

COVID-19

Internal Audit response to the COVID-19 crisis Prepared by the City Auditor General

Limitations and responsibilities

This report was developed in accordance with our engagement letter addendum dated January 24, 2020 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.




May 2020

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Plan Summary



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New Circumstances - New Plan

Adapting the Audit Plan to the New Reality



The Initial Plan

Leveraged our traditional risk based 3 year rotating approach

- We had embarked on our normal risk based planning approach prior to the declaration of the pandemic. Needless to say the current environment has changed everyone's perspective. We are now living in a world where a planned for risk, pandemic, is in play. As a result, other risks have changed in severity and new risks, or nuances, are emerging.
- As a result this proposed Covid-19 audit plan is being presented for consideration and the initially planned projects deferred for later consideration. These projects were going to be:
 - A value for money/performance audit related to accounts payable
 - Quality and compliance process and control in effect at Huron Lodge
- Details of these projects are included in Appendix A.



Required Adaptation

New, emerging and changing risks required plan adaptation and leveraged consultation with peers

- The remainder of this plan outlines our proposed projects in this new environment and changing risk landscape. We have identified the proposed plan with details of the expected work and reports/deliverables.
- Prior to recommending the following Audit Plan, the Auditor General held discussions with City Leadership and participated in several national and international roundtables of Audit Executives. There is a definite trend in the current environment for the Audit roles to assist management with real-time response to emerging and changing risks as opposed to the traditional retrospective audit approaches. This is a permitted approach under professional standards but may require a period of "cooling-off" for the audit function for 12-18 months for the specific areas considered.



Reporting Modifications

Adapted approaches need adapted reporting structures

- Given the advisory nature for the first 3 projects, these reports will differ from traditional audit reports. Given the realtime consultation with management to get in front of the changing risk landscape our reports will summarize the key areas where we provide input to management and highlight the considerations we raised. No formal testing or findings/recommendations are expected to be issued.
- The remaining projects will provide the normal outputs/reports generated.



Limitation

Risk considerations recommended for consideration exceed available resources

- By approving this plan, or modified plan, the City is acknowledging that the Auditor General and Internal Audit will be covering a small portion of the legacy and emerging risk landscape.
- In Appendix B we have also included what we see as changing risks and the areas that we would ideally recommend to cover that do not fit within the current budget and available resources.

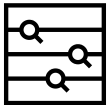
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Overview



Background

The ongoing COVID-19 situation presents a substantial challenge for business, Governments and the community. We are likely to see an impact over many months on many business stakeholders including citizens, employees, customers, suppliers and other stakeholders such as regulators. With COVID-19, Audit executives may — understandably — feel in uncharted territory. Their companies face multiple major new challenges, all at once. These challenges often compete with each other, and they all demand a rapid response. New risks are still arising and current ones evolve by the hour.



What does this mean for the Auditor General & Internal Audit?

In these challenging times, Internal Audit executives have an obligation and an opportunity: to help their companies manage the most critical risks that COVID-19 has either created or magnified and help ensure that organizations can maintain a strong system of internal control during this period of change and uncertainty. While business leaders juggle the dual imperative of crisis response and operational continuity, Internal Audit executives can help them weigh risks and opportunities to make essential business decisions.

Immediate actions

- ✓ Ensure the continued safety and care of our team (including regular communication)
- ✓ Redirect our risk expertise to COVID-19 priorities
- ✓ Identify new delivery models and ways to add value and mobilize accordingly
- ✓ Proactively communicate with both management and audit committee stakeholders
- ✓ Connect with other Auditor General's, Audit Leaders, Chief Internal Auditor, and consider trends

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Summary of Proposed Audit Plan



Covid-19 based policy and practice amendments

Review management's current, or planned, response to adaptation of key policy/procedure documents in a wide variety of areas impacted by Covid-19 using limited resources to cover a broad base or risk areas for the City.



Liquidity management

Proactively working with management to consider process and control risks and impacts to income streams and outlays given the current and prospective economic environment will help to implement considerations in a real-time manner.



Fraud risk mitigation enhancements

We will work with management to provide input into Covid-19 initiated fraud risk identification and mitigation plans in place as well as to review other possible areas for management's consideration in the current and evolving environment.



Auditor General Functions

Provide Auditor General oversight, input, investigations and support.



