

CITY OF WINNIPEG EXTERNAL AUDIT SERVICES CONTRACT

RFP 404-2020

Proponents Conference
Teams Meeting
July 22, 2020



External Audit Services Contract

Agenda

- Introductory Remarks
- City of Winnipeg – Context
 - Facts and challenges
 - Political and Administrative Structure
 - Reporting Structure
 - Finance Team
 - Financial and accounting systems
- Audit Department
- External Audit Deliverables
- RFP Submission

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Introductory Remarks

- Interim Chief Financial Officer – Paul Olafson, CPA, CA

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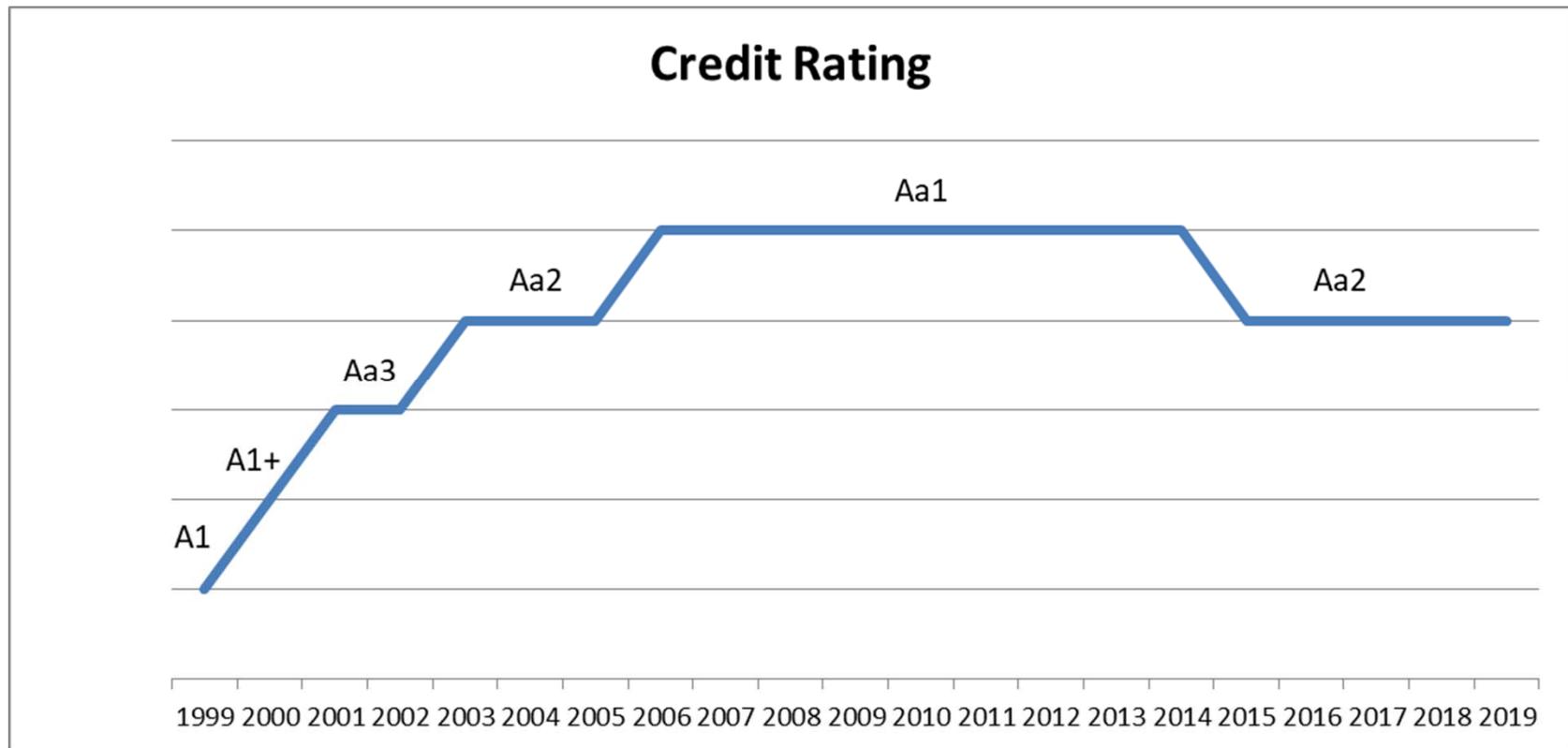
City of Winnipeg - Context

