

The Corporation of the City of Windsor Internal Audit Risk Assessment and Plan 2019/20

*Prepared as of
April 12, 2019*

Limitations and responsibilities

This report was developed in accordance with our engagement letter dated June 9, 2016 and is subject to the terms and conditions included therein.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available at the time we prepared the report. Accordingly, changes in circumstances after the date of this Report could affect the findings outlined herein. We are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. This information has been prepared solely for the use and benefit of and pursuant to a client relationship exclusively with the Corporation of the City of Windsor. PwC disclaims any responsibility to others based on its use and accordingly this information may not be relied upon by anyone other than the Corporation of the City of Windsor.

pwc

Contents

Executive summary	4
Overview of 2019-20 proposed internal audit projects	5
Introduction and approach	10
Introduction	10
Approach	10
2019 - 20 Proposed timeline:	10
Basis of our plan	11
Basis of our annual internal audit conclusion	11
Other sources of assurance	11
Key contacts	11
Corporate objectives and risks	12
PwC risk radar	12
Annual plan and internal audit involvement	13
Risk assessment results	13
Agencies, Boards and Commissions	16
2019-20 IA plan	17
Other Project Considerations	20
Appendix 1: Detailed methodology	22
Step 1 -Understand corporate objectives and risks	22
Step 2 -Define the Audit Universe	22
Step 3 -Assess the inherent risk	22
Step 4 -Assess the strength of the control environment	22
Step 5 -Calculate the audit requirement rating	22
Step 6 - Other considerations	23
Appendix 2: Proposed Y2 & Y3	24

Distribution List**For action**

Drew Dilkens, Mayor
Fred Francis, Member of Council
Fabio Costante, Member of Council
Rino Bortolin, Member of Council
Chris Holt, Member of Council
Ed Sleiman, Member of Council
Jo-Anne Gignac, Member of Council
Irek Kusmierczyk, Member of Council
Gary Kaschak, Member of Council
Kieran McKenzie, Member of Council
Jim Morrison, Member of Council

For information

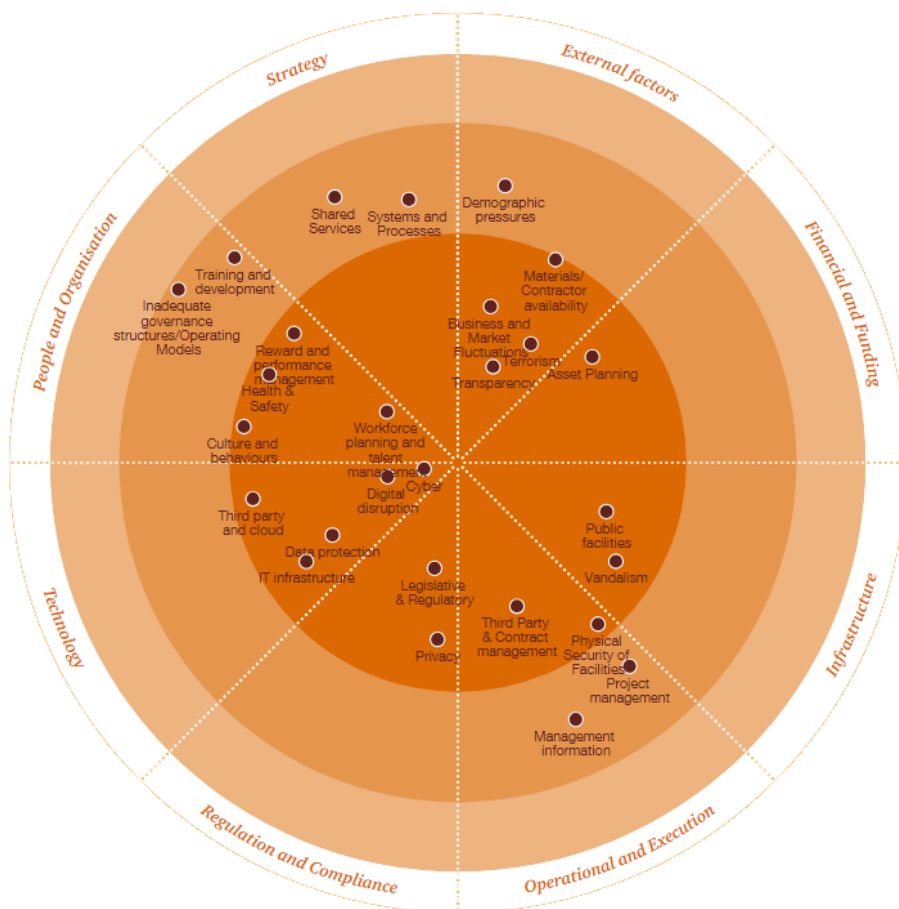
Onorio Colucci, Chief Administrative Officer
Joe Mancina, Chief Financial Officer/City Treasurer
Mark Winterton, City Engineer
Valerie Critchley, City Clerk & License Commissioner
Shelby Askin Hager, City Solicitor
Jelena Payne, Commissioner Community Development & Health
Carolyn Brown, Chief Executive Officer YQG & WDTC
Jan Wilson, Corporate Leader of Parks, Recreation, Culture and Facilities

Executive summary

Under our current contract we provide a three-year rotational risk based internal audit plan; in this document we provide that proposed plan. Please note that the tenure of our contract will end in the year 2020 (first year of this plan). Therefore, the second and third year plan will be beyond the scope of our current contract with the City. The level of agreed resources for the internal audit service for a three-year period of April 1, 2019 to March 31, 2022 is an average of 2,080 hours and \$300,000 per year. While we attempt to cover as many key risk areas as possible, based on the deployment of the available resources, this plan does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, when approving the risk assessment, Internal Audit Plan and related level of internal audit activity, the Corporate Services Standing Committee (CSSC) should recognize this limitation.

As per the Institute of Internal Auditors defines the mission of internal audit as a function to help enhance and protect organizational value by providing risk based and objective assurance, advice and insight. This mission is aligned to the PwC value protection and value enhancement continuum which is described below.

This year we have plotted inherent risks on a PwC Risk Radar which is an interactive tool used by Internal Audit to facilitate the documentation of industry specific risks the City is facing. We held high-level discussions with the City's Corporate Leadership Team (CLT) and placed the risks on the radar under eight risk categories and within three centric bands. The Radar tool enables us to present risk attributes in different ways and the below image depicts the 41% of risks expected to have some coverage within the first-year (2019/20) Internal Audit plan. This can be noted in the following image by the count of darker dots (27 of 64) on the PwC Risk Radar indicating a risk IA is covering in first year.



For the upcoming three-year proposed internal audits, the majority of projects which we have selected are related to City departments. No Agency, Board & Commission (ABC) reviews are being recommended in this upcoming year.

Below is a summary of the proposed projects for the coming year. In addition, we have provided an overview of the coverage of the audit universe from 2019-2023 (please refer to page 5). Consistent with prior years, the allocated effort and fees per annum is based on the allocated budget by Council. To increase risk coverage in the three-year cycle would require increased effort and funding allocation.

