
2014-2015 Work Plan

March 2014

Responsibility

The Auditor General is appointed by Regional Council and is responsible for “*assisting the Council in holding itself and the Municipality’s administrators accountable for the quality of stewardship over the public funds and for achievement of value for money in the Municipality’s operations.*”¹

In carrying out these responsibilities, the Auditor General looks to ensure there are sufficient and effective controls, if money has been spent with proper authorizations, if applicable procedures and policies encourage efficient use of resources and discourage waste and inefficiency, and if programs, operations and activities have been effective.

Authority

The Auditor General has the authority to examine accounts, procedures, and programs of the Municipality, as well as any municipal body² or any person or body corporate receiving a grant from the Municipality.

Audit Priorities

Audit priorities are established using a risk-based process which assesses all possible projects against a common set of criteria.

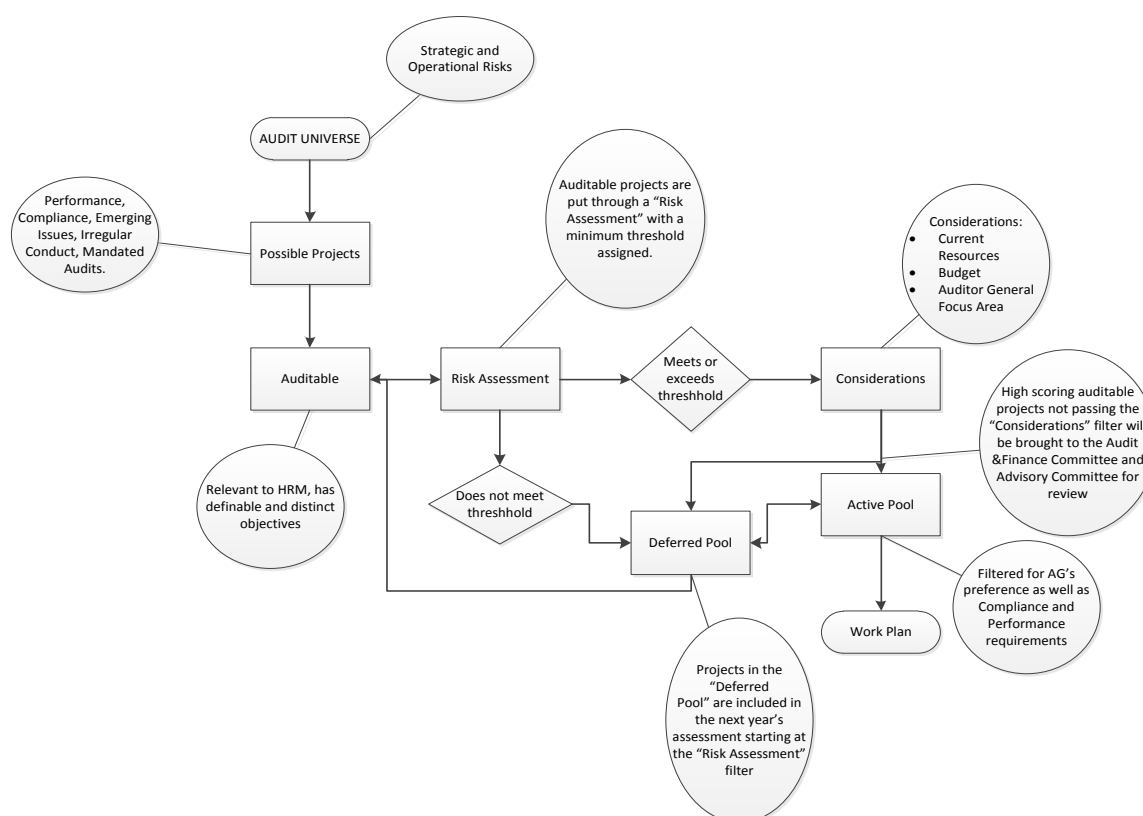
In assessing risk, there are many factors that can be used, including quantitative and qualitative criteria. Regardless of how they are selected, risk factors are tailored to HRM and its operating environment. As part of this assessment, the OAG considers the control environment, the business and operational environment, control history, organizational change, context and materiality.

Any changes in risk or resources may lead to a change in the plan.

