

The Corporation of the City of Windsor

Internal Audit Summary Report

January 1 2020 to April 30, 2020

Prepared as of May 8, 2020

*Please refer to “Annual
Performance Summary
2019-20” on Appendix B,
pages 7-9*

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.



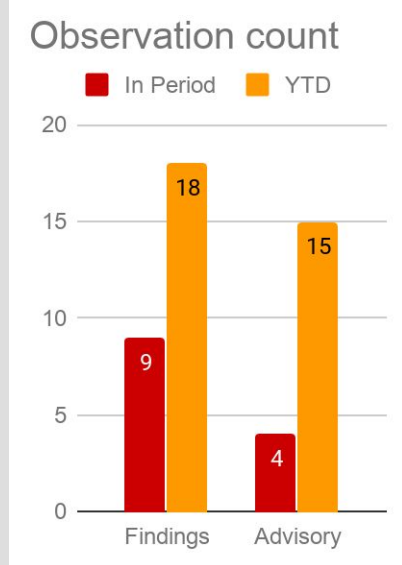
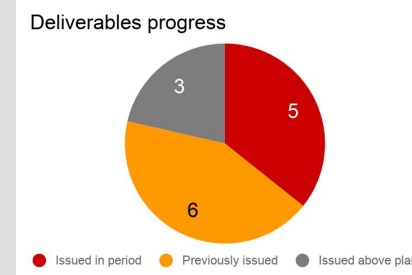
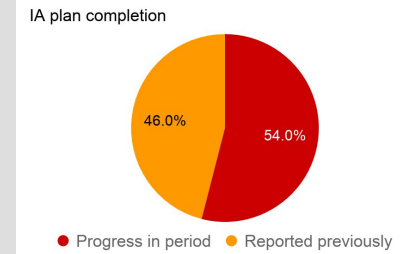


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1. Performance and status summary

Planned projects	Percent complete	Report issued
Risk Assessment and Annual Plan Development 2019-20	100%	✓
IA Attendance at City Meetings	100%	✓ ✓ ✓
a) Periodic Status & Reporting	100%	✓
Management Action Plan Validation (Annual)	100%	✓
Hotline Administration	100%	✓ ✓
Auditor General Complaint Handling	100%	✓
Planning and Development	100%	✓
Security Programs & Safety Incident Management	100%	✓
HR Recruiting Process and Retention Strategy	100%	✓
VFM Audit - Purchased Services - Road Clearing/Maintenance	100%	✓
Cyber Response Strategy	100%	✓
Unallocated	100%	n/a



SME information

- Public Works Operations (1)
- Human Resources (1)
- Facilities (1)
- Information Technology (1)

Items under investigation		
Source	In progress	Reported in year
CCEP	1	2
AG Notification	-	2

Legend

Issued in current period	Issued in prior period	In progress/ Not yet issued

- 11 of 25 Hotline complaints routed to management relate to the pandemic.
- Issued a Hotline complaint report in the period included in this package.
- Updated our audit report rating scale to reflect more current practices (see page 52 of package).
- We provide our annual performance reporting in Appendix F.

2. Summary of reports issued in period

2.1 Security incident prevention and mitigation

Executive summary

Safety context Safety and security are closely interrelated concepts that pertain to protection of lives and assets. Security is the broader concept that involves having the infrastructure (both physical and social) in place creating the context for safety.

Safety is the experience of being free from risk of harm, and the knowledge and preparation to deal with risk when it arises.

We focused on the security and safety risks related to eight (8) downtown (including two (2) municipal parking garages) City of Windsor properties.

Safety numbers for the eight sites

- Over 800 employees are accommodated across these City properties.
 - Three (3) properties also accommodates third party tenants.
 - One (1) property is close to downtown where City Hall staff park their vehicles.
 - Across these properties, there are eleven (11) cash stations related to multiple services.
 - Six (6) properties offer after hour supervision by guards.
 - Ten (10) security service provider staff are assigned across seven (7) properties and increased when required.
 - Eleven (11) City supervisors are assigned across these properties for general supervision and safety awareness.
 - Over 100 Duress (panic) buttons and around 250 cameras are installed across these properties.
 - Subsequent to this audit, one (1) library branch was opened in the downtown area.
-

Project purpose

We conducted an assessment of the internal controls and processes, assessment management has implemented to achieve the three objectives related to Security Incident Prevention and Mitigation managed by the City of Windsor (the City). These related to:

- resource allocation and safety programs;
- event and incident monitoring; and
- training/awareness.

