

# The Corporation of the City of Windsor

Internal Audit Summary Report

September 1 to December 31, 2019

Prepared as of January 17, 2020

## **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.





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# 1. Executive Summary

## 1.1 2019-20 IA Plan Completion Overview

|     |   |   |                                |   |                           |     |  |   |   |
|-----|---|---|--------------------------------|---|---------------------------|-----|--|---|---|
| 71% | % of Plan Complete                      | 4 | Deliverables Issued In Period  | 5 | Findings Raised in Period | 2   | Advisory Findings Raised in Period                         | 4 | 2020 Projects/ Deliverables Outstanding |
| 5   | Subject Matter Specialists Involved YTD | 0 | CCEP Calls Under Investigation | 9 | Findings Raised YTD       | 8.4 | Average Satisfaction Score YTD out of 10 (3 responses YTD) | 6 | 2020 Projects/ Deliverables Completed   |

## 1.2 Performance Dashboard 2019-20

| Planned projects   | Percent complete   | Report issued  |
|--|--|--|
| • Risk Assessment and Annual Plan Development                      |  100%   |   |
| • IA Attendance at City Meetings<br>a) Periodic Status & Reporting |  66.67% |    |
| • Management Action Plan Validation (Annual)                       |  5%     |   |
| • Hotline Administration   |  66.67% | n/a  |
| • Auditor General Complaint Handling                               |  66.67% | n/a  |
| • Planning and Development   | 100%   |   |
| • Security Programs & Safety Incident Management                   |  80%    |   |
| • HR Recruiting Process and Retention Strategy                     |  100% |   |
| • VFM Audit - Purchased Services - Road Clearing/Maintenance       |  80%  |   |
| • Cyber Response Strategy  |  100% |   |
| • Unallocated  | 0%   | n/a  |

### Internal audit activities - Sept 2019 - Dec 2019

- Issued internal audit report Planning and Development (as per the 2019-20 IA Plan).
- Issued IA Summary Report September 1 - December 31, 2019.
- Completed fieldwork for the 2019-20 Internal Audits Security and Safety Incident Management and Purchased Winter Control Services
- Commenced planning for 2020-21 Internal Audit Management Action Plan Validation.
- Cancelled "Electronic Record Management" and "Seven Year IA Summary" to address Auditor General efforts and allegation investigations.
- Added a project "Auditor General Complaint Handling"

(Additional details provided in 'Appendix A - Unallocated Effort', 'Appendix B - Concerned Citizen and Employee Hotline Status', and Appendix C - Auditor General Complaint Handling Status)

### Audit quality survey score

|                | Q1  | Q2 | Q3 | Avg Score |
|----------------|-----|----|----|-----------|
| <b>Targets</b> | 7   | 7  | 7  | 7         |
| <b>Actuals</b> | 8.4 | -  | -  | 8.4       |

### Delivery target times (Days elapsed)

|                | Notification | Start | Draft report | Mgt comments | Final |
|----------------|--------------|-------|--------------|--------------|-------|
| <b>Targets</b> | 20           | +/- 2 | 5            | 15           | 5     |
| <b>Actuals</b> | 24           | -1    | 0            | 3            | 3     |

# 2. Summary Report

## 2.1 During the period (September 2019 - December 2019)

### We completed:

- One 2019-20 internal audit namely: Planning and Development
- Fieldwork for two 2019-20 Internal Audit projects - Security and Safety Incident Management and Purchased Winter Control Services

### We administered:

- The Concerned Citizen/Employee Hotline (call/email) where we received two hang up calls (two last period), routed another 14 messages to management for consideration (nine last period) and investigated one (0 last period) allegation.
- We also completed investigation of two complaints directly received by the Auditor General. Details can be found in Appendix.
- The overall internal audit function.

### We commenced:

- Planning for the 2020-21 Internal Audit Management Action Plan Validation.