¹ HRM Charter Section 50(1)

² As defined Municipal Government Act Section 461

Project Selection Flow Chart



Development of the Annual Work Plan

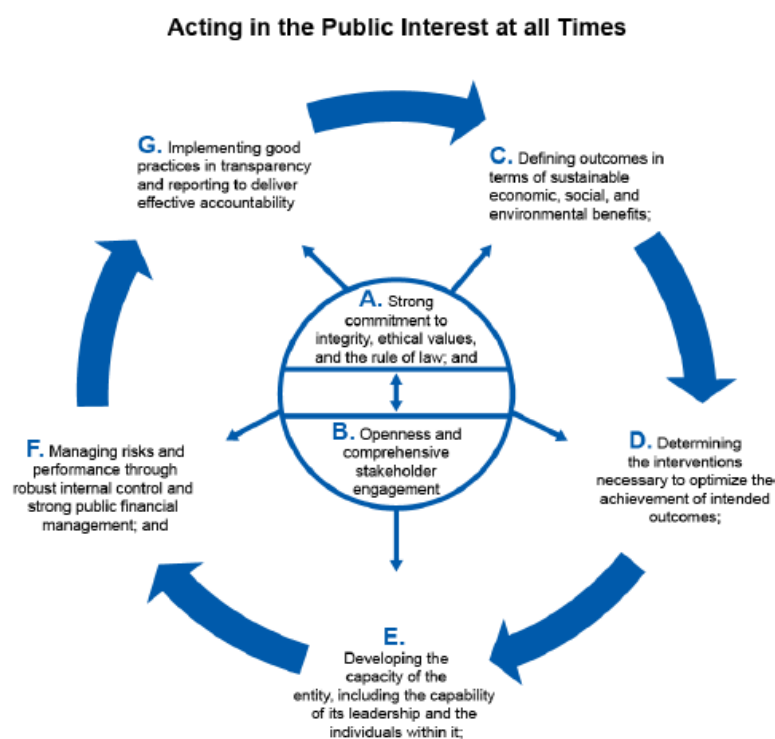
The 2014-2015 Work Plan is composed of a variety of projects, some of which are new and yet to be commenced while others are currently in progress and in some cases, nearing completion. The development of this plan was driven by two key factors: risk assessment and available resources. The resources were assessed based on a combination of available audit hours as well as subject matter expertise of staff or consultants related to the potential project areas.

Overall Approach to Projects

Principles of Good Governance in the Public Sector

One key aspect of the work of the Auditor General involves assessing how the organization is ensuring good governance and that Management and Regional Council are acting in the public interest at all times. The International Federation of Accountants has proposed an International Public Sector Governance Framework

which identifies core principles of good governance in the Public Sector. The OAG believes this governance framework can be used for any HRM program.