Specific scope, objectives and exclusions are described in Appendix B.

What we did

To conduct our work we completed various activities to achieve our objectives by covering three (3) risk domains including Workplace, Occupation, and Services. Our activities included, but were not limited to:

- Compiled a list of site inspection requirements based on City policies/procedures as well as good practices and visited two (2) sites (2 different times of the day) to determine if these practices were in place.
 - Our visits included knowledge assessment of staff, site profile discussion, site tour, open Q&A session with supervisors and guards, review of demonstration of safety or security components including observation of physical infrastructure, duress buttons, cameras, radios, locks, lights to assess whether they were functioning at the time of visit.
 - Reviewed security service provider contracts and performance terms and nature of protection services available.
 - Assessed management's oversight/governance process over the security vendor.
 - Reviewed City documentation to determine if legislative requirements are incorporated into H&S documentation and procedures.
 - Reviewed and analyzed incident management mechanisms including event reporting protocols.
 - Reviewed practices in place for evacuation drills.
-

Scope limitation Given current funding, a formal risk assessment for site selection and future planned sites has not been completed. As such we are not able to conclude on the sufficiency of the security threat/vulnerability/risk assessments (TRVA) control.

Overall assessment Overall our assessment of Security Incident Prevention and Mitigation at the City is one of **No Major Concerns**. We identified areas where one significant internal control weakness was noted which is reported in the Private and confidential package.

A total of **four findings** have been identified surrounding the Resource Allocation and Incident Monitoring area whereas **two considerations for improvement** have been provided as well.

Management comments In the absence of a centralized corporate security division, a single responsible party does not currently exist. A report to council dealing with the results of 5 facility security risk assessments, and a security master plan is anticipated later in the year. Administration will be seeking council direction, including the option to establish a centralized corporate security division.

Management agrees with the recommendations, and has provided specific action plans in the Detailed Observations section, however, pending the outcome of the aforementioned report to council, a responsible party is not identified for some management action plans at this time.

(Additional details provided in 'Appendix A - Security Incident Prevention and Mitigation Internal Audit Report')

2.2 VFM - Purchased services - Winder road clearing

Executive summary

Winter road clearing overview

The City of Windsor (the City) has hired a contractor, CoCo Paving Inc., for winter road clearing services through a solicitation process. The contract is in effect for seven winter seasons starting from November 1, 2016 with an option for an additional three years. Public Works - Operations designed 17 routes for total of 853 km¹ which are assigned to the 17 trucks of the contractor. In the 2017/18 winter season, the contractor's snow plow/salt trucks cleared the routes and traveled 135,191 kms on the routes based on the truck GPS data we collected. In 2018/19 winter season, the total distance traveled on the routes was lower at 68,928 kms when there was less snow weather.

Payments to the contractor for these seasons were \$2,458,000 and \$1,871,000 respectively. When considering the payment total it is important to note that there are several components: the guaranteed minimum operating hours, operating hours exceeding minimum hours, standby hours and equipment daily standby rate as well as supervisor hours. The payments resulted in an average cost for road clearance per winter event day of \$76.81K (2017/18) and \$77.96K (2018/19).

The terms of contract for winter road clearance are such that the City supplies the salt and salt brine whereas other resources including salter/plow trucks, drivers, and supervisors shall be made available by the contractor. The City issues payment certificates on a monthly basis to the contractor. Technical Team within Public Works - Operations prepares a detailed report to summarize operating hours and standby hours for each contractor truck on each snow event day based on supervisor logs, timecards and Global Positioning System (GPS) records. (Each contractor truck is equipped with a City owned GPS transponder.) The instances of truck operating exceptions such as late arrivals, no shows and equipment breakdowns are also captured from supervisor logs and included in the summary report. The summary report is provided to Contract Management. Based on the summary report, the Contract Coordinator applies the contract specified rates to the hours and calculates penalties according to instances of exceptions.