Management action plan validation

Follow-up on and report back to the City on the status and sufficiency of management's resolution of prior findings. 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, 2020.



Risk assessment refresh

Development of annual risk assessment and 3 year internal audit plan (2020-23). We will update our risk assessment for the City as a basis for identifying areas of audit emphasis.



Oversight, administration & reporting

Ongoing status reporting and key performance metrics to the City. Maintain awareness of the City organisational risks, strategy and operational execution, Quarterly reporting to the CLT and CSSC will occur. Summary of the plan's completion

Given the volume of project status reporting is amended to 2 times per annum, with others as needed.



Concerned Citizen & Employee Hotline

Monitor 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).

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Summary of rolling audit plan by audit type

5 year perspective

Audit Type	2018/19	2019/20	2020/21 (planned)	2021/22 (planned)	2022/23 (planned)
Financial	<ul style="list-style-type: none"> Asset Planning Methodology 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Liquidity Management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None
Operational, Compliance, Performance/VFM	<ul style="list-style-type: none"> Social Media Strategy Assessment Pursuit of Grant Funding Legislative Emergency Management / Planning Facilities Operations WECHC: Asset Management - Housing Portfolio Risk Assessment & Planning 	<ul style="list-style-type: none"> Purchased Services for Winter Control - VFM Audit HR Recruiting Process and Retention Strategy Cyber Response Strategy Security Programs & Safety Incident Management Planning & Development Risk Assessment & Planning 	<ul style="list-style-type: none"> Covid based policy and practice amendments Fraud risk mitigation enhancement Risk Assessment & Planning 	<ul style="list-style-type: none"> Small, Sole/Single Source, Emergency Purchase Order Analysis Huron Lodge - Compliance Management and Quality Inspection Program Risk Assessment & Planning 	<ul style="list-style-type: none"> Transit Windsor - Service Delivery Review Network Attack & Penetration Risk Assessment & Planning
Fraud & Waste Hotline	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Fair Procurement Practices 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Lancaster Stabilizers Chimczuk Funds Sewer Insurance Letter 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling
Follow Up	<ul style="list-style-type: none"> Q1 Management Action Plan Validation Q2 Management Action Plan Validation Q3 Management Action Plan Validation Q4 Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation
Management & Oversight	<ul style="list-style-type: none"> Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc

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Plan Details



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COVID-19: The City needs to respond to the crisis and build resilience over time



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Changing and Emerging Risks for Audit Consideration in the Pandemic

COVID-19 Risk Perspectives Considered in the Audit Plan

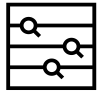
Covid-19 Emerging Risks



Activation of BCP arrangements
Management and governance structures



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Fraud
Lapse of key fraud controls and management attention



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.

Operational & Financial Risks



Supply Chain
Visibility and efficiency of the supply chain



Cash & Funding Resilience
Consider short, medium and long term funding



Third Party
Continuity of supply from third party service providers



Market Opportunities & Vulnerabilities
Volatility in investment portfolios, returns and public funding (including timing).



Tax & Regulatory Potential Impacts

IT Risks



Remote administration & IT Support Capacity
Increased use of remote working arrangements



New or elevated cyber security risks
Potential exposure due to new tools and increased use



Privacy & Data Protection
Potential exposure of customer personal information



Managing rapid infrastructure change
Pressure to implement major infrastructure changes in a short period.

Compliance Risks



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes



Changes to the control environment
Management and governance structures



Financial Reporting
Resiliency over finance & accounting processes to provide stakeholder information

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Summary of reporting, efforts, timeline and project type

