Office of the Municipal Auditor General,
The Corporation of the City of Windsor

JUNE 16, 2023

2023 AUDITOR GENERAL WORK PLAN

PROGRESS REPORT

Executive Summary

2023 AUDITOR GENERAL WORK PLAN

Work Plan Progress

The transition from PwC to Risk Savvy Ltd. of the Internal Audit services contract while retaining Christopher O'Connor as the appointed Auditor General has occurred. After this transition, planning on the previously determined BIA reviews commenced and was placed on hold, given the governance actions taken by City Council. As a result of the City Council request and Governance enhancements regarding the BIAs, the Auditor General is recommending a modification to the current work plan.

Planning continued for the Procurement - Education Compliance and Management Action Plan Validation reviews. The Procurement - Education Compliance review is in process, with an assessment of control design and operation currently being conducted. The Management Action Plan Validation review was completed and is included in this progress report. The results of the Management Action Plan Validation review indicate good progress by management in executing an approach to previously raised Internal Audit and Auditor General findings.

The Concerned Citizen and Employee Hotline continues to be regularly monitored through email, telephone, voicemail and postal mail. Since January 1, 2023, seventeen (17) actionable messages have been received. Sixteen (16) were routed to management for action, and one (1) was provided with the appropriate channel to raise a complaint, given their concern. An additional eighty-six (86) spam/junk mail messages were received.

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WORK PLAN PROGRESS

The following summary outlines the progress against the work plan previously presented. Two items are being cancelled. DISCUSSION AND ANALYSIS summarizes the basis for this change, and the table REVISED AUDITOR GENERAL WORK PLAN provides an overview of the revised plan.

Planned Project	Progress to Completion	Report Issued
Portfolio program management design review		⊗
Employee wellness indirect indicators analysis		⊗
Procurement – Education compliance		○
Business Improvement Association Review		○
Management action plan validation		✓
Concerned citizen and employee hotline		✓ ○
Risk assessment refresh		○
Oversight, administration and reporting		✓ ○
AG Functions		NA
Overall Plan Progress		NA

Legend:

○ To be issued ✓ Issued/Completed ⊗ Cancelled

MODIFICATION OF AUDITOR GENERAL WORK PLAN

DISCUSSION AND ANALYSIS

Under the approved Auditor General Charter, "The AG shall have the authority to stop, delay or postpone active/ongoing or planned work in order to redirect efforts to conduct projects and analysis when a complaint/allegation is lodged which may have merit. Any such changes will be reported to City Council for approval of the Audit Plan change or alternatively for allocation of additional resources to avoid such changes to the plan."

A BIA-related complaint was received in the prior year, which warrants investigation. Further, as part of the BIA governance requirements instituted by City Council, a request for Auditor General involvement in the BIAs was articulated at City Council. Together, these requests exceed the budget for reviews at the BIAs. The original scope did not consider the governance and compliance elements. To conduct the BIA review as initially planned and incorporate key items related to governance and compliance across all BIAs (rather than targeting a select few), the efforts from other initiatives will be directed towards the BIA efforts; the specific projects being cancelled are Portfolio program management design review and the Employee wellness indirect indicators analysis review.

In arriving at the recommended approach, the Auditor General evaluated six (6) possible approaches and considered the impact of scope, coverage, timing, additional effort/cost and time available for other projects. A summary of this analysis may be found in Other Options Considered and Analysis.

The previously planned BIA work has been placed on hold until this plan is presented to City Council to ensure the proposed reviews consider their concerns.

The revised scope for the BIA review work will consider the various BIA entity's compliance with the Governance framework and supporting schedules as adopted by City Council and specific policies at each BIA, such as procurement, hiring and termination. Compliance with the governance framework will target a significant portion of the framework (and schedules) but will be limited, given funding constraints. An additional allocation of funds would be required to expand the reviews to the entire framework.

The BIA review will commence late in 2023 to provide the BIAs time to adopt and implement the governance framework.

In addition, 80 hours of effort is being redirected from Oversight, Administration and Reporting, and Auditor General activities to the maintenance/response of the Concerned Citizen and Employee Hotline, given the transition from PwC.

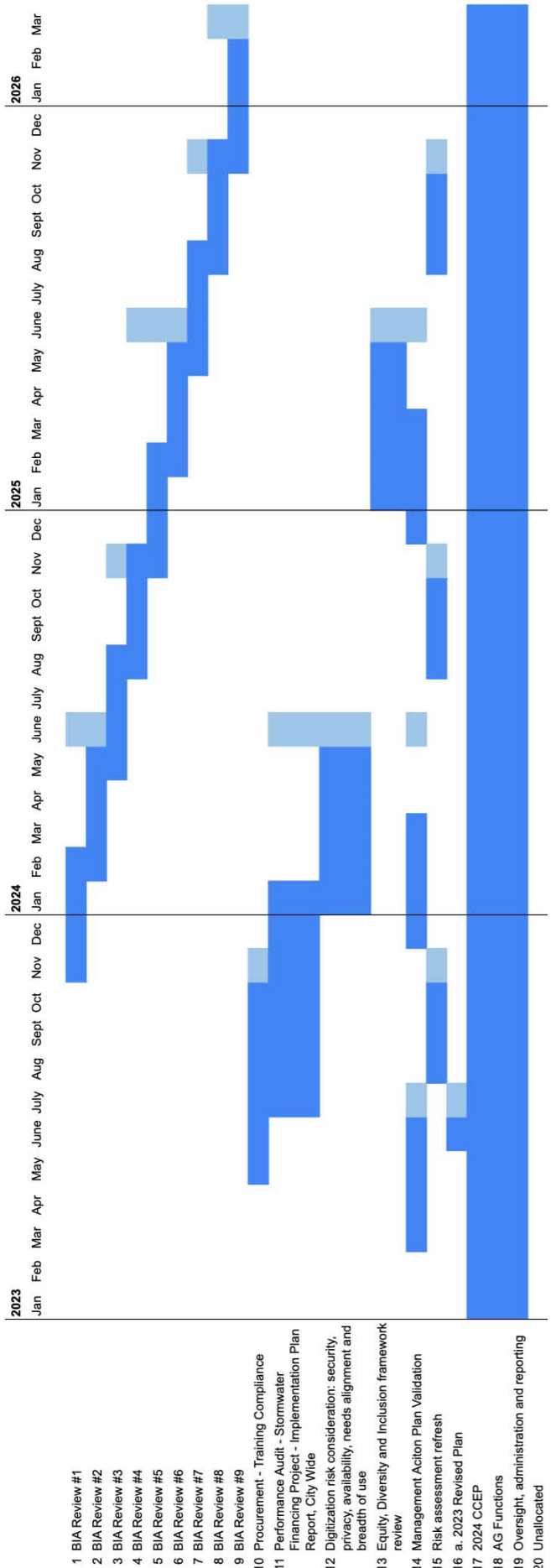
These modifications result in the following revised work plan. This is the first revision of the 2023 Auditor General work plan since the original submission.