Overview of 2019-20 proposed internal audit projects

#	Ref	Internal Audit Project	Effort Estimate (hours)	Estimated Timing to CSSC
Internal Audit Involvement Type: Process				
1	20-P1	Planning and Development	225	Jun 2019
2	20-P2	Electronic Record Management	225	Sep 2019
Internal Audit Involvement Type: Business Monitoring				
3	20-BM3	Security Programs & Safety Incident Management	200	Aug 2019
Internal Audit Involvement Type: Customized				
4	20-C4	HR Recruiting Process and Retention Strategy	250	May 2019
5	20-C5	VFM Audit - Purchased Services - Road Clearing/Maintenance	400	Oct 2019
Internal Audit Involvement Type: Monitoring				
6	20-M6	Cyber Response Strategy	225	Jun 2019
Internal Audit Management/Operations				
7	20-IA7	Risk Assessment and Planning	60	Annual
8	20-IA8	Management Action Plan Validation	135	Annual
9	20-IA9	Internal Audit Oversight & Attendance at Meetings, Oversight and Corporate Services Standing Committee Reporting	120	N/A
10	20-IA10	Concerned Citizen & Employee Hotline	110	Mar 31, 2020
11	20-IA11	Seven (7) Years Summary	75	Mar 2020
12	20-IA12	Unallocated	55	N/A
Total 2019-20 Effort (Hours)			2080	

Descriptions for type of projects are provided in Appendix 1 Step 6. Please refer to Section 1 for a summary of changes to this audit plan.

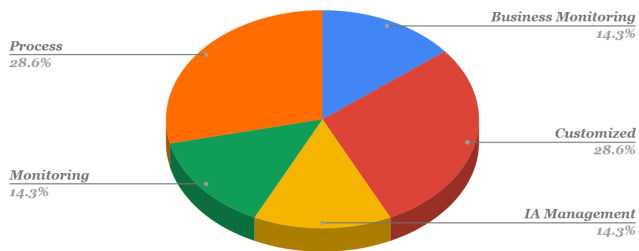
Five-year view of internal audit projects by Corporate domain

Below we provide a view as to the internal audit coverage with a five year horizon. We indicate the projects from the two years and the plans for the coming three years.

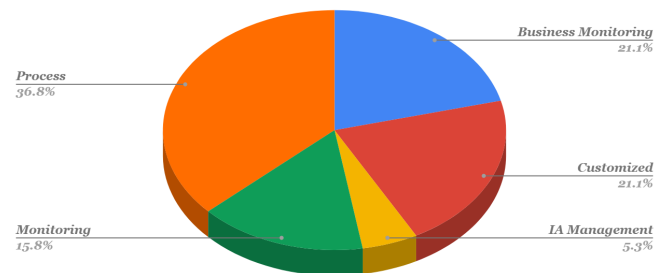
Corporate Areas	2017 18	2018 19	2019 20	2020 21	2021 22
A. Corporate Wide	Managing the Transition of Significant Projects Into Operations	N/A	N/A	Workforce Management System - Post Implementation Review	- Risk Culture Audit - ERM Strategy, Policy, Monitoring and Reporting
B. Finance and IT	Property Billing and Tax Collection Services	- Pursuit of Grant Funding - Asset Planning	Cyber Response Strategy	- Financial Planning/Modelling - Business Continuity Planning	- IT Service and Application Rationalization - Travel Expenses - Data Analytics Exploration
C. City Engineer	Preventive Maintenance	N/A	- Planning & Development - Purchased Services - Winter Road Clearing	Transit Windsor - Service Delivery Review	N/A
D. City Clerk	- Windsor Essex County Economic Development Corporation - Privacy Diagnostic	Social Media Strategy	- Electronic Record Management - HR Recruiting Process	Digitization and Archiving Strategy: Windsor Public Library	Employee Wellness
E. City Solicitor	Fire Rescue Compliance	Legislative Emergency Management	Planning & Development	N/A	N/A
F. Health Commissioner	N/A	WECHC Asset Management	N/A	N/A	N/A
G. Parks, Facilities, Recreation and Culture	N/A	Facilities Operations	Security Programs & Safety Incident Management	N/A	N/A
H. Transportation Services	YQG-Managing Inventory, Repairs and Maintenance	N/A	N/A	Windsor Detroit Border Link Limited - Operational Review	N/A
I. Agencies, Boards and Commissions (ABCs)	- YQG-Managing Inventory, Repairs and Maintenance - Windsor Essex County Economic Development Corporation	WECHC - Asset Management - Housing Portfolio	N/A	- Transit - Service Delivery Review - Windsor Detroit Border Link Limited - Operational Review - WPL: Digitization and Archiving Strategy: Windsor Public Library	N/A

The following charts provide various views of the plan coverage by period, domain and type:

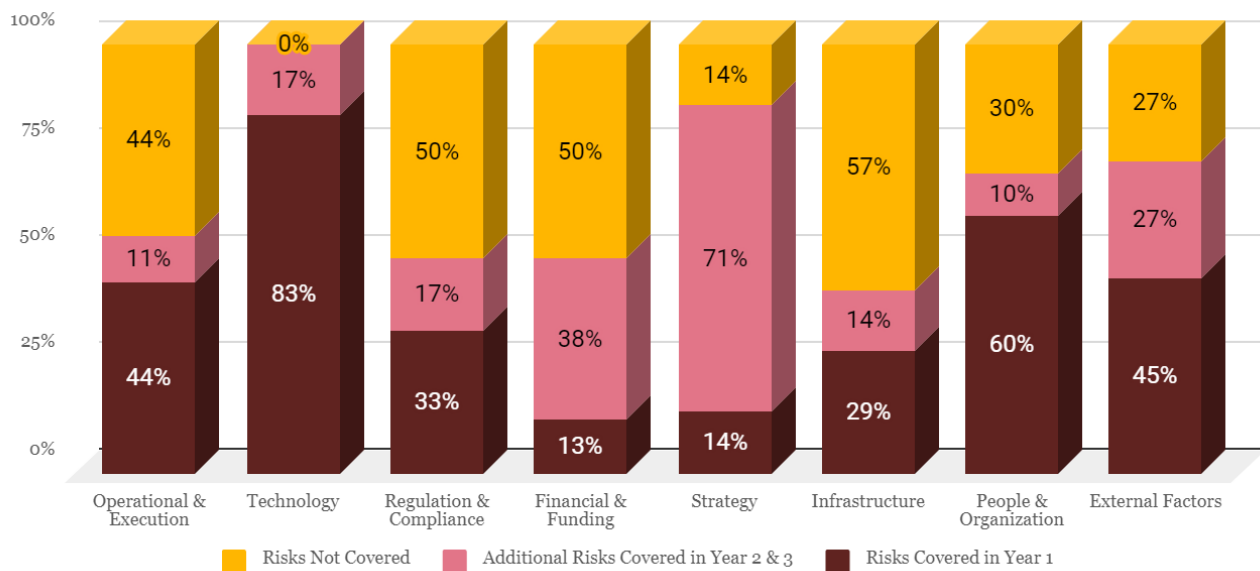
Planned Project Mix for 2019-20



Planned Mix of Projects by Type in 3 Year Plan

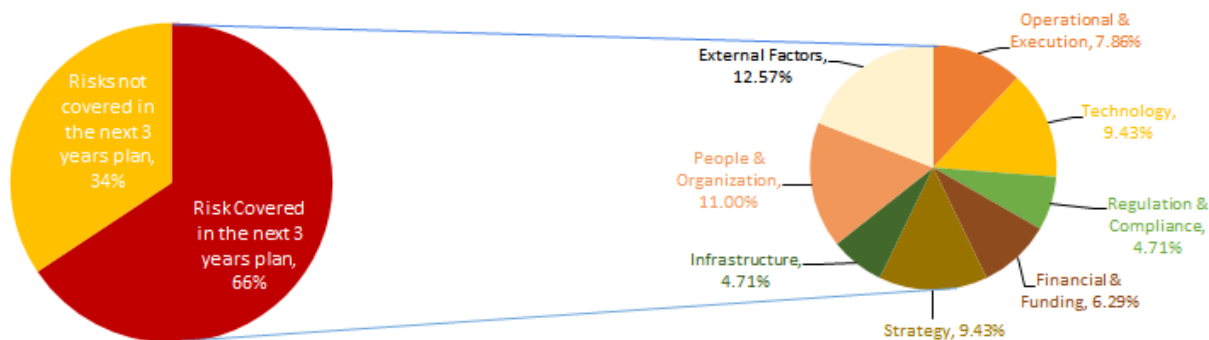


Risk coverage in 3 year plan by domain (2019/20)



Coverage of risk areas

Of the 64 identified risks on the PwC Risk Radar, Internal Audit plans to attain direct/indirect coverage over 66% (42 risks) across all eight risk categories/slices in the 3 years of the proposed plan.