 Project Area	 Expected Report	 Draft Timeline/ Effort	 Audit Type (see Appendix B)
Covid based policy and practice amendments	<ul style="list-style-type: none"> • Memo of key areas of input and summary of input perspectives 	<ul style="list-style-type: none"> • June - August 2020 • 250 hours 	Operational, Compliance, Performance
Liquidity management	<ul style="list-style-type: none"> • Memo of key areas of input and summary of input perspectives 	<ul style="list-style-type: none"> • September 2020 - January 2021 • 225 hours 	Financial
Fraud risk mitigation enhancement	<ul style="list-style-type: none"> • Memo of key areas of input and summary of input perspectives 	<ul style="list-style-type: none"> • June - August 2020 • 125 hours 	Operational, Compliance, Performance
Management action plan validation	<ul style="list-style-type: none"> • Historical report format 	<ul style="list-style-type: none"> • December 2020 - March 2021 • 120 hours 	Follow Up
Risk assessment and audit plan	<ul style="list-style-type: none"> • Rolling 3-year risk based internal audit plan 	<ul style="list-style-type: none"> • March-May 2021 • 60 hours 	Operational, Compliance, Performance
Auditor General functions	<ul style="list-style-type: none"> • As needed reports 	<ul style="list-style-type: none"> • ongoing • 380 hours 	Management & Oversight
Oversight, administration & reporting	<ul style="list-style-type: none"> • Semi-annual report on status • Completion of plan report and performance metrics 	<ul style="list-style-type: none"> • Ongoing • 170 hours 	Management & Oversight
Concerned Citizen & Employee Hotline	<ul style="list-style-type: none"> • Semi-annual reporting of counts • Investigative reports (as needed) 	<ul style="list-style-type: none"> • Ongoing • 100 hours 	Fraud & Waste Hotline

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Proposed Project Details

Project #1: Covid Based Policy and practice amendments

Risks Touched Upon By Project

	Activation of BCP arrangements
	New or elevated workplace health and safety
	Transparency & Employee management
	Risk Culture
	Fraud
	Public Safety
	Remote administration & IT Support Capacity
	New or elevated cyber security risks
	Privacy & Data Protection
	Managing rapid infrastructure change
	Changes to the control environment
	Regulatory/government enforced changes due to COVID-19

Internal Audit response

Covid-19 policy and practice amendments: Focusing pandemic related updates to protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal..

Perspective:

- The prior, current and future pandemic circumstances require modification and enhancement to a wide variety of operating practices and policies to protect personnel, the public and mitigate risk (legacy, emerging and escalating risks).
- While the project does not cover one City function or domain in depth it will provide a broad based touch over know risk areas and management response to those changes. Thus using limited resources to cover a broad base of potential risk areas.

Project Focus:

We will review management current, or planned, response to adaptation of key policy/procedure documents for pandemic response related updates in areas such as:

- Business Continuity
- Pandemic Response
- Cyber Risk/Response
- Information Security (Remote access/acceptable use)
- Technology Issue Response/Coordination
- Privacy/Confidentiality
- Various approvals and Decision making authorities
- Local travel control
- Staff safety and cleanliness
- Building/Facilities
- Flexible work policies
- Remote working and enablement
- other broad policies that protect employees.

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

Reporting:




Our report will differ from the traditional format and be a memo reporting a summary of which areas we covered, if they were updated or to be updated and key areas of focus we recommended to management for consideration.

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Proposed Project Details

Project #2: Liquidity management

Risks Touched Upon By Project

	Cash & Funding Resilience
	Risk Culture
	Changes to the control environment

Internal Audit response

Liquidity Management: Proactively working with management to consider process and control risks and impacts to income streams and outlays given the current and prospective economic environment will help to implement considerations in a real-time manner.

Perspective:

- Short, medium and long term funding requirements can be impacted.
- Changes in budgetary spend have occurred - some have declined, some have increased, some have been added, some have been deferred.
- Economic environment impacts on income streams are also occurring and may increase.
- These events have a significant ability to impact current and future municipal budgets and services.

Project Focus:

It is important to support management through the re-prioritisation of spending and financial obligations, as well as consider what opportunities are there to accelerate cash collection/generation. Assess and provide real-time advice as to the City as it considers deferred/cancelled budgetary items, increase budget line impacts and potential short term and future income funding impacts (economic environment and tax arrears impacts).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

Reporting:

Our report will differ from the traditional format and be a memo reporting a summary of which areas we covered, if they were updated or to be updated and key areas of focus we recommended to management for consideration. By the time the formal memo is issued management will have likely acted on our input.

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Proposed Project Details

Project #3: Fraud Risk Mitigation Enhancements

Risks Touched Upon By Project



Fraud



Risk Culture



Changes to the control environment

Internal Audit response

Fraud risk mitigation enhancements: We will work with management to identify areas which should be considered for enhanced mitigation controls in light of process, operational, cultural and environmental changes related to the pandemic.

