT

ATTACHMENTS

ATT-1 Presentation Slide Deck



Prepared By

Jade Surgeoner
Acting Manager of Financial
Reporting and Accounting
Corporate Services



Recommended By

Mark Amorosi
Deputy CAO, Corporate Services
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Internal Audit Annual Report



2014 Achievements

Internal Audit Department Accomplishments include;

- Risk Management
 - 7 assessments conducted
 - Increased framework maturity
- Audits
 - 9 audits completed
 - Follow up audits
 - Operational/value-for-money audits
 - System validation and assessment
- Business Process Reviews
 - 5 business process reviews conducted

2014 Performance

Performance Measures

- 90% work plan attainment
 - 1 audit deferred to 2015
 - 3 audits cancelled
- 98% recommendation acceptance
 - Management agreed with 98% of the recommendations put forth in the audits conducted in 2014.



2015 Plan

The Year Ahead for Internal Audit

The work plan includes;

- Risk Management
 - Assessments upon request
 - Continued workshops and training
- Operational & Value-for-Money audits
 - Three planned audits
- Controls & Compliance Audits
 - Two planned audits
- Follow-Up Audits
 - Five planned audits
- Business Process Reviews
 - Reviews upon request

Conclusion

thank you!

STAFF REPORT



TO **Audit Committee**

SERVICE AREA **CAO – Administration- Internal Audit**

DATE **April 8, 2015**

SUBJECT **2014 Internal Audit Annual Report**

REPORT NUMBER **CAO-A-1502**

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide Council with 2014 Internal Audit annual report.

KEY FINDINGS

- Nine audits were completed and reports presented to Committee and Council, including two follow-up audits
- Established the Business Performance Specialist role
- Five business performance reviews completed
- Department work plan attainment of 90%
- Recommendation acceptance rating of 98%.

FINANCIAL IMPLICATIONS

No financial implications associated with this report.

ACTION REQUIRED

To receive this report as information.

RECOMMENDATION

1. That the Internal Auditor's report entitled 2014 Internal Audit Annual Report be received.

BACKGROUND

This is the second annual report of the Internal Audit department.

This report provides information related to key performance indicators, achievements of 2014 and an overview of the 2015 work plan.

STAFF REPORT

REPORT

The full, detailed report is attached in – Appendix A, Internal Audit 2014 Annual Report.

Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the City's governance, risk management process, system of internal control structure and the quality of performance in carrying out assigned responsibilities to achieve the organization's goals and objectives.

The Internal Audit function achieved 90% of the 2014 work plan, completing nine of ten audits, with one audit (*the overtime follow-up audit*) being deferred to 2015 and three audits cancelled by management.

2014 achievements include;

Nine internal audits were completed in 2014;

- Legal Services Follow-Up Audit
- CVOR Compliance Follow-Up Audit
- Corporate Communications Phase II Process Review
- External Consulting Value for Money Audit
- Learning and Development Operational Audit
- Clerk's Print Shop Value for Money Audit
- Online Voting System – testing
- Cash Controls Compliance Audit
- Purchase Card Compliance Audit (*started in 2014 and complete Q1 2015*)

Five Business Performance Reviews were completed in 2014;

- Parks Planning
- Environmental Development Planning
- Subdivision Development (engineering through construction)
- Land Ambulance Data Review
- Chief Administrative Office Administrative Process Review

Risk Management activity including;

- Dolime Quarry
- The Elliot
- Crossing Guard Program
- Open Data Project
- Guelph Junction Railway
- Capital Project Risk Assessment
- Open Government

STAFF REPORT



The department key performance indicators for budget is showing a negative trend, due to a budgeting error in 2014, but the indicators in work plan attainment, recommendation acceptance and training plan attainment are showing positive trend performance.

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

COMMUNICATIONS

N/A

ATTACHMENTS

Appendix A - Internal Audit 2014 Annual Report

Report Author: Katherine Gray, Business Performance Specialist

Recommended and Approved by

Loretta Alonzo

Internal Auditor

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INTERNAL AUDIT

ANNUAL PERFORMANCE REPORT

A Year in Review

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Report Contents

This annual report describes the functions and operations of the Internal Audit department at the City of Guelph and presents the achievements and performance of the department for 2014. It is not a report on the results of audits conducted, as this information is presented to Council separately throughout the year.

Highlights 2014 **2**

We have had a successful year with many notable achievements

Message from the Internal Auditor **4**

The Internal Auditor comments on the achievements of 2014 and looks ahead to 2015.