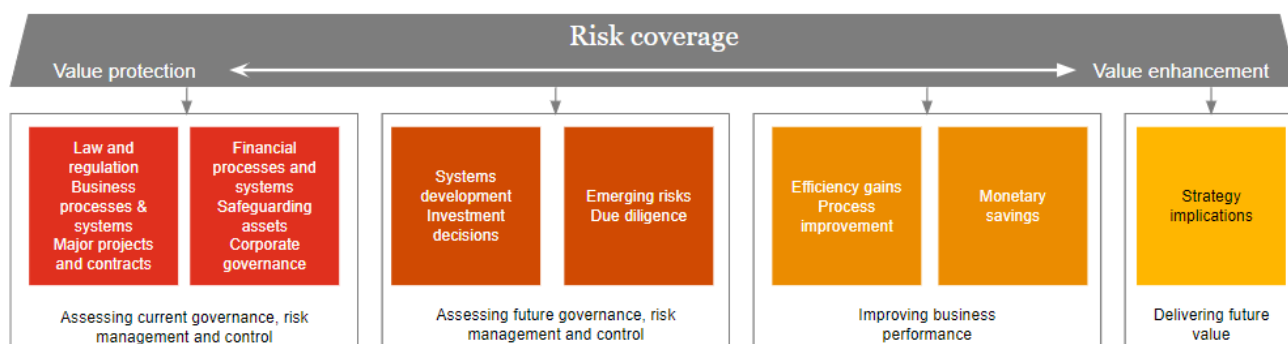
Coverage by “Types of Audit Focus” on the Value Continuum

Internal audit’s involvement in providing assurance or advisory support for business processes or management activities is translated into value by applying a focus on one or more of the following statements/outcomes when carrying out internal audit procedures:

1. Ensure management actions are in compliance with Council direction and regulations.
2. Management’s adherence to and effectiveness of policies, process and controls.
3. Appropriate mitigation of risk to an acceptable level.
4. Identify cost savings in high risk areas
5. Identify cost savings of significant despite the risk area
6. Identify areas for increased revenue.
7. Assess if management activities are delivering the value for money that they were expected to.

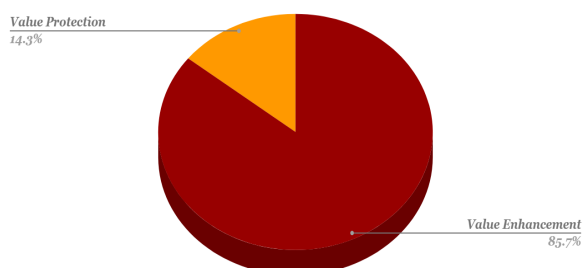
When undertaking audit fieldwork tailored to stakeholders’ needs and expectations, we group our work into two main categories: value enhancement audits and value protection audits.

- ☑ **Value enhancement:** These audits focus on efficiency gains, process and operational performance improvement, and monetary savings. These audits are more advisory in nature, with reporting providing insight and recommendations.
- ☑ **Value protection:** The fundamental role of an internal audit function is to enhance the enterprise’s processes of governance, risk management and control over core business processes and systems. Targeted audit efforts in these areas are critical to protecting the value of the enterprise. These audits follow time-tested steps that lead to the thorough examination of processes and controls.

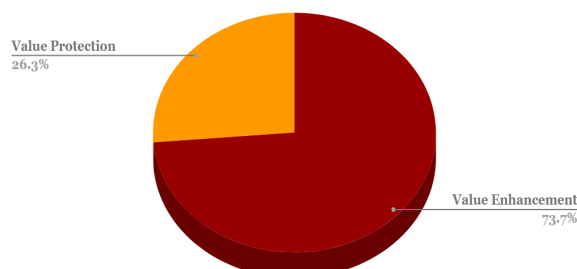


The following charts show the relative split of effort for 2019/20 and for the three year cycle in terms of the value focus (value enhancement and value protection)

Planned Mix of Audits on the Value Continuum for 2019-20



Planned Mix of Audits on the Value Continuum in 3 Year Plan



Below we provide a view as to the internal audit coverage with a five year history of the audits covered by outcome or value focus type:

Outcome Type	2015/16	2016/17	2017/18	2018/19	2019/20 (Planned)
Delivering future value	Fraud Risk Management	Information Security Diagnostic (Cyber)	Privacy Diagnostic	Social Media Strategy Assessment	Purchased Services for Winter Control - VFM Audit
Improving business performance	- Enwin Utilities: Workforce and Workflow Management - Windsor Utilities Commission: Workflow Management	Service Provider and Outsourced Services Governance and Management	Managing Transition of Projects into operations	Pursuit of Grant Funding	- HR Recruiting Process and Retention Strategy - Cyber Response Strategy
Assessing future governance, risk management and control	- Governance of IT to support the business objectives and strategies - Succession Planning	Inventory Control & Lifecycle Management	YQG Managing Inventory, Repairs and Maintenance	Asset Planning Methodology	Security Programs & Safety Incident Management
Assessing current governance, risk management and control	- User Fees review - Manage service delivery - Enwin Energy - P Card	- Review of Nine (9) Business Improvement Areas - Cash Control - Windsor Police Service - Tourism Windsor Essex Pelee Island - Roseland Golf & Curling Club	- Windsor Essex County Economic Development Corporation - Property Billing and Tax Collection - Services - Fire Rescue Compliance - Preventive Maintenance Compliance (Fleet and Pollution Control)	- Legislative Emergency Management / Planning - Facilities Operations - WECHC: Asset Management - Housing Portfolio - Fair Procurement Practices (Hotline Investigation)	- Electronic Record Management - Planning & Development

1. Introduction and approach

Introduction

This document sets out the approach used to perform the risk assessment and develop our internal audit plan for the City of Windsor.

Approach

The internal audit service will be delivered in accordance with the Contract. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by the City of Windsor's organizational objectives and priorities, and the risks which may prevent the City of Windsor from meeting those objectives. A more detailed description of our approach can be found in Appendix 1.

Please refer to page 14 for details regarding the first year of the IA plan. For second and third year IA Plan details, please refer to Appendix 2.

2019 - 20 Proposed timeline:



Please note that reporting to CSSC occurs quarterly and specific IA reports which are complete in the prior quarter are presented and discussed at scheduled CSSC meetings.

Basis of our plan

Consistent with prior years, based on our risk assessment and the allocated effort and fees per annum, Internal Audit would plan to carry out key auditable risk area coverage of no greater than 42% in year 1 and 66% in a three-year cycle. To increase coverage in the three-year cycle would require increased effort and allocation. The level of agreed resources for the internal audit service for a three-year period of April 1, 2019 to March 31, 2022 is an average of 2,080 hours and \$300,000 per year. While we attempt to cover as many key risk areas as possible, based on the deployment of the available resources, this plan does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, when approving the risk assessment, Internal Audit Plan and related level of internal audit activity, the CSSC should recognize this limitation.

Basis of our annual internal audit conclusion

Internal audit work will be performed in accordance with PwC's Internal Audit methodology which is aligned to the International Standards for the Professional Practice of Internal Auditing. As a result, our work and deliverables are not designed or intended to comply with the Canadian Auditing Standards (CAS), International Auditing and Assurance Standards Board (IAASB), the International Framework for Assurance Engagements (IFAE), the Generally Accepted Government Auditing Standards (GAGAS), and International Standard on Assurance Engagements (ISAE) 3000.