Perspective:

- The changing landscape may require modifications in business processes and create opportunities for unwanted behaviours giving rise to fraud risks. The general market has already experience this reality.
- Additionally, as long term staff are forced to work from home and change their normal routine, this may uncover long running fraud practices. Therefore an increased need for urgent investigation and remediation will be required.

Project Focus:

We will work with management to provide input into Covid-19 initiated fraud risk identification and mitigation plans in place as well as to review other possible areas for management's consideration in the current and evolving environment.

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be no testing as part of this project. We will focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.


Reporting:

Our report will differ from the traditional format and be a memo reporting a summary of which areas we considered and high level recommendations for management consideration.

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Appendix A

Deferred projects



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Deferred Projects

The following projects were initially planned but have been deferred given the pandemic based risk perspective:

Title: Small, Sole/Single Source, Emergency Purchase Order Analysis VFM/Performance Audit

Audit Type: Operational, Compliance, Performance

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 a 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

Title: Huron Lodge - Compliance Management and Quality Inspection Program

Audit Type: Operational, Compliance, Performance

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

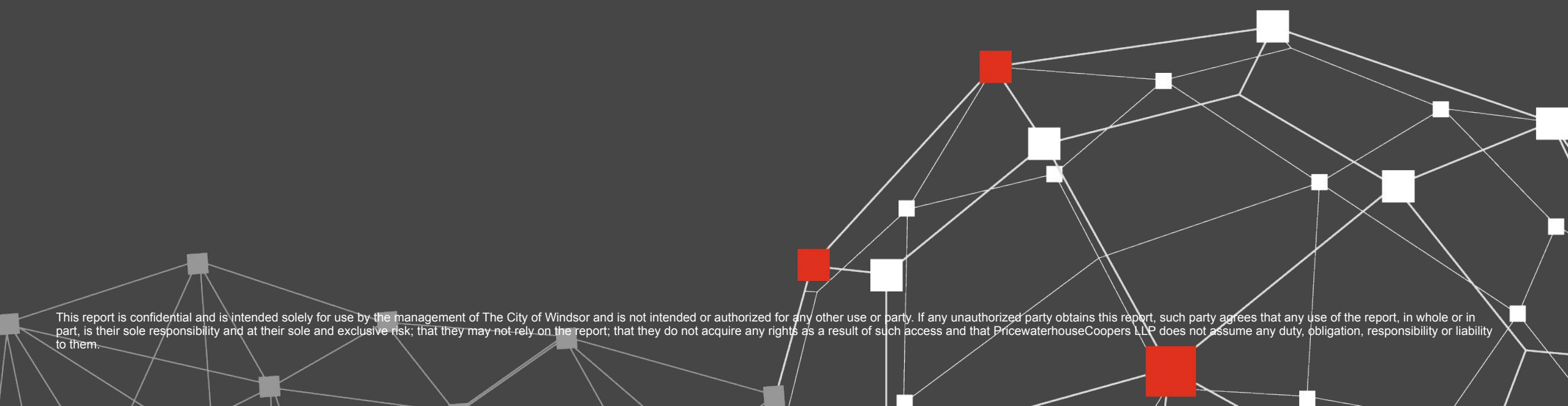
Related risks:

Legislative & Regulatory, Regulatory inspection (H&S, labour), Health & Safety

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Appendix B

Projects considered but not included in plan due to constraints



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Risks and Related Projects Not Covered in the Proposed Plan

COVID-19 Emerging Risks

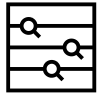
Risk



Activation of BCP arrangements
Management and governance structures



New or elevated workplace health and safety
IR risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Fraud
Lapse of key fraud controls and management attention