The Department **5**

This section outlines who we are and our reporting structure.

Scope of Work **6**

What does the Internal Audit department do?

2014 Performance **7**

Key performance measures for the department including budget and staff development.

2014 Achievements **8**

An overview of the work completed in 2014 and expected benefits.

2015 Plan **11**

What is the plan for the Internal Audit department for 2015? This section provides an overview of the department plans for the upcoming year.

Conclusion and Contact Information **12**

Value is in the eye of the beholder. Information on contacting the Internal Audit department.

Message from the Internal Auditor

Looking back at the evolution of the City's internal audit function from 2012 to 2014 is a bit like watching a child grow from infant to toddler to adolescent. I am pleased to report that we have matured the audit function over the past year and become more fully embedded in the organization's culture of accountability and transparency.

In March of 2014 we increased our capacity by adding a Business Performance Specialist to the internal audit office. This function has been primarily focused on business optimization, seeking efficiencies and service improvements. In 2014 we completed 5 business process reviews that were requested by management looking for ways to enhance service delivery to the community and control operating costs.

We were also able to complete 9 audits in 2014 which is quite an achievement for the City. Even more remarkable is that together with management, we achieved a 98% acceptance rate for all audit recommendations. I credit that success to our "Business Partner" model with management that is focused on solutions that work for *all* stakeholders.

It's shaping up to be an exciting year ahead in 2015. With our new Council and recent organizational restructuring we have many opportunities to provide independent assurance and consulting designed to add value and improve the City of Guelph's operations and systems of internal controls.

Our Enterprise Risk Management framework also grew up in 2014 and is now fully embedded in our strategic planning, business planning and project management. Last year we completed 7 risk assessments across all service areas and will continue to develop our corporate risk management abilities through workshops and staff training.

The audit work plan for 2015 is an excellent balance of value-for-money reviews, controls and compliance audits as well as comprehensive operational audits. We look forward to bringing you those reports throughout the year.

Sincerely,



Loretta Alonzo
Internal Auditor, City of Guelph

The Department

Who We Are

Internal Audit is a professional, independent assurance and consulting function designed to add value and improve the City of Guelph's operations and systems of internal controls.

Internal Audit brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Internal Auditor helps Council and management to perform their responsibilities and advises on risk management, program and service delivery continuous improvements for residents and businesses.

"By identifying and proactively addressing risks and opportunities, the City improves how it protects the interests of the public. Identifying and managing risks is everyone's responsibility and is one component of good corporate governance".

Loretta Alonzo, City Internal Auditor.

Reporting Structure

Independence is an essential component to building public trust and preserving objectivity and integrity associated with the audit function.

To ensure this independence, the Internal Audit department reports functionally to the Audit Committee and administratively to the Chief Administrative Officer for the City.

These reporting relationships (as illustrated to the right) help ensure independence, promote comprehensive audit objectivity and coverage and assure adequate consideration of audit recommendations.