Other sources of assurance

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. Other sources of assurance for each auditable unit are noted in our Risk Assessment in section 3 of this document, and a summary is given below.

The other sources of assurance for the City of Windsor are as follows:

- Annual external audit of the City's financial statements; and
- Program reviews carried out by various Ministries of the Provincial Government for compliance purposes.

We do not intend to place reliance upon these other sources of assurance.

Key contacts

Meetings have been held with the following key personnel during the planning process:

Onorio Colucci Chief Administrative Officer		
Joe Mancina CFO & City Treasurer	Mark Winterton City Engineer	Valerie Critchley City Clerk
Shelby Askin Hager City Solicitor	Jan Wilson Corporate Leader - Parks, Recreation & Culture and Facilities	Jelena Payne Commissioner Community Development & Health
Carolyn Brown Corporate Leader – Transportation Services	Harry Turnbull Chief Information Officer	

In addition, PwC also met the external auditors of City of Windsor, KPMG, on January 31, 2019 and briefly discussed and reviewed the risk register maintained at City.

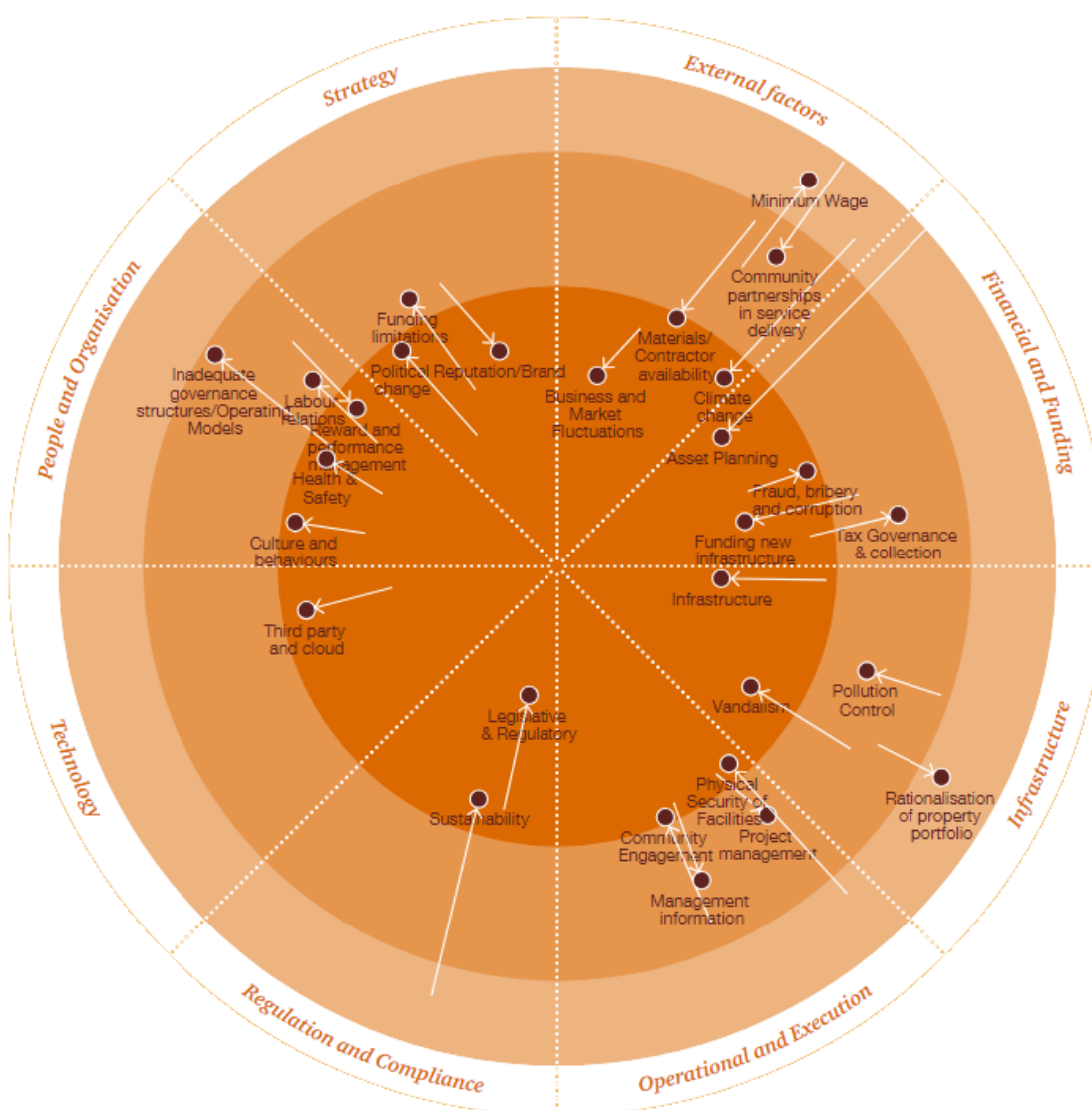
2. Corporate objectives and risks

PwC risk radar

The below image is of the risk radar which broadly covers eight key risks categories (slices), where the proximity to the centre of the radar depicts internal audit's inherent risks perspective which factors into our annual IA Planning. **Important:** Placement of risks are Internal Audit's viewpoint informed by observing management's ERM risk discussion and awareness of the City operations.

The following slices of the PwC Risk Radar (see image below) aim to categorize risks into key themes. The definitions of risks for each respective category (slice) is presented in Appendix 3.

Subsequent to the discussions with the CLT members in March 2019, 2 new risks were added namely: Community Partnerships in Service Delivery and Asset Planning. The arrows indicate movement since prior year.



3. Annual plan and internal audit involvement

Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology.

Based on the risk assessment for each auditable unit the audit requirement rating has been determined in accordance with the methodology set out in Appendix 1. Given the risk assessment and the hours available to internal audit to conduct internal audit work, full coverage of the auditable universe cannot be provided over the course of three years. Given this approach, management and the Executive Committee of Council should recognize this limitation when approving this risk assessment and internal audit plan.

Within the plan, each year is an allocation of ad hoc or unallocated hours which have been assigned to use. For unallocated/ad hoc hours, the Acting Chief Internal Auditor will be able to allocate the effort to support approved projects where additional testing or issue investigation is required or to support other City internal control matters. The deployment of these hours will be reported to CSSC. The levels of intensity, the definition of audit type and its respective color code are defined as follows:

Rating	Intensity	PwC standard approach	Type
6	Process scope: An assessment of the design and operating effectiveness of monitoring controls, in-scope environmental controls and key processing controls.		
5			
4			
3	Monitoring controls: An assessment of the design and operating effectiveness of monitoring controls and in-scope environmental controls or key compliance monitoring controls.		
2	Business monitoring: An assessment of the design and implementation (no testing of operating effectiveness) of monitoring /strategic controls and in-scope environmental controls.		
1	No further work recommended due to risk assessment.		
2-6	Customized: A customized approach to focus on the key risk areas or approaches to coverage. over Selected Review of High Risk Areas for example key mitigating strategies in 2-3 selected high risks areas for a review of processes, controls or performance/value.		

In some cases it may be possible to isolate the sub-process(es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating and be subject to lower intensity of audit work. The sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

Internal audit involvement

City Departments

The below table provides an overview of the five-year IA coverage (2018-2022) with proposed projects for the next three years presented in black font and prior year projects presented in grey font. The next section of this plan provides additional details on the scope for the planned internal audit projects.