REVISED AUDITOR GENERAL WORK PLAN:

Planned Project	Planned Effort Allocation %
~~**Project Portfolio Management – Design Review:** Project portfolio management (PPfM) is fundamentally different from project and program management. Project and program management are about execution and delivery--doing projects right. In contrast, PPfM focuses on doing the right projects at the right time by selecting and managing projects as a portfolio of investments. It requires completely different techniques and perspectives. Currently, the City has many ongoing initiatives which require oversight, the future is expected to bring more projects and changes to the organization. A review of the current PPfM practices the City has in effect and an assessment of the current design of those controls or a roadmap to enhance maturity will provide support across the project landscape. Specific consideration will be given to the practices management has in place for the portfolio to:~~ 1. ~~Clarify business objectives~~ 2. ~~Capture and research requests and ideas~~ 3. ~~Select the best projects using defined differentiators that align, maximize, and balance~~ 4. ~~Validate portfolio feasibility and initiate projects~~ 5. ~~Manage and monitor the portfolio~~	0% Removed
~~**Employee Wellness Indirect Indicators Analysis:** Employee wellness has been a rising imperative for attracting and retaining the talent an organization needs. The recent pandemic circumstances have increased the relative imperative of this wellness while also creating significant additional stressors on personnel. This internal audit will consider indirect indicators of employee wellness such as overtime, leave taken/not taken, workloads and broader environment considerations to identify key risk indicators of the City's employee wellness.~~	0% Removed

Planned Project	Effort Allocation %
Procurement – Education compliance: Education of individuals who have purchasing authority and are required to comply with the By-law is a significant awareness and preventative control mechanism. Equipping these individuals as it relates to the proper use and interpretation of the Purchasing By-law helps to reduce the risk of non-compliance with the by-law.	12%
Partial scope of 9 BIAs over 3 years: Selected compliance testing with the Council approved governance framework and supporting schedules. Further consideration as to the design of specific policies at each BIA such as procurement, hiring and termination will be incorporated. Compliance testing will be significant but not comprehensive. Three (3) BIAs will be considered each year.	29%
Performance Audit - Stormwater Financing Project - Implementation Plan Report, City Wide: Review progress against plan milestones to December 2023 timeline considering activity completion and budget-to-actual results.	24%
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 City Council. Cut off for the activity is scheduled for December 31, 2022.	7%
Concerned citizen and 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).	11%
Risk assessment refresh: Development of annual risk assessment and 3 year internal audit plan (2023-25). We will update our risk assessment for the City as a basis for identifying areas of audit emphasis.	5%
Oversight, administration and reporting: Ongoing status reporting and key performance metrics to the City. Maintain awareness of the City organizational risks, strategy and operational execution, Semi-annual reporting to the CLT and City Council will occur. Summary of the plan's completion status/progress.	2%
AG Functions: Provide Auditor General oversight, input, investigations and support.	8%
Unallocated: Available hours to respond to further investigations, project variances or special requests. (10% or more is recommended)	2%

Revised Work Plan Timeline



OTHER OPTIONS CONSIDERED AND ANALYSIS:

Below is an outline of the six options considered in recommending the plan provided here for consideration. First, a summary of the scope is provided. Subsequently, a table highlighting the key considerations is provided.

1. **Full scope of 9 BIAs in year:** Conduct full-scope compliance and allegation review for all 9 BIAs as part of this year's Auditor General work plan. This would require estimated additional funding to provide staff augmentation efforts of between $225,000 to $300,000.

2. **Full scope of 9 BIAs over three years:** Conduct full-scope compliance allegation review for all 9 BIAs as part of the following three-year Auditor General work plan. No additional funding would be required, but only one other project, beyond that base recurring efforts, would occur in the three years.

3. **Partial scope of 9 BIAs in the year:** Conduct partial-scope compliance and allegation review for all 9 BIAs as part of this year's Auditor General work plan. This would require estimated additional funding to provide staff augmentation efforts of between $166,000 to $225,000.

4. **Partial scope of 9 BIAs over three years:** Conduct partial-scope compliance allegation review for all 9 BIAs as part of the following three-year Auditor General work plan. No additional funding would be required, and three other projects would occur beyond that base recurring efforts in the three years.

5. **Cover 4 selected BIAs in 1 year:** Conduct full or partial scope compliance and allegation reviews for four BIAs as part of this year's Auditor General work plan. No additional funding would be required, but not all BIAs would be covered; bias would be provided to include specific BIAs in scope to assess allegations.