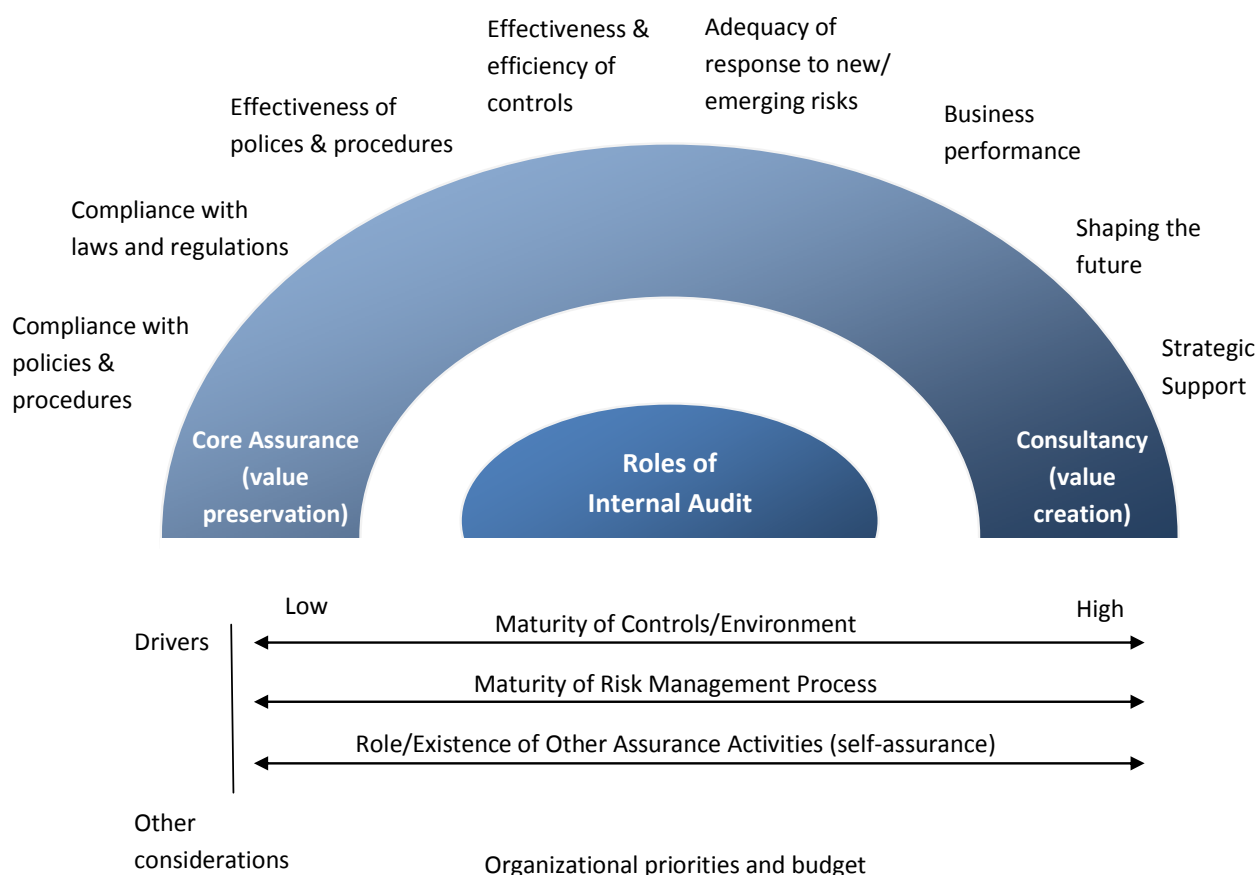


Scope of Work

Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the City's governance, risk management process, system of internal control structure and the quality of performance in carrying out assigned responsibilities to achieve the organizations goals and objectives to ensure:

- Risks are appropriately identified and managed
- Significant financial, managerial and operating information is accurate, reliable and timely
- Actions are in compliance with policies, standards, procedures and applicable laws and regulations
- Resources are acquired economically, used efficiently and are adequately protected
- Programs, plans and objectives are defined, communicated and achieved
- Significant legislative and regulatory issues impacting the City are recognized and addressed appropriately

Quality and continuous improvement are fostered in the organization's control processes. The following graphic illustrates the roles and range of input provided by the Internal Audit function.

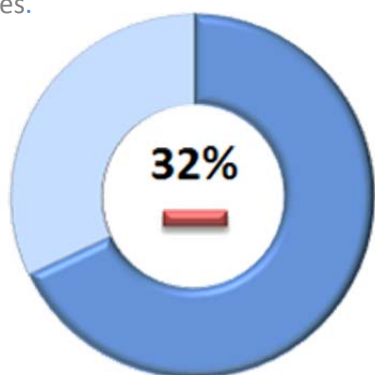


2014 Performance

2014 was a busy and successful year for the Internal Audit department with activities including operational and value for money audits, risk management, consulting and external reviews



Budget performance had a negative performance trend from 2013. The negative trend resulted from a budgeting error in 2014 and unattained internal recoveries.



Audits and review findings and recommendations can identify potential savings, cost reductions and/or cost containment

\$0.2

2014 activity identified the potential for **\$200,000**

\$3.7

The cumulative total of all audits and reviews is a potential for **\$3.7 million**

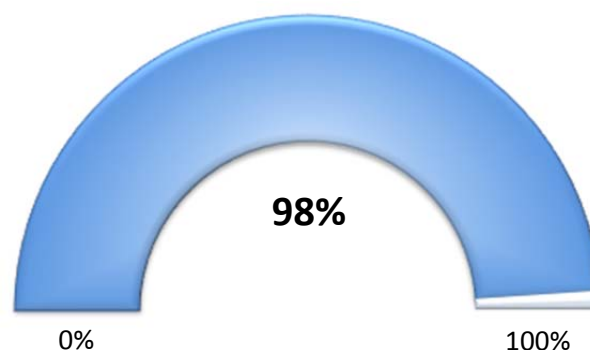


Internal Audit achieved **90% of the 2014 Work Plan**, completing **nine of ten planned audits**. One audit deferred to 2015 due to capacity and three audits cancelled by management.