Ref	Auditable unit	Inherent risk	Control rating	Audit rating ¹	IA Type ¹	Related projects
A	Corporate wide					
A.1	Corporate Governance	5	4	3	●	18-Managing Transition of Projects into operations
A.2	Strategic Planning	5	4	3	●	20-Business Continuity Planning 21-Long Term Financial Planning/Modelling 22 - Risk Culture Audit
A.3	City Council	5	4	3	●	
A.4	Committees of Council	3	4	n/a	●	
B	Finance and Information Technology					
B.1	Asset Planning	4	3	3	●	19-Life Cycle Costing & Asset Planning Methodology
B.2	Financial Accounting	5	4	3	●	22 - Travel/Entertainment expenses
B.3	Financial Planning	6	5	4	●	19-Pursuit of Grant Funding 21-Long Term Financial Planning/Modelling
B.4	Taxation & Financial Projects	5	3	4	●	18-Property Billing and Tax Collection Services
B.5	Information Technology	5	2	4	●	18- Privacy Diagnostic 20-Workforce Management System - Post Implementation Review 20-Cyber Response Strategy 22 - IT Service and Application Rationalization 22 - Data Analytics Exploration
C	City Engineer					
C.1	Development, Projects & Right of Way	5	4	3	●	20-Planning & Development
C.2	Infrastructure & Geomatics	5	2	4	●	19-Life Cycle Costing & Asset Planning Methodology
C.3	Pollution Control	4	4	2	●	18-Preventive Maintenance Compliance & Accountability
C.4	Transit Windsor	4	3	3	●	21-Transit Windsor- Service Delivery Review
C.5	Public Works Operations	5	3	4	●	

¹ For the Audit Rating and suggested IA involvement type Legend, refer to step 5 and 6 of Appendix 1.
PwC

C.6	Fleet Management	4	2	3		18- Preventive Maintenance Compliance & Accountability
Ref	Auditable unit	Inherent risk	Control rating	Audit rating	IA Type	Related projects
D	City Clerk					
D.1	Communications & Customer Service	6	2	5		19-Social Media Strategy Assessment
D.2	Council Services	2	4	n/a		20-Electronic Record Management
D.3	Policy, Gaming, Licensing & By-Law Enforcement	4	3	3		22 - ERM Strategy, Policy, Monitoring and Reporting
D.4	Human Resources	5	1	5		20-HR Recruiting Process and Retention Strategy 22 - Employee Wellness
D.5	Labour Relations	6	3	5		
D.6	Library Services	4	3	3		21-Digitization and Archiving Strategy: Windsor Public Library
E	City Solicitor					
E.1	Fire & Rescue	6	4	4		18-Fire Rescue Compliance
E.2	Legal Services, Real Estate & Risk Management	6	3	5		19-Legislative Emergency Management / Planning
E.3	Planning & Building Services	5	4	3		20-Planning & Development
E.4	Provincial Offences	2	1	2		N/A
E.5	Purchasing	5	4	3		19-Fair Procurement Practices
F	Health Commissioner					
F.1	Employment and Social Services	2	3	n/a	N/A	N/A
F.2	Housing and Children's Services	6	4	4		19-Windsor Essex Community Housing Corporation: Asset Management - Housing Portfolio
F.3	Huron Lodge	3	2	2		N/A
G	Parks, Facilities, Recreation & Culture					
G.1	Parks	3	3	2		
G.2	Recreation and Culture	5	3	4		
G.3	Facilities	5	4	3		19-Facilities Operations 20-Security Programs & Safety Incident Management [City's Downtown Properties]
H	Transportation Services					
H.1	Windsor Detroit Tunnel Corporation	5	4	3		
H.3	Windsor Detroit BorderLink Limited	6	1	6		21-Operational Review - WDBL
H.2	Your Quick Gateway	4	3	3		18-YQG-Managing Inventory, Repairs and Maintenance

Agencies, Boards and Commissions

I	CLT	Auditable unit	IA Type	Related Projects
I.1	City Engineer	Essex Windsor Solid Waste Authority	●	None planned
I.2	CEO - YQG & WDTC	Windsor Detroit Tunnel Corporation (Office of the CEO of YQG & WDTC)	●	None planned
I.3	CEO - YQG & WDTC	Windsor Detroit BorderLink Limited (WDBL)	● ●	21-Operational Review - WDBL
I.4	CEO - YQG & WDTC	Your Quick Gateway (Office of the CEO of YQG & WDTC)	● ●	18-YQG-Managing Inventory, Repairs and Maintenance
I.5	Commissioner - Community and Social Development and Health	Windsor Essex Community Housing Corporation	●	
I.6	CFO / City Treasurer	Windsor Utilities Commission	●	None planned
I.7	CFO / City Treasurer	Enwin Utilities Ltd	●	None planned
I.8	CFO / City Treasurer	Enwin Energy Ltd	●	None planned
I.9	CFO / City Treasurer	Windsor Canada Utilities Ltd	●	None planned
I.10	City Solicitor	Windsor Police Service	● ●	
I.11	CFO / City Treasurer	Roseland Golf & Curling Club	● ●	
I.12	City Clerk	Windsor Essex County Economic Development Corporation	● ●	18-Windsor Essex County Economic Development Corporation
I.13	City Clerk	Windsor Public Library	●	21-Digitization and Archiving Strategy: Windsor Public Library
I.14	City Clerk	Committee of Adjustment	●	None planned
I.15	City Clerk	Windsor Licensing Commission	●	None planned
I.14	City Solicitor	Tourism Windsor Essex Pelee Island	● ●	
I.15 to I.22	City Clerk & City Solicitor	1. Downtown Windsor BIA 2. Wyandotte Towne Centre 3. Erie BIA 4. Ford City BIA 5. Olde Riverside BIA 6. Olde Sandwich Towne BIA 7. Ottawa Street BIA 8. Pillette Village BIA 9. Walkerville BIA	● ●	
I.23	City Engineer	Transit Windsor	●	21-Transit Windsor - Service Delivery Review

2019-20 IA plan

Ref	Internal audit project	Value enhancement/ Value protection
Internal audit involvement type: Process reviews		
20-P-1	Title: Planning & Development Scope: The focus of this project will be to evaluate whether management's planning and development policies and procedures are designed in alignment with the City's long term vision, strategic plans and financial soundness. The work will assess whether needs assessments are monitored in a timely manner and updated to incorporate necessary changes. The strategic fit, consistency and integration between planning, developing will also be a part of this internal audit. Related radar risks: Management information, Inadequate governance structures, shared services	Value enhancement
20-P-2	Title: Electronic Record Management Scope: As the City focuses on digitizing records, transparency and contributing to open source catalogue, current controls may need to be enhanced to manage potential future risks for records management. The objectives of this internal audit will be to assess management's processes and controls in place associated with the: • policies and procedures supporting the governance of records collection, maintenance, usage and dissemination; • records liaison roles, responsibilities and accountability for data decision-making, management and security; • data element identification and classification; and • access to data being appropriately provisioned, managed and based on a business justification; and adherence to data retention legal requirements and removal practices. Related radar risks: Transparency, Digital disruption, Management information	Value enhancement
Internal audit involvement type: Business monitoring controls assessments		
20-BM-3	Title: Security Programs & Safety Incident Management [City's Downtown Properties] Scope: Due to the recent security masterplan in progress, the objectives of this internal audit will be to assess management's processes and controls in place associated with the: • adequacy and sufficiency of security plan; • adequacy of policies and procedures in place and contingent plans in case of possible service failure; and • capacity/training of staff to respond to safety/security concerns. However, tests of operating effectiveness of controls put in place by management are not included in the scope of this project. Related radar risks: Vandalism, Public Facilities, Terrorism, Training & development, physical security of facilities	Value protection