Internal Audit response






- **Review of BCP arrangements:** Critical analysis of BCP plans for weaknesses and unidentified impacts specific to COVID-19 (supply chain, staff availability, citizen demand). This could include simulation of various contingency scenarios to 'stress test' continuity plans and assess impact on associated process and controls.
- **WHS remote worker readiness assessment:** Assess the clarity of policies, procedures and effectiveness of communications relating to employee wellbeing and safe working arrangements from an employee perspective. Review the implementation of remote worker and mobility into BCP.
- **Employer obligations for remote working:** Assess processes and controls to manage impact of increased remote working arrangements and compliance with employment obligations.
- **Honouring employees' entitlements:** Underpayment of staff remains a hot topic across a number of industries. As the City make choices about their workforce in the time of crisis, it is critical that employees have access to entitlements and are treated with fairness. Internal Audit should focus on reviewing organisations' governance frameworks and processes related to employee entitlement policies in changing times (e.g. additional/special leave management, accuracy of wages, robustness of underlying systems that support one-off choices implemented by organisations, etc).
- **Behavioural impacts of COVID-19:** Employees will be facing challenges with their day-to-day tasks and decision making due to personal stress; pressure on increased demand or downturn; implications of rapid implementation of a remote workforce; potential acceptance of mistakes and oversight in the current environment; and prioritisation of 'critical activities' impacting compliance, control requirements, customer and/or regulatory obligations. This may have a direct impact on compliance with internal policies and practices, which heightens the risk faced by organisations in key areas as highlighted in this document.
- **Project included in proposed plan**

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Risks and Related Projects Not Covered in the Proposed Plan

Operational & Financial Risks

Risk

	Supply Chain Visibility and efficiency of the supply chain
	Cash & Funding Resilience Consider short, medium and long term funding
	Third Party Continuity of supply from third party service providers
	Market Opportunities & Vulnerabilities Volatility in investment portfolios, returns and public funding (including timing).
	Tax & Regulatory Potential Impacts

Internal Audit response

- **The robustness of the supply chain is key:** From the sourcing of raw material to deploying this in local projects new risks have arisen and may be impacted. A deep understanding of the supply chain and the risks presented by your third parties will help respond today and improve them for tomorrow.
- **Understand and prepare:** Accessing critical supply chain data across all tiers to properly assess the potential risk and opportunities to enable the business to take advantage. Where applicable, prepare to set up a temporary inventory recovery and evaluation process and pursue alternative sourcing strategies.
- **Project included in proposed plan**
- **Review arrangements with third party service providers:** Assess risks associated with outsourced arrangements and the robustness of third party controls (e.g. third party business continuity, integrity of reporting, service delivery KPIs, etc). Where organisations are significantly dependent on third parties to deliver core services, consider a 'fit-for-purpose' assurance program over key risks and controls associated with the delivery of services by a third party.
- **Project health checks:** Review of projects to assess the impact of COVID-19, checking contingency arrangements on the critical path for project delivery and assessing the ability of third parties to deliver as per their contract. Internal Audit could also assist in project prioritisation linked to strategy and value creation.
- **Check-point audits throughout the M&A lifecycle:** Assess process & procedures at a point in time and provide recommendations for improvement in areas such as controls over return impacts and timing of public funding cash flows.
- **Favorable tax implications:** Support business through process & controls implemented in order to meet criteria of any provisions including, among other things; delay of payment of employer payroll taxes, (NOL) changes; postponement or delay of required filings/reporting; partial above-the-line" deduction for charitable contributions and modification of limitation on charitable contributions

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Risks and Related Projects Not Covered in the Proposed Plan

IT Risks

Risk



Remote administration & IT Support Capacity
Increased use of remote working arrangements



New or elevated cyber security risks
Potential exposure due to new tools and increased use



Privacy & Data Protection
Potential exposure of customer personal information



Managing rapid infrastructure change
Pressure to implement major infrastructure changes in a short period.

Internal Audit response

- **Remote worker readiness assessment:** Review organisational readiness for staff and other workers to continue operations from locations outside of office sites. Consider clarity and consistency of technology protocols and communications to staff.
- **Access and communication readiness:** Consider suitable capacity of remote technology, IT support and self-service arrangements, secure remote access via VPN, communications and capacity.
- **Cyber hygiene assessment:** Review organisation's general cyber hygiene such as vulnerability management, patching, security awareness, anti-phishing and DLP
- **Incident monitoring and response:** Support ongoing governance arrangements remain in place (security monitoring) with appropriate investigation and action performed as issues are identified.
- **Revisiting data breach policy and practices:** Restricting teams (incl third parties) with remote access to personal information on an 'as needs' basis and reiterating privacy obligations for employees, especially during business continuity invocation.
- **Revisiting policies impacts by Crisis Management:** Internal Audit should consider the interplay between accelerated change processes while ensuring system integrity and security. Auditors will need to determine the acceptability and effectiveness of any temporary or emergency changes to approvals.

