



TO: Audit Committee

FROM: City Auditor's Office

SUBJECT: Report recommending the 2014 Audit Work Plan

Report Number: CA-02-14

Wards Affected: None

File Numbers: 430-01

Date to Committee: February 26, 2014

Date to Council: March 17, 2014

Recommendation:

Approve the 2014 Audit Work Plan located in **Appendix A** of the City Auditor's report CA-02-14

Purpose:

Address other area of responsibility - Reviewing and recommending the audit plan and any subsequent amendments, staffing, and budget of the Office of the City Auditor.

Background:

The Office of the City Auditor follows a risk-based audit work plan

- reflects the assessment of inherent risks and exposures in City operations; that is, risk before consideration of the controls in place
- ensures significant risks are addressed and effective use of audit resources.
- is required under the International Standards for the Professional Practice of Internal Auditing

Inherent risk is measured using following weighted factors

- Complexity of Operation (25%)
- Susceptibility to Error, Manipulation or Fraud (20%)
- Asset Profile (15%)
- Community Trust/Confidence (15%)
- Degree of Change (15%)
- Financial Loss/Cost (5%)
- Non Compliance (5%)

The Office of the City Auditor uses a rolling work plan to provide high-level guidance regarding proposed audit coverage.

Discussion:

2014 Annual Audit Work Plan

The proposed 2014 Audit Work Plan

- provides coverage through a combination of assurance audits and consulting services; and,
- relies on the engagement of external resources to provide expert skill and knowledge required for specific assurance services
- work will commence in March with the specific timing to be determined in consultation with City management.

Refer to **Appendix A** for details of the 2014 Audit Work Plan.

Proposed Assurance Audits

The proposed 2014 Audit Work Plan includes:

- 7 assurance audits
 - Corporate-wide Ethics
 - *Medium Risk*
 - ♦ Roads Infrastructure Asset Management (Engineering)
 - ♦ Facility Operations (Parks & Recreation)
 - ♦ Planning & Real Estate (Legal)
 - ♦ Committee of Adjustments (Planning & Building)
 - ♦ Plans Review (Planning & Building)
 - ♦ Procurement > \$20,000 (Finance)
- 1 follow-up audit
 - Transit Business Services

Proposed Consulting Services

- the provision of consulting services, specifically
 - E-government
 - Corporate Management System

Alternatives For Consideration for 2014 Audit Work Plan

The following table contains the audit units listed in the previous Rolling Plans but not included in the previous work plans or the proposed 2014 work plan.

Department	Audit Unit	Reason
Parks & Recreation	Seniors/Adults Program Delivery	Low Risk
Legal	Realty Services	Low Risk

Corporate Strategic Initiatives	Project Management	Other areas with higher medium risk score
Finance	Accounting	Other areas with higher medium risk score
Legal	Regulatory & General Litigation	Other areas with higher customer contact
Parks & Recreation	Festivals & Events	Risk score lowered to medium risk & other areas with higher medium risk score

Audit Committee Discretion

Committee has the discretion to amend the proposed work plan. Any additions to the proposed plan would require either additional resources or a substitution of a planned audit project with a new project.

Significant Changes

Any significant changes to the 2014 Audit Work Plan will be brought to the Audit Committee for approval.

Rolling Work Plan

Given the introduction of the service portfolio for 2015, the City Auditor is suspending the rolling work plan reflecting existing audit units. The rolling work plan will be re-introduced in 2015 based on risk assessment of the services.

2014 Inherent Risk Assessment Results

Overall changes from 2013 risk assessment:

- removal of 4 audit units as functions assumed in other areas
- decrease of 1 high risk audit unit
- decrease of 1 medium risk units
- decrease of 2 low risk units

The following table contains a summary of the inherent risk assessment results for the 131 audit units:

Division	Number of Audit Units Rated				
	Very High	High	Medium	Low	Very Low
Community & Corporate Services	0	1	13	17	4
Development & Infrastructure	0	0	20	30	11
City Manager's Office	0	2	13	16	3
Mayor's Office	0	0	1	0	0
Total	0	3	47	63	18

Refer to **Appendix B** for a detailed listing for each division.

Available Audit Hours

The proposed audit work plan is based on the allocation of available audit hours. A summary is as follows:

Type of Work	% of Time	Hours
Assurance Services	75%	1173
Consulting Services	15%	235
Ad Hoc Work	10%	157
Total	100.00%	1569

The above noted allocation is subjective and the City Auditor is responsible for monitoring the time allocated to audits and to work within established timelines.