Ref	Internal audit project	Value enhancement/ Value protection
Internal audit involvement type: Monitoring controls assessment		
20-MC-4	Title: Cyber Response Strategy Scope: The focus of this internal audit will be to evaluate the City's Cyber Incident Response Strategy. Emphasis will be placed on how incidents are handled, including incident-related data and determining the appropriate response to each incident. Considerations will include the necessary resources, policy, governance, roles and responsibilities. Related radar risks: Privacy, Cyber, Data protection, Third party & Cloud	Value enhancement
Internal audit involvement type: Customized project		
20-C-5	Title: HR Recruiting Process and Retention Strategy Scope: In the light of recent concerns by management regarding the timely recruitment and high turnover of staff we will use analytics and benchmarking with a comparator organization. The objectives of this internal audit will be to assess management's processes and controls in place associated with: - recruiting process and controls to attract, acquire and onboard needed talent in a timely manner; - management retention strategies for key positions; and - identification of retention information by using data analytics for consideration. Related radar risks: Workforce planning & Talent management, Reward & Performance Management Strategy, Business & Market Fluctuations, Demographic pressures	Value enhancement
20-C-6	* Title: VFM Audit - Purchased Services - Road Clearing/Maintenance Scope: Conduct procedures to determine if: - management's performance objectives for frequency of service and cost of delivery (per km or per unit) are (1) defined, (2) based on reasonable, researched and approved factors, (3) being monitored by management and (4) if the objectives are being attained. - management's target levels for quality and cost of winter control operations (clearing, maintenance) are (1) defined, (2) based on reasonable, researched and approved factors, (3) being monitored by management and (4) if the objectives are being attained. Related radar risks: Materials/ Contractor availability, Third Party & Contract management, Inadequate governance structures/Operating Models, Project management, Asset Planning	Value enhancement

Ref	Internal audit project	Value enhancement/ Value protection
Internal audit management/Operations		
20-IA-7	Title: Management Action Plan Validation Scope: Internal audit will follow-up on and report back to the City on the status and sufficiency of management's resolution of prior findings in accordance with the Internal Audit mandate. An annual internal audit report on management's resolution of planned findings will be provided to management and the CSSC. Cut off for the activity is scheduled for December 31, 2019.	Value protection
20-IA-8	Title: Development of annual risk assessment and 3 year internal audit plan (2019-20 to 2021-22) Scope: As part of the annual planning exercise, Internal Audit will conduct, or update, a risk assessment for the City as a basis for identifying areas of internal audit emphasis. The risk assessment and discussion with Management will be the key inputs in developing the annual audit plan. Consideration will be given to areas where assurance and advisory audit could be conducted for the City.	IA management
20-IA-9	Title: Internal Audit Oversight & Attendance at Meetings, Oversight and Corporate Services Standing Committee Reporting Scope: Ongoing status reporting of the current state of execution against the annual internal audit plan and key performance metrics will be compiled and reported to the City. To maintain awareness of the organisational risks, City strategy and operational execution Internal Audit will attend the required management and committee meetings as well as other key City meetings on an as needed basis. In addition, quarterly reporting to the CLT and CSSC will occur. A Year in Review report will be provided upon completion of the 2019/20 IA plan.	Internal audit management
20-IA-10	Title: Concerned Citizen & Employee Hotline Scope: Internal Audit monitors the City's Hotline for accusations of fraud or abuse/waste of City assets. Internal Audit will investigate appropriate accusations as per the CCEHN Protocol (last updated July 2015).	Value protection
20-IA-11	Title: Seven Years Summary Scope: Internal Audit will present a Seven year progress summary which will include risk and projects coverage.	Value Enhancement
20-IA-12	Title: Unallocated Scope: This allowance in the plan is provided to management in the event that an unforeseen matter should transpire for which they would like Internal Audit to review.	Unallocated

* To conduct Value For Money projects the performance objectives should have ideally previously been defined by management. Where this has not occurred Internal Audit will have to work with management to come to an agreement as the objective performance measures are required by verbally accepted VFM methodology.

Other Project Considerations

The following projects were not included in the original Internal Audit Plan but were close contenders for consideration along with the estimated effort and information about risk coverage and value/focus type:

Ref	Internal audit project considered	Effort (hours)
1	* Title: Value for money: Community Use of Facilities (Space Management) Scope: Conduct procedures to determine if: - the utilization of facilities space has growth targets that are (1) defined, (2) based on reasonable, researched and approved factors, (3) being monitored by management and (4) if the objectives are being attained. - the agreements with tenants for use of facilities space provided for cost avoidance/recovery at are (1) defined targets, (2) based on reasonable, researched and approved factors, (3) being monitored by management and (4) if the objectives are being attained (including consideration as to if billing and actual collections are at full rates as per agreements). Related risks: Community partnerships in service delivery, Public facilities, Management information Value/Focus: Improving business performance	400
2	* Title: Value for money: Small, Sole/Single Source, Emergency Purchase Order Analysis Scope: The processing and approach to purchase orders under \$5k is designed to provide rapid procurement and solutions where required when the expenditures are low (<\$5k) such that emergencies can be addressed in defined timeline. Our work will evaluate if the current process is designed and operating to meet these objectives and incorporate testing to determine if items are being split or routed through the process threshold that should not be, using data analytics as an investigative approach. Related risks: Budgeting and realizing savings, Procurement Value/Focus: Monetary savings	300
3	Title: Huron Lodge - Compliance Management and Quality Inspection Program Scope: In consideration for the over 900 regulations governing Huron Lodge and compliance is regularly subject to quality, inspections, critical incident reviews and complaint investigations, internal audit will review processes and controls designed and in operation at Huron Lodge to address the following objectives: - periodic assessment of compliance and safety risks is conducted and policies are reviewed periodically for alignment to the LTCHA - internal quality inspection protocols are communicated - oversight and monitoring of external service providers - coordination with other City functions (i.e. Facilities) to manage risks - reporting of compliance (non compliance) occurs in a timely manner - results of internal quality reviews are reviewed by leadership and appropriately inform staff performance management and progression Related risks: Legislative & Regulatory, Regulatory inspection (H&S, labour), Health & Safety Value/Focus: Assessing current governance, risk management and control	300

Ref	Internal audit project considered	Effort (hours)
4	Title: Network Attack and Penetration Testing Our approach to security assessment, within the scope bounds, would be to identify vulnerabilities and insufficiently configured security controls to determine the likelihood that a user with little or no prior knowledge of the environment (e.g. an uninformed outsider or an insider) could obtain unauthorized access to the City of Windsor application resources. Internal audit will conclude on whether the systems were sufficient to mitigate threats. Related risks: Terrorism, Cyber, Third party and cloud, Value/Focus: Assessing future governance, risk management and control	300

* To conduct Value For Money projects the performance objectives should have ideally previously defined by management. Where this has not occurred Internal Audit will have to work with management to come to an agreement as the objective performance measures are required by verbally accepted VFM methodology.

Appendix 1: Detailed methodology

Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- drawn on our knowledge of the municipal sector; and
- met with all members of the Corporate Leadership Team

Step 2 - Define the Audit Universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for the City of Windsor made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

Step 3 - Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result, each auditable unit is allocated an inherent risk rating – i.e. how risky the auditable unit is to the overall organization and how likely the risks are to arise. The inherent risk assessment is determined by:

- our knowledge of your business and its sector; and
- discussions with management.

Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources, we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- our knowledge of your internal control environment; and
- the outcomes of previous internal audits.