¹ 853km is aggregated kilometers of the 17 routes. There are portions of the routes which are overlapping.

Road clearing metrics noted

Metric	2017-2018 Season	2018-2019 Season
Number of trucks	19	19
Number of operators/supervisors	71	69
Kilometers of road cleaned	135,191	68,928
Snow event days	32	24
Truck operating hours paid	6,573	3,591
Payment made to contractor (in \$'000s)	\$2,458	\$1,871
Approximate cost per snow event day (in \$'000s)	\$76.81	\$77.96

Project purpose

We conducted a Value for Money (VFM)/Performance Audit of purchased services related to winter road clearing. Our approach was based on both Internal Audit and Performance Auditing approaches and frameworks in accordance with the Auditor General Charter. For the VFM audit, we focused on:

- a set of performance objectives evaluated as part of this audit.
- internal controls and processes over the three key areas: including financial, operational, and compliance.

Specific scope, objectives and exclusions are described in Appendix B.

What we did

To conduct our work we completed various activities including, but not limited to:

- Re-calculated CPI adjustment factor for operating rates for the 2017/2018 and 2018/2019 season and noted variance. (see finding #1)
 - Re-performed the summary of operating hours and standby hours for the contractor trucks for the four sampled months based on supervisor logs and timecards provided.
 - Compared the hours we summarized to the hours captured in the Summary Report prepared by the Technical Team and noted variance in cost categories. (see finding #2)
-

-
- Traced hours and penalties summarized by the Technical Team to the corresponding payment certificates for the selected four months and noted favorable variance.
 - Performed data analytics on available GPS records for the contractor trucks for 2017/2018 and 2018/2019 season and identified operational deficiencies. (see finding #3)
 - We evaluated internal controls over issuance of payment certificate, monitoring contractor performance and contract management practices and identified areas for improvement. (finding #1, finding #2, and finding #3)

Overall assessment

VFM/Performance Metrics: Of the seven performance objectives assessed, **three** were **Attained**, **three** were **Substantially Attained**, and **one** was **Not Attained**. The last metric not attained had evidence of management awareness and some level of action but not sufficient evidence for an independent reviewer to assess full adherence and timely action.

Internal Controls: While **opportunities for improvement exist**, the controls are designed and operated in a manner to reasonably attain the City's objectives within the operating budget and resource constraints.

A total of **three findings** have been **identified** in the financial, operational and compliance areas whereas two considerations for improvements are raised over the contract management, and oversight over supervisor log completion.

Management comments

While we generally agree with the findings in the audit, and are pleased with the results showing that we have an effective and efficient service, we have a few concerns. A review of the Municipal Benchmarking Network Canada (MBNC) shows Windsor as having the lowest cost for Winter Maintenance per Lane Km of all participating municipalities. While climate is a factor, the comparators indicate that our winter control service is among the most efficiently run. For each of the findings in the audit, Management has an action plan that has either already been implemented or will be implemented in the upcoming winter control season.

Under heading #2 "Effective Review of Supervisor Log Completion", while we agree that there is an opportunity for improvement, we note that the Supervisor reports were completed, occasionally with non-uniform methods between supervisors. The call-in time is always written in the Supervisor logs as it is our basis for payment. We

agree that sometimes it is not in the correct box and sometimes the Supervisor notes the call-in times in their handwritten notes on the reverse side of the page, however the information is still there, in all cases. We will look to improve the reporting. Secondly, when an event runs over multiple shifts/days, there is only one call-in time which is at the beginning of the event. If the event continues over such time periods, the Supervisor does not repeat this call-in time on the log as it is irrelevant over the course of the same event.

Given that the Supervisor on duty is Supervising seven-nine City staff, six Contractor trucks, further contractors for other snow related activities (sidewalk snow clearing, bust stop clearing etc., other residential clearing contractors), the Technical Support person, and additional City staff performing other duties. They are also expected to be on the road checking road conditions, answering phone calls and communicating via radio to City staff and Coco. They are simply at their limit of being able to provide an extremely detailed log of events unless there are more resources dedicated to assist them.