- Hours will be allocated to assurance audits and consulting services if not utilized for ad hoc work

Financial Matters:

Engaging Expertise through External Sources

The procurement of expert skill and knowledge for specific assurance services is required, particularly in small audit departments.

This office will act in accordance with existing policies and by-laws (e.g. City purchasing policy and procurement by-law) to facilitate this procurement.

Total Financial Impact

Proposed base budget for audit services = \$38,270.

Engagement of external resources is anticipated for:

Type of Audit Service	Estimated Cost Up to
Corporate-wide Ethics	\$18,000
Procurement > \$20,000	\$10,000
Planning & Real Estate	\$10,000
Total	\$38,000.00

Source of Funding

Current budget

Public Engagement Matters:

Not applicable.

Conclusion:

The annual update of the risk assessment in conjunction with the 5-year rolling audit work plan provides a high-level roadmap for audit coverage yet is flexible to provide the opportunity for adjustments based on the changes occurring within the organization.

The proposed 2014 audit plan provides assurance audits medium risk areas and specific consulting services. This plan is a balanced approach to deploy current audit resources.

Respectfully submitted,

Sheila Jones, City Auditor

335-7600 ext. 7872

Appendices:

- a. Proposed 2014 Audit Work Plan
- b. Risk Ranked Audit Units by Division (showing year over year change)

Notifications: (after Council decision)

Name:	Mailing or E-mail Address:

Approved by:

Jeff Fielding, City Manager

Reviewed by:

Appendix A:

Proposed 2014 Audit Work Plan (CC-XX-14)
Office of the City Auditor

Area	Preliminary Scope	Risk Rating	Type of Audit
1 Transit	Transit Business Services - Follow up (Limited Scope) Follow-up on High and Medium risk observations in the areas of: - Fare collections and reconciliation; - Third party ticket sales and agency relationship coordination; - Bus terminal operations and administration; and - Handi-van (ticket and fare administration).	N/A	Follow up
2 Corporate	Corporate-wide Ethics - To assess the City of Burlington's culture, governance and enabling processes in support of an ethical organization.	N/A	Assurance
3 Engineering	Roads Infrastructure Asset Management (No prior audits) To assess the efficiency and effectiveness of the processes for: - Asset identification, location & assessment - Asset prioritization for maintenance & rehabilitation - Major asset tracking systems upkeep (data maintenance and reporting)	Medium	Assurance
4 Parks & Recreation	Facility Operations (No prior audits) To assess effectiveness of facility operations, including but not limited to: - Facility renewal and maintenance - Building security - Building inspections (e.g., Health and Safety, Fire)	Medium	Assurance
5 Legal	Planning & Real Estate (No prior audits) To assess the efficiency and effectiveness of the processes for: - Development agreement preparation & review - Management of real estate transactions	Medium	Assurance
6 Planning & Building	Committee of Adjustments (No prior audits) To assess the efficiency and effectiveness of the processes for: - Customer intake (application processing, cash handling, public notices) - Records management - By-law Interpretation and compliance	Medium	Assurance
7 Planning & Building	Plans Review (No prior audits) To assess the processes in place for: - Compliance with related legislation (e.g., Ontario Building Code) - Effectiveness and efficiency of application review and processing - Safeguarding of assets (cash handling) - Customer relationship management (e.g., consultations)	Medium	Assurance
8 Finance	Procurement (>\$20,000, construction projects / service contracts) To assess the efficiency and effectiveness of the processes for: - Needs specifications - Vendor selection and bidding procedures - Safeguarding of information - Receipt of services - Vendor performance management / post-mortem	Medium	Assurance
Business Process Management	Advice & Counsel		Consulting

Appendix B:

Risk Assessment Summary							
Division	Department	Audit Unit:	2014 Overall Inherent Risk		2013 Overall Inherent Risk		Change
			Score	Ranking	Score	Ranking	
City Manager's Office	Finance	Investments	68.75	High	68.75	High	0
City Manager's Office	Legal	Halton Court Services Finance & Accounting	66.4	High	62.65	High	3.75
City Manager's Office	Finance	Procurement	56.25	Medium	56.25	Medium	0
City Manager's Office	Legal	Regulatory & General Litigation	55	Medium	55	Medium	0
City Manager's Office	Legal	Planning & Real Estate	52.65	Medium	52.65	Medium	0
City Manager's Office	Legal	Halton Court Services Administration	48.75	Medium	48.75	Medium	0
City Manager's Office	Legal	Commercial & Municipal	47.65	Medium	47.65	Medium	0
City Manager's Office	Finance	Accounting	45	Medium	48.75	Medium	-3.75
City Manager's Office	Finance	Financial Service	45	Medium	41.25	Medium	3.75
City Manager's Office	Legal	Halton Court Services Prosecution	40	Medium	40	Medium	0
City Manager's Office	Finance	Tax Collections	40	Medium	40	Medium	0
City Manager's Office	Finance	Insurance & Risk Management	38.75	Low	38.75	Low	0
City Manager's Office	Finance	Accounts Receivable	37.5	Low	37.5	Low	0
City Manager's Office	Finance	Capital & Current Budget Development & Policies	37.5	Low	37.5	Low	0
City Manager's Office	Legal	Realty Services	35.3	Low	35.3	Low	0
City Manager's Office	Finance	Accounts Payable	33.8	Low	33.8	Low	0
City Manager's Office	Legal	Halton Court Services Collections	32.9	Low	32.9	Low	0
City Manager's Office	Finance	Payroll	25.15	Low	25.15	Low	0
City Manager's Office	Legal	Administrative Support	22.8	Low	22.8	Low	0
City Manager's Office	Finance	Custodial Services	18.1	Very Low	18.1	Very Low	0
City Manager's Office	Finance	Tax Levy & Billing	14.3	Very Low	14.3	Very Low	0
City Manager's Office	Finance	Property Assessment Review	8.1	Very Low	8.1	Very Low	0
City Manager's Office	ITS	Implementation & Support	42.5	Medium	46.25	Medium	-3.75
City Manager's Office	Human Resources	Employee Development	41.25	Medium	51.25	Medium	-10
City Manager's Office	ITS	Strategic IT/Business Relationship Management	40	Medium	40	Medium	0
City Manager's Office	ITS	Security	38.75	Low	38.75	Low	0
City Manager's Office	ITS	Database Administration	37.5	Low	37.5	Low	0
City Manager's Office	Human Resources	Health & Safety	36.25	Low	36.25	Low	0
City Manager's Office	Human Resources	Employee & Labour Relations	35	Low	41.25	Medium	-6.25
City Manager's Office	ITS	Business Applications Support	35	Low	36.25	Low	-1.25
City Manager's Office	Human Resources	HR Administration	33.9	Low	30.15	Low	3.75
City Manager's Office	Human Resources	Employee Health & Wellness	28.9	Low	36.4	Low	-7.5
City Manager's Office	Human Resources	Total Rewards	27.65	Low	27.65	Low	0
CMO	CMO	Public Administration & Administrative Support	45	Medium	45	Medium	0

Division	Department	Audit Unit:	2014 Overall Inherent Risk		2013 Overall Inherent Risk		Change
			Score	Ranking	Score	Ranking	
Mayor's Office	Mayor's Office	Administrative Support	48.75	Medium	48.75	Medium	0