Use of Value for Money Questionnaire

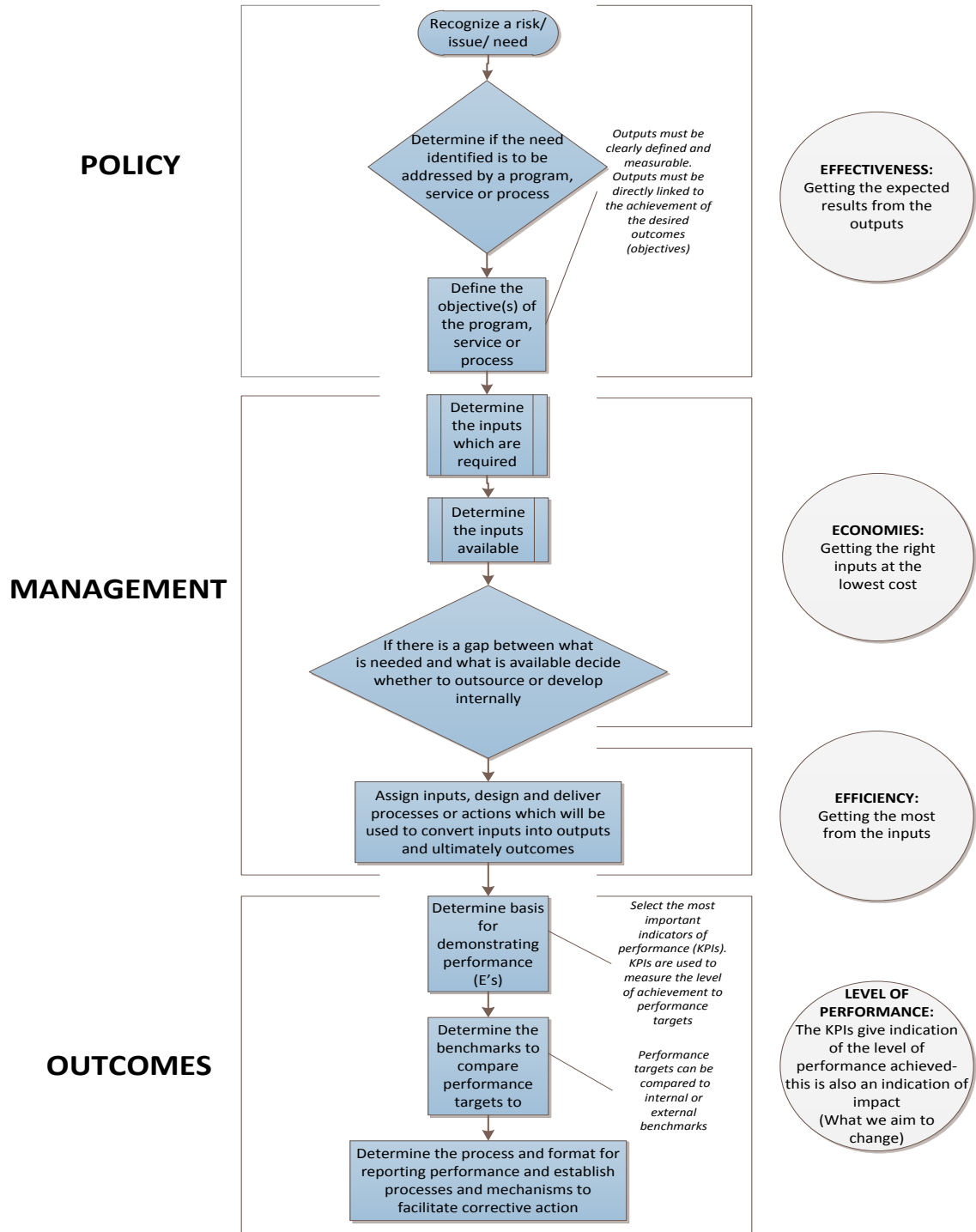
In completing its performance-based projects, the OAG relies on the organization to have implemented various aspects of the above framework. As such, one of the starting points for projects is a value for money questionnaire which is completed based on information provided by program staff. This questionnaire helps the OAG assess how the program is structured in terms of demonstrating value for money, particularly with respect to efficiency, effectiveness and economy, commonly referred to as the 'three Es'.

Value for Money Framework and Flow Chart

To assist with evaluating the level of value for money achieved and to ensure consistency and understandability of approach, the OAG has developed a value for money flowchart which is used in all performance projects.

Value For Money

The Public Sector has a responsibility to demonstrate value for money. The following flow chart are suggested steps to ensure the highest value for money is achieved- OAG HRM ©



Efficiency Guide

Also, with respect to performance projects the OAG uses the Canadian Comprehensive Audit Foundation Efficiency Guide as a basis for the evaluation of the efficiency component of the project.



In this way, the Office of the Auditor General continues to commit itself to being on the so-called 'leading edge' of performance auditing.

Services Provided by the Office of the Auditor General

As is the norm with many offices of Auditors General, there are a variety of services provided by the Auditor General. As would be anticipated by the legislation, performance (or value for money) projects are the primary service provided; however, as noted below, there are a number of other services which also fall within the role of the Auditor General.

Performance projects: generally undertaken based upon one of three approaches:

1. Results-based approach: with a results-based approach, the area under review will have defined target or benchmark outcomes and will report effectively on the actual results against targets or benchmarks. This type of project focuses on assessing the results achieved in relation to those intended and does not generally delve into the methods or processes used to achieve the results.
2. Controls-based approach: this approach is used to determine if the area under review has adequate control systems in place to provide reasonable assurance the intended results are achieved and operates to result in high levels of efficiency, for example.

3. Some combination of results and controls-based approaches, which is the normal practise of the OAG.

In each case, the objective is to measure various overall HRM programs as well as individual business unit services and programs against established criteria, to determine the extent to which they are being managed with due regard to efficiency, effectiveness and economy (the three Es). These types of projects will also comment on the extent to which potential risks are being managed.

Compliance audits: compliance of the organization or organizational partners with, for example, various laws, regulations, contracts and funding agreements or policies. Also undertaken to measure the extent to which various OAG recommendations have been accepted and acted upon.

Unforeseen matters: which emerge and are judged to require immediate attention. These represent projects unforeseen at the time of preparation of the yearly work plan but once known, are felt to be of such significance they become a precedence project and are included in the yearly work plan. Given resources and timing, it is possible these projects may not be completed within the current work cycle; however, their commencement would take place.