6. **BIA only as initially planned:** Conduct BIA scope as originally planned (excludes a significant majority of the Governance Framework elements) and conduct three additional internal audits as part of this year's Auditor General work plan as follows:

    A. Performance Audit - Stormwater Financing Project - Implementation Plan Report, City-Wide,

B. Equity, Diversity and Inclusion framework review

C. Ransomware review

Analysis Summary - Key Considerations in Selecting Approach to Include in the Revised Auditor General Work Plan:

Project Short Title	Full scope of 9 BIAs in year	Full scope of 9 BIAs over 3 years	Partial scope of 9 BIAs in year	Partial scope of 9 BIAs over 3 years	Cover 4 selected BIAs in 1 year	BIA coverage only as initially planned
Addresses Original Scope	Yes	Yes	Yes	Yes	Yes	Yes
Considers Governance Framework	Yes	Yes	Significantly	Significantly	Significantly	No
Covers All BIAs	Yes	Yes	Yes	Yes	No	Yes
Coverage of BIAs in next 3 years	Yes	Yes	Yes	Yes	No	Yes
Other Projects Possible in next 3 years	5-7	1	5-7	3	5-7	8-10
Expected Resource Supplementation Required beyond Plan/Extra Cost	$225,000 to $300,000	$0	$166,000 to $225,000	$0	$0	$0
Ranking of Options	**5**	**2**	**4**	**1**	**6**	**3**

APPENDIX A - REPORT ISSUED IN THE PERIOD

An extract of the report's executive summary is included below, and the full report is attached in the appendix to this status report.

2.1 MANAGEMENT ACTION PLAN VALIDATION

Management is showing substantial progress on most open action plans. This year the total open action plans are the second lowest in ten (10) years, with six (6) remaining open at the end of 2022. Significant progress has been made by management in addressing open findings.

The year 2022 began with seventeen (17) action plans carried forward, with another seven (7) added during the year. This resulted in 24 action plans being overseen by management during 2022, of which 18 were addressed in some manner, and six (6) remain open to be addressed.

Of the findings closed in the period:

- one (1) was completed before the required due date,
- nine (9) were resolved in the period (as previously planned),
- eight (8) were risk accepted.

The result is six (6) open findings:

- four (4) were raised in the period,
- another one (1) is on track to be completed as initially intended in 2023, and

- one (1) action plan has been retargeted multiple times; however, management has provided material indicating that the only remaining action element - to present/ discuss/approve the noted policies at a board meeting - occurred in March 2023.

RATING

In total, eighteen (18) (90%) of the twenty (20) management action plans intended for closure in the period were completed, two (2) were retargeted for the first time, and one (1) was retargeted for the second time or more (incurring a 2% penalty), resulting in an overall conclusion of eighty-eight percent **(88%) - Controlled**.

SCOPE PERIOD

January 1, 2022 through December 31, 2022

APPROACH

For validating the 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 completed by management;
- Preparing a report on the outcomes of the management action plan internal audit activity.

APPENDIX B - COMPLAINTS & INVESTIGATION

Area	Checked within timeframe	Inbound	Hangups/ Spam	Routed to Management	Under Analysis	Under Investigation	Investigated
Concerned Citizen & employee Hotline	Yes*	103	86	16**	0	0	0
Auditor General Direct	Yes	0	0	0	0	0	0

* In March, it was noted that several inbound email complaints were not captured promptly due to filtering. All filtering was removed at that time, and the Auditor General directly received each inbound email. No timing issues were noted after this transition issue.

** For one (1) inbound call, the Auditor General provided the individual with the information to access the proper channel to submit the complaint, given that the concern was outside the Concerned Citizen and Employee Protocol scope.

APPENDIX C - DETAILED REPORT

Office of the Municipal Auditor General,
The Corporation of the City of Windsor

MAY 17, 2023

VALIDATION OF MANAGEMENT'S PROGRESS ON ACTION PLANS IN 2022

AUDIT REPORT

Executive Summary

2023 PLANNED AUDIT PROJECT

Progress on Open Action Plans in 2022

Management is showing substantial progress on most open action plans. This year the total open action plans are the second lowest in ten (10) years, with six (6) remaining open at the end of 2022. Significant progress has been made by management in addressing open findings.

The year 2022 began with seventeen (17) action plans carried forward, with another seven (7) added during the year. This resulted in 24 action plans being overseen by management during 2022, of which 18 were addressed in some manner, and six (6) remain open to be addressed.

Of the findings closed in the period:

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- one (1) action plan has been retargeted multiple times; however, management has provided material indicating that the only remaining action element - to present/ discuss/approve the noted policies at a board meeting - occurred in March 2023.

RATING

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- Requesting status updates and contact information from management;
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- Preparing a report on the outcomes of the management action plan internal audit activity.

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 to prevent and detect irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for designing and operating these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses. If detected, we shall carry out additional work directed towards the 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.

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OVERALL ASSESSMENT

Ratings are based on (1) the completion of planned management action plans and (2) the volume of retargets for individual observations (2% penalty for each retarget after one [1] initial grace period). Based on the actions undertaken by management in the period, our assessment of the progress is as follows:

Impact rating	Assessment rationale	Rating
Well controlled	Strong 100% of the audit recommendations due to be implemented in the current period were completed.	
Controlled	70% - 99% of the audit recommendations due to be implemented in the current period were complete. Opportunity exists to improve implementation rates	✓
Opportunity exists to improve implementation rates	50% - 69% of the audit recommendations due to be implemented in the current period were completed.	
Not controlled	Less than 50% of the audit recommendations due to be implemented in the current period were completed.	

In total, seventeen (17) [86%] of the management action plans intended for closure in the period were completed, one (1) was completed in advance, two (2) were retargeted for the first time, and one (1) was retargeted for the second time or more (2% penalty) resulting in an overall conclusion of eighty-four percent **(88%) - "Controlled**.

