
City of Saskatoon Internal Audit Plan 2015 – 2019

City of Saskatoon

*For presentation to
the Public Committee
on August 17, 2015*



City of
Saskatoon

PwC Internal Audit for City of Saskatoon

We are pleased to present our audit plan in respect of the various internal audit projects of the City of Saskatoon (the City) for the next 5 years (2015 to 2019).

In developing our audit approach for the five year plan, we have worked closely with management and councillors to understand the key risks facing the City.

In the planning that our team has undertaken to date, we have enjoyed open and challenging discussions with the management and Council of the City.

We look forward to continuing to work with you and discussing your views on our plan.



Lee Braaten



Arun Gupta



Jesse Radu

August 10, 2015

1. Objectives



Our internal audits are based on a series of elements that ensure quality, rigour, relevance and the highest level of professionalism. They are also focused on identifying the high risks and most impactful issues for the City.

Our audit risk assessment, strategy and approach are built on a firm understanding of how the City operates. This understanding is enhanced by the breadth of expertise and experience both within the audit team and the wider firm, which enables us to provide meaningful perspectives for the City.

The objective of this brief document is to be a source of review and finalization of the internal audit plan for 2015 to 2019 by the Public Committee, including the prioritization of the specific projects. It is also important to ensure that no items of priority/significance are missing from the plan.

2. Background and Approach



We met with over 40 individuals, including all of the councillors, to identify key risks. These were presented to, and agreed upon, with management and councillors.

Initially, management performed a ranking of risks and a survey was then held with Council to get their perspective on which risks they would consider as high, medium and low risk items.

Each of the risks was evaluated based on an assessment framework that incorporates ratings for likelihood and impact and was prepared by the City's management.

3. Five Year Audit Plan



Prioritization of the plan was done by management and the Council based on the final risk ratings. As part of this process, we obtained input by conducting surveys and follow-up discussions with both parties.

Management and the SPCF have responsibility for audit priorities based on risk. PwC is responsible for executing the plan and reporting on audits.

The plan currently does not include any effort for risk management related work, follow-up of audit findings or an annual refresh of the plan. Management is expected to provide revised risks for us as they are identified, which we would in turn use to revisit and update our plan.

Please refer to the Appendix to this document for full details of the internal audit plan. Audit effort during each year has been kept to 1400 hours in line with current budget and expectations.

4. Next Steps



We know the outcome and output of our audits is important and has relevance to a range of stakeholders. We will continue to seek feedback throughout the process each year. Through this dialogue, we can continue to evolve in our understanding of your needs and commit to your expectations in order to deliver optimal value.




Over the coming months, we intend to work with management to begin work on the first internal audit projects, present our first audit reports and refresh the audit plan in December 2015, if necessary.

Appendix A

Five Year Audit Plan: 2015-2019

2015

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
Risk Assessment	Initial risk assessment and audit plan preparation	550	95	N/A	(Assurance & Advisory)
Road Maintenance	Assess the economy, efficiency and effectiveness of the road maintenance process	400	67		Value for Money (Assurance)
Snow Removal	Assess economy, efficiency and effectiveness of snow clearing function	350	61		Value for Money (Assurance)
	Total	1300	223		

 High Risk Areas  Medium Risk Areas  Low Risk Areas

2016

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
Snow Removal (Cont.)	Assess economy, efficiency and effectiveness of snow clearing function (Cont.)	75	13		Value for Money (Assurance)
Sidewalks	Assess efficiency and effectiveness of sidewalk maintenance	400	65		Value for Money (Assurance)
Bridge Maintenance	Assess economy, efficiency and effectiveness of the bridge maintenance processes	425	70		Assurance
Business Continuity	Review current disaster recovery and business continuity plans for the City and identify improvements	400	65		Value for Money (Assurance)
Revenue Generation	Assess potential options with respect to additional revenue generation options through a benchmarking exercise with other cities	100	15		Advisory
	Total	1400	228		

High Risk Areas
 Medium Risk Areas
 Low Risk Areas

2017

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
Revenue Generation (Cont.)	Assess potential options with respect to additional revenue generation options through a benchmarking exercise with other cities .	300	48	High Risk	Advisory
Citizen Engagement Process	Review current processes for engaging with citizens and their effectiveness. Review customer response mechanism	400	67	High Risk	Operational (combined)
Asset Life Cycle Costs	Review current capital budgeting process and identify improvements to incorporate asset life cycle costs	250	42	Medium Risk	Advisory
Infrastructure Investment Evaluation	Review process for evaluating infrastructure investments and management's process to minimize risk of under/over investments	300	50	Medium Risk	Assurance
Budgeting Process	Assess efficiency and effectiveness of budgeting process	150	25	Medium Risk	Value for Money (Assurance)
	Total	1400	232		