Investigations: the OAG continues to be the initial contact point for concerns with respect to illegal or irregular behaviour. The amount of time this function may require is difficult to predict. The investigation and ultimate disposition of these matters continues to be the responsibility of the OAG with representation from HRM's Administration as it is the Administration which holds responsibility for disciplinary matters and organizational systems and controls. The OAG will continually monitor the progress and disposition of each matter, consider whether any inclusions are warranted in the project pool (audit work plan) and/or make recommendations to improve internal systems or controls as deemed appropriate.

TIPS administration: in 2010-2011, the OAG launched the TIPS Hotline and in 2012 supplemented this with an online TIPS Hotline to improve the logging, administration and reporting of concerns received through the TIPS Hotline.

All comments received through the TIPS process are reviewed individually. The results of these reviews are summarized in the TIPS Hotline Annual Report which is published on the Office of the Auditor General's website at www.halifax.ca/auditorgeneral.

2014-2015 Work Plan

(Includes Work Carried Over from 2013-2014 Work Plan)

PERFORMANCE PROJECTS: *Provide commentary with respect to the efficiency, effectiveness and economies of HRM's management and use of resources.*

Review of Employee Absence Leave (currently in progress from 2013-14 work plan)	Review of HRM payroll time recording and employee leave bank balances, comparing HRM business units to other organizations.
Capital Project Management – A Performance Review of the Washmill Lake Court Extension Project (currently in progress from 2013-14 work plan)	A review of the Washmill Lake Court Extension project was undertaken to understand how this high profile project was managed, what worked well and where improvements are needed.
Facilities Inventories and Management (currently in progress from 2013-14 work plan) <ul style="list-style-type: none"> - <i>Property and Land Holdings</i> - <i>Less than Market Sales</i> 	Determine how various risks are being identified and managed. Ensure there is a full inventory and assessment of all assets. The role of land banking in economic development.
Halifax Regional Fire and Emergency Services – Asset Management (carried forward from 2013-2014 work plan)	Review existing process for management of assets. Assess effectiveness of process in safeguarding assets.
Property Inspection Services (carried forward from 2013-2014 work plan)	Evaluate, from effectiveness and economies perspectives, HRM's various property and other inspection programs.
Halifax Regional Fire and Emergency Fleet Allocation	Evaluate, from effectiveness and economies perspectives, HRFE's allocation of non-emergency fleet vehicles.
Halifax Regional Municipality – Pension Plans	To assess the systems used to monitor and evaluate if the plans are meeting their objective, considering risks, costs/ funding and benefits. Consider what could affect plan costs and hence sustainability. Possible risks to HRM.
Recommendation Ranking System	To provide an indication of the level of probability and impact of the findings and hence the relative importance of each recommendation.

Recommendation Follow-up	With 462 recommendations issued to date and few detailed progress reports by management to Audit and Finance Committee – follow-up at this time is appropriate.
Recommendation Summary Dashboard	Report to indicate by recommendation the status of implementation and the risk rating attached to any recommendation not fully implemented.
EMERGING ISSUES: <i>Projects which were not foreseen at the time of preparation of the yearly work plan.</i>	
Expected to be in the nature of performance audits or audits of opportunities	The Auditor General may become aware of these projects in a variety of ways and may feel, given the risk assessment assigned by the OAG Project Committee to the project, it is appropriate to immediately assign resources or possibly supersede a project in the yearly work plan.
TIPS Hotline	Issues which are brought to the attention of the OAG including new information becoming available around systems and controls, as well as value for money being spent.
COMPLIANCE PROJECTS: <i>Determine compliance with various laws, regulations, contracts and agreements and HRM policies.</i>	
Fuel Card Management (currently in progress from 2013-14 work plan)	Review of compliance to HRM policies including assessing processes to manage the fuel inventory and usage.
Corporate Procurement Card Program	Assess whether HRM's procurement card program's control frameworks are adequate and functioning as intended.
Continuous Auditing Program	First step toward a continuous monitoring system. Build continuous monitoring reports to assess expense reimbursement compliance.
OFFICE OF THE AUDITOR GENERAL INITIATIVES	
Value for Money Lunch and Learn sessions	Develop and present introduction to the concepts of value for money in a municipal context for delivery to members of Regional Council.

Fiscal Responsibility – Ongoing Commentary	Review and assess the areas of strength and concern regarding the fiscal management of Halifax as a municipality.
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