Division	Department	Audit Unit:	2014 Overall Inherent Risk		2013 Overall Inherent Risk		Change
			Score	Ranking	Score	Ranking	
Community & Corporate Services	Parks & Recreation	Customer Service	63.75	High	63.75	High	0
Community & Corporate Services	Parks & Recreation	Golf Operations	56.25	Medium	56.25	Medium	0
Community & Corporate Services	Parks & Recreation	Facility Operations	53.75	Medium	53.75	Medium	0
Community & Corporate Services	Fire	Corporate Emergency Planning	52.7	Medium	52.7	Medium	0
Community & Corporate Services	Parks & Recreation	Festivals & Events	48.75	Medium	45	Medium	3.75
Community & Corporate Services	Clerks	Election Office - City Clerks Dept. (every 4 years)	47.65	Medium	47.65	Medium	0
Community & Corporate Services	Fire	Platoon Management & Operations	47.5	Medium	48.75	Medium	-1.25
Community & Corporate Services	Parks & Recreation	Parks & Open Spaces	46.25	Medium	46.25	Medium	0
Community & Corporate Services	Clerks	Communications (Including Creative Services and	46.25	Medium	42.5	Medium	3.75
Community & Corporate Services	Fire	Communications	45	Medium	37.5	Low	7.5
Community & Corporate Services	Fire	Training	43.9	Medium	40.15	Medium	3.75
Community & Corporate Services	Parks & Recreation	Landlord/Tenant Asset Mgmt & Operations	43.8	Medium	43.8	Medium	0
Community & Corporate Services	Clerks	Committee Clerking	43.75	Medium	43.75	Medium	0
Community & Corporate Services	Fire	Volunteer Administration & Management	41.25	Medium	37.5	Low	3.75
Community & Corporate Services	Fire	Vehicle & Equipment Maintenance	38.95	Low	55.05	Medium	-16.1
Community & Corporate Services	Clerks	Customer Service/Main Reception/Reception	36.3	Low	36.3	Low	0
Community & Corporate Services	Parks & Recreation	Sports Program Delivery	36.25	Low	36.25	Low	0
Community & Corporate Services	Parks & Recreation	Preschool/Child/Diversity Program Delivery	36.25	Low	36.25	Low	0
Community & Corporate Services	Clerks	Records Management	35.15	Low	35.15	Low	0
Community & Corporate Services	Fire	Fire Prevention/Education	35	Low	37.65	Low	-2.65
Community & Corporate Services	Parks & Recreation	Swim/Skate Program Delivery	35	Low	35	Low	0
Community & Corporate Services	Parks & Recreation	Business Services (formally Back Office Administr	35	Low	40	Medium	-5
Community & Corporate Services	Parks & Recreation	Golf Course Maintenance	33.75	Low	33.75	Low	0
Community & Corporate Services	Parks & Recreation	Financial Management & Administration	33.75	Low	33.75	Low	0
Community & Corporate Services	Parks & Recreation	Seniors/Adult Program Delivery	32.5	Low	32.5	Low	0
Community & Corporate Services	Fire	Administrative Support	31.25	Low	22.65	Low	8.6
Community & Corporate Services	Parks & Recreation	Marketing & Sponsorship	31.25	Low	31.25	Low	0
Community & Corporate Services	Parks & Recreation	Youth/Music Program Delivery	28.9	Low	28.9	Low	0
Community & Corporate Services	Parks & Recreation	Community Development - Sport & Culture	26.4	Low	26.4	Low	0
Community & Corporate Services	Parks & Recreation	Planning - Business Services	24.05	Low	24.05	Low	0
Community & Corporate Services	Clerks	Councillors Assistance	23.8	Low	23.8	Low	0
Community & Corporate Services	Clerks	Digital Copy Centre	18.95	Very Low	18.95	Very Low	0
Community & Corporate Services	Clerks	City Clerks Dept/Technology Analysis	14.2	Very Low	14.2	Very Low	0
Community & Corporate Services	Parks & Recreation	Management Administration	11.6	Very Low	11.6	Very Low	0
Community & Corporate Services	Parks & Recreation	Food Services (Includes Concessions)	6.65	Very Low	6.65	Very Low	0