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Risks and Related Projects Not Covered in the Proposed Plan

Compliance Risks

Risk



Regulatory/government enforced changes due to COVID-19

Maintain compliance and plan for potential interim changes



Changes to the control environment

Management and governance structures



Financial Reporting

Resiliency over finance & accounting processes to provide financial reporting information and public disclosure

Internal Audit response

- **Interpretation and implementation of regulation:** Continue open lines of communication with relevant regulators and ensure that where changes are required. Internal Audit could play a role by providing its resources and skills to the business or are involved in a consultative manner during the implementation.
- **Compliance with deadlines:** Assess process and controls to manage compliance with legislative and contractual timeframes and/or client service KPIs for regulatory reporting, and legislated customer service obligations.
- **Process and control mapping of business critical functions:** Map key processes and controls of affected areas and understand the impact of potential changes to these controls under various contingency scenarios. For example, this could consider: impact of changes to management roles and structures on delegations of authority; changes to system access and change controls to enable flexible work arrangements.
- **Continue to meet compliance/regulatory requirements:** Ensure the business is meeting regulatory obligations. Regulatory and/or compliance-related reviews should continue to be prioritised within the plan where applicable, unless clear direction is provided by regulatory bodies.
- **Ability to meet regulatory and related requirement filings:** Ensure the City has prepared a comprehensive summary of its required regulatory and related requirements, including annual and applicable tax/ministry filings and payments, respective payroll, statutory audit requirements globally, and any debt required filings.
- **Evaluate audit impact with external auditor:** Liaise with external auditor to determine if the completion of audit or review procedures has been impacted by the COVID-19 outbreak.
- **Significant and unusual transactions:** Support the City through risk assessments and process & controls implemented related to any significant and unusual transactions.
- **Disclosure requirements:** As events continue to unfold, should support the business through decisions regarding required disclosures in areas such as, risk factors, and management's discussion and analysis of results, liquidity, and capital resources.

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Risks and Related Projects Not Covered in the Proposed Plan

New or elevated workplace health and safety project #1: Public Works

Risks Impacted by Proposed Project



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.



Third Party
Continuity of supply from third party service providers



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes

Internal Audit response

Enhanced workplace safety protocols - Public Works

Focusing specifically on workplace health and safety practices and protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal. Emphasis will be focused on Public Works.

Perspective:

- When the curve begins to flatten, businesses and society must consider what 'returning to normal' may look like. Although organizations have settled into new ways of working and allowing public access to their premises, the implications of COVID-19 on businesses, especially as they relate to the workforce, will remain long lasting.
- The question of when and how to gradually bring employees back to the workplace and how to let the public access to municipal facilities represents one of the most critical challenges the City will need to solve.
- As it relates to Public Work, this is important as they currently continue to provide essential services and will continue to do so in the future.

Project Focus:

Consideration will be given to current operating practices supporting the Public Works workplace and safety protocols focused on mitigating personal health risks related to Covid-19 while considering the short-run timeframe of future work/requirements (3-6 months).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

Reporting:

Our report will differ from the traditional format and be a memo reporting a summary of what we did and key areas of focus we recommended to management for consideration. By the time the formal memo is issued management will have likely acted on our input.

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Risks and Related Projects Not Covered in the Proposed Plan

New or elevated workplace health and safety project #2: Huron Lodge

Risks Impacted by Proposed Project



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.



Third Party
Continuity of supply from third party service providers



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes

Internal Audit response

Enhanced workplace safety protocols - Huron Lodge

Focusing specifically on workplace health and safety practices and protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal. Emphasis will be focused on Huron Lodge.

Perspective:

- Huron Lodge provides an essential service with areas identified as high risk potential in the current pandemic environment.
- Current and short term health and safety considerations are imperative to the operation of the service and facilities.

Project Focus:

Consideration will be given to current operating practices supporting the Huron Lodge workplace and safety protocols focused on mitigating personal health risks related to Covid-19 while considering the short-run timeframe of future work and public/visitor access /requirements (3-6 months).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

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Risks and Related Projects Not Covered in the Proposed Plan

New or elevated workplace health and safety project #3: Transit

Risks Impacted by Proposed Project



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.



Third Party
Continuity of supply from third party service providers



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes

Internal Audit response

Enhanced workplace safety protocols - Transit: Focusing specifically on workplace health and safety practices and protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal. Emphasis will be focused on Transit.

