



*City of Saskatoon*

*2017 Final Internal Audit Plan*



**pwc**

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# *City of Saskatoon Internal Audit Plan*

## *Context - Updating Internal Audit Plan*

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## ***Introduction***

- Risk registers have been developed for each key strategic risk and reviewed by the Corporate Risk Committee.
- The risk assessment conducted in 2015, which identified risks and was assigned priorities by City Council in 2015, continues to inform the most recent Strategic Risk Master Register developed by the Director of Corporate Risk and the Corporate Risk Committee, as well as the Internal Audit Plan.
- The Internal Audit Plan has been updated to ensure the nature and the timing of projects correlates to the strategic risk assessment.
- Looking ahead to 2018 and 2019, operational risk assessments will be considered for incorporation into the Internal Audit Plan as they are developed by the Director of Corporate Risk and the Corporate Risk Committee and approved by the SPC on Finance.

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## ***Key Assumptions***

- While the strategic risk assessment provides a starting point for the Internal Audit Plan, the Inherent and Residual Risk Scores associated with each Strategic Risk assist in further refinement. Those risks with higher Inherent and Residual risks are, generally speaking, afforded higher priority by the Internal Audit Plan as are those with either high or medium priority assigned by City Council.
- Consideration is also given to audit readiness. Internal Audit works with Administration to identify those areas where, despite Inherent and Residual risk, there may not be audit readiness at the time of development of the Internal Audit plan due to significant work being undertaken currently (or planned for in the near future) by the Administration to identify and address gaps.

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## ***Risk and Priority 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 2016 we were presented with emerging issues to address which resulted in projects related to Multi-Year Budgeting and Saskatoon Land.
- In the initial plan presented in July 2015, all high priority areas were covered by projects in the first 3 years of the plan. In the revised plan, all high priority areas continue to be covered although some projects addressing medium risk areas have been moved ahead in order to avoid overlap (i.e. several projects addressing MA-1 re: roads, snow and ice, sidewalks, bridges) as well as to take audit readiness into consideration.

# *City of Saskatoon Internal Audit Plan*

## *Five Year Internal Audit Plan*

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## ***Details of the Internal Audit Plan***

- During the first 2 years of the Internal Audit Plan (2015 and 2016), a total of 2,375 of 2,800 (85%) planned hours were delivered. As a result, there are 425 carryover hours into 2017 in order to deliver 4,200 hours by the end of 2017.
- Each “Audit Area” within the plan contains references to the corresponding risk from the Strategic Risk Master Register as well as the Risk Narrative, along with the intended nature of the project (i.e. Assurance or Advisory) and a brief description of the high level scope of the project. Scope will be further defined with Administration.



## 2015 – Actual

Audit Area	Risk Narrative	Actual Hours	Actual Fees (\$ 000)	Priority /Risk	Project Type and High-Level Scope Description
Risk Assessment and City Council Surveys/ Presentation	Initial risk assessment and audit plan preparation	650	\$101	N/A	
Road Maintenance	The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service	400	\$67	MA-1	Assess the economy, efficiency and effectiveness of road maintenance
Snow and Ice Management	The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service	100	\$20	MA-1	Assess economy, efficiency and effectiveness of snow and ice management
	<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 Priority Areas
  Medium Priority Areas
  Low Priority Areas

## 2016 – Actual

Audit Area	Risk Narrative	Hours (Actual/Budget)	Actual Fees (\$ 000)	Priority/Risk	Project Type and High-Level Scope Description
Snow and Ice Management (Continued)	The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service	325/325	\$54	MA-1	Assess economy, efficiency and effectiveness of snow and ice management
Revenue Generation	The City may be unable to adequately diversify its revenue sources	120/400	\$23	SG-1	Assess potential options with respect to additional revenue generation
Asset Life Cycle Costs	The City may not be considering the total costs of asset ownership when making investment decisions	370/470	\$62	A&FS-2	Review current capital budgeting process and identify improvements to incorporate asset life cycle costs including future operating cost impact.
Transit Services Staff Scheduling	The City may not be investing enough money in its public transit infrastructure to maintain an acceptable level of service	410/425	\$65	MA-3	Assess economy, efficiency and effectiveness of the transit services
Human Capital Planning and Management	The City's existing strategies may not be attracting, hiring, managing, developing and retaining top talent to support existing and future operations	0/75	\$0	CI-2	Review process with respect to human capital strategies regarding attracting, developing and retaining talent
	<b>Total achieved '16</b>	<b>1,225</b>	<b>\$204</b>		
	<b>Total achieved '15</b>	<b>1,150</b>	<b>\$188</b>		
	<b>Total '15 &amp; '16 achieved</b>	<b>2,375</b>	<b>\$392</b>		
	<b>Total carryover into '17</b>	<b>470</b>	<b>\$60</b>		