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

2018

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
Budgeting Process	Assess efficiency and effectiveness of budgeting process	200	34	Medium Risk Areas	Value for Money (Assurance)
Transit Services	Assess the economy, efficiency and effectiveness of the transit services	425	72	Medium Risk Areas	Value for Money (Assurance)
IT Security	Review current state of privacy of information and overall IT security policies, procedures and practices	375	63	Medium Risk Areas	IT (Assurance)
Buildings Maintenance	Perform a Value for Money review of the buildings maintenance process covering economy, efficiency and effectiveness of the activities undertaken	400	68	Medium Risk Areas	Assurance
Total		1400	237		

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

2019

Audit Area	Scope	Estimated Hours	Fees (\$ 000)	Risk Level	Type of Audit / Assurance / Advisory
Parks and Recreation	Assess economy, efficiency and effectiveness of parks and recreation facilities	400	69	Medium Risk Areas	Value for Money (Assurance)
IT Governance Audit:	Review current governance process around IT goals & initiatives and their alignment to business needs	325	56	Medium Risk Areas	Operational (Assurance)
Succession Planning	Review process design for overall succession planning for critical positions and how leadership development process supports that	350	60	Medium Risk Areas	People Advisory
Workforce Planning	Review overall process with respect to workforce planning and decisions with respect to additional staff. Benchmark with other municipalities	325	57	Medium Risk Areas	People Advisory
Total		1400	242		

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

Unassigned Lower Rated Risks

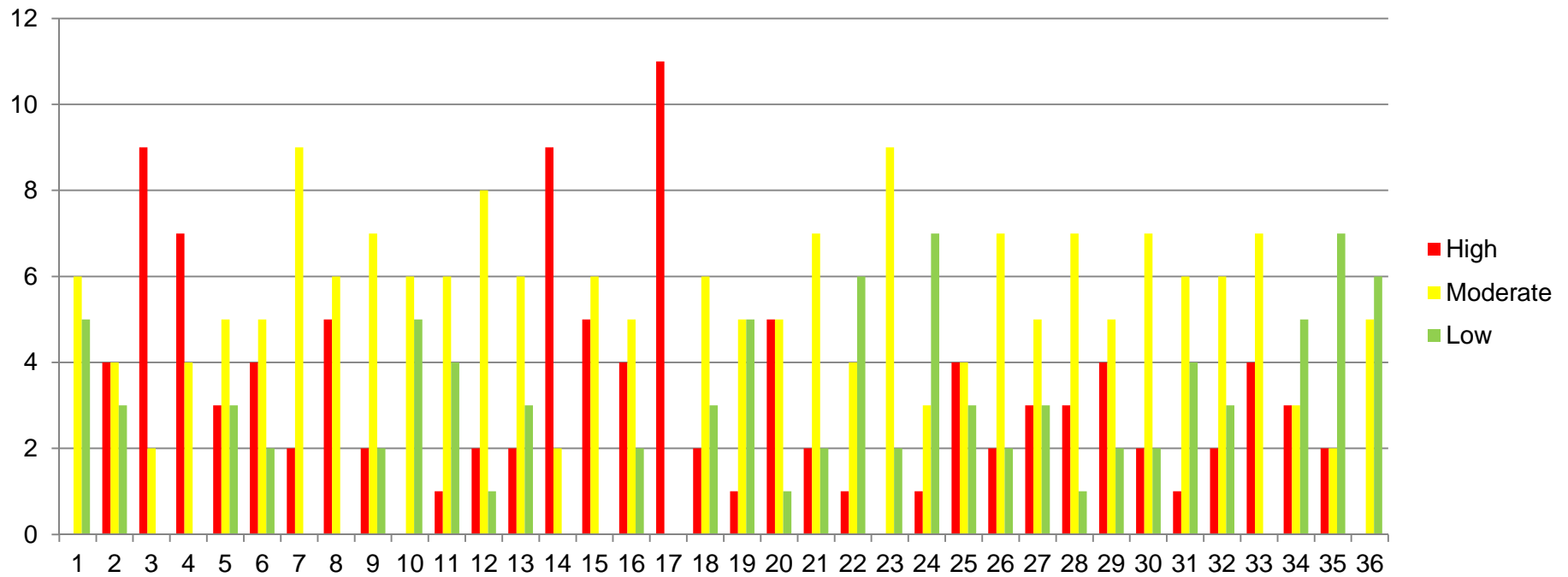
Audit Area	Scope	Risk Level	Type of Audit / Assurance / Advisory
Integrated Asset Management System	Review benefits and drivers for an integrated asset management system and create roadmap for implementation	Medium Risk	IT (Advisory)
Systems Integration	Assess business case for integration of IT systems 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