	2019	2015	Change
Population	763,900	711,600	7.3%
Number of taxable properties	236,380	226,736	4.2%
Number of employees	10,638	10,253	3.8%
Expenses	\$1.704 B	\$1.486 B	14.7%
LTD	\$1.373 B	\$0.996 B	25.4%
Capital acquisition	\$0.873 B	\$0.558 B	56.4%

- Eight bargaining groups (CUPE, WPA, ATU)

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City of Winnipeg – Prudence



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City of Winnipeg – Challenges / Opportunities

- Civic election October 2022
- Multi-year budget
- COVID-19 pandemic
- Transformation/Continuous Improvement
- Provincial Basket Funding
- Collective bargaining
- Partnerships
- Revenue limitations

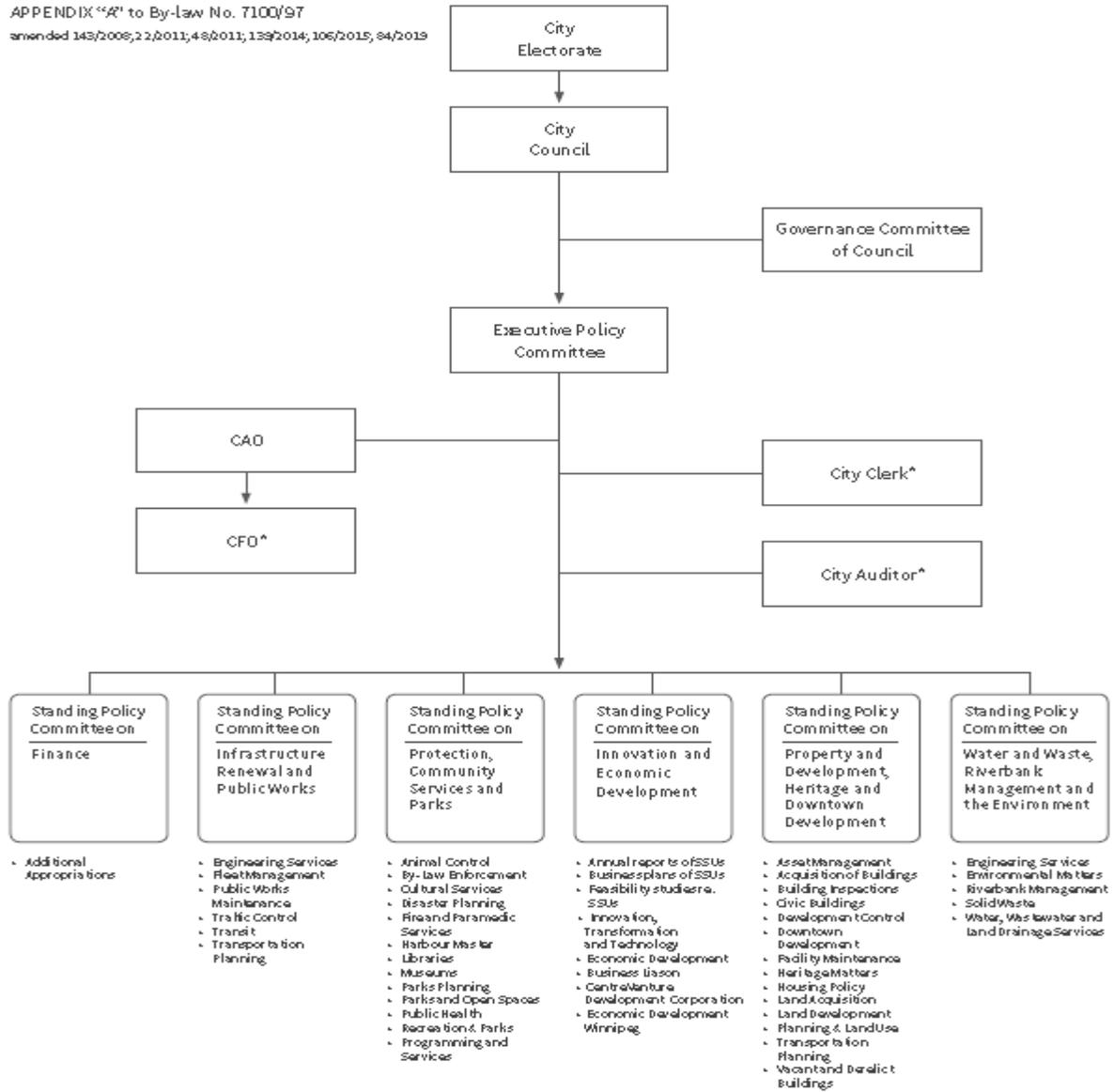
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City of Winnipeg – Governance

