



# AUDIT COMMITTEE AGENDA

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Audit Committee Meeting  
**Tuesday, March 1, 2016**  
Tom Davies Square

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**COUNCILLOR DEB MCINTOSH, CHAIR**

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**Mike Jakubo, Vice-Chair**

4:00 p.m. AUDIT COMMITTEE MEETING  
COUNCIL CHAMBER

Council and Committee Meetings are accessible. For more information regarding accessibility, please call 3-1-1 or email [clerks@greatersudbury.ca](mailto:clerks@greatersudbury.ca).

**DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE  
THEREOF**

## **PRESENTATIONS**

1. Report dated February 16, 2016 from the Auditor General regarding Status Report on Recommendations from the Shenandoah Group, LLP . **3 - 9**  
**(ELECTRONIC PRESENTATION) (RESOLUTION PREPARED)**

- Ron Foster, Auditor General

(This report provides an update on the status of the recommendations from the Shenandoah Group, LLP.)

## **MANAGERS' REPORTS**

- R-1. Report dated February 16, 2016 from the Auditor General regarding Updated Audit Work Plan for 2016 to 2018. **10 - 15**  
**(RESOLUTION PREPARED)**

(This report updates the plan to reflect input from Audit Committee.)

## **ADDENDUM**

## **CIVIC PETITIONS**

## **NOTICES OF MOTION**

## **QUESTION PERIOD AND ANNOUNCEMENTS**

## **ADJOURNMENT**

Presented To:	Audit Committee
Presented:	Tuesday, Mar 01, 2016
Report Date	Tuesday, Feb 16, 2016
Type:	Presentations

## Request for Decision

### Status Report on Recommendations from the Shenandoah Group, LLP

#### Resolution

THAT the City of Greater Sudbury receives the report dated February 16, 2016 from the Auditor General's Office showing the status of the recommendations from the Shenandoah Group, LLP and that it supports the implementation plan for the recommendations.

#### Background

In 2013, James Key from the Shenandoah Group, LLP was engaged by staff to re-evaluate the audit approach and to enhance audit committee oversight of the audit activity in CGS.

Based on his interviews and review of relevant documents, Mr. Key observed that there was a significant opportunity to improve the value proposition of the internal audit process:

- For citizens, by publishing audit reports with greater clarity on risks that map to the City's strategic, operating, financial, and compliance risks and that include management responses;
- For Council, and the Audit Committee in its oversight role;
- For management, as it manages risks through a holistic enterprise risk management process; and
- By the Office of the Auditor General, with a clearer focus on the reporting process and audit performance metrics.

To facilitate improvements to the value proposition for the audit activity, Mr. Key provided a number of recommendations which are shown within Attachment 1.

#### Implementation Plan for Recommendations

Most of the recommendations can be implemented in 2016. Implementation of Enterprise Risk Management (ERM) processes should be deferred until an audit is completed to assess the maturity of current processes. Based on the results of that audit, appropriate training programs can be developed and delivered to ensure a successful implementation in 2017. Any revisions to the level of audit services provided by the Auditor General's Office will also be deferred to 2017.

Signed By
<b>Report Prepared By</b> Ron Foster Auditor General <i>Digitally Signed Feb 16, 16</i>
<b>Auditor General</b> Ron Foster Auditor General <i>Digitally Signed Feb 16, 16</i>

**Financial Impact** This resolution will have no impact on the Auditor General's budget for 2016. The potential impact for 2017 and future years will be assessed in Q4 of 2016 in concert with the Audit Committee, Chief Administrative Officer and Human Resources.

# Status Report on Recommendations of Shenandoah Group, LLP

Auditor General's Office

March 1, 2016

# Background

- In 2013, James Key from the Shenandoah Group, LLP was engaged by CGS to review the external peer review of the Auditor General's Office (AGO) conducted by the Institute of Internal Auditors in 2012.
- Mr. Key was specifically asked to re-evaluate the audit approach and to enhance audit committee oversight of the audit activity in CGS.
- Based on his interviews and review of relevant documents, Mr. Key observed that there was a significant opportunity to improve the value proposition of the internal audit process.

