

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