- Governance
 - The City of Winnipeg Charter Act
 - Purposes of the City
 - Responsibilities and authorities
 - Definition
 - <http://web2.gov.mb.ca/laws/statutes/municipal/c03902e.php>
 - City Organization By-law 7100/97
 - Further defines governance and administrative structure of the City
 - <http://winnipeg.ca/CLKDMIS/DocExt/ViewDoc.asp?DocumentTypeId=1&DocId=800>

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APPENDIX "A" to By-Law No. 7100/97
 amended 143/2008, 22/2011, 48/2011, 139/2014, 106/2015, 84/2019

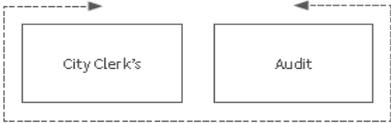
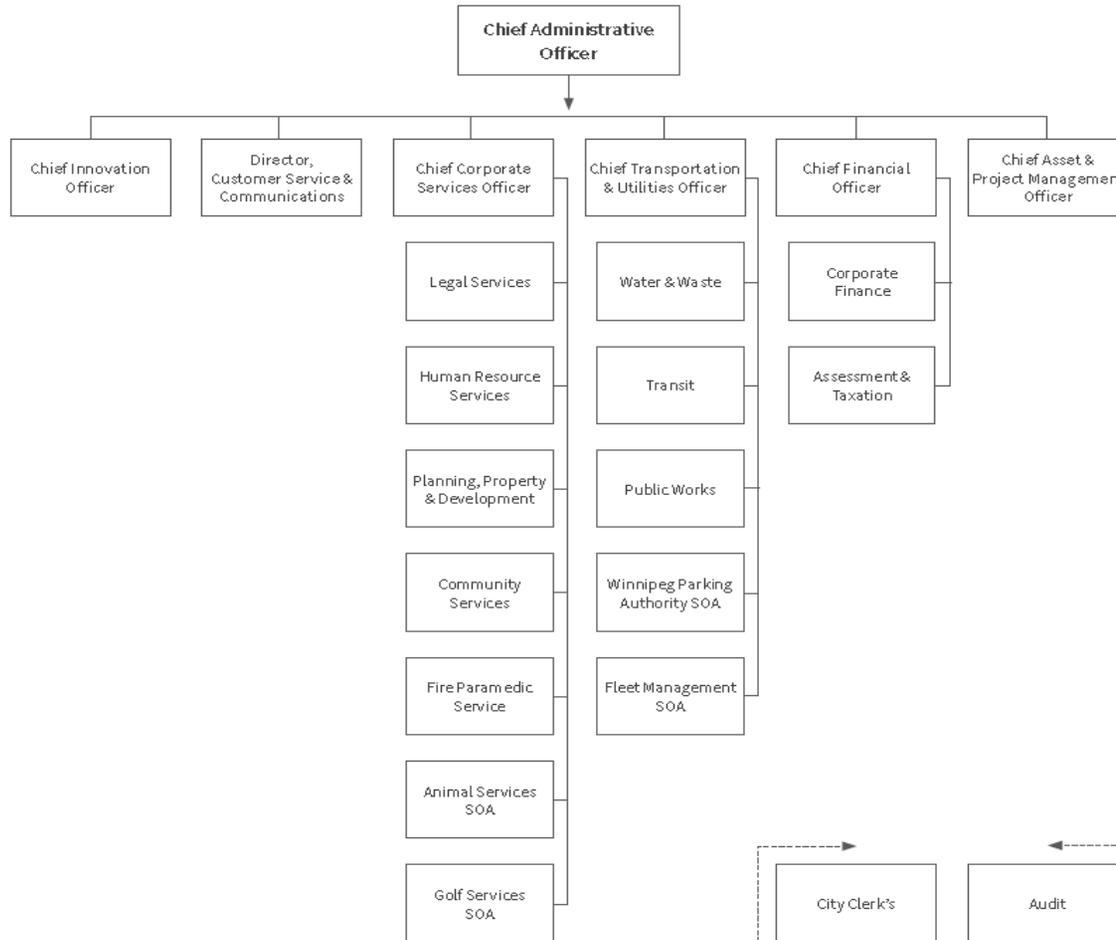