Closed as planned and closed in advance: In the period, eighteen (18) items were completed versus an expected twenty (20), a total closure rate of ninety percent (90%):

- Nine (9) management action plans were closed as planned in the period
- One (1) management action plan was completed ahead of schedule
- Eight (8) management action plans were closed via formal risk acceptance

Additions: Seven (7) management action plans were added during the period

Retargeted Items: Three (3) management action plans were retargeted in the period:

- Two (2) were retargeted for the first time
- One (1) was retargeted for the second time or more (1*2% penalty = 2%)

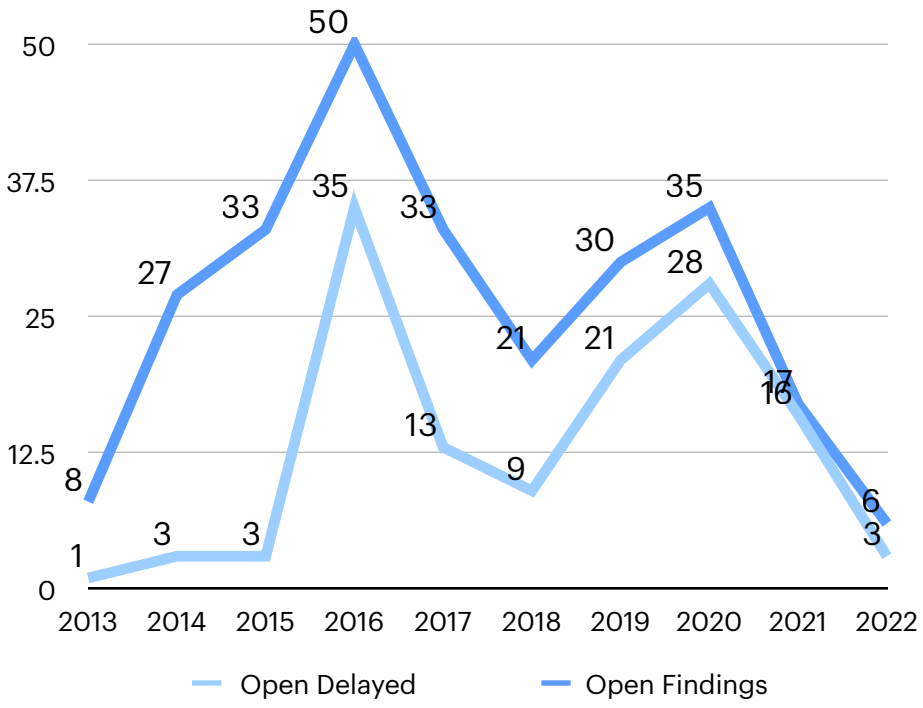
SUMMARY OF KEY INDICATORS

Running Balance of Open Management Action Plans to Address Previously Reporting						
Rating	**Opening Balance**	**Additions in Period**	**Resolved in Period**	**Open at the End of Period**	**Open and On Track**	**Open and Delayed**
Significant	7		6	1		1
High				0		
Moderate	6	2	7	1		1
Low	3	5	4	4	3	1
Not Rated	1		1	0		
Total	**17**	**7**	**18**	**6**	**3**	**3**

Expected to Close versus Actual Closed Management Action Plans					
Rating	**Expected to Be Closed in Period**	**Resolved in Period (A+B+C)**	**A. Validated as Closed in Period as Planned**	**B. Validated as Closed in Advance**	**C. Risk Accepted in Period**
Significant	7	6	5		1
High					
Moderate	8	7	1		6
Low	4	3	2	1	1
Not Rated	1	1	1		
Total	**20**	**18**	**9**	**1**	**8**

OPEN AND DELAYED FINDINGS TRENDING

Overall progress has been made in management's resolution of open findings, with the second lowest number of open findings in the last ten (10) years - six (6) open findings to address. Three (3) are Open and On-track and three (3) have been delayed with new targets beyond the original intended resolution date.



