

The Corporation of the City of Windsor

Tourism Windsor Essex Pelee Island (“TWEPI”)

Internal Audit Report

September 22, 2017

Distribution List

For action

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For information

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Summary of Internal Audit Results

Background Information

Tourism Windsor Essex Pelee Island (“TWEPI”) is the official Destination Marketing Organization (“DMO”) for the regional tourism industry. TWEPI is also a not-for-profit organization that is dedicated to promoting and selling Windsor, Essex, and Pelee Island as a remarkable destination for tourist, convention goers, and business travelers.

The core functions of TWEPI are:

- Marketing and Communications
- Visitor Services
- Event Attraction
- Product and Program Development

TWEPI distributes Visitor Guides/Maps, Wine Route Maps and also presents at tradeshow in order to communicate and market the City of Windsor to future and past visitors. Tango (formerly Hook), a marketing agency, is in charge of the creative designs for all of TWEPI’s marketing ventures (brochures, pamphlets, ads, etc.) with direction from the TWEPI’s Chief Executive Officer (“CEO”). Revenue is generated through the sale of ad space to business owners and hotels.

TWEPI plans, hosts, and conduct mass events for large numbers of people with sponsorships from the City of Windsor community and the City of Windsor.

The Board is composed of 11 members in accordance with the following:

1. Three members appointed by the City of Windsor Council (one of which is the Mayor)
2. Three members appointed by the County of Essex Council (one of which is the Warden)
3. One member appointed by Township of Pelee Island Council
4. Four members of the community with Tourism Industry background (the other seven board members will select these candidates)

Business and Strategic Plans were developed by TWEPI with clear roles and responsibilities. Both plans outline expectations, reporting relationships, and protocols with direction from the Board of Directors (“BoD” or “Board”).

TWEPI maintains financial information outside of the City’s financial system via Simply (“Sage”), an accounting software. Payroll is maintained through Automatic Data Processing (“ADP”).

In order to strengthen their regional partnerships with municipalities, TWEPI formed a Regional Tourism Committee which meets three to four times per year to strengthen collaboration and engagement. Also, a new partner portal was launched to help all stakeholders keep up-to-date with all activities and communications.

Key Performance Indicators (“KPIs”) are used to show the market share of TWEPI’s tourism industry. This includes the Year over Year Report, which is presented to the Board to show an increase in visitors from Ontario and Michigan, as well as an increase in plane and ferry as a method of travel from the United States to Windsor in 2017. Quarterly Visitor Statistic Reports mention variations in hotel occupancy over a four year period with a 1.55% increase in 2017.

The Board appointed the CEO to oversee all operations unless the Board approves otherwise. The CEO is also required to report, on a quarterly basis, any variance between budget and actuals, along with related explanation.

Internal Audit Objectives

In conducting this internal audit, we considered the process and control mechanisms management has in effect to achieve the following control objectives:

- Clear accountabilities, expectations, reporting relationships, and protocols are established for the City/TWEPI relationship. Both parties are aware of those agreed to expectations.
- Two-way communication between the City and TWEPI occurs, and defined/required information is exchanged in a timely manner.
- Management has mechanisms in effect to monitor agreed upon reporting relationships, that expectations are adhered to and that appropriately scaled governance is in effect and that information is protected from disclosure outside of this relationship (includes relationships between the City, TWEPI management, and the TWEPI Board).
- TWEPI has key policies that are regularly updated and communicated related to confidentiality, conflict of interest, employees' responsibilities, privacy, inventory handling, reporting, etc. and mechanisms to assess compliance.
- Management has monitoring processes and control in place to consider:
 - external communication frequency is aligned with stakeholders' needs;
 - disclosures and information is appropriate for the audience; and
 - compliance with applicable legislation.
- Management has a mechanism for assessing the integrity of information used in decision making based on the sources used.
- TWEPI has a policy and position on fraud risk management and mechanisms for enabling compliance. TWEPI investigates all possible fraud when there is a concern or suspicion for wrongdoing within the entity.
- Management has implemented appropriate controls over cheque collection, deposits, and payments to mitigate losses and optimize cash flow. There are adequate segregation of duties, review and approval, and reconciliations used to mitigate against risk of fraud, waste, or misuse of assets.
- A mechanism for maintaining awareness as to media mechanisms and potential items of disclosure. A mechanism for identifying and informing stakeholders of critical media content impacting brand/reputation exists and is used.