City of Winnipeg – Electorate Governance



*CFD, City Auditor and City Clerk have statutory reporting relationships to City Council

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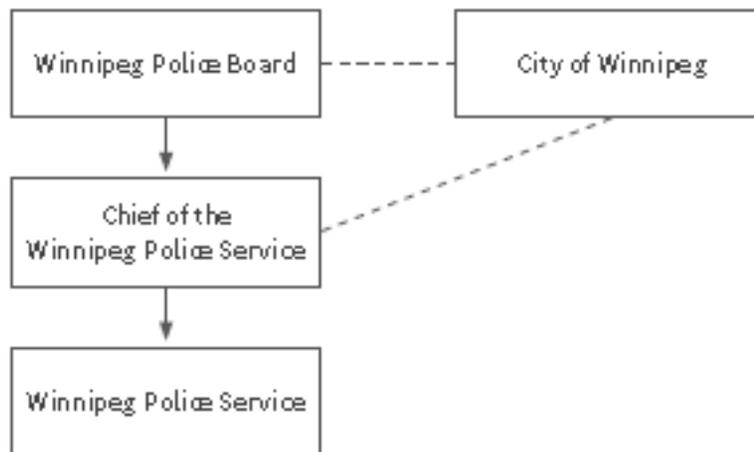
Do not have a reporting relationship to the Chief Administrative Officer

City of Winnipeg – Administrative Structure



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City of Winnipeg – Police Services



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City of Winnipeg – Reporting Structure

- Accounting captured in a series of self balancing “funds”.
 - Tax-supported
 - Utility and Other Funds
 - Reserve Funds
 - Special Operating Agencies

