

*City of Saskatoon*

*2016 Updated Internal Audit Plan  
SPCF Public Meeting*

*Date of Submission: March 29, 2016*

*Date of Meeting: April 4, 2016*

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# *City of Saskatoon Internal Audit Plan*

## *Context - Updating Internal Audit Plan*

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## ***Introduction***

- The internal audit plan has been updated to revise the timing of certain projects. The risk assessment exercise conducted in 2015 continues to be valid. This plan represents the proposed project coverage for the next 4 years for the annual calendar year cycle through to December 31, 2019.

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## ***Key Updates***

The internal audit plan has been updated in consideration of the following:

- No new risks have been identified since the internal audit plan approved in July 2015. Accordingly, the individual projects put forward in July 2015 have not changed, although the ordering of certain projects has been modified.
- The 2016 calendar plan now includes 5 projects, increased from 4 in the original plan. This is the result of 250 hours not utilized in 2015 being used in 2016 for a target of 2,800 hours from 2015 and 2016 combined (i.e. 1,400 per year).
- Reordering of certain projects based on: a) logistics and b) facts and circumstances impacting ideal timing of projects in order to maximize usefulness of project to stakeholders and SPCF.

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## ***Risk Coverage***

- A common target for internal audit functions is to address 80% to 100% of high risk areas within a 3 to 5 year cycle, plus emerging issues and management and professional standards requirements.
- In the initial plan presented in July 2015, all high risk areas were covered by projects in the first 3 years of the plan, with some medium risk projects beginning to be incorporated in Year 3 (2017). In the revised plan, this is still the case although some projects addressing medium risk areas have been moved to Year 2 (2016), with the final high risk area being addressed in the first quarter of 2018.
- We have not been presented with any emerging issues to address.

# *City of Saskatoon Internal Audit Plan*

## *Five Year Internal Audit Plan*

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## ***Key Assumptions***

- Prioritization of the plan is based on inputs through the survey conducted in 2015 and our subsequent discussions with SPCF and the Administration.
- Administration and the SPCF have responsibility for audit priorities based on risk. PwC will be responsible for executing the plan and reporting on audits.
- Administration is expected to provide revised risks for us to update our plan going forward on an annual basis.
- Beside each “Audit Area” in the first column of each of the years, the first number (i.e. 1) indicates the current position of the project within the 5-year audit plan while the second number indicates the previous position

## 2015 - Actual

Audit Area	Scope	Actual Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(1) (1) Risk Assessment and Council Surveys/ Presentation	Initial risk assessment and audit plan preparation - COMPLETED	650	101	N/A	(Assurance & Advisory)
(2) (2) Road Maintenance	Assess the economy, efficiency and effectiveness of road maintenance - TO BE COMPLETED IN EARLY '16	400	67		Value for Money (Assurance)
(3) (3) Snow and Ice Management	Assess economy, efficiency and effectiveness of snow and ice management – COMMENCED IN '15	100	20		Value for Money (Assurance)
	<b>Total achieved '15</b>	<b>1,150</b>	<b>188</b>		
	<b>Carryover to 2016</b>	<b>250</b>			
	<b>Total incl. carryover</b>	<b>1,400</b>			

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

## 2016 - Proposed

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(3) (3) Snow and Ice Management (Continued)	Assess economy, efficiency and effectiveness of snow and ice management program	325	53		Value for Money (Assurance)
(4) (7) Revenue Generation	Assess potential options with respect to additional revenue generation	400	62		Advisory
(5) (9) Asset Life Cycle Costs	Review current capital budgeting process and identify improvements to incorporate asset life cycle costs including future operating cost impact	425	70		Advisory
(6) (12) Transit Services	Assess economy, efficiency and effectiveness of the transit services	425	70		Value for Money (Assurance)
(7) (17 & 18) Human Capital Planning and Management	Review process with respect to resource management (including decisions with respect to appropriate number of staff) and succession planning for critical positions	75	9		Advisory
	<b>Total proposed '16</b>	<b>1,650</b>	<b>264</b>		
	<b>Total achieved '15</b>	<b>1,150</b>	<b>188</b>		
	<b>Total '15 and '16 combined</b>	<b>2,800</b>	<b>452</b>		

