

APPENDIX "A"
CITY OF HAMILTON
PROPOSED 2015 INTERNAL AUDIT WORK PLAN PROJECTS

1. AUDITS IN PROGRESS OR CARRIED FORWARD FROM 2014

The following audits are in progress and should be completed by the end of the first quarter of 2015:

- Records Management
- By-law Enforcement (B-list)
- Water Billings (Council Directive)
- IT - Hardware

The following audit was indicated in the 2014 Work Plan. Due to technology changes (the implementation of a new provincial application, SAMS, was delayed), the project will be carried over for completion in 2015.

| Audit Project | Project Description |
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| Community Services – Employment Services | The City's Community Services provides employment supports under the Ontario Works program. The facilitation or provision of services including training and skills development, case management and job development for eligible individuals in accordance with the Ontario Works Act and Directives will be reviewed. |

2. ANNUAL RESPONSIBILITIES

| Audit Project | Project Description |
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| Follow Up of Outstanding Recommendations from Previous Audit Reports | This work relates to the verification of the status of the implementation of audit recommendations from approximately 16 audit reports issued. The <i>International Standards for the Professional Practice of Internal Auditing</i> requires the follow up of recommendations made. |
| Annual Follow Up Process | In order to ensure that the Audit, Finance and Administration Committee has adequate information to fulfil its responsibilities for the oversight of governance and control, the results of a follow up system of yearly updating on the status of uncompleted recommendations (after the regular follow up conducted as above) are reported annually to the Committee. |

3. NEW PROJECTS

| Audit Project | Project Description |
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| Development and Growth | To align with the City's strategic priority, particular services/initiatives in the Development and Growth program area (development, land use planning and growth of the City) will be selected for review and assessment. In particular, aspects of business development services to attract new business and retain and grow existing businesses will be considered. |
| Spot Cash Counts | Deficiencies in cash handling procedures have been highlighted in several past audits. In 2014, a corporate Cash Handling Policy was approved by Council. Staff were directed to implement the elements of the policy in all the operations which handle cash funds. Selected cash counts will occur randomly across all operations to ensure implementation of the policy and adequate procedures for safeguarding this asset. |
| Transfer Stations | Activities carried out at the City's three transfer stations were last reviewed in 2006. These transfer stations provide for drop-off of waste materials as well as acting as a transfer point for materials destined for the Glanbrook Landfill and the Leaf and Yard Waste Processing Facility. On-site fee collection is carried out under a third party contract. Various procedures and controls regarding the transfer station operations will be reviewed. |
| Property Tax Billings and Collections | Property taxes are the major source of funding for the City's services and operations. There is a regulated process to bill and collect tax revenues which will be assessed for compliance. Handling of payments for proper controls and safeguarding will also be included in the audit. |
| Continuous Auditing – P-card Activities | A methodology for using data extraction and analysis to identify unusual transactions from the financial system was developed in 2013. In 2014, a data extraction software application was acquired by Audit Services. As a pilot project in 2015, P-card transactions and processes will be tested using the new software capabilities to promote regular oversight and data for continuous investigation. |

| Audit Project | Project Description |
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| Continuous Auditing – Accounts Payable | Similar to above, the application will be used to extract and analyze data related to specific variables in accounts payable processing and transactions. |
| Salary Payroll | Salary and wages paid to employees are the largest expenditures in most City department's operating budgets. Salary payroll is run automatically bi-weekly through the PeopleSoft system and is exception driven (i.e. changes to the set level of pay must be reported and entered to effect the change). As the process has undergone many changes over the years since the last audit in this area, a detailed review of the procedures, controls and oversight will be carried out. |
| Information Technology Risk Assessment | Corporate IT resources are an important aspect for conducting City business. Managing IT risk protects resources and ensures reliable City services. A risk assessment helps to determine where resources should be directed to reduce risk. This IT risk assessment will evaluate, prioritize and document the impact of potential risks. Risk reduction methods will be determined. Recommendations for technology and business practice changes will be made. |
| Road Resurfacing | The procedures for managing road repairs and maintenance will be examined. The processes to forecast and schedule rehabilitation, reconstruction and repair road resurfacing activities and the production of a related capital budget will be assessed. A limited sample of road capital projects/contracts will be selected in order to review adherence to terms, conditions and specifications of the contracts, quality assurance, the payment certification process and the effectiveness of the overall contract management. |

| Audit Project | Project Description |
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| Driver Certification Program (DCP) Compliance Audits | The Driver Certification Program (DCP) is a program under the direction of the Ministry of Transportation (MTO) which gives the City the authority to train and test employers for licence upgrades or renewals. In order to ensure that the MTO's standards are met and maintained in the delivery of the DCP, the MTO required that "benchmark" audits be performed in 2014. Audit Services was able to conduct the audit for Central Fleet and the external auditors completed the audits for HSR and Fire. Depending on the results of each of these audits, the MTO may require subsequent compliance audits in 2015. Audit Services will complete all audits, as necessary. |
| Water Supply | This service produces and supplies clean, safe drinking water to the distribution system. It includes the operation and maintenance of treatment facilities and source water protection activities. There is a high level of risk involved in the service. However, it is highly regulated. Therefore Audit Services will concentrate its review on the accountability aspects of the activities such as reporting requirements, disclosures and appropriate non-compliance follow up. |
| Storm Water Management | Various service aspects are included under this title. Storm water collection (sewers, overflow tanks, etc.), water treatment (wastewater treatment plants, pumping stations) and infrastructure maintenance will all be considered when a specific area is selected for review. |

| Audit Project | Project Description |
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| IT Disaster Recovery/Business Continuity Planning | With today's City services highly reliant on information technology, the continued availability of City services and supporting systems in the event of a disaster or crisis is of prime concern. Infrastructure (network, server and storage hardware and software) that will enable the recovery of the City's business applications if some facet of the City's primary data centre is lost for a period of time is necessary. The lack of a formal process to understand and respond to factors leading to an information system failure increases business continuity risk greatly. The audit will evaluate how effective the City's current planning and preparedness efforts are in restoring information technology services in the event of a disaster that prevents extended use of City computer facilities. |
| Capital Projects | Continuing with Audit Service's review of capital projects, two Capital Works projects will be selected for detailed examination. Awarding of tenders, contract administration, site inspections, material testing, utility co-ordination and contractor payments (as applicable) will be considered for review. Warranty period monitoring (as applicable) will be included. |