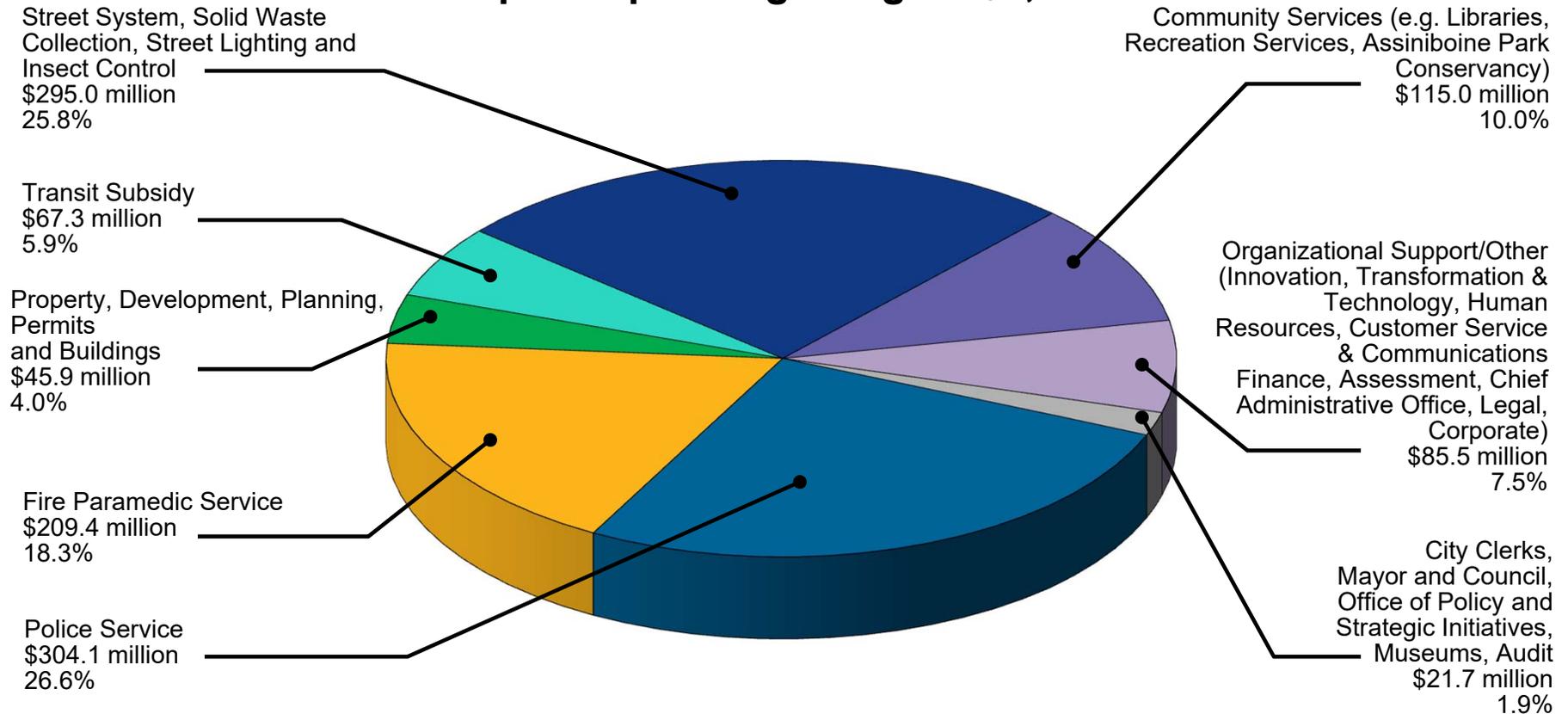
External Audit Services Contract City of Winnipeg – Reporting Structure

- General Revenue Fund
 - Accounts for tax-supported department operating transactions
 - Roads and bridges maintenance
 - Parks and open spaces
 - Snow clearing
 - Police services
 - Fire and ambulance
 - Paramedic and ambulance
 - Recreation Services
 - Libraries
 - Water and waste services
 - Street lighting

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How is the money spent in the Tax Supported Operating Budget?