Step 5 - Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

Inherent risk rating	Control design indicator					
	1	2	3	4	5	6
6	6	5	5	4	4	3
5	5	4	4	3	3	n/a
4	4	3	3	2	n/a	n/a
3	3	2	2	n/a	n/a	n/a
2	2	1	n/a	n/a	n/a	n/a
1	1	n/a	n/a	n/a	n/a	n/a

Step 6 - Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

Appendix 2: Proposed Y2 & Y3

Year 2 - 2020 - 2021 (6 Projects)

#	Internal audit project
Internal audit involvement type: Process	
21-P-1	Title: Transit Windsor - Service Delivery Review Scope: The focus of this project will be to assess management's process controls related to Transit Windsor - Service Delivery and measures taken to improve the customer service such as consideration for implementing Regional Transit System, adding/modifying routes and/or introducing new buses versus aging buses. Example of metrics to be considered for benchmarking purposes may include but are not limited to: Cost per rider, Cost per service hour, Ridership per service hour. Related radar risks: Digital disruptions, Shared services, Transport system
21-P-2	Title: Workforce Management System - Post Implementation Review Scope: The focus of this project will be to evaluate whether management's implementation of the Workforce software has met the business objectives. The internal audit will also assess the usefulness and reliance of the system post implementation and whether system has met the requirements and expectations of the identified stakeholders. Related radar risks: Budgeting & realizing saving, Shared services
21-P-3	Title: Operational Review - Windsor Detroit Border Link (WDBL) Scope: The objectives of this internal audit will be to assess management's processes and controls in place associated with the: - adequacy of policies and procedures in place which governs the internal functioning of WDBL. processes and information sharing to ensure there are no bottlenecks which may impact the processing and service delivery; and - risk management and continuous monitoring of all risks. Related radar risks: Governance, Systems & Processes, Shared Services
Internal audit involvement type: Business monitoring	
21-BM-4	Title: Business Continuity Planning Scope: The focus of this project will be to evaluate the City's preparedness in the event of a major business disruption. The review will identify issues which may limit interim business processing and restoration of same. Management will be provided with an assessment of the control design effectiveness of the business continuity plan. Tests of operating effectiveness (including recovery programs) are not included in the scope of this project. Related radar risks: Natural disaster, Business resilience, Data protection
21-BM-5	Title: Digitization and Archiving Strategy: Windsor Public Library Scope: The focus of this internal audit will be to consider the effectiveness of management's process and controls in place to achieve the following objectives: - determining how the Library allocates its online resources including e-books, encyclopedias, magazines, newspapers, and other digitized resource - the Library's review of its current collection and replacement cycle; and - the tracking and security of its assets and collections.

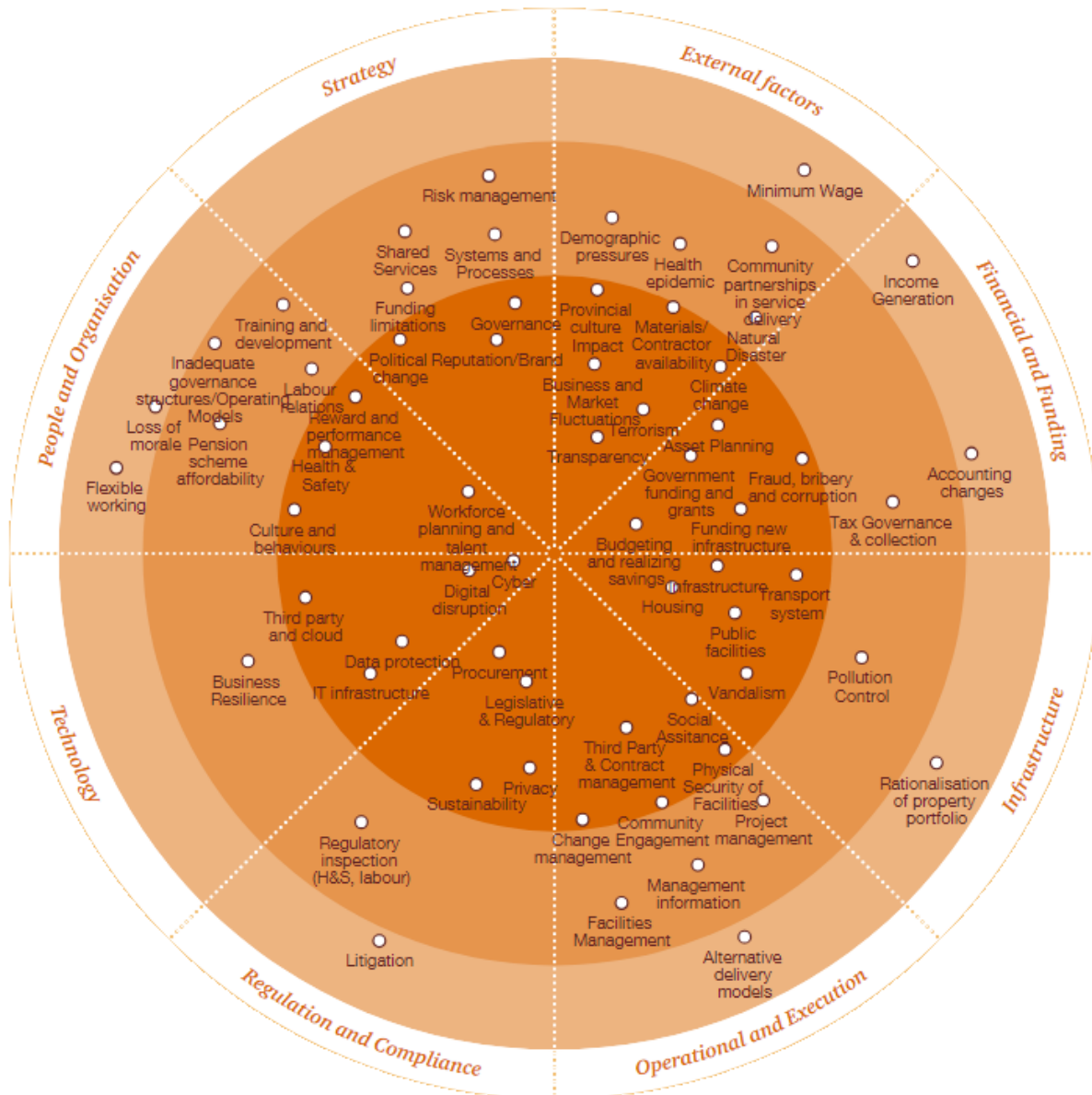
	Related radar risks: Digital disruptions, Culture & Behaviours. Management information
#	Internal Audit Project
Internal audit involvement type: Monitoring controls	
21-MC-6	Title: Long Term Financial Planning/Modelling Scope: The objectives of this internal audit will be to assess management's processes and controls in place associated with the: - adequacy of the City's financial planning and management framework and its effective relevant and timely support over financial planning, budgeting and monitoring activities. - adequacy of the processes used to develop annual budgets which appropriately reflects the City's strategic and business priorities and financial requirements. - adequacy of the financial monitoring process including analysis conducted, reallocation of resources and corrective analysis based on external factors and models. Related radar risks: Infrastructure, Government funding & Grants, Funding Limitations.
21-IA-7 to 21-IA-11	Internal audit recurring activities - Risk Assessment & Planning - Management Action Plan Validation - Internal Audit Oversight & Attendance at Meetings, Oversight and CSSC Reporting (incl. Year in Review) - Concerned Citizen & Employee Hotline

Year 3 - 2021 - 2022 (6 Projects)

#	Project title	Brief summary of project
Internal audit involvement type: Process review		
22-P-1	IT Service and Application Rationalization	We will assess management's process controls related to IT Service and Application Rationalization to address key risks such as IT infrastructure, Third party and cloud, Business Resilience.
22-P-2	Travel/Entertainment expenses	We will assess management's process controls related to Travel/Entertainment Expenses to address key risks such as Fraud, bribery and corruption, Transparency, Reward and performance management.
Internal audit involvement type: Business monitoring		
22-BM-3	ERM Strategy, Policy, Monitoring and Reporting	We will assess management's process controls related to ERM Strategy, Policy, Monitoring and Reporting to address key risks such as Governance, Political change, Risk management, Systems and Processes.
Internal audit involvement type: Monitoring controls		
22-MC-4	Employee Wellness	We will assess management's process controls related to Employee Wellness considering key risks such as Culture and behaviours, Health & Safety, Health epidemic, and Demographic pressures.
Internal audit involvement type: Customized		
22-C-5	Risk Culture Audit	We will assess management's process and controls related to Risk Culture to address key risks such as Provincial culture Impact, Community partnerships in service delivery, Community Engagement, Risk management.
22-C-6	Data Analytics Exploration (eg Payment Processing)	We will assess the process controls related to Data Analytics Exploration (eg Vendor Payment Processing) to address key risks such as conflict of interest, segregation of duties, Third Party & Contract management, Procurement.