98% of all **Audit Recommendations** made in 2014 were **Accepted** by management.

98% achievement of planned **Staff development**



2014 Achievements

Risk Management

The City is committed to identifying, assessing, and mitigating risks to ensure that corporate objectives are achieved. Part of the Internal Auditor's function includes Enterprise Risk Management (ERM). The ERM Framework is embedded organization-wide. It forms part of strategic planning, business planning and project management.

With a sound risk management framework in place, residents can be assured that due diligence and oversight of the public purse is focused on areas of greatest risk and potential savings, efficiencies and service improvements.

Risk Management activity in 2014

- Dolime Quarry
- The Elliot
- Crossing Guard Program
- Open Data Project
- Guelph Junction Railroad (*continuing into 2015*)
- Capital Project Risk Assessment
- Open Government



2014 also saw the Enterprise Risk Management Framework embedded in the Business Case Templates for use across the organization in all business cases developed.

External Reviews

In 2014 external consultants were engaged in three program and operational reviews which included consulting activity from the Internal Audit Department:

- Time and Attendance
 - A review and inventory of time and attendance processes, to identify and recommend opportunities to streamline and standardize, create efficiencies and other improvements.
- Human Resources Assessment
 - An assessment to outline enhancements, identify process and system optimization opportunities and development a roadmap of recommendations.
- Capital Project Risk Assessment
 - An assessment of the City of Guelph's approach to managing project risk areas with the current approach and provide recommendations for improvement.

External Reviews are part of the system of continuous improvement.



2014 Achievements

Internal Audits

The audit work plan is approved annually by the Audit Committee. To date the following audits have focused on controls and compliance, value for money or operational. The Internal Audit department achieved a 90% work plan attainment rate in 2014.



Audits completed and presented to Audit Committee and Council in 2014 include;

- External Consulting
 - It is important to note that the use of external consulting is not unique to the City of Guelph. While the audit identified a number of opportunities for improvement, the use of external consulting was within all Council-approved budgets and in compliance with the purchasing bylaw.
- Learning and Development
 - Overall the outcome of the audit is positive and confirms that the organization is managing learning and development very well in some respects. The current decentralized structure appears to be effective. The learning and development policy will be pivotal in addressing many of the audit findings, including budgeting and the findings around corporate software systems.
- Clerk's Print Shop
 - The audit concluded that while there are opportunities for improvement, the internal print room is an effective and efficient means of producing large volumes of copy and print material. Staff resources are sufficient to complete the current capacity of work however these resources could be better utilized to provide increased support to Council members and the City Clerk's office.
- Legal Services (Follow-Up)
 - A number of improvements were noted since the original audit was completed. Progress in implementing the audit recommendations was identified however there are still outstanding recommendations some of which are constrained by budget funding.
- CVOR (Follow-Up)
 - The follow-up audit identified significant improvements since the original CVOR-Fleet audit in 2013, there were some recommendations that remained outstanding and these require immediate corrective action.
- Corporate Communications Phase II Assessment
 - The primary objective of the Phase II Assessment was to conduct a work inventory of the positions identified in the third party communications needs assessment conducted in 2013.
 - It was recommended that Senior Management evaluate the data and conclusions of both reports before deciding on the future direction of Corporate Communications in terms of structure and functionality.
- Online Voting System (Testing)
 - Testing processes and results were validated by the Internal Audit department.
- Compliance Audits on Cash Controls and Purchase Cards
 - Cash Controls audits found compliance with existing policies and procedures is excellent and controls were found to be effective and consistent in all locations, with an efficiency recommendation to consolidate and centralize City Hall petty cash at the front counter.
 - Purchase card compliance audit was initiated in December 2014 to be completed Q1 2015.



2014 Achievements

Business Performance Reviews

This position was established in March 2014, this position is a corporate resource responsible for conducting business process reviews and related initiatives that drive continuous improvement and opportunities for business and process optimization in addition to conducting Internal Audits. There were five business process reviews conducted in 2014 and presented to management.