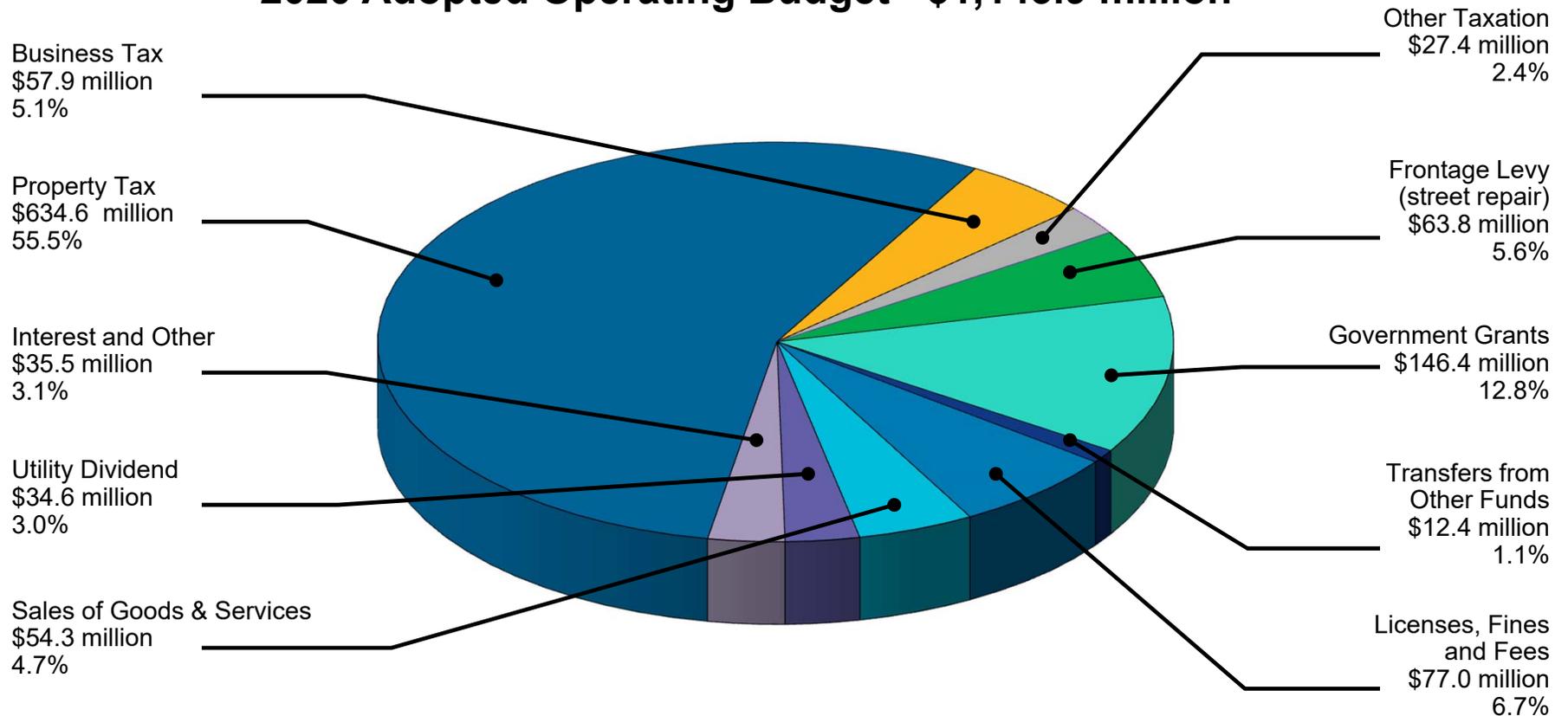
2020 Adopted Operating Budget - \$1,143.9 million



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Where does the money come from in the Tax Supported Operating Budget?