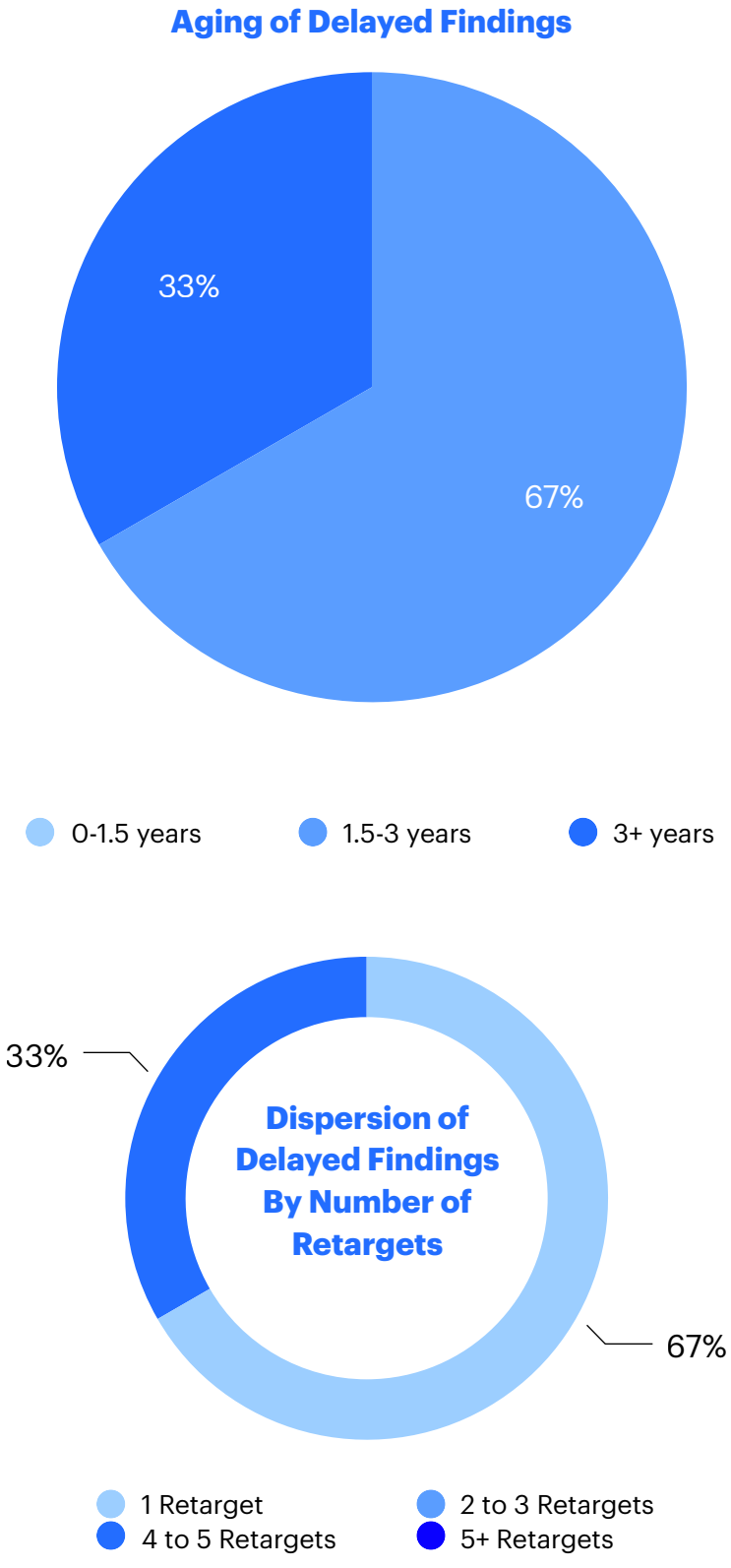
AGING AND DISPERSION OF DELAYED FINDING RESOLUTION

Of the three (3) delayed management action plans, two (2) were identified between eighteen (18) and thirty-six (36) months ago:

- 264: Road Infrastructure Maintenance Processes - Establish a formal process relating to road maintenance coordination and road project deficiencies
- 268: SmartCity Cyber & Privacy Risk Mitigation Review - Formalize risk identification criteria or guideline with respect to IT/Cyber/Privacy risks

The final one (1) was identified more than five (5) years ago.

- 205: Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance - Enhance purchasing policy and document inventory and asset management procedures



SUMMARY OF KEY FINDINGS DISPOSITION IN PERIOD

Findings Closed In Period*	**Findings Formally Risk Accepted in Period (See Appendix A)**	**Findings Retargeted In Period** (See Appendix B)
51: WDTC - Strategic plan not documented	101: Solid Waste - Agreement Between the City of Windsor and EWSWA	205: Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance - Enhance purchasing policy and document inventory and asset management procedures
159: Service Provider and Outsourced Services Governance and Management - Monitoring of Supplier Issues and Risks	211: Managing Transition of Projects into Operations - Enhance project classification and expectation guidelines	264: Road Infrastructure Maintenance Processes - Establish a formal process relating to road maintenance coordination and road project deficiencies
207: Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance - Enhance key vendor management controls	212: Managing Transition of Projects into Operations - Enhance considerations for project risk assessments	268: SmartCity Cyber & Privacy Risk Mitigation Review - Formalize risk identification criteria or guideline with respect to IT/Cyber/Privacy risks
209: Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance - Enhance compensating controls to address potential segregation of duties	213: Managing Transition of Projects into Operations - Formalize detailed Project Implementation Plan which includes Change Management/ Transition Plans	
229: Social Media Strategy Assessment - Document key content management procedures /checklists and review/update key account level roles/responsibilities	214: Managing Transition of Projects into Operations - Enhance approach to pre/post go-live feedback collection and aggregation	

Findings Closed In Period*	Findings Formally Risk Accepted in Period (See Appendix A)	Findings Retargeted In Period (See Appendix B)
239: Cyber Incident Response Assessment - Formalize Incident Management Plan and Procedures	241: Cyber Incident Response Assessment - Develop Incident Severity Matrix and Methodology for Incident Response Times using Critical Asset Classification	
240: Cyber Incident Response Assessment - Enhance Security Information and Event Management	244: Planning and Development - Review and Prioritize Action Plan Implementation of 2014 Business Process Review Findings	
247: Complaint Investigation Report - Lancaster Plane - Ensure contract compliance by retention of relevant documentation	270: SmartCity Cyber & Privacy Risk Mitigation Review - Perform ongoing monitoring of project risks	
266: Road Infrastructure Maintenance Processes - Investigate the root cause for the difference in results from the MBNC indicators for road maintenance spending and road quality		
269: SmartCity Cyber & Privacy Risk Mitigation Review - Establish procedures to conduct Privacy Impact Assessments (PIA)		

* The closure summaries/details for each closed finding are published in the management report presented to the Council

ACTION PLAN STATUS BY INTERNAL AUDIT REPORT

Rating	Opening Balance	Additions in Period	Resolved in Period	Risk Accepted in Period	Closed In Period	Expected to Close In Period	Open at Period End	Open and On Track	Open and Delayed
	A	B	C	D	E	F	G	H	I
City Based Projects					=C+D		=A+B-E		
Service Provider	1		1		1	1			
Managing Transition of Projects into Operations	4			4	4	4			
Social Media Strategy Assessment	1		1		1	1			
Cyber Incident Response Assessment	3		2	1	3	3			
Planning and Development	1			1	1	1			
Liquidity Management Review	1						1	1	
Road Infrastructure Management		4	1		1	2	3	2	1
SmartCity Cyber & Privacy Risk Mitigation		3	1	1	2	3	1		1
CCEP Findings	1		1		1	1			
Sub-total	**12**	**7**	**7**	**7**	**14**	**16**	**5**	**3**	**2**
ABC Based Projects									
WDTC	1		1		1	1			
Solid Waste	1			1	1	1			
Your Quick Gateway (YQG)	3		2		2	3	1		1
Sub-total	**5**		**3**	**1**	**4**	**5**	**1**		**1**
Total	**17**	**7**	**10**	**8**	**18**	**21**	**6**	**3**	**3**