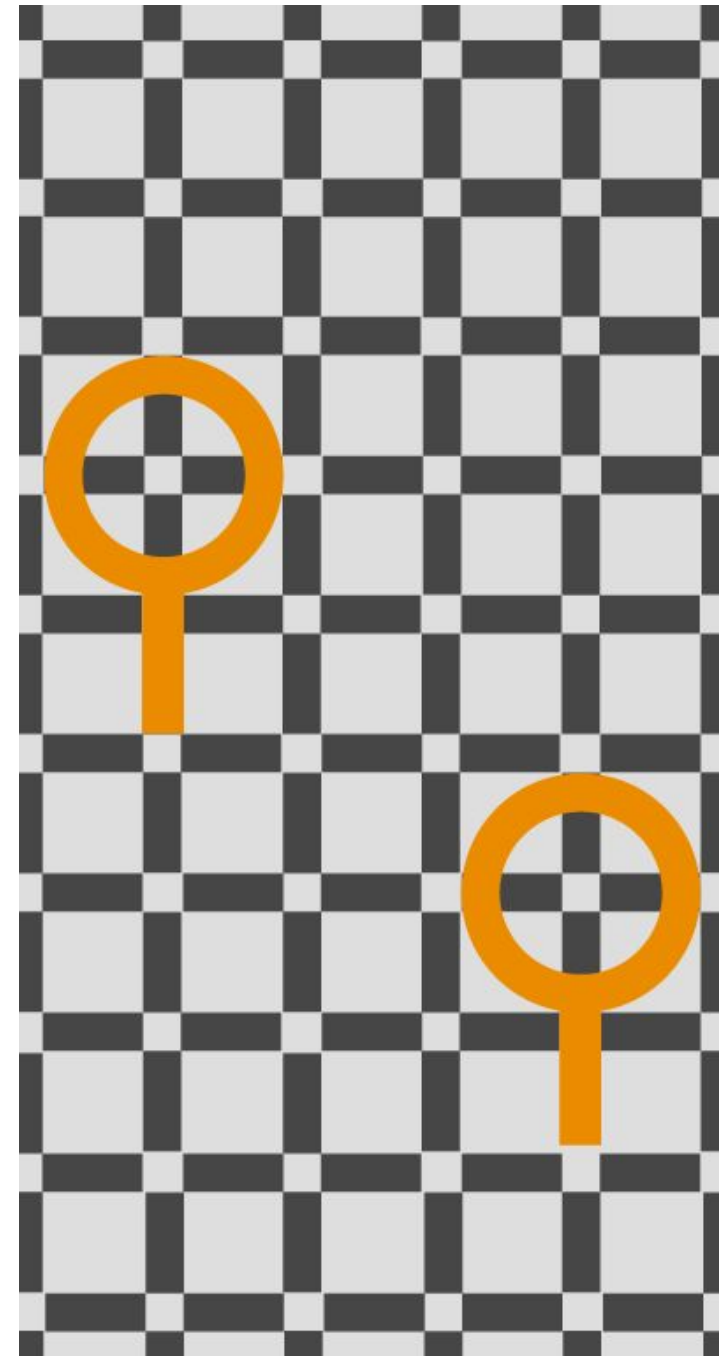
### Consulting Services

Apart from the Internal Audit activities, PwC consulting team performed and completed “Organizational Review of Functions and Roles within Fleet Operations”. The scope of services included

- Current State Assessment
- High-Level Future State Recommendations

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## 2.2 In the coming period (January 2020 - March 2020)

### We expect to continue:

- Administering the Concerned Citizen/Employee Hotline.

### We expect to complete:

- Reporting for remaining three 2019/20 internal audit projects, namely: Planning and Development, Purchased Winter Control Services, and Management Action Plan Validation.

### We expect to commence:

- Risk Assessment and Annual IA Plan Development for 2020/2021

## 2.3 Concerned Citizen and Employee Hotline Summary (September 2019 to December 2019)

|               | Voicemail box checked daily | # of notifications received | # of hang ups | # of handoffs to management | # of items under analysis | # of items under investigation | # of items investigated |
|---------------|-----------------------------|-----------------------------|---------------|-----------------------------|---------------------------|--------------------------------|-------------------------|
| In the period | Yes                         | 17                          | 2             | 14                          | 0                         | 0                              | 1                       |

*(Additional details provided in 'Appendix B - Concerned Citizen and Employee Hotline Status')*