Refer to Appendix B for control descriptions associated with the control objectives that are in place at TWEPI.

Scope Exclusions

The following areas were not included within the scope of this internal audit:

- The effective design, implementation, and operation of the Information and Technology ("IT") environment and IT general controls.
- The effective design, implementation, and operation of business systems and application controls related to the capture, processing, storage, reporting/presentation, and exporting of information and data.
- Controls over the completeness, accuracy, reliability, and validity of the evidence, information, and data provided by management during the course of this review.

Linkage to the Internal Audit Plan

TWEPI Audit is part of the Council approved 2016/17 Internal Audit Plan. Internal audit has performed a "Targeted Review" of Specified Objectives, as outlined in Appendix B, that focused on predetermined key City business objectives where the Agencies, Boards, Commissions ("ABCs") has a direct impact. In many instances, the issues and risks of both the City and the ABCs are similar in their inherent nature.

Report Classification

In general, the processes and controls defined at TWEPI are in place to address many of the in-scope objectives. TWEPI Board includes City Councillors and the Board reports to the City annually on the operations of TWEPI. TWEPI schedules regular meetings with the BoD in order to discuss financial and non-financial information. TWEPI uses their Business and Strategic Plans as guidelines to ensure that Board expectations are met.

TWEPI has developed policies and procedures related to Human Resource, Accounting and Financial, and Social Media that are required to be acknowledge and reviewed by all staff. These policies enhance the operational function of TWEPI. However, a framework to formally review or maintain key policies has not been developed which increases the risk that specific elements of key policies are not complete or not updated.

IA learned through inquiry, that when there is a suspicion of fraud, management may involve a third party forensic consultant to conduct a forensic audit and report findings/recommendations to management and the Board for consideration. However, IA noted that there is no overarching fraud management policy documented to provide guidance to staff and management on how to handle fraud incidents.

TWEPI processes payroll through ADP and Sage accounting software to process journal entries and financial reporting. Also, TWEPI manages its own finance and payroll functions independently with direction from the City in regards to the Accounting and Financial Manual. There are some commonly accepted control practices that have not been introduced/formalized at TWEPI regarding banking and month end close processes which could be addressed by introducing a month end reporting checklist and a periodic review of roles and access to financial systems to ensure adequate segregation of duties controls are applied.

TWEPI media communication involved Media Releases and conference which is approved by the CEO before any action is taken. Media channels are monitored on a regular basis and forwarded to the CEO for the next course of action.

When considering the size and nature of TWEPI's operations, in past reviews of ABCs, it is not uncommon for there to be findings similar to the three raised below. The potential impact of the control deficiencies would be relative to the size and nature of associated ABC. During the review, internal audit did not become aware of actual issues that would create a cause for concern, however the recommendations noted in this report are aimed to decrease the likelihood of occurrence of a potential issue.

Based on the controls identified and tested as part of the internal audit of the TWEPI processes, we have determined that there is reasonable evidence to indicate that:

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to City Reporting Relationship and Agreement				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to Governance / Tone at the Top				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Policy Framework and Evidence of Compliance				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to External Communications and Marketing				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Integrity of Management Information and Performance measurement				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Fraud Risk Management Protocols				
Controls over the process are designed in such a manner that there are:				

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Segregation of Duties				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Media Monitoring and Escalation				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

Management has provided comprehensive action plans, which we believe will address the deficiencies noted.

Summary of Positive Themes

Based on the interviews and testing conducted by Internal Audit, the following positive themes were noted:

City Reporting Relationship and Agreement

- TWEPI has a business plan that outlines expectations, reporting relationships, and protocols. The business plan was developed by TWEPI, and reviewed and approved by the Board before commencement/start of activities.
- The Year in Review report is prepared by TWEPI and approved by the Board before distribution.
- The budget was approved by the Board before the start of the next fiscal year. Budget to actual variance is monitored with discrepancies explained to the BoD.