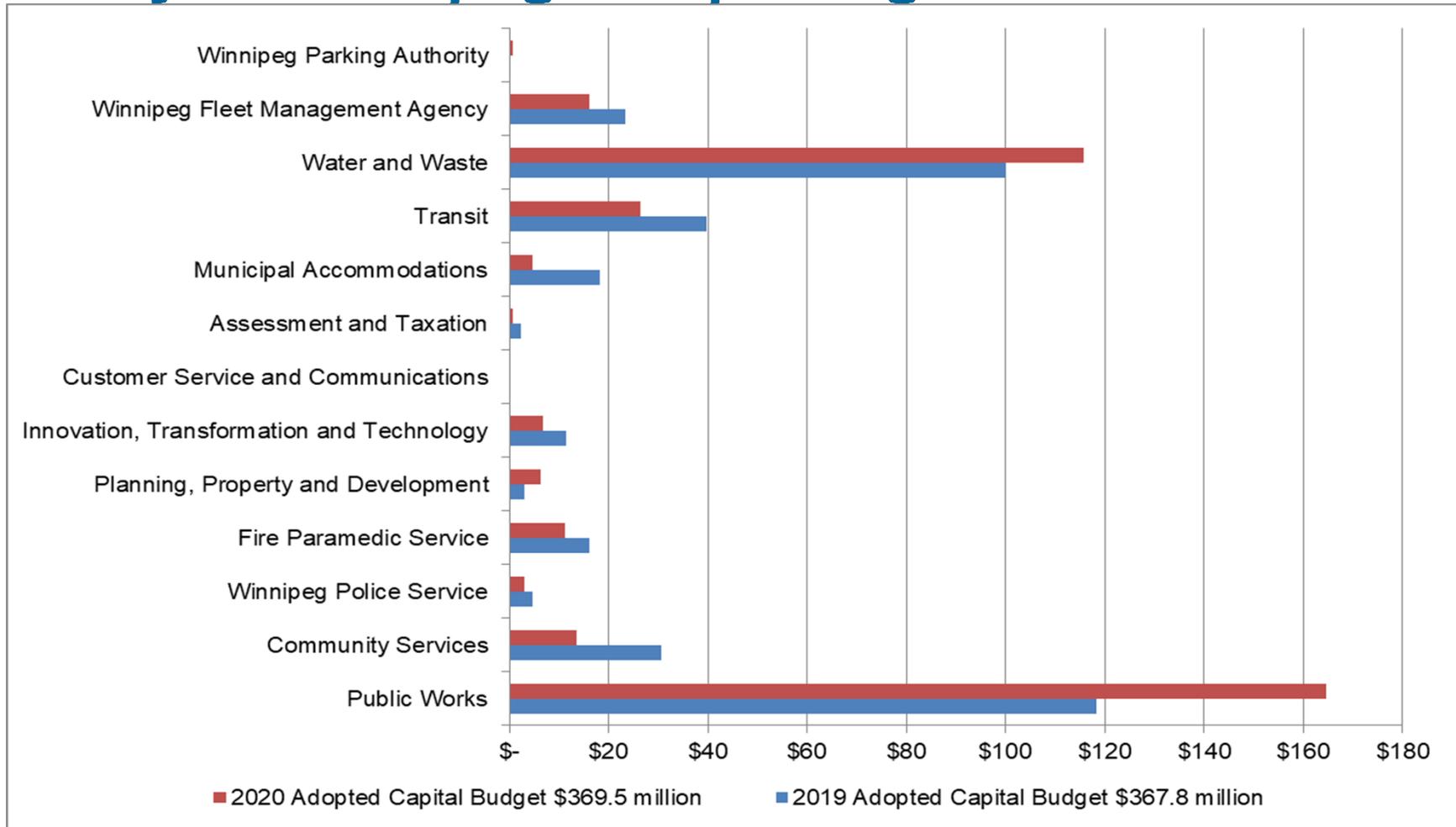
2020 Adopted Operating Budget - \$1,143.9 million



External Audit Services Contract City of Winnipeg – Reporting Structure

- General Capital Fund
 - Accounts for tax-supported department capital acquisitions/construction
 - Streets
 - Bridges
 - Parks
 - Recreation facilities

External Audit Services Contract City of Winnipeg – Reporting Structure



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City of Winnipeg – Reporting Structure