## 2.4 Complaint to Auditor General Summary (September 2019 to December 2019)

|               | Received by AG | # of notifications received | # of handoffs to management | # of items under analysis | # of items under investigation | # of items investigated |
|---------------|----------------|-----------------------------|-----------------------------|---------------------------|--------------------------------|-------------------------|
| In the period | Yes            | 2                           | 0                           | 0                         | 0                              | 2                       |

*(Additional details provided in 'Appendix c - Complaints to Auditor General Status')*

## 2.5 Internal Audit Summary

### 2.5.1 Planning and Development

| Background and objectives  | Report classification                      |   |                   |                                |
|--|--|---|-------------------|--------------------------------|
| <p>For the scope period January 1, 2018 to December 31, 2018, Internal Audit evaluated the processes and controls management had designed and placed into operations to attain the following objectives:</p> <ul style="list-style-type: none"> <li>• Planning and development policies and procedures exist, are periodically reviewed to remain relevant to current legislation and changing circumstances.</li> <li>• Pre-development assessments are conducted and monitored as per requirements of the Official Plan, in a timely manner, and incorporate necessary changes as identified through documentation of information received to support decisions.</li> <li>• Interactions between internal and external customers/applicants and key City departments occur and required information is exchanged in a timely manner to support management in planning and development decision making.</li> <li>• Processes are designed and implemented to enable continuous oversight of the results/outcomes desired by Planning and Development Services for consistent processing of internal and external applications.</li> </ul> | Limited Scope for Improvement              | No Major Concerns   | Cause for Concern | Considerable Cause for Concern |
|  | Control Design Assessment                  |  |                   |                                |
|  | Control Operating Effectiveness Assessment |  |                   |                                |

**Summary of Findings:** Two findings and two considerations for improvement were identified.

| # | Topic   | Rating | Management Action   | Action Owner                              | Due Date |
|---|---|--------|---|---|----------|
| 1 | Develop Working Procedures for Planning and Development Application Processing (Design Effectiveness) | Low    | A procedure/ guideline to assist staff in Planning and other Departments will be prepared. The focus will be to list items to be considered when reviewing and processing development applications. | City Planner;<br>Manager of Urban Design; | Q3 2020  |
| 2 | Prioritize Action Plan Implementation of 2014 Business Process Review Findings (Design Effectiveness) | Low    | Administration will continue to implement the remaining (14 of 88) business improvement findings as part of the Evolve Project.   | Manager of Planning Policy                | Q4 2020  |

# Appendix A - Unallocated Effort

| Unallocated Effort |              |                      |        |
|--------------------|--------------|----------------------|--------|
| Activity           | Requested by | 2019 20 effort hours | Result |
| None               |              | 0                    |        |
| <b>Total</b>       |              |                      |        |

# Appendix B - Concerned Citizen and Employee Hotline Status

| Inbound notices                                      |                             |                             |               |                             |                           |                                |                         |
|--|-----------------------------|-----------------------------|---------------|-----------------------------|---------------------------|--------------------------------|-------------------------|
|  | Voicemail box checked daily | # of notifications received | # of hang ups | # of handoffs to management | # of items under analysis | # of items under investigation | # of items investigated |
| <b>In the period<br/>Sep 1, 2019 to Dec 31, 2019</b> | Yes                         | 17                          | 2             | 14                          | 0                         | 0                              | 1                       |
| <b>YTD<br/>May 1, 2019 to Dec 31, 2019</b>           | Yes                         | 28                          | 4             | 23                          | 0                         | 0                              | 1                       |

| Item investigated   |                    |         |
|---------------------|--------------------|---------|
| Description of item | Activities to date | Results |

*Please refer to appendix E for the detailed report on Hotline Investigation.*

# Appendix C - Auditor General Complaint Handling Status

|                      | Received by AG | # of notifications received | # of handoffs to management | # of items under analysis | # of items under investigation | # of items investigated |
|----------------------|----------------|-----------------------------|-----------------------------|---------------------------|--------------------------------|-------------------------|
| <b>In the period</b> | Yes            | 2                           | 0                           | 0                         | 0                              | 2                       |
| <b>YTD</b>           | Yes            | 2                           | 0                           | 0                         | 0                              | 21                      |

| Item investigated   |                    |         |
|---------------------|--------------------|---------|
| Description of item | Activities to date | Results |