APPENDIX A - RISK ACCEPTANCE IN PERIOD

In this appendix, we provide a high-level overview of two key risk perspectives:

1. Formal risk acceptance - The risks and associated action plans which management had committed to, but where management has decided to accept the risk and not incur further efforts for resolution as outlined in the rationale section. To maintain independence, the Auditor General and Internal Audit do not participate in management's determination to accept a risk. Our work consists of reporting the rationale management presents and observing evidence that a City Commissioner has approved the risk acceptance and rationale.

2. Implied short-term risk acceptance - This section provides a summary listing of management action plans that have been or are expected to remain open for more than eighteen (18) months from the date of the report issuance. In these instances, given the time required for management to undertake the action, the City is implicitly accepting the short-term risk of the original finding until the point in time of its resolution.

A.1 FORMAL RISK ACCEPTANCE

This section indicates those findings for which management accepts the risk of not having independently verifiable control(s).

Audit Report	Solid Waste
Observation # and Name	101 - Agreement Between the City of Windsor and EWSWA
Initially Identified	November 20, 2015
Original Risk Rating	Moderate
Background	There was no formal agreement between the City of Windsor and EWSWA which outlines oversight responsibilities, contract ownership and cost allocations and payment expectations regarding the Blue Box collection. Further, there was no standard set for how frequently the Operating agreement between the City, Authority and the County should be reviewed and or updated between the respective parties. The current operating agreement was developed prior to 1995.
Management's Risk Acceptance Rationale	The risk is being accepted by default as there have been some logistical challenges to the finalization of the revisions. These include four CAO changes at the County and three at the City since this issue started being actioned. As well the EIC position that was the lead in this matter was seconded to the Corporate Workforce Project which had a much higher priority. Recently the city CAO spoke to the Acting County CAO about restarting the process. A new and dedicated EIC was recently recruited and that should help get this issue back on the priority agenda. The risks in accepting this (by default as noted above) are perceived to be minor. The parties discuss matters regularly and there is a joint technical committee which is usually able to resolve issues. There is also a more formal dispute resolution mechanism that involves the two CAO's.
CLT Approver	CAO

Audit Report	Managing Transition of Projects into Operations
Observation # and Name	• 211 - Enhance project classification and expectation guidelines • 212- Enhance considerations for project risk assessments • 213 - Formalize detailed Project Implementation Plan which includes Change Management/Transition Plans • 214 - Enhance approach to pre/post go-live feedback collection and aggregation
Initially Identified	August 30, 2018
Original Risk Rating	• Moderate • Moderate • Significant • Moderate
Background	Project classification requires significant interpretation; and (b) that project management methodologies allow for alternatives but do not include minimum expectations. For small and medium projects a formal risk assessment is voluntary and a common process and template for risk management is therefore not shared across the projects. This can impact aggregate risk perspectives and resources. A project implementation plan to support the Project Managers in project transition (transition plan and critical path) is not a formal deliverable required for projects to account for multiple factors, including (but not limited to): • knowledge transfer activities; • stakeholder feedback processes; • pre- and post- go live transition activities; and • site readiness pre-go live and post-go live (performing a dry run). Collection of pre- and post-go-live feedback from internal/external stakeholders prior to official project 'closure' is not a required component of the governance framework and varies in form when conducted.

Management's Risk Acceptance Rationale	Reason for Delay: Lack of resources available to carry out the tasks. The Executive Initiatives Coordinator (EIC) in the CAO's Office has been seconded to the WFM project. This position has not been backfilled and therefore all projects, responsibilities, and duties have been put on hold until its return to the EIC position, the date of which is unknown at this time. The resources for this project are not expected to be available until 2022. From that point, they will be required to undertake the management action plan in time to meet the revised date. They have capacity set aside at that future time for this work. This risk has been accepted by default given the noted staffing issues noted above. While the secondment noted above ended, the incumbent left in 2022 for another position. A new EIC was Hired in January 2023 and was assigned to this matter. The City does not see the risk being accepted as being significant as there is a Project Management team that is experienced in these matters.
CLT Approver	CAO

Audit Report	Cyber Incident Response Assessment
Observation # and Name	241 -Develop Incident Severity Matrix and Methodology for Incident Response Times using Critical Asset Classification
Initially Identified	August 30, 2019
Original Risk Rating	Moderate
Background	There was an IT Service Management solution containing a listing of assets exists and there was a standardized approach for categorizing the criticality of assets. However, the criticality of assets should, in turn be used in building an incident severity matrix which would be considered when defining incident response times, escalation and key participants when responding to incidents of varying criticality.