- To improve the value proposition, recommendations were identified:
  - For citizens, by publishing audit reports with greater clarity on risks that map to the City's strategic, operating, financial, and compliance risks and that include management responses;
  - For Council, and the Audit Committee in its oversight role;
  - For management, as it manages risks through a holistic Enterprise Risk Management (ERM) process; and
  - By the Auditor General's Office (AGO), with a clearer focus on the reporting process and audit performance metrics.

RECOMMENDATION	SCHEDULE
Determine the scope of additional audit services desired to supplement those required by the Municipal Act	Q1 2016
Adopt audit service protocols to engage management in the risk assessment process and to provide time for agreement on findings	Q1 2016
Establish, track and publish performance metrics for the AGO	Q1 2016
Determine the level of funding required by Audit Committee for audit services within the AGO in order to adequately assure risk	Q4 2016
Organize formal training for Council in Governance	DONE
Institutionalize governance processes via new by-laws	Q2 2016



RECOMMENDATION	SCHEDULE
Organize formal training for Council in Audit Committee oversight	Q3 2016
Update Audit Committee Charter with supporting by-law	Q3 2016
Revise composition of Audit Committee to move to competency-based model, adding independent members as required	Q3 2016
Lay groundwork for establishing Enterprise Risk Management in CGS by assessing the maturity of existing risk management processes	Q4 2016
Organize formal training for Council in Enterprise Risk Management	Q4 2016
Implement an Enterprise Risk Management process that considers risks across organizational silos and which maps to the CGS strategic plan	2017

Presented To:	Audit Committee
Presented:	Tuesday, Mar 01, 2016
Report Date	Tuesday, Feb 16, 2016
Type:	Managers' Reports

## Request for Decision

### Updated Audit Work Plan for 2016 to 2018

#### Resolution

THAT the City of Greater Sudbury receives the report dated February 16, 2016 from the Auditor General's Office showing the Updated Audit Work Plan for 2016 to 2018.

#### **Financial Impact**

The recommendation in this report has no financial impact.

#### **Updated Audit Work Plan**

In February, Audit Committee requested that the Auditor General's Office move the value-for-money audit of Fire Services up from 2017 to 2016 to coincide with the optimization study of Fire Services which will be completed in 2016. The updated audit work plan is shown at Appendix 1. Since the scope of the optimization study has been expanded to include Emergency Medical Services, that audit has also been advanced to 2016.

The value-for-money audits of Roads Services and Facilities Services have been shifted to 2017 to accommodate the above revision.

#### **The Audit Planning Context**

The Auditor General reports to Audit Committee and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. By-law 2015-217 sets out a number of provisions related to the preparation of the annual audit plan, including:

1. The Auditor General shall submit an annual audit plan for the next following year to the Audit Committee for information by December 31st of each year.
2. The Auditor General may, at his discretion, prepare a longer-term audit plan for submission to Audit Committee.
3. No deletions or amendments to the annual audit plan shall be made except by the Auditor General.

#### Signed By

##### **Report Prepared By**

Ron Foster  
Auditor General  
*Digitally Signed Feb 16, 16*

##### **Auditor General**

Ron Foster  
Auditor General  
*Digitally Signed Feb 16, 16*

- Despite subsection (3) the Auditor General may, if requested by the Audit Committee or a board of Directors audit and report on additional matters. The audit plan before Council allocates time to requests from Audit Committee for the Auditor General's Office to review reports to Committee or Council.