Perspective:

- Transit provides an essential service to a large base of the public in the current pandemic environment.
- Current and short term health and safety considerations are imperative to the operation of the service and facilities.
- Protection of the public and personnel is paramount in this circumstance.
- New and enhanced controls practices are required and need to be adhered to for public and personnel safety.

Project Focus:

Consideration will be given to current operating practices supporting the Transit workplace, operations and safety protocols focused on mitigating personal health risks related to Covid-19 while considering the short-run timeframe of future work and public/rider/requirements (3-6 months).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

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Risks and Related Projects Not Covered in the Proposed Plan

New or elevated workplace health and safety project #4: Community Housing

Risks Impacted by Proposed Project



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.



Third Party
Continuity of supply from third party service providers



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes

Internal Audit response

Enhanced workplace safety protocols - Community Housing

Focusing specifically on workplace health and safety practices and protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal. Emphasis will be focused on Community Housing.

Perspective:

- Community Housing provides an essential service to many members of the public in the current pandemic environment.
- Current and short term health and safety considerations are imperative to the operation of the service and facilities.

Project Focus:

Consideration will be given to current operating practices supporting the Community Housing operations, workplace and safety protocols focused on mitigating personal health risks related to Covid-19 while considering the short-run timeframe of future work and public/visitor access /requirements (3-6 months).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

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Risks and Related Projects Not Covered in the Proposed Plan

New or elevated workplace health and safety project #5: General Employee Base & Public Access

Risks Impacted by Proposed Project



New or elevated workplace health and safety
Incident response risks associated with increased use of remote working



Transparency & Employee management
Protect employees during uncertainty



Risk Culture
Consider impact on risk culture across the organisation



Public Safety
Providing essential services and protecting the public and personnel in a time of pandemic.



Third Party
Continuity of supply from third party service providers



Regulatory/government enforced changes due to COVID-19
Maintain compliance and plan for potential interim changes

Internal Audit response

Enhanced workplace safety protocols - General Employee Base & Public Access

Focusing specifically on workplace health and safety practices and protocols which need to adapt to the current and medium (3-6 mos) realities of the pandemic response and return to normal. Emphasis will be focused on the general employee base and public access to municipal facilities.

Perspective:

- Employees need to be protected in their work circumstances now and in the future
- The public will need some level of access to municipal facilities as well, and to be safe in that access.

Project Focus:

Consideration will be given to current operating practices supporting the general operations, workplace and safety protocols focused on mitigating personal health risks related to Covid-19 while considering the short-run timeframe of future work and public/visitor access /requirements (3-6 months).

Approach:

We recognize that such operations are in a state of flux and our input may be best served in current state analysis and conversations with management to identify potential considerations as to how to proactively identify risks and mitigate risks. There will be limited to no testing as part of this project but more focus on working with management to proactively identify the risks and potential controls from our perspective for management consideration. This should enable management to have a more comprehensive solution.

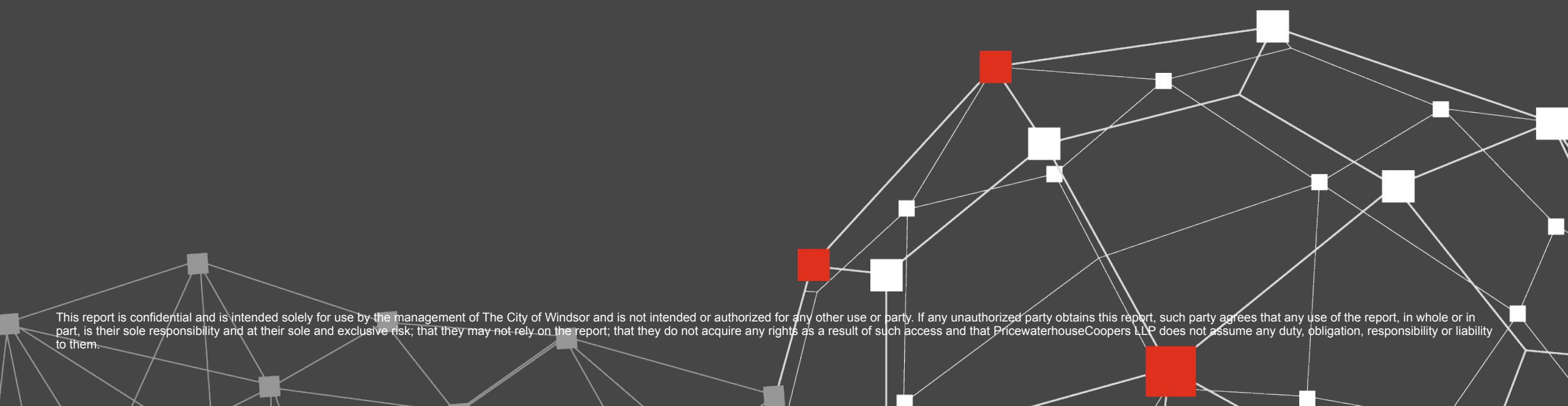
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Appendix C