Governance, Tone at the Top

- There is a multi-year strategic plan in place that is aligned with the business plan. This strategic plan is also approved by the Board before implementation.
- TWEPI defines a schedule for the BoD to meet five times during 2017.

Policy Framework and Evidence of Compliance

- TWEPI employees are required to review and provide confirmation of understanding and acceptance of applicable policies and procedures to HR at the time of being hired.

External Communications and Marketing

- On quarterly basis, a social media report (yearly comparisons and trend analysis) is shared with the executive to review and approve. The Q2 report was prepared, reviewed, and approved by separate parties. The report was also distributed to management in a timely manner, after approval was given.
- Prior to media content being released to the public, CEO approval is required.

Banking and Financial Oversight and Planning

- Restricted funds are accompanied by a detailed fund schedule which is reviewed and approved by TWEPI's CEO and submitted to the funding body.

Media Relations, Monitoring, and Escalation

- Media Releases and Conferences are developed in tandem with the CEO/leadership team and are approved by the CEO. Media comments and requests are forwarded to the CEO before any action is taken.

Summary of Findings

Finding #	Topic	Rating ¹			Management Action Plan
		Significant	Moderate	Low	
City Reporting Relationship and Agreement					
-	No findings noted	-	-	-	
Governance, Tone at the Top					
-	No findings noted	-	-	-	
Policy Framework and Evidence of Compliance					
1	Enhance Policy Framework and Design (Operating)	-	-	X	Review all policies and procedures and update policies every 5 years so that they are aligned with the business plan's time frame.
External Communications and Marketing					
-	No findings noted	-	-	-	
Integrity of Management Information					
-	No findings noted	-	-	-	
Fraud Risk Management Protocols					
2	Document Fraud Management Policy and Protocol (Design)	X	-	-	Adopt a version of the City's fraud policy.
Segregation of Duties, Banking, and Financial Oversight/Planning					
3	Enhance Compensating Controls to Address Potential SOD (Design)	X	-	-	Implemented new month-end reports checklist, cheque register/log review roles and responsibilities will be reviewed annually or as needed when a change in roles occur.
Media Relations, Monitoring, and Escalation					
-	No findings noted	-	-	-	
Total Audit Findings		2	0	1	

¹ See Appendix A for Basis of Finding Rating and Report Classification

Summary of Significant Findings

The following is a summary of the two significant rated findings:

1. There is no overarching fraud management policy documented to provide guidance to staff and management on how to handle fraud incidents.
2. One individual has access to prepare, review, and sign cheques, as well as edit the vendor master records and process online banking transactions. This introduces an opportunity to create unauthorized cheques or issue payments to inappropriate vendors.

Management Comments

Management agrees with the findings and recommendations provided. We welcomed the opportunity to be audited and we appreciated the professionalism of the PricewaterhouseCoopers LLP staff throughout.

Name: Gordon Orr

Title: CEO

Date: September 22, 2017

Detailed Observations

1. Enhance Policy Framework and Design (Operating Effectiveness)			Overall Rating: Low
Impact:	Low	Likelihood:	Unlikely
<p>Observation: Internal audit selected three key policies from HR (1. Code of Conduct), Accounting and Finance Manual (2. Purchasing) and Communications (3. TWEPI Media Relations Procedures) and noted the following:</p> <ol style="list-style-type: none"> All three policies lacked a defined frequency of update/review (e.g. annually, every two to five years). Version control is not maintained for Accounting and Finance Manual (Purchasing) and Social Media Procedures management to highlight key changes/updates. The Code of Conduct policy does not mention reporting procedures in the event that rules are not being followed by employees. 			
<p>Implication:</p> <ul style="list-style-type: none"> Outdated policies are not decommissioned appropriately creating confusion as to in-force policies. Active policies are not reviewed or updated for changes in business/regulations or updates are not formally communicated to new employees. 			
<p>Possible root cause: Policies are reviewed and approved informally or on an ad hoc basis.</p>			
<p>Recommendation: Management should:</p> <ul style="list-style-type: none"> Include a requirement that all policies are to be reviewed and/or updated every five years, unless otherwise noted. Update the Code of Conduct policy to include procedures for reporting activities that are not aligned with TWEPI policy. Prepare a template for all policies to capture the “effective date” and previous versions to showcase key updates over a policy’s evolution. 			
Management Action Plan			
<p>Action Plan: Management agrees with the report findings and recommendations. Management will begin a process to review all policies and procedures and work within a uniform template to use across the board.</p> <p>The first step will be to add version control and a table of contents to the existing Financial Policies.</p> <p>The next step will be to update the HR and finance policies. The Governance policy was last updated 2015 and would not require updating until 2020. Management would like to align the policy update time frame with the business plan timelines. This way all policies will be reviewed at the same time the business plan is updated every 5 years.</p>		<p>Responsible Party:</p>	CEO
		<p>Due Date:</p>	December 31, 2018