In order to comply with performance objective #2 significant additional resources would be required, which would not, in our opinion, add additional value. For Performance Objective #5, "Contractor Equipment Breakdowns", it is an operational expectation that equipment will break down during the fulfilling of contract duties. This is accounted for in the contract. While additional spares could be required, the additional cost and value added would not change the measured criteria.

For performance Objective #7 while the contractor did have "no-shows", they were penalized for every instance and the contractor was advised via meetings and phone calls. We will be conducting contractor evaluations and improve on the documentation for this objective.

While we strive for continuous improvement, we would stress that our operation is the lowest cost and among the most efficient winter control operations in the country based on objective criteria such as MBNC. Management believes that these two factors indicate that this is a well managed operation and is receiving good value for money.

(Additional details provided in 'Appendix B -VFM - Purchased services - Winter road clearing Internal Audit Report')

2.3 CoW - Hotline Investigation Report - NTS-005 - FEB-2020

Executive summary

Allegation information

A complaint was received via Concerned Citizen and Employee Hotline which lead to an investigation of the following allegation by Internal Audit under the oversight of the City's Auditor General:

A named employee was not working their expected hours and was departing City operations during business hours to earn additional income elsewhere

Investigation approach

For the allegation noted above we developed investigative procedures specific to the named employee as well as items to address the broader employee base. These procedures included items such as:

Named employee specific procedures:

- Is management aware of how often the named employee left the City (during normal or expected working hours) during this past December to February?
- While the role may permit some flexibility, how does the City know the named employee is completing the required work/that the expected outcomes are achieved?

Broader employee base considerations:

- Does the City have a formal policy for flexible work arrangements and/or a formal policy regarding additional/alternate employment loyalties outside the City?
 - How many personnel does the City have working in flexible positions across the City?
 - How many personnel does the City have who are working flexible schedules who are also employed by, or providing significant time/services, to other organizations?
 - For these alternative approaches how does the City know each employee is completing their work, that the hours reported were worked or that the expected outcomes were achieved?
-

Details of our activities may be found in the Summary of procedures and results section later in this report.

Summary of procedures and findings

Based on the procedures we executed and the results of our testing, a summary of our analysis is included in the Summary of Procedures and Results section of this report.

With regards to the allegation we did not detect evidence to support the allegation as an issue. The named employee does provide services to another organization and receives compensation from that other entity; however, the City has practices in place to manage the flexible work schedule such that the City is aware of the absences and has mechanisms to manage and monitor that the named individual provides the City the employment services for which they are compensated. We did note that formalization of these controls should be enacted. Further, we noted additional improvement which should be implemented for the broader employee base.

Management Comments

Employees will be required to use Workforce Management to record time away from work to be approved by their respective supervisor/manager. Annual performance appraisals are performed with each employee and this will be an opportunity to discuss/alter an employee's work hours if necessary.

Currently the Code of Ethics & Conflict of Interest policy are notations in the annual Performance Appraisal forms which provides for discussion between the supervisor and the employees during their Performance Appraisals as it relates to any conflicts, during these appraisals managers will continue to discuss any Conflicts that have arisen or may arise in the upcoming year. As well, all new staff sign off on a declaration that they have received and read the Conflict of Interest policy.

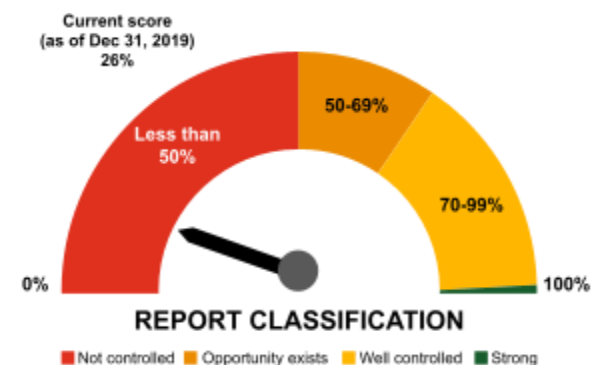
For employees wishing to have a continuous flex time arrangement/schedule, the current Flex Time form needs to be completed and as per the Flex Time procedures---“approvals will be granted for specified periods not to exceed one year...” we will look to see if these approved Flex Time requests can be maintained in the Workforce Management system as opposed to manually by departments as is currently the case