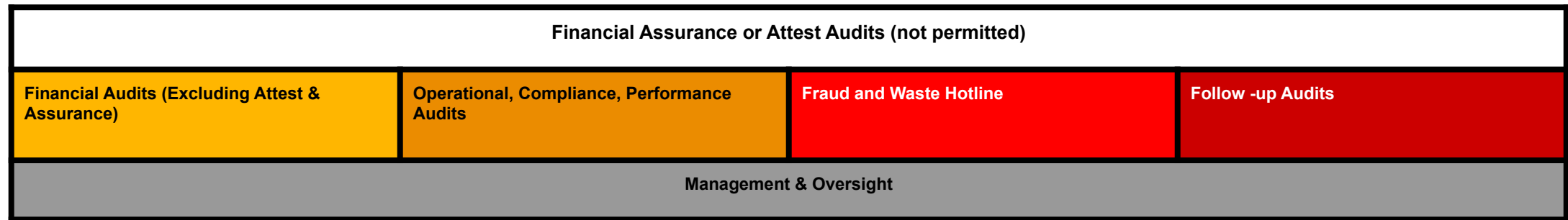
Summary of audit types



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Categorization of Audit Types

As part of updating this year's plan we have used category labels which align to those published by the Auditor General for the City of Toronto. All of our predecessor projects align to the framework with the bulk of the project conducted in the past 7 years fitting into the category of "Operational, Compliance, Performance Audits". Below, and on the following page, you will find a description of each audit type and then a summary 5 year perspective of the past and planned projects.



Financial Assurance or Attest Audits

The Municipal Act specifically precludes the Auditor General from being the Financial Statement Auditor of the Municipality. As such we are precluded from annually auditing the accounts and transactions of the City and its agencies and corporations. The external auditor expresses an opinion on the financial statements of these bodies based on the audit in a report which is considered by the then City Council.

The Auditor General co-operates with the work of the external auditor and exchanges relevant information therewith. Currently, KPMG LLP has been engaged to conduct audits of financial statements of the City and its major agencies and corporations. The City's external audit contract establishes KPMG as the auditor for all entities except for EWSWA. The audit of EWSWA is contracted by the County of Essex, however KPMG is also the auditor for the County.

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Categorization of Audit Types

Financial Audits (Excluding Attest & Assurance)

Financial-related audits include determining whether:

- (a) financial information is presented in accordance with established or stated criteria,
- (b) the entity has adhered to specific financial compliance requirements, or
- (c) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve control objectives.

Operational, Compliance, Performance Audits

These audits may include any or all of:

- (a) determining the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved,
- (b) the effectiveness of organizations, programs, activities, or functions,
- (c) whether the City division is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently, and
- (d) whether the City division has complied with laws and regulations applicable to the program.

Fraud and Waste Hotline

Manages the Concerned Citizen and Employee hotline referring issues to senior management or the City's Internal Audit team as defined by the Council approved mandate.

Follow -up Audits

On an annual basis, the Auditor General notifies the City of outstanding recommendations. Management staff will report back to the Auditor General on recommendations that have been implemented. The Auditor General then verifies that the recommendations have in fact been implemented.

The results of the follow-up of recommendations are reported to the Audit Committee annually and cover findings raised across the City, agencies, boards or commissions.

Management & Oversight

This involves regular Auditor General efforts.

It further includes the oversight of project activities, meetings, interacting with complainants, review/observation/attendance at Council meetings, status reporting, report writing, and Committee reporting.

Time is also set aside to deal with requests as they arise (ad hoc).

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Thank you

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