2. Document fraud management policy and protocol <i>(Design Effectiveness)</i>		Overall Rating: Significant	
Impact:	High	Likelihood:	Likely
<p>Observation: Internal audit inquired with management regarding the protocols for managing fraud incidents and raising awareness of fraud risks. We noted that in 2011 a third party forensic consultant was engaged to perform a review of specific fraud risk areas. Though this process confirms that management follows up on fraud incidents, there was no overarching fraud management policy documented to provide guidance to staff and management on how to handle fraud incidents.</p> <p>Although, general protocols for reporting concerns, such as fraud or misconduct, are known by management, procedures for reporting concerns are not documented in a Fraud Policy.</p>			
<p>Implication: Indirect or direct fraudulent transactions/activity go unnoticed. Inconsistent and/or informal fraud prevention/detection controls.</p>			
<p>Possible root cause: TWEPI relies on audits to detect fraudulent activities and offer recommendations to detect and/or prevent these activities from happening.</p>			
<p>Recommendation: Management should:</p> <ul style="list-style-type: none"> • Define, approve, and implement a Fraud Policy which considers describing the applicable Fraud Protocols. • Include in the Fraud Policy protocols regarding Board review of suspected fraud reports and subsequent results of investigations (i.e. forensic reports) along with details on resolution of control gaps/risk exposures. • Communicate the Fraud Policy to TWEPI employees for acknowledgement of compliance. • Regular awareness of Fraud Policy requirements should be provided to all personnel. • Have the Board adopt the Fraud Protocols and include procedures and channels for reporting suspected fraud concerns anonymously. 			
Management Action Plan			
<p>Action Plan: Management agrees with the report findings and recommendations. Management will review, amend and adopt a version of the City's fraud policy for implementation at Tourism Windsor Essex Pelee Island. This new policy will be reviewed with staff and directors with a sign-off requirement. The policy will be added to the staff and Board Policy manuals.</p>	Responsible Party:	CEO	
	Due Date:	October 31, 2018	