(Additional details provided in 'Appendix C - Hotline Investigation Report - NTS 005 - FEB - 2020)

2.4 Annual Management Action Plan Validation (MAPV)

Key measures:	All findings	Significant findings
Average age of open findings :	512 days	706 days
Average age of past due findings:	636 days	750 days
Age of oldest past due finding:	1674 days	1674 days
Number of Past Due Findings:	21	8

In the above, ratings consideration is also given to the number of retargeted observations with a rating reduction for every 2% of action plan dates retargeted for the first time in this quarter.



Rating	Opening balance (as of Dec 31, 2018)	Additions in the year	Expected to be closed by Dec 31, 2019	Closed by IA	Accepted risk (No validation)	Open at end of period (A+B-D-E)	Open – On track	Open & Delayed
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Significant	13	1	13	5	0	9	1	8
High	0	1	0	0	0	1	1	0
Moderate	17	4	15	7	0	14	5	9
Low	9	5	12	8	0	6	2	4
Not Rated*	0	2	2	2	0	0	0	0
Total	39	13	42	22	0	30	9	21

Scope Period: January 1, 2019 through December 31, 2019

Approach: For *validating management action plan*, the activities undertaken by internal audit included:

Requesting status updates and contact information from management;

Testing/validating evidence of management's resolution/disposition of the original finding for items expected to be closed and/or indicated as closed by management;

Preparing a report on the outcomes of the management action plan internal audit activity.

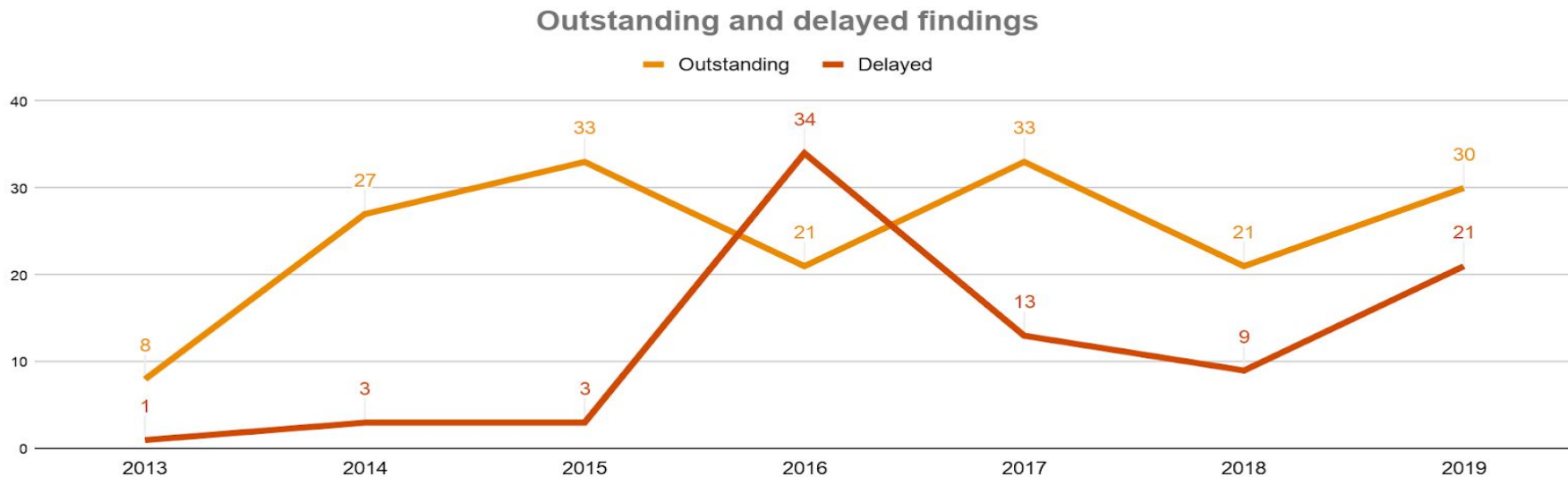
Conclusion: In the quarter, in total, 52% of findings that were expected to close in the period were closed.