Management's Risk Acceptance Rationale	The department has implemented a process to collect and catalogue the information required to meet this requirement, which will over time fulfill this mandate. In 2023 the department will be attempting to fund a project to bring in a consultant to conduct a thorough critical asset classification that will significantly reduce the time required to assess and classify all assets. Currently, constraints on time, effort and resources prevent this item from being completed. Completion of this finding does not reduce the risk of a Cyber Incident. Management has identified the most critical assets and developed Operation Level Agreements (OLA's) with many applications as part of the Project Management methodology (which documents agreed upon response times). Should the City accept this risk, it is possible in the event of multiple application failures as a result of a Cyber or other incident, resources could be deployed to a lower-priority item. Working with senior administration should this occur would resolve any conflicts with competing systems for resources. As such, management believes that the remediation of this finding would provide minimum value for the effort incurred.
CLT Approver	Commissioner Economic Development & Innovation

Audit Report	Planning and Development
Observation # and Name	244 - Review and Prioritize Action Plan Implementation of 2014 Business Process Review Findings
Initially Identified	November 29, 2019
Original Risk Rating	Low
Background	A significant number of findings/improvements noted in the "2014 Property Development Approval Service Review" are expected to be addressed via the planned Evolve Project implementation (currently in the testing phase), management did not formally assign a prioritization framework/criteria to the findings and perform periodic (i.e. quarterly/ semi-annual) reporting in regards to the action plan status of those findings.

Management's Risk Acceptance Rationale	The rationale for the acceptance is that these findings to be implemented may no longer be valid due to legislative change per the Planning Act having occurred between 2014 and present. Significant recent change was experienced per the passing of Bills 108/22, 109/22, 23/23, PPS/23 and Bill 97/23. In addition, a new process for implementing the remaining changes are being addressed in the on-going implementation of our Cloudpermit/Evolve electronic permitting and approvals software project.
CLT Approver	Commissioner Economic Development & Innovation

Audit Report	SmartCity Cyber & Privacy Risk Mitigation Review
Observation # and Name	270 - Perform ongoing monitoring of project risks
Initially Identified	March 8, 2022
Original Risk Rating	Moderate
Background	Project risk monitoring was noted as being performed as needed within project teams. We did not detect regular monitoring, as to exposure/ mitigation, of specific cyber and privacy risks associated with any given project from a central perspective. This should include risks managed/ mitigated by 3rd parties.
Management's Risk Acceptance Rationale	This finding was risk accepted at the time of report submission to City Council in 2022. It is Administration's view that our current processes (inclusive of the changes as a result of findings #1 and #2) for managing projects cover the monitoring of projects to mitigate Cyber and Personally Identifiable Information risk appropriately and, therefore sufficiently address this matter. At this time, no further actions are deemed necessary. Administration will continue to monitor and, as deemed necessary, amend processes where considered appropriate and/or necessary.
CLT Approver	Commissioner Economic Development & Innovation

A.2 IMPLIED SHORT-TERM RISK ACCEPTANCE

This section indicates those findings for which management is implicitly accepting the risk of not having the control(s) until the point of resolution.

#	Project Name	Observation # and Name	Due Date	For Additional Details See Report Section
262	Liquidity Management Review	Formal early warning indicators and liquidity contingency plan	June 30, 2023	Appendix B
265	Road Infrastructure Maintenance Processes	Document a formal process to assist in identifying opportunities to merge related projects	March 31, 2024	Appendix B
267	Road Infrastructure Maintenance Processes	Explore options to enhance data granularity in regards to road treatment spending and funding allocation by	March 31, 2024	Appendix B

APPENDIX B - MANAGEMENT ACTION PLANS WHICH ARE "OPEN

This section indicates those management action plans which were not due in the period and where management anticipates that actions will be completed as originally planned.

#	Project Name	Observation # and Name	Management Action Plan Owner	Due Date
262	Liquidity Management Review	Formal early warning indicators and liquidity contingency plan	Deputy Treasurer Taxation, Treasury and Financial Projects	June 30, 2023
265	Road Infrastructure Maintenance Processes	Document a formal process to assist in identifying opportunities to merge related projects	Manager, Contracts, Field Services, & Maintenance Senior Manager of Asset Planning	March 31, 2024
267	Road Infrastructure Maintenance Processes	Explore options to enhance data granularity in regards to road treatment spending and funding allocation by function class	Executive Director, Operations Deputy Treasurer Financial Planning Senior Manager Asset Planning	March 31, 2024

APPENDIX C - OPEN AND DELAYED MANAGEMENT ACTION PLANS

In this appendix; we provide a high-level overview of

1. Management action plans retargeted during the period This section provides a listing of the management action plans that were expected to be closed in the period; however, management, for various reasons, has provided a revised completion date. The basis for management's revision of the due date is provided in the "Rationale" column below for each individual finding. Internal Audit has requested that management provide a retargeted due date so we can follow up with them when we next perform findings follow-up. In this table, we provide an overview of the number of times management has provided revised due dates and a perspective on how long the item, and associated risk, have been in place since we reported it to management and City Council.

In the period of this report, Management revised the due dates of two (2) management action plans for the first time. In addition, Management changed the dates of an additional one (1) previously "Open & Delayed" management action plan - the number of retargets is shown for each action plan.

2. Implied short-term risk acceptance

This section provides a summary listing of management action plans which have been or are expected to remain open for longer than 18 months from the date of the report

issuance. In these instances, given the time required for management to undertake the action, the City is implicitly accepting the short-term risk of the original finding until the point in time of its resolution.

In the period of this report, zero (0) management action plans had previously been retargeted and were in the "Open & Delayed" status as expected.