3. Enhance compensating controls to address potential SOD (Design Effectiveness)			Overall Rating: Significant
Impact:	High	Likelihood:	Likely
<p>Observation: Through review of the Expenditure and Financial Reporting Cycles, it was noted that a key control owner within finance/administration functions has access/ability to prepare cheques, review and sign cheques, and edit the vendor master records, record journal entries, and process online banking transactions. TWEPI practice/protocols are to have cheques prepared by someone without cheque signing authority.</p> <p>TWEPI's has some detective monitoring controls aimed to provide appropriate levels of oversight. For example, bank reconciliations are to be prepared on a monthly basis and approved by the CEO within 15 days of the month end. However, when internal audit reviewed bank reconciliations for five chequing accounts across two months and we noted:</p> <ul style="list-style-type: none"> • Evidence of independent review was not present consistently with a formal sign-off or approval (i.e. initials and date). • One of five accounts pertains to an investment certificate and this account is not formally reconciled monthly. <p>Furthermore, there is no month end reporting schedule to track month end tasks (i.e. reconciliations, required reviews, and schedules). Also refer to consideration #2.</p>			
<p>Implication: Incompatible duties performed by one individual may increase the risk of inappropriate payments, payments to unauthorized vendors, redirected or misdirected payments, or release of funds. Key schedules and reconciliation tasks are not prepared and approved in a timely manner.</p>			
<p>Possible root cause: Segregation of duties is not currently in effect across all key responsibilities. The ability to prepare cheques and edit master files is not separated in the Sage accounting system.</p>			
<p>Recommendation: Management should:</p> <ul style="list-style-type: none"> • Update Bank Reconciliation policy to consider either/or roles to approve instead of requiring only CEO approval. This will allow the CEO to delegate approvers. • Create a Segregation of Duties policy that documents management's responsibilities to enforce and maintain appropriate SOD. This policy should include a list of incompatible duties and identify core tasks performed by TWEPI. The policy should also include procedures around exceptional circumstances and backup coverage. • Incorporate an independent review of online banking transactions as part of the Bank Reconciliation review. • Allocation of roles and responsibilities should be reviewed periodically (i.e. annually or when changes in roles occur). • Independent review of cheque registers and edits to the vendor master file logs on a periodic basis. • Implement a month end reporting schedule/checklist that creates predictability in the event of a change in staff, so that all reports are accounted for. 			
Management Action Plan			
<p>Action Plan: Management agrees with the recommendations. By the time this report was finalized, the following recommendations were already implemented; new month-end reports checklist, cheque register/log review added to month-end procedure. A SOD procedure will be added to the existing financial policy manual. The allocation of roles and responsibilities related to finance duties will be reviewed each time there is a change in personnel and/or roles and/or annually.</p>		Responsible Party:	CEO
		Due Date:	June 30, 2018

Considerations for Improvement

1. Maintain Controls over Spreadsheets

Observation:

In preparing the KPI report, management performs a manual review to validate that the data being presented is accurate, complete, and has integrity. The information is also used for reporting to the Board before making decisions. A potential risk exposure exists where information is being changed or linked to other sources.

Consideration:

Evaluate spreadsheets used by TWEPI and identify data that may be complex, key and/or prone to error and determine the proper controls that would be required.

2. Consolidate Bank Accounts

Observation:

Internal audit noted that TWEPI has a total of six bank accounts (five chequing, one GIC), which is a considerable amount compared to other ABCs. Five of the six accounts are reconciled on a monthly basis which could be time consuming to all parties involved. Please see summary of accounts below:

Bank	Purpose	Account Status (Active/Non-Active)
WFCU	Chequing	Active
WFCU	Chequing	Active
WFCU	Chequing	Active
RBC	Chequing	Active
RBC	Chequing	Active
RBC	GIC	Active with limited transactional activity during the scope period

Consideration:

Management should consider conducting a review of the current accounts and determine which can be consolidated or removed/closed. This will allow for better efficiency in preparing, reviewing, and approving bank reconciliations in a timely manner. Consideration should also be given to using a single service provider.

3. Enhance Cheque Stock Management

Observation:

During the course of the review, internal audit selected 33 samples of disbursements and noted the following as part of follow-up procedures relating to month end reconciliations:

- One voided cheque was not accounted for.
- Three cheques did not match the cheque numbers reported by the accounting application (Sage) due to an input error.

Although internal audit inspected bank statements between August-December 2016 and found no evidence that the voided cheque was actually cashed, there is no formal mechanism (cheque register/log) in place to account for used/unissued/voided/out of sequence cheques.

Consideration:

Management should:

- Implement a cheque register tracking log that can be reconciled against Simply (Sage) records. This register should include reasons for voided cheques and management sign-off as evidence of review/acknowledgement by someone other than the preparer of cheques.

Appendix A: Basis of Findings Rating and Report Classification

Findings Rating Matrix

Audit Findings Rating		Impact		
		Low	Medium	High
Likelihood	Highly Likely	Moderate	Significant	Significant
	Likely	Low	Moderate	Significant
	Unlikely	Low	Low	Moderate

Likelihood Consideration

Rating	Description
Highly Likely	<ul style="list-style-type: none"> History of regular occurrence of the event. The event is expected to occur in most circumstances.
Likely	<ul style="list-style-type: none"> History of occasional occurrence of the event. The event could occur at some time.
Unlikely	<ul style="list-style-type: none"> History of no or seldom occurrence of the event. The event may occur only in exceptional circumstances.

