



STANDING POLICY COMMITTEE ON FINANCE

City of Saskatoon 2019 Internal Audit Plan

Recommendation of the Committee

1. That the Fraud Risk Assessment and the Health and Safety Assessment Audits be approved for the 2019 Internal Audit Plan; and
2. That if the Administration or the Internal Auditor have anything further to submit regarding the 2019 Audit Plan, they do so to the Committee at the appropriate time.

History

At the February 12, 2019 Standing Policy Committee on Finance meeting, a communication from PricewaterhouseCoopers LLP, dated February 12, 2019, was considered.

Your Committee has reviewed with the Administration work recently completed with respect to the asset management plans for sidewalks and bridges and structures. Given the recent review of these programs, your Committee is recommending that assessments of these two programs not be included in the 2019 Internal Audit Plan. Your Committee recommends further that if either the Internal Auditor or the Administration identifies other possible areas for review in 2019, your Committee will consider those further at that time.

Attachment

February 12, 2019 Communication of the PricewaterhouseCoopers LLP

City of Saskatoon 2019 Internal Audit Plan

For the approval of the SPC on Finance
February 12, 2019



Introduction

As we enter the fifth year of our mandate with the City of Saskatoon's SPC on Finance, we continue to strive to ensure that our internal audit projects are relevant and timely. Throughout the course of our mandate, there is significant thought and planning that goes into making sure that each year's proposed audit projects are tied back to both Council priority areas and the strategic risks that have been developed by the City, which are updated each year.

For the 2019 year, we are proposing internal audit projects related to sidewalk maintenance, bridge maintenance, health and safety and fraud risk assessment. Sidewalk maintenance and bridge maintenance continue to be priority areas for the City of Saskatoon and with these two topics, conclude the broad suite of infrastructure-related internal audit projects that we contemplated when first developing the 5-year internal audit plan in 2015. The other topics proposed are both important and timely topics for the City of Saskatoon and have been arrived at based on consensus between our team and the Administration.

We look forward to discussing these projects further with the SPC on Finance and are happy to take any questions. Following the approval of this high-level project plan, we will begin working with the Administration on detailed scoping for each project with the goal of developing detailed Statements of Work for each project in the first half of 2019.

2015 to 2019 Internal Audit Mandate – Status of Delivery

The table below provides an overview of the status of delivery of our internal audit mandate. The detailed list of projects delivered to date are included in **Appendix 1** for the SPC on Finance’s reference.

		Cumulative hours			Cumulative internal audit fee (\$ 000)		
Year of Internal Audit Mandate	Period of Delivery	Planned	Actual	Carry over	Planned	Actual	Carry over
1.	2015	1,400	1,150	250	\$223	\$188	\$35
2.	2015 - 2016	2,800	2,375	425	\$451	\$391	\$60
3.	2015 - 2017	4,200	3,925	275	\$683	\$651	\$32
4.	2015 - 2018	5,600	5,255	345*	\$905	\$850	\$55*
5.	2015 - 2019	7,000	[Information not yet available.]				

During the four years (2015-2018) of the Internal Audit mandate, a total of 5,255 (94% of planned) hours have been delivered. As a result, there are 345 hours to carryover to 2019 in order to deliver on projects planned for completion by the end of 2019.

*Note that of this amount, 55 hours (\$8k) relate to completed projects that were under budget in 2018, and those hours have now been re-allocated to 2019 projects.

2019 Internal Audit Plan – For Approval by SPC on Finance

Audit Area	Project Type	Time (Hours)	Audit Fee (\$000)
Sidewalk Programs Assessment	Assessment of economy, efficiency and/or effectiveness of the sidewalk preservation and safety maintenance programs. This project would consider current asset management practices and alignment with other internal programs. A comparison of service level conditions and funding requirements to common practice would be included. Estimated Timeline: February – May	360	\$57
Fraud Risk Assessment	Combating fraud is a shared responsibility across the City. Leadership has responsibility for setting tone at the top and City staff need to understand fraud risks and procedures to follow when fraud is discovered. This project would consider the City’s exposure to fraud risk by assessing fraud management policies, culture & awareness, risk assessment and responses, investigation and remediation, and reporting and monitoring. The report would highlight current areas of exposure with a focus on mitigating fraud risks. Estimated Timeline: March – June	365	\$58
Bridges & Structures Program Assessment	Assessment of economy, efficiency and/or effectiveness of the bridge & structures asset management program. This project would consider current asset management practices and alignment with other internal programs. A comparison of service level conditions and funding requirements to common practice would be included. Estimated Timeline: May – October	360	\$57
Health and Safety Assessment	The City continues to prioritize an engaged, healthy & safe workforce. There are several measures of success in this regard and a number of initiatives in place to address this priority area. This project would involve an examination of current health and safety results and initiatives, an assessment of root causes for any issues or trends identified, and recommendations based on best practice and results of peer cities. Estimated Timeline: June – November	360	\$57
TOTAL		1,445	\$229

Appendix 1

2015 to 2019 Internal Audit Mandate – Project Summary

The table below provides an overview of the projects undertaken to-date based on Internal Audit's 2015 to 2019 mandate. Note that more projects were included in the 5-year audit plan than could be completed based on budgeted annual hours and this summary of projects includes only those either undertaken, so excludes certain projects that were initially contemplated in the five-year plan developed in 2015.

#	Audit Area	Project Type	Year	Status
1.	Risk Assessment	Initial risk assessment and audit plan preparation.	2015	Complete
2.	Road Maintenance	Assessment of economy, efficiency and effectiveness of the program.	2015	Complete
3.	Snow and Ice Management	Assessment of economy, efficiency and effectiveness of the program.	2015/16	Complete
4.	Asset Life Cycle Costs	Review of capital budgeting process and identify improvements to incorporate asset life cycle costs including future operating cost impact.	2016/17	Complete
5.	Transit Services	Assessment of economy, efficiency and effectiveness of the program.	2016/17	Complete
6.	Revenue Generation	Assessment of potential options with respect to additional revenue generation.	2016/17	Complete

2015-2019 Internal Audit Mandate: Project Summary (cont.)

#	Audit area	Project Type	Year	Status
7.	Human Capital Planning and Management	Assessment of human capital strategies with respect to attracting, developing and retaining talent.	2017	Complete
8.	Business Continuity	Assessment of the City's business continuity program.	2017	Complete
9.	Co2 Reduction Initiatives	Assessment of the City's environmental strategy, including Co2 reduction initiatives and carbon tax implications.	2017	Complete
10.	Parks and Recreation	Assessment of Parks' reported service levels relative to actual performance and assessment of Parks' current processes, procedures and controls to capture accurate service level information and facilitate effective asset management / life cycle decision making.	2017/18	Complete
11.	Contract Management	Assessment of the user departments' level of compliance with the City's contract management policies and procedures in place.	2018	Complete
12.	Privacy of Information	Assessment of procedures and controls in place to comply with regulatory requirements re: privacy of information.	2018	To be reported in Q1 of 2019
13.	Infrastructure Investment Evaluation	Assessment of current investment planning/prioritization processes regarding deployment of capital investment for infrastructure. Assessment of management's process to minimize the risk of under and/or over investment.	2018	To be reported in '19 – started in late '18.

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