Division	Department	Audit Unit:	2014 Overall Inherent Risk		2013 Overall Inherent Risk		Change
			Score	Ranking	Score	Ranking	
Development & Infrastructure	Transit	Transit Business Services	57.5	Medium	61.25	High	-3.75
Development & Infrastructure	Planning & Building	Animal Control	56.25	Medium	56.25	Medium	0
Development & Infrastructure	Engineering	Roads Infrastructure Asset Management	53.75	Medium	53.75	Medium	0
Development & Infrastructure	Planning & Building	Building Administration & Licensing	52.5	Medium	52.5	Medium	0
Development & Infrastructure	Planning & Building	Plans Review	52.5	Medium	47.5	Medium	5
Development & Infrastructure	Engineering	Project Management (Project Teams 1, 2, 3 & 4)	51.25	Medium	55	Medium	-3.75
Development & Infrastructure	Planning & Building	Committee of Adjustments	50.15	Medium	50.15	Medium	0
Development & Infrastructure	Planning & Building	Site Plans & Urban Design	50	Medium	50	Medium	0
Development & Infrastructure	Planning & Building	Planning Policy	48.75	Medium	48.75	Medium	0
Development & Infrastructure	Planning & Building	Development Review	47.5	Medium	47.5	Medium	0
Development & Infrastructure	RPM	Winter Control	46.25	Medium	46.25	Medium	0
Development & Infrastructure	Planning & Building	Site Engineering	46.25	Medium	46.25	Medium	0
Development & Infrastructure	Planning & Building	Zoning	46.25	Medium	46.25	Medium	0
Development & Infrastructure	Corporate Strategic Initiatives	Project Management	46.25	Medium	46.25	Medium	0
Development & Infrastructure	Engineering	Environmental Engineering	45.05	Medium	50.05	Medium	-5
Development & Infrastructure	Planning & Building	Building Inspections	45	Medium	45	Medium	0
Development & Infrastructure	RPM	Cemetery Operations	42.5	Medium	35.15	Low	7.35
Development & Infrastructure	RPM	Fleet Management/Janitorial Services	42.5	Medium	42.5	Medium	0
Development & Infrastructure	Transportation Services	Parking Services	41.3	Medium	41.3	Medium	0
Development & Infrastructure	Planning & Building	By-Law Enforcement	40.15	Medium	40.15	Medium	0
Development & Infrastructure	Transit	Transit Vehicle Maintenance	37.5	Low	38.75	Low	-1.25
Development & Infrastructure	RPM	Budget Coordination	36.45	Low	36.45	Low	0
Development & Infrastructure	RPM	Materials Coordination (Stockroom)	36.4	Low	36.4	Low	0
Development & Infrastructure	RPM	Administration, Secretarial Operations, Customer Service	36.25	Low	36.25	Low	0
Development & Infrastructure	RPM	Stormwater & Creeks	36.25	Low	36.25	Low	0
Development & Infrastructure	Transportation Services	Transportation Engineering	35	Low	35	Low	0
Development & Infrastructure	Corporate Strategic Initiatives	Sustainability	35	Low	35	Low	0
Development & Infrastructure	RPM	Program Development/Departmental Strategic Initiatives	33.9	Low	33.9	Low	0
Development & Infrastructure	Engineering	Development Engineering	33.8	Low	38.8	Low	-5
Development & Infrastructure	Planning & Building	Planning Census Agreement	33.75	Low	33.75	Low	0
Development & Infrastructure	RPM	Payroll & Accounting	32.65	Low	32.65	Low	0
Development & Infrastructure	RPM	Roadway Maintenance	32.5	Low	32.5	Low	0
Development & Infrastructure	RPM	Forestry	32.5	Low	32.5	Low	0
Development & Infrastructure	RPM	Field Services Technical Support/Contract Support	31.4	Low	31.4	Low	0
Development & Infrastructure	RPM	ITS Systems Support	30.15	Low	30.15	Low	0
Development & Infrastructure	RPM	Traffic Signals	28.9	Low	28.9	Low	0
Development & Infrastructure	RPM	Vehicle & Equipment Training	28.75	Low	28.75	Low	0
Development & Infrastructure	Transportation Services	School Crossing Guards	27.95	Low	27.95	Low	0
Development & Infrastructure	RPM	Sidewalks, Walkways	27.8	Low	27.8	Low	0
Development & Infrastructure	RPM	Vehicle & Equipment Maintenance/Parts & Service	27.65	Low	27.65	Low	0
Development & Infrastructure	Transit	Transit Operations	27.5	Low	41.25	Medium	-13.75
Development & Infrastructure	Transportation Services	Traffic Services	26.25	Low	26.25	Low	0
Development & Infrastructure	Planning & Building	D&I Support	25.45	Low	25.45	Low	0
Development & Infrastructure	Transportation Services	Traffic Signal System	25.35	Low	21.6	Low	3.75
Development & Infrastructure	Planning & Building	Planning Research & Data Management	23.9	Low	23.9	Low	0
Development & Infrastructure	Engineering	Inspection	23.75	Low	20.15	Low	3.6
Development & Infrastructure	RPM	Parks, Facilities & Open Space	22.65	Low	22.65	Low	0
Development & Infrastructure	RPM	Leaf Collection	21.4	Low	21.4	Low	0
Development & Infrastructure	Engineering	Geomatrix & Data Management	20.35	Low	20.35	Low	0
Development & Infrastructure	Engineering	Field Services Group	20.2	Low	20.2	Low	0
Development & Infrastructure	RPM	Sign Shop	18.95	Very Low	18.95	Very Low	0
Development & Infrastructure	Engineering	Utility Coordination & Inspection	18.95	Very Low	18.95	Very Low	0
Development & Infrastructure	Planning & Building	Administrative Support	18.95	Very Low	18.95	Very Low	0
Development & Infrastructure	Transit	Transit Marketing & Events	18	Very Low	18	Very Low	0
Development & Infrastructure	RPM	Horticulture - Parks & Facilities/Roadside	16.4	Very Low	16.4	Very Low	0
Development & Infrastructure	RPM	Street Lighting	15.55	Very Low	15.55	Very Low	0
Development & Infrastructure	Engineering	Administrative Support	15.55	Very Low	15.55	Very Low	0
Development & Infrastructure	RPM	Roadway Signage	15.45	Very Low	15.45	Very Low	0
Development & Infrastructure	RPM	Support Services	15.25	Very Low	15.25	Very Low	0
Development & Infrastructure	Transit	Transit Facility Maintenance	12.95	Very Low	12.95	Very Low	0
Development & Infrastructure	RPM	Pavement Markings	12.8	Very Low	12.8	Very Low	0