Impact Consideration

Rating	Basis	Description
HIGH	Dollar Value ²	Financial impact likely to exceed \$250,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control Significant control weaknesses, which would lead to financial or fraud loss.</p> <p>An issue that requires a significant amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Failure to meet key strategic objectives/major impact on strategy and objectives. · Loss of ability to sustain ongoing operations: <ul style="list-style-type: none"> - Loss of key competitive advantage/opportunity - Loss of supply of key process inputs · A major reputational sensitivity e.g., Market share, earnings per share, credibility with stakeholders and brand name/reputation building. <p>Legal/Regulatory Large scale action, major breach of legislation with very significant financial or reputational consequences.</p>
MEDIUM	Dollar Value	Financial impact likely to be between \$75,000 to \$250,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control Control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures.</p> <p>An issue that requires some amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · No material or moderate impact on strategy and objectives. · Disruption to normal operation with a limited effect on achievement of corporate strategy and objectives. · Moderate reputational sensitivity. <p>Legal/Regulatory Regulatory breach with material financial consequences including fines.</p>
LOW	Dollar Value	Financial impact likely to be less than \$75,000 in terms of direct loss or opportunity cost.
	Judgmental Assessment	<p>Internal Control Control weaknesses, which could result in potential insignificant loss resulting from workflow and operational inefficiencies.</p> <p>An issue that requires no or minimal amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Minimal impact on strategy. · Disruption to normal operations with no effect on achievement of corporate strategy and objectives. · Minimal reputational sensitivity. <p>Legal/Regulatory Regulatory breach with minimal consequences.</p>

² Dollar value amounts are agreed with the client prior to execution of fieldwork.

Audit Report Classification

Report Classification	The internal audit identified one or more of the following:
Cause for considerable concern	<ul style="list-style-type: none"> ● Significant control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. ● An unacceptable number of controls (including a selection of both significant and minor) identified as not operating for which sufficient mitigating back-up controls could not be identified. ● Material losses have occurred as a result of control environment deficiencies. ● Instances of fraud or significant contravention of corporate policy detected. ● No action taken on previous significant audit findings to resolve the item on a timely basis.
Cause for concern	<ul style="list-style-type: none"> ● Control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. ● A number of significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. ● Losses have occurred as a result of control environment deficiencies. ● Little action taken on previous significant audit findings to resolve the item on a timely basis.
No major concerns noted	<ul style="list-style-type: none"> ● Control design improvements identified, however, the risk of loss is immaterial. ● Isolated or “one-off” significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. ● Numerous instances of minor controls not operating for which sufficient mitigating back-up controls could not be identified. ● Some previous significant audit action items have not been resolved on a timely basis.
No or limited scope for improvement	<ul style="list-style-type: none"> ● No control design improvements identified. ● Only minor instances of controls identified as not operating which have mitigating back-up controls, or the risk of loss is immaterial. ● All previous significant audit action items have been closed.