## 2017 – Planned

Audit Area	Risk Narrative	Estimated Hours	Budget Fees (\$ 000)	Priority /Risk	Project Type and High-Level Scope Description
2016 Carryover from Projects	Revenue Generation (280 hours), Asset Life Cycle Costs (100 hours), Transit Services Staff Scheduling (15 hours)	395	\$47	N/A	See previous page for 3 projects
Human Capital Planning and Management	The City's existing strategies may not be attracting, hiring, managing, developing and retaining top talent to support existing and future operations	460	\$80	CI-2	Review process with respect to human capital strategies regarding attracting, developing & retaining talent
Business Continuity	The City may not be prepared to quickly and effectively resume operations in the event of serious incident, accident, disaster or emergency	400	\$66	A&FS-1	Review current disaster recovery and business continuity plans
Co2 Reduction Initiatives	The City may fail to identify and pursue corporate Co2 reduction initiatives.	275	\$69	EL-3	Review current environmental strategy of the City including CO2 reduction initiatives and carbon tax implications
Parks and Recreation	The City may not be investing sufficient funds in its parks infrastructure to maintain an acceptable condition and level of service	295	\$30	QL-1	Assess economy, efficiency and effectiveness of parks and recreation facilities
	<b>Total proposed '17</b>	<b>1,825</b>	<b>\$292</b>		
	<b>Total achieved '15 and '16</b>	<b>2,375</b>	<b>\$392</b>		
	<b>Total '15 to '17 combined</b>	<b>4,200</b>	<b>\$684</b>		

■ High Priority Areas
 ■ Medium Priority Areas
 ■ Low Priority Areas

## 2018 - Planned (subject to change)

Audit Area	Risk Narrative	Estimated Hours	Budget Fees (\$ 000)	Priority /Risk	Project Type and High-Level Scope Description
Parks and Recreation (continued)	The City may not be investing sufficient funds in its parks infrastructure to maintain an acceptable condition and level of service	230	\$42	QL-1	Assess economy, efficiency and effectiveness of parks and recreation facilities
IT Security and Privacy	The City may not be adequately protecting information created by or entrusted to it	370	\$60	A&FS-9	Review current state of privacy of information and overall IT security policies, procedures and practices
Citizen Engagement Process	The City's engagement and communications initiatives and opportunities may not be effectively reaching its citizens	400	\$68	CI-1	Review current processes for engaging with citizens and their effectiveness including customer response
Sidewalks	The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service.	400	\$67	MA-1	Assess economy, efficiency and effectiveness of bridge maintenance
	<b>Total planned '18</b>	<b>1,400</b>	<b>\$237</b>		

■ High Priority Areas 
 ■ Medium Priority Areas 
 ■ Low Priority Areas

## 2019 - Planned (subject to change)

Audit Area	Risk Narrative	Estimated Hours	Budget Fees (\$ 000)	Priority /Risk	Project Type and High-Level Scope Description
Infrastructure Investment Evaluation	The City's infrastructure investments may not correspond to growth trends and forecasts for the local or regional economy / The City may not be aligning its financial resources in a way that supports its priorities, strategic goals and core services	400	\$70	SG-2 and A&FS-5	Review process for evaluating infrastructure investments and management's process to minimize risk of under/over investment
IT Governance	The City's information technology strategy may not be properly aligned with the organization's goals and objectives	325	\$56	A&FS-7	Review current governance process around IT goals & initiatives and their alignment to business needs
Building Maintenance	The City may not be investing enough money in its facilities to maintain an acceptable condition and level of service	400	\$69	SG-3	Assess economy, efficiency and effectiveness of building maintenance
Bridge Maintenance	The City may not be investing enough money in its transportation infrastructure to maintain an acceptable condition and level of service	275	\$47	MA-1	Assess economy, efficiency and effectiveness of bridge maintenance
	<b>Total planned '19</b>	<b>1,400</b>	<b>\$242</b>		

■ High Priority Areas
 ■ Medium Priority Areas
 ■ Low Priority Areas

## *Unassigned Risks*

Audit Area	Potential Scope	Priority / Risk
Integrated Asset Management System	Review benefits and drivers for an integrated asset management system and create roadmap for implementation	A&FS-8
Systems Integration	Assess business case for integration of IT systems and related benefits that can be achieved by the organization	A&FS-8
Climate Change Strategy	Evaluate the City's climate change strategy and efforts to manage related risks	SG-4
Garbage Collection	Assess efficiency and effectiveness of garbage collection function	EL-1
Procurement and Sole Sourcing	Assess compliance with procurement and sole sourcing processes for key contracts for the last 2-3 years	A&FS-12
Regional Growth Plan	Assess the City's current growth plan, related risks and efforts undertaken to align efforts with neighbors	SG-6
Fleet Maintenance	Review current condition of fleet across the City and help identify how to manage them more effectively, including advising on a lease vs buy option	A&FS-10

■ High Priority Areas 
 ■ Medium Priority Areas 
 ■ Low Priority Areas

# *Next Steps*

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## ***Next Steps***

- Work with Administration to develop Statements of Work for the 2017 projects for approval by the SPC on Finance by end of May 2017.
- Work with the SPC on Finance and Administration to identify any emerging issues requiring Internal Audit work in 2017.
  - Issues identified that resulted in Statements of Work in 2016 were Multi-Year Budgeting and Saskatoon Land.