## Appendix 1

# Updated Audit Work Plan for 2016 to 2018

Auditor General's Office

March 1, 2016

2016	Audit Project Title Compliance (C), Performance (P), Financial (F)	AG Days	Senior Days	P T Days	Total Days
2016.1	Vendor Audit (C, F)	15	20		35
2016.2	Finance Audit (C, P, F)	5	15	10	30
2016.3	Risk Management Processes (P)	50	10		60
2016.4	Procurement Follow-Up Audit (C,P, F)	10	40	15	65
2016.5	Fire Services VFM Audit (C, P, F)	70	30		100
2016.6	Emergency Services VFM Audit (C, P, F)	10	90		100
	Review of Complaints	20	0		20
	Review of Reports to Council	15	0		15
	Quality Assurance Review	5	5	5	15
	Annual Report to Council	2.5	7.5		10
	Annual Risk Assessment & Audit Plan	7.5	2.5		10
	Total Days Assigned to Audits	210	220	30	460

2017	Audit Project Title Compliance (C), Performance (P), Financial (F)	AG Days	Senior Days	PT Days	Total Days
2017.1	Overtime Controls (C, P, F)	10	30	20	60
2017.2	Police Services GRC Audit (C, P, F)	30	10		40
2017.3	Sudbury Utilities GRC Audit (C, P, F)	30	10		40
2017.4	Roads Services Audit (C, P, F)	20	70		90
2017.5	Facilities Services VFM Audit (C, P, F)	70	20		90
2017.6	Water & Wastewater Services VFM Audit (C, P, F)	20	70		90
	Review of Complaints	10	0		10
	Review of Reports to Council	10	0		10
	Annual Report	5	5		10
	Annual Risk Assessment & Audit Plan	5	5		10
	Total Days Assigned to Audits	210	220	20	450

2018	Audit Project Title Compliance (C), Performance (P), Financial (F)	AG Days	Senior Days	PT Days	Total Days
2018.1	Sudbury Airport GRC Audit (C, P, F)	20	10		30
2018.2	Library GRC Audit (C, P, F)	20	10		30
2018.3	Pioneer Manor GRC Audit (C, P, F)	25	10		35
2018.4	S&D Board of Health GRC Audit (C, P, F)	15	20		35
2018.5	Fleet Services VFM Audit (C, P, F)	70	20		90
2018.6	Leisure & Recreation Services VFM Audit (C, P, F)	10	70	10	90
2018.7	Housing Services VFM Audit (C, P, F)	20	70		90
	Review of Complaints	10	0		10
	Review of Reports to Council	10	0		10
	Annual Report	5	5		10
	Annual Risk Assessment & Audit Plan	5	5		10
	Total Days Assigned to Audits	210	220	10	440



# City of Greater Sudbury Charter

**WHEREAS** Municipalities are governed by the Ontario Municipal Act, 2001;

**AND WHEREAS** the City of Greater Sudbury has established Vision, Mission and Values that give direction to staff and City Councillors;

**AND WHEREAS** City Council and its associated boards are guided by a Code of Ethics, as outlined in Appendix B of the City of Greater Sudbury's Procedure Bylaw, most recently updated in 2011;

**AND WHEREAS** the City of Greater Sudbury official motto is "Come, Let Us Build Together," and was chosen to celebrate our city's diversity and inspire collective effort and inclusion;

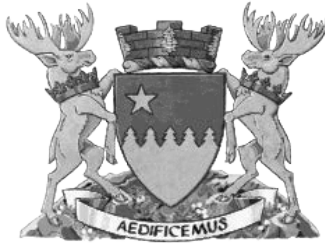
**THEREFORE BE IT RESOLVED THAT** Council for the City of Greater Sudbury approves, adopts and signs the following City of Greater Sudbury Charter to complement these guiding principles:

**As Members of Council, we hereby acknowledge** the privilege to be elected to the City of Greater Sudbury Council for the 2014-2018 term of office. During this time, we pledge to always represent the citizens and to work together always in the interest of the City of Greater Sudbury.

