
Statement of Work

City of Saskatoon Parks
Internal Audit Project

Submitted November 28, 2017 for
SPC on Finance December 4, 2017

November 28, 2017



November 28, 2017

City of Saskatoon SPC on Finance
222 Third Avenue North
Saskatoon, Saskatchewan S7K 0J5

Statement of Work – Internal Audit Plan – Parks

Recommendation:

1) That the enclosed Statement of Work for the Parks Internal Audit Project be approved.

Please find enclosed the Statement of Work for the above referenced project. Note that the total proposed scope of the project is 525 hours. We anticipate commencing further detailed planning and preparation immediately upon approval of the Statement of Work by the SPC on Finance.

Yours truly,

PricewaterhouseCoopers LLP



Jesse Radu, CPA, CA
Partner

1. Background

The City of Saskatoon (the “City”) Strategic Risk Register contains risk QL-1, which is that “The City may not be investing sufficient funds in its parks infrastructure to maintain an acceptable condition and level of service”. This risk was identified as a medium priority for City Council, and based on the risk rating exercise conducted by Corporate Risk has a residual risk severity of 3.7 (which represents “medium” residual risk). Internal Audit has been requested to perform a project that will assist in addressing the risk outlined above by. This project is to be carried out subject to the “Internal Audit Services Agreement” dated January 1, 2015 between the City of Saskatoon and PricewaterhouseCoopers LLP and the approved 2017 annual audit plan.

2. Scope

As part of our audit planning, we have taken into account research performed by our team (including information regarding service levels and asset management plans presented to Committees of City Council during the month of October 2017) combined with discussions with relevant stakeholders.

The scoping for this internal audit project will be limited to the largest service line in Parks (Park Maintenance and Design) which has a total forecasted 2017 cost to deliver service of approximately \$13.8 million. Furthermore, the scoping will be limited to the three largest programs within that service line: Park and Open Space Maintenance, Sport Field Maintenance, and Irrigation Services, which together represent approximately \$11.8 million (or 85%) of the total service line forecasted 2017 cost to deliver service.

Within those three programs, the areas of focus for this project will be primarily 1) Service Levels and 2) Asset Management – both of these areas tie in directly to the Corporate Risk statement in that they are crucial to determining the proper investment of funds and acceptable condition/level of service. Both items were also very recently reported on to Committees of Council and as such should be in auditable state (i.e. not a “moving target”).

Service Level analysis would focus on accurate measurement of the services currently provided by Parks’, including processes, procedures and controls to measure performance and the identification of gaps between reported and actual service levels. Asset Management analysis would focus on Parks’ asset management process and each asset category’s life cycle to provide sustainable service delivery while managing risks and minimizing costs. There would be a focus on identifying any control weaknesses in these areas and recommending practical, relevant changes that will improve Parks’ ability to strategize and measure in both of these areas going forward.

1. **Service Levels** – Assess the design and effectiveness of Parks’ processes, procedures and controls related to determining service levels and measuring actual performance against determined service levels.

Objectives:

- a. To analyze the Parks Divisions reported service levels against actual performance and the ability of the current processes, procedures and controls to capture accurate service level information. In the case of gaps, the objective would be to provide Parks with tangible and implementable recommendations to close those gaps.
- b. To assess individual topic areas that could currently impact the cost of providing acceptable service levels within individual programs. Examples of these potential topic areas could include:
 - i. Assessing whether Sports Fields generate sufficient revenue to provide sustainable service delivery; and/or
 - ii. Assessing service levels for new parks inventory including the appropriateness of operating impact calculations and the consideration of establishing different service levels for new inventory.

Approach:

- a. Conduct an assessment of actual performance versus reported service levels for Park Maintenance and Design.
 - i. Interview relevant Parks’ personnel and conduct walkthroughs of the current process in place to understand the procedures, guidelines and mechanisms in identifying and assessing service levels.

- ii. Identify and assess effectiveness of internal controls in recording and monitoring of actual performance against stated service levels.
 - iii. Assess whether Parks' resources are sufficient to manage successful performance of services.
2. **Asset Management** – Assess the design and effectiveness of Parks' processes, procedures and controls related to asset life cycle management decision making (planning, acquisition, operation, maintenance, rehabilitation and replacement or disposal) as appropriate for the nature of the assets being managed. Aspects of this scope area would leverage from Internal Audit's "Capital Planning and Budgeting, Life Cycle Costs and Operating Costs" report from earlier in 2017.

Objectives:

- a. To assess the effectiveness of the Parks asset management framework, including its compliance with relevant policies and directives of the Council.
- b. To determine whether Parks policies and practices related to asset management planning allow for accurate and complete asset management inventorying.

Approach:

- a. Through interviews/focus groups with those responsible for Asset Management in Parks, combined with leveraging Internal Audit's "Capital Planning and Budgeting, Life Cycle Costs and Operating Costs" report from earlier in 2017, to conduct an assessment of the effectiveness of the asset management plan framework, including policies, roles and responsibilities, training, and the monitoring and reporting process.
- b. Test the accuracy of the information maintained and used in asset management monitoring and reporting, to account for and track assets from the time of acquisition to disposal, including an understanding of Parks' mechanism for measurement of the operational performance of assets, including functionality, nature of use, physical condition and operational performance.
- c. Assess the accuracy of performance measurement used for decision making, performance monitoring and reporting.

3. Deliverable

The deliverable will consist of a detailed report outlining areas of risk, recommendations, and where applicable roadmaps for implementation for scoping areas outlined on the preceding page.

4. Timeline

Detailed planning and scoping activities have been undertaken in October and November 2017. The intent is to perform the fieldwork for the engagement beginning in December 2017 and concluding in March 2018. This timeline is consistent with the approved 2017 internal audit plan, which has the Parks internal audit project split between 2017 and 2018.

5. Stakeholders

The key stakeholders of the project from the City of Saskatoon Administration are as follows: City Manager, GM of Community Services, Director of Parks, and Director of Corporate Risk.

6. Budget

Our fees are based on actual hours incurred at the agreed upon hourly billing rates in the "Internal Audit Services Agreement" dated January 1, 2015. Specifically, sections 6(4) and 6(6) of the "Internal Audit Services Agreement" specify hourly rates to be charged. We estimate that our fees for the completion of our services under this Statement of Work will be \$69,000 plus applicable taxes.