Appendix B: Control Descriptions

Review Area	Ctrl Ref	Control Title	Control Description	Reference to Finding
1. City Reporting relationship & agreement	1	TWEPI and City agreement(s)	The Board of TWEPI consists of representation from the City to ensure that the relationship of the City and TWEPI is monitored and expectations are met. Board provides direction to management in order to align the Business Plan, Strategic Plan goals and objectives.	
	2	Year In Review	Yearly, TWEPI provides the City with a Year in Report by TWEPI which is approved by the BoD before distribution.	
	3	Budget Review	Yearly, the budget is prepared by the Vice-President, Tourism Programs & Development and is reviewed and approved by the CEO. The budget is then forwarded to the BoD for approval prior to start of the fiscal year. Budget to actual variance is monitored and exception reports are prepared for review by CEO and/or BoD for approval of revisions/updates to the Budget.	
2. Governance, Tone at the top	4	Governance, Tone at the top Review	TWEPI has a five year Strategic Plan in place that ensures agreed to reporting relationships and expectations are in place and adhered to. This plan also defines that the appropriate scale of governance is in effect and that information is protected from disclosure outside of this relationship. This plan is reviewed by the Board on an annual basis to ensure proper implementation.	
	5	BOD Meeting Schedule	BoD meets regularly as per a predefined schedule and considers financial and non-financial information to provide direction to the management.	
3. Policy framework and evidence of compliance	6	Policies and Procedures Review	Policies related to confidentiality, conflict of interest, employees' responsibilities, privacy, cash handling, reporting, etc. are documented and approved by the BoD. Policies are updated as necessary.	Finding #1
	7	Policy Awareness and Compliance	Employees are required to review and provide confirmation of understanding and acceptance of applicable policies and procedures to HR at the time of being hired.	
4. External Communications and Marketing	8	Review and Approval of Content Provided by Agency	External communications and marketing requests are developed by an ad agency. Once developed, requests are reviewed by the TWEPI staff and approved by the CEO before communicated to stakeholders.	
	9	Quarterly Report Review	TWEPI media relations are monitored and tracked by the Manager of Group Programs. On a quarterly basis, a social media report (yearly comparisons and trend analysis) is shared with the executive to review and approve. The report is then shared with the Board for approval. The analysis focuses on social media channels, website traffic, email communication, paid campaigns, and digital ads.	CFI #1
5. Integrity of management information	10	KPI Review	Information (tourism market share, visitor statistics, preferred methods of travel, variations in hotel occupancy, etc.) is collected from multiple sources (hotels, information centres, tourism, TWEPI website, social media, etc.) and reviewed against the Strategic/Business Plans and are reported to and reviewed by the CEO before presenting to the Board for approval.	

Review Area	Ctrl Ref	Control Title	Control Description	Reference to Finding
6. Fraud risk management protocols	11	Code of Conduct	TWEPI has documented key policies which govern acceptable conduct and expectations in the workplace.	
	12	Fraud Risk Management Procedures	Procedures for managing fraud instances are known and understood by staff, where applicable.	Finding #2
7. Segregation of Duties	13	Cheque Authorization	Cheques are prepared on a weekly basis, or more frequently as necessary. Cheques may not be issued in "blank" where no payee name is shown. All cheques will be endorsed by two signatures (CEO and/or the Vice-President and/or a Board Member) within five business days of cheque preparation. Cheques with a value of \$25,000 or greater must be endorsed by at least one Board member. Cheques will only be authorized with a complete voucher package (approved invoice, 'receiving report' or purchase order or expense voucher). In the event that a cheque is required to be voided, or a stop payment is required, the cheque support is to be documented for the reason, reviewed and initialed by the Vice-President, and filed appropriately as to ensure all cheques are accounted for.	CFI #3
	14	Segregation of Duties	The following key functions are segregated: – Individuals who approve invoices typically do not prepare cheques. – Individuals who have access to physical cash do not reconcile bank or post journal entries to the general ledger.	Finding # 3, CFI #3
	15	Bank Reconciliation	Bank reconciliations are prepared on a monthly basis and presented to the CEO for approval within 15 days of the month end for which it is being prepared.	Finding # 3 CFI #2
	16	Restricted Funds Review	Restricted funds are accompanied by a fund schedule. A Final Report Form, required by the Ministry, reports amounts spent on activities conducted in accordance with funding agreement. It is to be completed upon completion of each scheduled disbursement. This form must be reviewed and approved by TWEPI's CEO and submitted to the funding body.	
8. Media relations, monitoring and escalation	17	Media relations, monitoring and escalation	Media channels are monitored and answered numerous times a day by the CEO or delegate with politically charged questions or concerns forwarded to the CEO. Media Releases and Conferences are drafted and released/conducted after CEO consent/approval.	

Appendix C: Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

We have undertaken the internal audit project at TWEPI, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation, or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations, or other irregularities which may exist.



This document has been prepared only for The Corporation of the City of Windsor and solely for the purpose and on the terms agreed with The Corporation of the City of Windsor in our agreement dated June 9th, 2016. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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