| <p>Complaint #1<br/>November 2019</p> | <p>The office of the Auditor General received a complaint in November 2019. The complainant wanted to inquire about the in-trust donation Chimczuk gave to the City and wanted to know whether it was managed in accordance with the provisions.</p> <p>IA carried out its analysis/investigation by performing following procedures under the direction of the City Auditor General:</p> <ol style="list-style-type: none"> <li>1. Acquire evidence to indicate form of donation/in-trust monies and stipulations</li> <li>2. Review evidence to determine if monies dispersed in accordance with donors wishes or policies</li> <li>3. Determine where monies are today</li> </ol> | <p>Based on our inquiry with management and inspection of relevant documentation, following are the procedures and results, followed by conclusion:</p> <table border="1"> <thead> <tr> <th data-bbox="1073 164 1140 220">#</th> <th data-bbox="1140 164 1352 220">Procedures</th> <th data-bbox="1352 164 1940 220">Results</th> </tr> </thead> <tbody> <tr> <td data-bbox="1073 220 1140 586">1.1</td> <td data-bbox="1140 220 1352 586">Acquire evidence to indicate form of donation/in-trust monies and stipulations</td> <td data-bbox="1352 220 1940 586"> <p>IA inquired with management regarding the donation that was left by Joseph Chimczuk. Management indicated that as per Chimczuk's will all the residue of his estate was transferred to the Corporation of the City of Windsor to build a building to be known as the "CHIMCZUK [sic] MUSEUM" for use as a cultural museum and archive and library".</p> <p>Further, there was a court judgement on April 23, 2015 which indicated that the funds bequeathed by the last Will and Testament of the deceased Joseph Chimczuk to the City have vested unconditionally in the City.</p> </td> </tr> <tr> <td data-bbox="1073 586 1140 894">1.2</td> <td data-bbox="1140 586 1352 894">Review evidence to determine if monies dispersed in accordance with donors wishes or policies</td> <td data-bbox="1352 586 1940 894"> <p>IA inquired with management whether funds were used/dispersed as per the will of the donor. Management indicated that over the years, the use of the funds has been discussed, including the issuance of a Request for Proposals in 2001, but no determination was ever made in the RFP process. As such, as per the City rights the RFP was not awarded. Given the court judgement and agreements reached, the funds were used to for the Chimczuk Museum which was inaugurated on Feb 18, 2016</p> </td> </tr> <tr> <td data-bbox="1073 894 1140 1284">1.3</td> <td data-bbox="1140 894 1352 1284">Determine where monies are today</td> <td data-bbox="1352 894 1940 1284"> <p>IA inquired with management regarding the status of funds as of today. Management indicated that the funds have been allocated went to the Chimczuk Museum as per the court judgement and agreements. There is no more money with the City and nothing further to administer.</p> <p>IA observed that the funds were held in trust until they were dispersed to the Chimczuk Museum as per the Court Judgement. We noted this as per review of investment statements which showed the funds being held by the trust account as well as the general ledger showing that the funds withdrawn were accounted for</p> </td> </tr> </tbody> </table> <p>We did not find evidence to corroborate the allegations.</p> | # | Procedures | Results | 1.1 | Acquire evidence to indicate form of donation/in-trust monies and stipulations | <p>IA inquired with management regarding the donation that was left by Joseph Chimczuk. Management indicated that as per Chimczuk's will all the residue of his estate was transferred to the Corporation of the City of Windsor to build a building to be known as the "CHIMCZUK [sic] MUSEUM" for use as a cultural museum and archive and library".</p> <p>Further, there was a court judgement on April 23, 2015 which indicated that the funds bequeathed by the last Will and Testament of the deceased Joseph Chimczuk to the City have vested unconditionally in the City.</p> | 1.2 | Review evidence to determine if monies dispersed in accordance with donors wishes or policies | <p>IA inquired with management whether funds were used/dispersed as per the will of the donor. Management indicated that over the years, the use of the funds has been discussed, including the issuance of a Request for Proposals in 2001, but no determination was ever made in the RFP process. As such, as per the City rights the RFP was not awarded. Given the court judgement and agreements reached, the funds were used to for the Chimczuk Museum which was inaugurated on Feb 18, 2016</p> | 1.3 | Determine where monies are today | <p>IA inquired with management regarding the status of funds as of today. Management indicated that the funds have been allocated went to the Chimczuk Museum as per the court judgement and agreements. There is no more money with the City and nothing further to administer.</p> <p>IA observed that the funds were held in trust until they were dispersed to the Chimczuk Museum as per the Court Judgement. We noted this as per review of investment statements which showed the funds being held by the trust account as well as the general ledger showing that the funds withdrawn were accounted for</p> |
|---------------------------------------|--|---|---|------------|---------|-----|--|--|-----|---|---|-----|----------------------------------|--|
| #                                     | Procedures   | Results   |   |            |         |     |  |  |     |   |   |     |                                  |  |
| 1.1                                   | Acquire evidence to indicate form of donation/in-trust monies and stipulations   | <p>IA inquired with management regarding the donation that was left by Joseph Chimczuk. Management indicated that as per Chimczuk's will all the residue of his estate was transferred to the Corporation of the City of Windsor to build a building to be known as the "CHIMCZUK [sic] MUSEUM" for use as a cultural museum and archive and library".</p> <p>Further, there was a court judgement on April 23, 2015 which indicated that the funds bequeathed by the last Will and Testament of the deceased Joseph Chimczuk to the City have vested unconditionally in the City.</p>  |   |            |         |     |  |  |     |   |   |     |                                  |  |
| 1.2                                   | Review evidence to determine if monies dispersed in accordance with donors wishes or policies  | <p>IA inquired with management whether funds were used/dispersed as per the will of the donor. Management indicated that over the years, the use of the funds has been discussed, including the issuance of a Request for Proposals in 2001, but no determination was ever made in the RFP process. As such, as per the City rights the RFP was not awarded. Given the court judgement and agreements reached, the funds were used to for the Chimczuk Museum which was inaugurated on Feb 18, 2016</p>   |   |            |         |     |  |  |     |   |   |     |                                  |  |
| 1.3                                   | Determine where monies are today   | <p>IA inquired with management regarding the status of funds as of today. Management indicated that the funds have been allocated went to the Chimczuk Museum as per the court judgement and agreements. There is no more money with the City and nothing further to administer.</p> <p>IA observed that the funds were held in trust until they were dispersed to the Chimczuk Museum as per the Court Judgement. We noted this as per review of investment statements which showed the funds being held by the trust account as well as the general ledger showing that the funds withdrawn were accounted for</p>  |   |            |         |     |  |  |     |   |   |     |                                  |  |