22-IA-7 to 22-IA-11	• Risk Assessment & Planning • Management Action Plan Validation • Internal Audit Oversight & Attendance at Meetings, Oversight and CSSC Reporting • Concerned Citizen & Employee Hotline
---------------------------	---

Appendix 3: PwC Risk definitions



Definitions to the risks within the risk radar are documented below:

External factors	
Centre Band	
Business and Market Fluctuations	Unanticipated changes in market interest, foreign interest, employment, business startups and business departures.
Provincial culture Impact	Impact and shift in corporate culture driven by external regulators driving modifications in working practices and processes.
Terrorism	Significant acts of violence or terrorism occur.
Transparency	Legislative and/or citizen/stakeholder transparency expectations are not met.
Materials/ Contractor availability	Material resources or contractors are not available when required.
Climate change	Climatic changes should be considered to effectively plan ahead in terms of resource allocation and services like road and sewage maintenance.
Middle Band	
Demographic pressures	Changes in demography affecting growth assumptions and resource management.
Health epidemic	Health epidemic occurs.
Natural Disaster	Absence of a Disaster Recovery / contingency plan in case of a natural disaster can cause complete shut down, isolation and loss of data.
Community partnerships in service delivery	Partnerships with major institutions, business community or the county fail to attain to expected objectives, needs or service demands of residents or fail to adequately respond to social and community changes.
Outer Band	
Minimum Wage	Impact of increase to National/Provincial Minimum Wage on services e.g. social care.

Financial and funding	
Centre Band	
Asset Planning	Inconsistent approach to planning and decision-making to properly manage municipal infrastructure including but not limited to physical assets, IT systems.
Budgeting and realizing savings	Budget reductions and challenges on resources to meet medium term financial strategy and realise other savings. Misallocation of resources.
Government funding and grants	Reductions in funding available or lack of awareness.
Funding new infrastructure	Affordability of infrastructure to cope up with the housing (and other) demands.
Fraud, bribery and corruption	Failure to prevent and detect fraud, bribery and corruption.
Middle Band	
Tax Governance & collection	Ineffective reporting and tax governance frameworks.
Outer Band	
Accounting changes	Accounting changes not addressed and incorporated properly can prohibit the City to reflect True and Fair view in its Financial statements which can hamper the decision making as well.
Income Generation	Identifying new ways of generating income and finding alternative funding meet targets.

Infrastructure	
Centre Band	
Housing	Lack of affordable housing and improving the quality of existing housing stock.
Infrastructure	Saturated road network and ageing, deteriorating road/ bridge infrastructure. A need to build infrastructure to support new development.
Public facilities	Adequate maintenance of public facilities or deterioration of assets.
Transport system	Ongoing resilience of the transport system and encouraging public transport use.
Vandalism	Damage to property or assets impacting image or requiring repair.
Middle Band	
Pollution control	Failure to enforce environmental protection through monitoring of industrial waste and compliance with the sewer use by-law, and or failure to respond to odour complaints and spills to sewers or waterways, and failure to inspect closed landfills and properly disposing of biosolids.
Outer Band	
Rationalisation of property portfolio	Old, unsuitable and high maintenance property portfolio (Community Centres/libraries, heritage sites etc).

Operational and execution	
Centre Band	
Change management	To ensure operational effectiveness is achieved.
Social Assistance	Ensuring there is capacity and resources to deliver social assistance programs.
Third Party & Contract management	Ensuring contractors deliver value for money.
Community Engagement	Lack of engagement and associated lack of public confidence.
Physical Security of Facilities	Lack of security measures that are designed to deny unauthorized access to facilities, equipment and resources and to protect personnel and property from damage or harm (such as espionage, theft, or terrorist attacks).
Middle Band	
Facilities Management	Ensuring suitability of facilities portfolio for service delivery.
Management information	Inadequate management information and data quality to enable effective decision making.
Project management	Ensuring projects are managed effectively to deliver on objectives.
Outer Band	
Alternative delivery models	To ensure operational effectiveness is achieved.

Regulations and compliance	
Centre Band	
Legislative & Regulatory	Noncompliance with legal obligations. Changes in legislative, regulatory and/or policy occur and are not known or not actively managed as it relates to City operations.
Privacy	Noncompliance with data protection and privacy regulations (MFIPPA & IPC guidance).
Procurement	Noncompliance with procurement legislation
Sustainability	Sustainability targets e.g. people, safety, environment, society are not met
Middle Band	
Regulatory inspection (H&S, labour)	Preparation for and compliance with regulation including implementation of regulations.
Outer Band	
Litigation	City involved in uninsured litigation.

Technology	
Centre Band	
Cyber	Inadequate controls to prevent and detect cyber attacks
Data protection	Noncompliance with data protection and privacy regulations
Digital disruption	Digital technology and channel shift for customers are not exploited
IT infrastructure	Out of date IT infrastructure which is not fit for purpose and enabling IT effectively to increase operational efficiency
Third party and cloud	Impact of the loss or breach of Council data
Middle Band	
Business Resilience	Inadequate business continuity and disaster recovery planning
Outer Band	
No risks in this band	

People and Organisation	
Centre Band	
Culture and behaviours	Culture and behaviour of staff and contractors – not operating in line with policies and resistance to change and the impact of on-boarded personnel on culture
Health & safety	Health and safety incident occurs leading to injury, illness or death
Workforce planning and talent management	Recruitment and retention of high performing staff is not achieved.
Reward and performance management	Inadequate reward and performance management arrangements
Middle Band	
Pension scheme affordability	Affordability of pension schemes
Training and development	Lack of investment in training
Inadequate governance structures/Operating models	Ineffective decision making due to inadequate governance structures or inability to resolve conflicting priorities/ demands. Inadequate operating model resulting in inefficiencies and lack of accountability or impairing communication or creating conflicting priorities.

Labour relations	Ineffective management of labour relations and union relationships.
------------------	---

People and organisation

Outer Band

Flexible working	Poor adoption of flexible working leading to increased risk around employment practices and a weakening of management controls.
Loss of morale	Loss of morale within teams due to change and shrinking workforce.

Strategy

Centre Band

Governance	Ensuring there is effective oversight from senior officers and elected members.
Political change	Changes in direction or strategy are not aligned to needs of residents or City Council significantly changes plan direction.
Reputation/Brand	Harm to reputation and brand.

Middle Band

Risk management	Inadequate risk management impacts service delivery.
Shared Services	Multi tier municipal services are not well coordinated.
Systems and processes	Impact on working relationships, implementation of systems and processes to generate greater powers and enable decision making.
Funding limitations	Reduction in funding available to help meet strategic objectives.

Outer Band

No risks in this band	
-----------------------	--