## ***2017 – Planned (subject to change based on annual risk review)***

<b>Audit Area</b>	<b>Scope</b>	<b>Estimated Hours</b>	<b>Fees (\$ 000)</b>	<b>Risk Level</b>	<b>Type of Audit / Assurance / Advisory</b>
(7) (17 & 18) Human Capital Planning and Management (Continued)	Review process with respect to resource management (including decisions with respect to appropriate number of staff) and succession planning for critical positions	430	71		Advisory
(8) (4) Sidewalks	Assess economy, efficiency and effectiveness of sidewalk maintenance	400	67		Value for Money (Assurance)
(9) (5) Bridge Maintenance	Assess economy, efficiency and effectiveness of bridge maintenance	400	67		Value for Money (Assurance)
(10) (6) Business Continuity	Review current disaster recovery and business continuity plans for the City and identify improvements	170	27		Value for Money (Assurance)
	<b>Total planned '17</b>	<b>1400</b>	<b>232</b>		

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

## 2018 - Planned (subject to change based on annual risk review)

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
(10) (6) Business Continuity (Continued)	Review current disaster recovery and business continuity plans for the City and identify improvements	230	39	High Risk	Value for Money (Assurance)
(11) (8) Citizen Engagement Process	Review current processes for engaging with citizens and their effectiveness including customer response mechanism.	400	68	High Risk	Operational (Assurance and Advisory)
(12) (11) Budgeting Process	Assess economy, efficiency and effectiveness of budgeting process	350	59	Medium Risk	Value for Money (Assurance)
(13) (10) Infrastructure Investment Evaluation	Review process for evaluating infrastructure investments and management's process to minimize risk of under/over investment	300	51	Medium Risk	Assurance
(14) (13) IT Security	Review current state of privacy of information and overall IT security policies, procedures and practices	120	20	Medium Risk	IT (Assurance)
	<b>Total planned '18</b>	<b>1400</b>	<b>237</b>		

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

## ***2019 - Planned (subject to change based on annual risk review)***

<b>Audit Area</b>	<b>Scope</b>	<b>Estimated Hours</b>	<b>Fees (\$ 000)</b>	<b>Risk Level</b>	<b>Type of Audit / Assurance / Advisory</b>
(14) (13) IT Security (Continued)	Review current state of privacy of information and overall IT security policies, procedures and practices	230	40		IT (Assurance)
(15) (15) Parks and Recreation	Assess economy, efficiency and effectiveness of parks and recreation facilities	400	69		Value for Money (Assurance)
(16) (16) IT Governance Audit	Review current governance process around IT goals & initiatives and their alignment to business needs	325	56		Operational (Assurance)
(17) (14) Building Maintenance	Assess economy, efficiency and effectiveness of building maintenance	400	69		Value for Money (Assurance)
	<b>Total planned '19</b>	<b>1,355</b>	<b>234</b>		
	<b>Unallocated</b>	<b>45</b>			

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

# Unassigned Risks

Audit Area	Scope	Risk Level	Type of Audit / Assurance / Advisory
Integrated Asset Management System	Review benefits and drivers for an integrated asset management system and create roadmap for implementation	Medium Risk	IT (Advisory)
Systems Integration	Assess business case for integration of IT systems and related benefits that can be achieved by the organization	Medium Risk	Advisory
Staff Turnover and Retention	Assess root causes for high turnover and review current processes to address this within the City	Medium Risk	Assurance
Climate Change Strategy	Evaluate the City's climate change strategy and efforts to manage related risks	Medium Risk	Assurance
Garbage Collection	Assess efficiency and effectiveness of garbage collection function	Medium Risk	Value for Money (Assurance)
Procurement and Sole Sourcing	Assess compliance with procurement and sole sourcing processes for key contracts for the last 2-3 years	Low Risk	Assurance
Regional Growth Plan	Assess the City's current growth plan, related risks and efforts undertaken to align efforts with neighbors	Low Risk	Advisory
CO2 Reduction Initiatives	Review the current environmental strategy of the City and benchmark with other cities to identify what CO2 Reduction initiatives could be considered	Low Risk	Advisory
Fleet Maintenance	Review current condition of fleet across the City and help identify how to manage them more effectively. Advice on how to build a lease vs buy option	Low Risk	Operational (Advisory)
Cross Charging of Costs	Review the current process for cross charging costs from different areas and assess whether the distribution is fair and what can be done to improve the methodology to accurately reflect actual costs	Low Risk	Assurance

■ High Risk Areas    
 ■ Medium Risk Areas    
 ■ Low Risk Areas

# *Next Steps*

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## ***Next Steps***

- Work with management to organize the rest of the audits.
- Present our audit reports.
- Refresh risks and internal audit plan before December 2016.