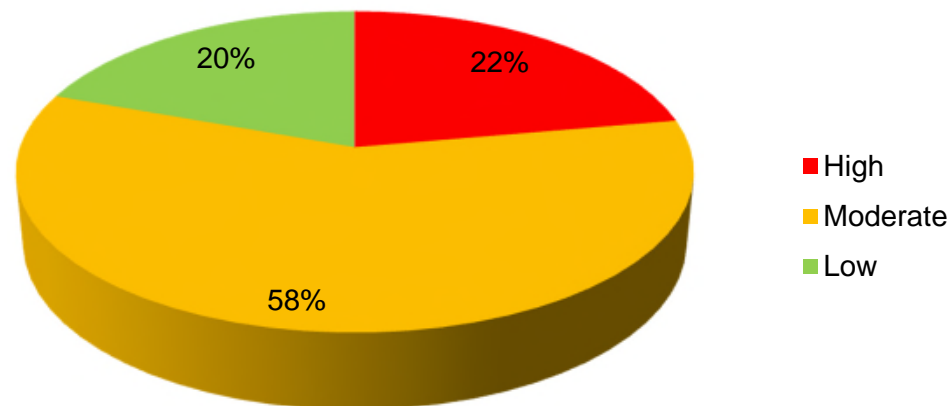
Appendix B

Key Risks and Their Ranking By Council Members

Overall Results



Somewhat divided view on different risks



A mix of different ratings for final risks

Infrastructure & Operations

Risk	Ranking
1. The current investment within the overall infrastructure renewal and maintenance over the last ten years may not have been adequate. Some areas need fresh infrastructure investment:	
<ul style="list-style-type: none"> • Roads 	High Risk Areas
<ul style="list-style-type: none"> • Transit 	Medium Risk Areas
<ul style="list-style-type: none"> • Fleet Management 	Low Risk Areas
<ul style="list-style-type: none"> • Park and Recreation 	Medium Risk Areas
<ul style="list-style-type: none"> • Sidewalks 	High Risk Areas
2. While making capital investment decisions, adequate funding for asset lifecycle costs may not be getting identified.	Medium Risk Areas
3. The city carries the risk of over/under investing within its future infrastructure and not being aligned to economic scenario within the city/province.	Medium Risk Areas

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

Infrastructure & Operations

Risk	Ranking
4. The City may not be delivering expected level of services to citizens or internal stakeholders:	
<ul style="list-style-type: none"> Road Maintenance, Snow Removal, Bridges 	High Risk
<ul style="list-style-type: none"> Garbage Collection, IT, Transit, Buildings, Parks Maintenance 	Medium Risk
<ul style="list-style-type: none"> Fleet 	Low Risk
5. The City may not have adequate business continuity planning and/or emergency preparedness in place.	High Risk
6. The lack of Integrated Asset Management approach and systems may be affecting the overall process of asset maintenance	Medium Risk

High Risk Areas
 Medium Risk Areas
 Low Risk Areas

Financial

Risk	Ranking
1. The lack of a regional growth plan that includes all of the city’s neighbors could restrict the city’s growth in the future.	Low Risk
2. There may be limitations on non-property tax revenue options and taxing powers, resulting in an over-reliance on property tax.	High Risk
3. The current budgeting process may make it difficult to see the “big picture” and identify priority based funding. A good understanding of what is needed for baseline operations and what’s considered as an add-on may not exist.	Medium Risk
4. Current system of cross-charging costs may be inefficient.	Low Risk
5. Strategic initiatives may not be reviewed for key risks during the business case evaluation in a structured and comprehensive way.	Medium Risk
6. Procurement activities may not be in adherence with policies and procedures, especially with respect to sole source contracts.	Low Risk



High Risk Areas






Medium Risk Areas



Low Risk Areas




People

Risk	Ranking
1. Current succession planning and leadership development may not be adequate considering ageing workforce and staff turnover.	
2. With the economic growth of the province, the City may be experiencing a high degree of staff turnover which may require better talent management and retention strategies.	
3. Overall workforce planning process may not be adequate to highlight what the future organization would look like and align it with citizen needs and expected service levels.	

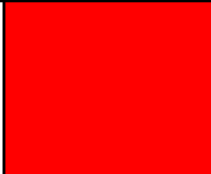
 High Risk Areas  Medium Risk Areas  Low Risk Areas

Information Technology

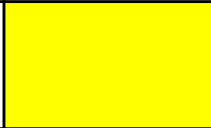


Risk	Ranking
1. Some IT Systems and Hardware may be outdated resulting in inability to meet business needs.	
2. There may be a lack of clear IT strategy for the organization which may result in higher IT costs and inability for IT to function as an enabler	
3. Financial and operational systems are not well integrated which makes it difficult to make data based decisions. (Asset management, maintenance, ERP, HR etc.).	
4. Inadequate management of privacy and security of information may be a risk. Data management may be insecure due to use of cloud services.	
5. Current IT skills may not match the future needs of the organization	




 High Risk Areas  Medium Risk Areas  Low Risk Areas

Stakeholders

Risk	Ranking
1. City may lack the right initiatives to adequately engage and inform citizens. An expectation gap between citizens and the City may be leading to dissatisfaction with services.	

Environment

Risk	Ranking
1. City may be lacking a clearly articulated strategy on how to manage climate change related risks	
2. Absence of CO2 reduction initiatives may lead to a bigger than expected carbon footprint. Initiatives could include environmental impact assessments, landfill emissions, green energy initiatives etc.	
3. City may need to do more to create community awareness with respect to increase awareness, educate and change people's attitude about carbon footprint.	

 High Risk Areas  Medium Risk Areas  Low Risk Areas



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