- *Closed as planned:* There were 42 management action plans due to be implemented by December 31, 2019, or from prior periods, of which 22 were closed with a closure score of 52%
- *Closed in advance:* There was 1 management action plan closed ahead of schedule.
- *Additions:* 13 management action plans were added during the period.

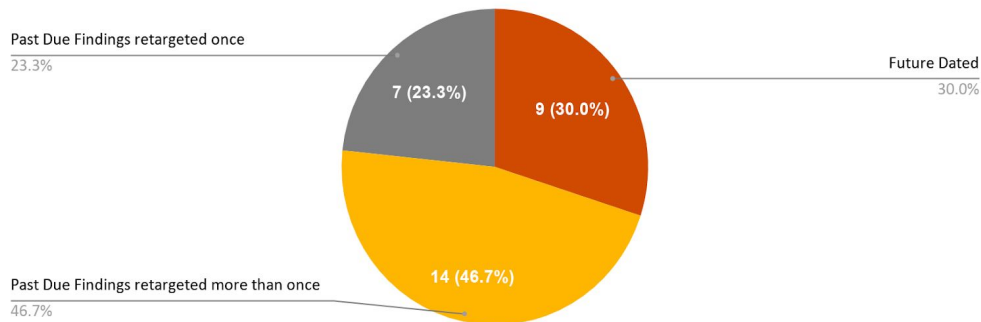
- *Retargeted Items: In the period, there were twenty (20) action plans retargeted. 13 of these 20 findings were retargeted for the first time in this quarter with a penalty of 26%*

The overall trend for the year ending December 2019 has been classified as “Not Controlled” with an overall score of 26%.

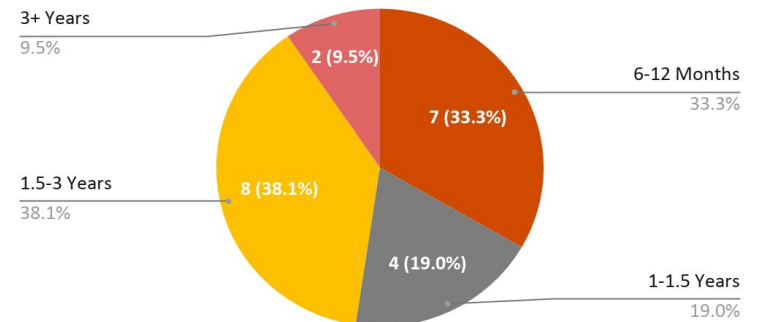
Open and delayed trends for MAPV as at December 31, 2019



Future and Delayed Findings



Delayed Findings Age (From Original Target Date)



Appendices

Appendix A - Summary of use of unallocated effort

Unallocated Effort			
Activity	Requested by	2019-20 effort hours	Result
Auditor General Research, Memo and Input/Discussion Memo	Management	55	<p>We prepared a memo outlining service delivery options for the Auditor General and conducted research on other AG offices. Some items are as follows:</p> <ul style="list-style-type: none"> • Comparison of Auditor General & Internal Audit Model • Overview of Auditor General's role based on research of the role of the Auditor General of Canada (AGC), the Auditor General of Ontario (AGO), and the Office of a Municipal Auditor General (MAG) • Overview of understanding of the various categories of audits, office of the AG can deliver • Preparation of Auditor General Charter • Attendance at management, CSSC and Council meetings to discuss options, approach and research outcomes
Total		55	

Appendix B - Annual Performance Summary

To measure our performance we report on the following KPIs upon plan completion for period July 1, 2019 to April 30, 2020:

Client Service		
Value Driver	Target	Results
Management support initiatives	As needed	None required
Fees planned versus billed	\$300,000	\$300,000
Hours planned versus incurred	1,800	2,245
Client satisfaction target versus attained	At least 7 out of 10	8.5 out of 10
Timeline reporting by phase	See service delivery metric table	See service delivery metric table
Recommendations raised since April 2015	N/A	258
Considerations for improvement identified since April 2015	N/A	87
Recommendations validated as closed by management since April 2015	N/A	219

Client Service			
Value Driver	Annual Score	Related to # of Projects	Considers # of Responses
Audit Quality Survey Score	8.5	6	10

Pursuant to the communication plan, PwC requests feedback from auditees one week after receipt of management comments in the form of a quality survey. The feedback is gathered anonymously and reported on a consolidated basis (total score only) to the Corporate Services Standing Committee. Following are the ratings that PwC has received over the 2019/20 internal audit year and compared with the prior years.

Survey question			
Value Driver	Average rating 2014 to 2019	Previous year rating	Current year rating
The City has confidence in the quality of work that PwC has performed.	8.4	8.1	8.3
During the project, the PwC team engaged us (key project participants including the project sponsor) in a meaningful conversation about our business that may have included new ideas about your own business or situation.	8.4	8.5	8.4
During the project, the PwC team was approachable, responsive, and developed positive relationships with our team.	8.9	8.7	8.2
In a way that was respectful of the City's other priorities, the PwC team efficiently delivered what they said they would in the internal audit scope memo.	8.5	8.4	8.2
The PwC team remained professional, independent, and objective in their dealings with the City personnel and the project.	9.0	8.6	9
We would recommend the PwC services to our other contacts.	8.9	8.5	8.8

Average customer service satisfaction scores are also depicted by chart below for the period from the audit year 2014 - 19 to the seventh audit year ending 2019-20:

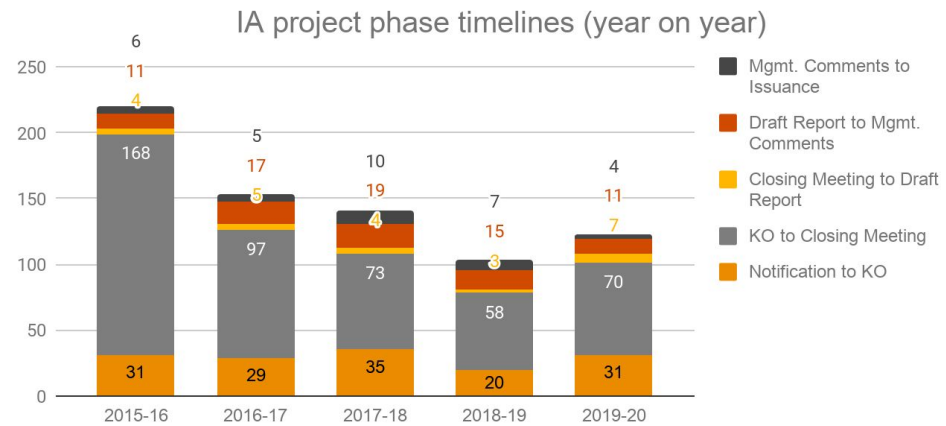


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Service Delivery Metrics					
Activity	Notification	Start	Draft report	Mgt Comments	Issuance
Target	At least 20 days prior to start	+/- 2 days from Kick-off Meeting	Within 5 days of completing fieldwork	Within 15 days of issuing draft report	Within 5 days of receiving management comments
Actuals	31	-1	7	11	4

The following chart depicts the time taken in days on average for each phase of the Internal Audit Projects performed on a year on year basis and below the chart a table also details the target days for each phase.



Complaints & Investigations									
Activity	Checked within required time frame	# of Spam Contacts	# of Contacts Received	# of hang ups	# of handoffs to management	# of items under analysis	# of items under investigation	# of items investigated	# of items related to Pandemic
Concerned Citizen and Employee Hotline Channel	Yes	161	30	2	25	1	-	2	11
Auditor General Channel	Yes	-	2	-	-	-	-	2	-

