

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

**Report Prepared By**

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

**Auditor General**

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

**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