- Parks Planning Process
 - This review identified that most stakeholders are very satisfied with the services provided, but have identified issues with consistency and timeliness.
 - This review identified a workload vs. available time imbalance and a number of recommendations for improvements around standardization, performance measurement and process.
- Environmental Planning Process
 - The Environmental Planning and Development staff are considered skilled knowledgeable and dedicated in their roles. Stakeholders have identified issues with consistency and timeliness.
 - This review identified a workload vs. available resource imbalance and a number of recommendations for improvements, including standardization and performance measurement. These recommendations will better position the department to provide services to the community on behalf of the organization efficiently and effectively.
 - A review of the Environmental Policy function is underway in 2015 as phase II to the original review.
- Subdivision Development Process (engineering through construction)
 - This review identified two (2) processes for subdivision development engineering through construction. One where the responsibility for management and administration rests with the City and the alternative where this responsibility rests with the Developer, including the risks and benefits involved in both processes.
 - Process improvements were identified to better provide services to the community and stakeholders, on behalf of the organization
- Land Ambulance data review
 - At the request of management a review of EMS (emergency medical response) response time data, was conducted, for the purpose of validating internal data, reports and published statistics.
 - The review identified that the response time data collected by EMS staff is accurate and compliant with the provincial standards for reporting these statistics. The review of budget documents and Council reports confirms that all response time data and related reporting is consistent and accurate and presented without bias.
- Chief Administrative Office administrative process review
 - A review was conducted to evaluate effectiveness and efficiency of administrative processes and assess staffing levels to determine resource requirements.
 - The review identified that as the Mayor's and CAO's office continue to grow to support the increased and complex demands of the organization and the community, it is essential to have highly effective and efficient administrative support. Issues of work distribution, capacity, skills and technology were identified in this review as opportunities for improvement.

2015 Plan

2015 Work Plan for the Internal Audit department includes



Conclusion

The Internal Audit function continues to provide assurance to Council that the organization has appropriate systems and controls in place. It has identified ways to save costs and optimize resources while maintaining quality services to the community. Program and operational audits are a clear demonstration of management's commitment to continuous improvement of program and service delivery.

The department continues to focus on efficiency and effectiveness of the business of the Corporation. Value to Guelph residents means exceptional service delivered at a sustainable price. The audit function continues to be a catalyst for improved business processes, efficient use of resources, increased focus on internal controls and greater transparency and accountability.

Contact Information

The Internal Audit Work Plan, list of auditable entities and all Internal Audit Reports can be found on the City Webpage.

<http://guelph.ca/city-hall/city-administrators-office/internal-audit/>

Loretta Alonzo

Internal Auditor

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STAFF REPORT



TO **Audit Committee**

SERVICE AREA CAO - Administration

DATE April 8, 2015

SUBJECT Internal Audit – 2015 Work Plan

REPORT NUMBER CAO-A-1504

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To recommend the 2015 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 86 weeks of audit work including five (5) follow-up audits, three (3) operational and value-for-money audits.

The audit schedule has been developed giving consideration to the complexity of the audits, historical requirements for consulting and risk management support to the organization.

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 recommendations in report "CAO-A-1504, Internal Audit – 2015 Work Plan be approved.

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 audit schedule has been developed giving consideration to the complexity of the audits, historical requirements for consulting and risk management support to the organization.

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

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

Attachment A: Internal Audit Work Plan 2015

Report Author: Katherine Gray, Business Performance Specialist

Report Recommended and Approved by

Loretta Alonzo
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PROPOSED INTERNAL AUDIT WORK PLAN

AUDIT	TYPE	SCHEDULE	COMMENTS
CARRY OVER FROM 2014			
Purchase Cards	Compliance	Q1 - 4 wks.	Started Nov 2014, completed Jan 2015
FOLLOW-UP AUDITS			
Overtime		Q4 - 8 wks.	Required by I.I.A. standards.
Service Guelph		Q3 - 2 wks.	
External Consulting		Q3 - 4 wks.	
Learning & Development		Q4 - 4 wks.	
Print Shop		Q4 - 1 wk.	
PROPOSED NEW AUDITS			
Solid Waste	Operational, Comprehensive	Q1 - Q2 18 wks.	Capacity dependant
Fleet – Operations (Mechanics, Scheduling, Life-Cycle Management)	Operational	Q2 - Q3 13 wks.	
Library	Operational, Comprehensive	Q3 - Q4 16 wks.	
Cash Handling – Corporate wide	Controls, Compliance	Q3 - 4 wks.	
<u>Approximate # of weeks (Audit)</u>		<u>74</u>	
E.R.M. RISK MANAGEMENT		4	
ALLOWANCE FOR ADHOC		8	Based on 2 year averages
TOTAL FOR ALL PROPOSED	APPROX.	86	