**Accordingly, we commit to:**

- Perform our roles, as defined in the Ontario Municipal Act (2001), the City's bylaws and City policies;
- Act with transparency, openness, accountability and dedication to our citizens, consistent with the City's Vision, Mission and Values and the City official motto;
- Follow the Code of Ethical Conduct for Members of Council, and all City policies that apply to Members of Council;
- Act today in the interest of tomorrow, by being responsible stewards of the City, including its finances, assets, services, public places, and the natural environment;
- Manage the resources in our trust efficiently, prudently, responsibly and to the best of our ability;
- Build a climate of trust, openness and transparency that sets a standard for all the City's goals and objectives;
- Always act with respect for all Council and for all persons who come before us;
- Ensure citizen engagement is encouraged and promoted;
- Advocate for economic development, encouraging innovation, productivity and job creation;
- Inspire cultural growth by promoting sports, film, the arts, music, theatre and architectural excellence;
- Respect our historical and natural heritage by protecting and preserving important buildings, landmarks, landscapes, lakes and water bodies;
- Promote unity through diversity as a characteristic of Greater Sudbury citizenship;
- Become civic and regional leaders by encouraging the sharing of ideas, knowledge and experience;
- Work towards achieving the best possible quality of life and standard of living for all Greater Sudbury residents;





# Charte de la Ville du Grand Sudbury

**ATTENDU QUE** les municipalités sont régies par la Loi de 2001 sur les municipalités (Ontario);

**ATTENDU QUE** la Ville du Grand Sudbury a élaboré une vision, une mission et des valeurs qui guident le personnel et les conseillers municipaux;

**ATTENDU QUE** le Conseil municipal et ses conseils sont guidés par un code d'éthique, comme l'indique l'annexe B du Règlement de procédure de la Ville du Grand Sudbury dont la dernière version date de 2011;

**ATTENDU QUE** la devise officielle de la Ville du Grand Sudbury, « Ensemble, bâtissons notre avenir », a été choisie afin de célébrer la diversité de notre municipalité ainsi que d'inspirer un effort collectif et l'inclusion;

**QU'IL SOIT RÉSOLU QUE** le Conseil de la Ville du Grand Sudbury approuve et adopte la charte suivante de la Ville du Grand Sudbury, qui sert de complément à ces principes directeurs, et qu'il y appose sa signature:

**À titre de membres du Conseil**, nous reconnaissons par la présente le privilège d'être élus au Conseil du Grand Sudbury pour le mandat de 2014-2018. Durant cette période, nous promettons de toujours représenter les citoyens et de travailler ensemble, sans cesse dans l'intérêt de la Ville du Grand Sudbury.

**Par conséquent, nous nous engageons à :**

- assumer nos rôles tels qu'ils sont définis dans la Loi de 2001 sur les municipalités, les règlements et les politiques de la Ville;
- faire preuve de transparence, d'ouverture, de responsabilité et de dévouement envers les citoyens, conformément à la vision, à la mission et aux valeurs ainsi qu'à la devise officielle de la municipalité;
- suivre le Code d'éthique des membres du Conseil et toutes les politiques de la municipalité qui s'appliquent à eux;
- agir aujourd'hui pour demain en étant des intendants responsables de la municipalité, y compris de ses finances, biens, services, endroits publics et du milieu naturel;
- gérer les ressources qui nous sont confiées de façon efficiente, prudente, responsable et de notre mieux;
- créer un climat de confiance, d'ouverture et de transparence qui établit une norme pour tous les objectifs de la municipalité;
- agir sans cesse en respectant tous les membres du Conseil et les gens se présentant devant eux;
- veiller à ce qu'on encourage et favorise l'engagement des citoyens;
- plaider pour le développement économique, à encourager l'innovation, la productivité et la création d'emplois;
- être une source d'inspiration pour la croissance culturelle en faisant la promotion de l'excellence dans les domaines du sport, du cinéma, des arts, de la musique, du théâtre et de l'architecture;
- respecter notre patrimoine historique et naturel en protégeant et en préservant les édifices, les lieux d'intérêt, les paysages, les lacs et les plans d'eau d'importance;
- favoriser l'unité par la diversité en tant que caractéristique de la citoyenneté au Grand Sudbury;
- devenir des chefs de file municipaux et régionaux en favorisant les échanges d'idées, de connaissances et concernant l'expérience;
- viser l'atteinte de la meilleure qualité et du meilleur niveau de vie possible pour tous les résidents du Grand Sudbury.