C.1 MANAGEMENT ACTION PLANS RETARGETED DURING THE PERIOD

Audit Report	**Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance**			
Observation # and Name	**205 - Enhance purchasing policy and document inventory and asset management procedures**			
# of Retargets	**Original due date**	**Retarget date**	**Days since Identification**	**Days past original due date**
4	September 30, 2019	July 30, 2023	1,922	1,492
Original Risk Rating	Significant			

Background	We noted (i) key elements that were not present in YQG's purchasing policy, (ii) other process/procedure elements that appear to be known but not formalized and (iii) requirements/ constraints on the personal use of YQG small tools is not formally defined. i. In comparing YQG's purchasing policy to the City's purchasing manual, we found that the following key elements were not present: ● thresholds for single source purchases, quotations (formal/ informal or written/ verbal), requests for tenders, requests for proposals; ● blanket contracts; ● managing vendor relationships; ● conflict of interest disclosure; ● disposal and sale of out of service assets; ● sole vendor approval, and ● segregation of duties requirements or mitigating controls. ii. Processes and/or procedures related to supplies inventory replenishment, replacement and the reporting of maintenance costs/ targets are not formally documented. Discussions with management indicated personnel have an awareness of the informal requirements. iii. Employees are permitted to use small tools for personal use and to take tools offsite, however evidence of such approval is not retained. The common protocol is that any operational staff member can use the small tools for personal use by simply noting them on the whiteboard within the maintenance department. There is no documented policy/ procedure to govern the personal use of the small tools by staff. During the course of performing inquiries with management, we were not informed of any missing or unaccounted-for tools/equipment. Further, we were informed that staff the operations department are permitted to use YQG vehicles in certain circumstances for use off-site. However, evidence of appropriate approvals for these circumstances (see scope limitation) is not required nor is there a documented guideline governing the appropriate use of vehicles within the established employee expense policy.

Reason for Delay	All actions completed and communicated to personnel by YQG management. The final action is to present policies for Board approval in March 2023 and provide a final review/acceptance of policies (or modified versions). *The associated documentation was presented and discussed during the March 2023 Board Meeting for YQG.*
Basis for the viability of re-forecasted date	Action plan substantially completed pending final board review and approval scheduled for March 2023.
CLT Approver	YQG CFO

Audit Report	**Road Infrastructure Maintenance Processes**			
Observation # and Name	**264- Establish a formal process relating to road maintenance coordination and road project deficiencies**			
# of Retargets	**Original due date**	**Retarget date**	**Days since Identification**	**Days past original due date**
1	December 31, 2022	December 31, 2023	986	365
Original Risk Rating	Low			

Background	In the original fieldwork the audit noted that the City had an informal process for identifying and addressing road deficiencies that may be under warranty. In particular, the following was noted: • two methods of correspondence • no formal process document established to guide and control activities within this process • A process guiding the communication channel between the management team and the maintenance team does not exist. Management's action plan was as follows: 1. The City will formalize its current process used to track and communicate with the contractors with respect to deficiencies noted. The process will capture relevant and necessary details, including the: • Contractor; • Project number; • Details of the deficiency; • The date the deficiency was identified; and • Timelines for rectification of the issue. 2. The process will include a procedure to inspect roads under warranty that have a month left before the warranty expires to make sure any remaining deficiencies can be communicated to the contractor prior to warranty expiration. 3. The process relating to tracking and following up on the progress of the outstanding deficiencies will be documented. 4. Communication between the contract management team and the road maintenance team relating to mitigating deficiencies will also be documented. As part of the management action plan validation, we detected a template, addressing most of the elements in the management action plan part (1). However, we were not able to acquire evidence to indicate that: 1. The effective date and required use of the template were communicated to impacted personnel. 2. Documentation indicated that the management's actions outlined in 2, 3 and 4 were documented as management had indicated.

	Given management's development of the supporting template and further exploration of its use the remaining actions plans will be amended/refocused as follows: Each item below will be included as part of the Contracts Supervisor Meeting. 1. Communication with the supervisors for the implementation of the template for this construction season will be captured in the meeting under a standing agenda item: "remind contracts supervisor to use the template". 2. The list of the Warranty Expiration dates for tracking will be in future meetings (towards the end of this season, once the projects have been completed) as part of the agenda item "Warrant Expiration date tracking". 3. Follow-up and tracking the outstanding deficiencies will be an item in the meeting as agenda item "Tracking outstanding deficiencies". This will be populated as information is available. 4. A copy of the meeting minutes will be forwarded to Maintenance Coordinator to inform project status and outstanding deficiencies.
Reason for Delay	Discussions with management indicated that templates were developed and are expected to be used; however, a few elements were not included. Further, action plan elements B,C and D are conducted by personnel but are people-dependent - the documentation of the various actions was not complied with but will be moving forward.
Basis for the viability of re-forecasted date	Action plan is more about communication of the required use of templates as of an effective date and determining a cost-effective method of recording key conversations.
CLT Approver	City Engineer and Commissioner of Infrastructure Services

Audit Report	**SmartCity Cyber & Privacy Risk Mitigation Review**			
Observation # and Name	**268 - Formalize risk identification criteria or guideline with respect to IT/Cyber/Privacy risks**			
# of Retargets	**Original due date**	**Retarget date**	**Days since Identification**	**Days past original due date**
1	October 1, 2022	January 1, 2024	664	457

Original Risk Rating	Moderate
Background	A mechanism should be designed and implemented requiring all projects to identify if they involve: 1. the acquisition of technology or software, 2. access to/acquisition of/sharing of data/information (IT/cyber), 3. access to/acquisition of/sharing of PII data/information (privacy), 4. connection of external technology to the City environment, or 5. the use of Cloud based platforms. Any project meeting one of these elements should require a security and privacy review with input or approval form a designated subject matter specialist for cyber, IT and/or privacy. The outcomes of such an assessment should define the risk mitigation strategy/requirements and the level of involvement of cyber, IT and privacy personnel in the project. Further, management should consider providing guidelines for risk acceptance and mitigation. All cyber and privacy risks accepted should
Reason for Delay	To address the recommendation, three action items were identified. Two of these action items were intended to be addressed through the IT Strategic Plan and Reorg, which was anticipated to be completed in Q1 of 2023. The IT Strategic plan has been delayed. The consultant's report is now due mid-year, with the implementation of the recommendation, including IT governance, to start shortly after that.
Basis for the viability of re-forecasted date	Aligned to the current delivery timeframe of IT strategic plan consultation.
CLT Approver	Commissioner Economic Development & Innovation

C.2 PREVIOUSLY RETARGETED MANAGEMENT PLANS

None