|                                       |   |  |
|---------------------------------------|---|--|
| <p>Complaint #2<br/>November 2019</p> | <p>The office of the Auditor General received a complaint in November 2019. The complainant wanted raised allegations with regards to the Lancaster restoration concerning \$750,000 or more of missing parts and annual annual operating costs of up to \$50,000 per year for over 20 years.</p> <p>The allegations were:</p> <ol style="list-style-type: none"> <li>1. Lancaster stabilizers were loaned to British entity per City Council and were due to be returned but do not appear to be returned (complainant alleged value in excess of \$750,000).</li> <li>2. City is providing rental space to Canadian Historical Aircraft Association (CHAA) who is restoring the Lancaster on behalf of the City but restoration is not done, not sure when it will be done and may be missing parts.</li> <li>3. When lease came due on CHAA space were the lease provisions followed? - i.e. other proponents tried to get space but were denied; however, the incumbent did not follow process.</li> </ol> <p>The detailed activities undertaken are summarized in our report for this complaint contained in Appendix F.</p> | <p>We did not find evidence to corroborate the allegations.</p> <p>We did note that a current inforce stewardship/restoration agreement between the City and CHAA was not in place and should be established. We also noted that a process to systematically collect and retain evidence of compliance with contract covenants and terms should be in effect as we were not able to detect the required notice from the lessee of intent to extend the term within City records.</p> <p>Total forecasted net costs, City wide, related to the restoration and stewardship agreement are expected to be \$392,663, or less, for the period 2007 through 2026, assuming the project is completed by then.</p> <p>The detailed findings and outcomes are summarized in our report for this complaint contained in Appendix F.</p> |
|---------------------------------------|---|--|

*Complaint #2: Please refer appendix F for the detailed report on Complaint #2.*