- Utility Funds
 - Record both operating and capital based transactions.
 - Transit
 - 2020 Operating Budget - \$184 million
 - 2020 Capital Budget - \$26 million
 - Regular and Transit Plus services
 - Waterworks
 - 2020 Operating Budget - \$93 million
 - 2020 Capital Budget - \$38 million
 - Water supply and distribution

External Audit Services Contract City of Winnipeg – Reporting Structure

- Utility Funds
 - Sewage Disposal
 - 2020 Operating Budget - \$196 million
 - 2020 Capital Budget - \$69 million
 - Wastewater collection and treatment
 - Solid Waste Disposal
 - 2020 Operating Budget - \$48 million
 - 2020 Capital Budget - \$3 million
 - Landfill and waste minimization
 - Land Drainage
 - 2020 Operating Budget - \$4.6 million
 - 2020 Capital Budget - \$6 million

External Audit Services Contract City of Winnipeg – Reporting Structure

- Reserve Funds
 - 30 in total
 - \$425 million in total (2019 reporting)
 - Stabilization, Capital and Special Purpose
 - Major Reserves
 - Financial Stabilization
 - Water Main Renewal
 - Sewer System Rehabilitation
 - Environmental Projects
 - Transit Bus Replacement
 - Land Operating
 - Perpetual Maintenance - Cemetery

External Audit Services Contract City of Winnipeg – Reporting Structure

- Special Operating Agencies
 - Animal Services
 - 2020 Budget - \$4 million
 - Revenue source – Licensing, Tax support
 - Fleet Management
 - 2020 Budget - \$48 million
 - Revenue source – Internal customers
 - Golf Services
 - 2020 Budget - \$3 million
 - Revenue source – Green fees
 - Parking Authority
 - 2020 Budget - \$18 million
 - Revenue source – Enforcement, parking, meters, vehicles for hire

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City of Winnipeg – Reporting Structure

- Other Funds
 - Tax-supported balancing funds (full charge out)
 - Municipal Accommodations
 - 2020 Budget - \$66 million
 - Operations and maintenance of tax-supported facilities
 - Tax-supported facility coordination (development, design, project management)

External Audit Services Contract City of Winnipeg – Reporting Structure

- **Controlled Entities**
 - CentreVenture Development Corporation
 - The Convention Centre Corporation
 - Winnipeg Arts Council Inc.
 - Winnipeg Public Library Board
 - Assiniboine Park Conservancy
- **Partnerships**
 - Economic Development Winnipeg Inc.
- **Government Business**
 - North Portage Development Corporation
 - Park City Commons
 - River Park South Developments Inc.

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Key Year-End Responsibilities

- Interim Chief Financial Officer – Paul Olafson, CPA, CA
- Interim Corporate Controller – Jason Ruby, CPA, CA
- Acting Manager of Financial Reporting – Carlos Matias, CPA, CGA
- Departmental Controllers
 - Primarily a decentralized controllership model
 - Each major department/SOA has its own controller
 - Financial statement preparation and consolidation support
 - Control structure

External Audit Services Contract

Financial and Accounting Systems

- Oracle PeopleSoft (ERP) Systems
 - Finance and Supply Chain Management System
 - Includes Inventory Control, Billing, Accounts Receivable, Purchasing, Accounts Payable, General Ledger, Commitment Control, Asset Management, and Project Costing Modules
 - Sustained in the Corporate Finance Department
 - Human Capital Management System
 - Includes Base HR, Base Benefits, Attendance Management, Time and Labour, Payroll for North America, Recruitment, Health and Safety, Administer Training Modules, Position Management along with components of self serve functionality (continued next page)

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Financial and Accounting Systems

- HCMS (continued)
 - Time and Labour and Payroll for North America are sustained in the Corporate Finance Department and the remaining modules are sustained in the Human Resource Services Department
- Oracle PeopleSoft (ERP) Systems
 - Enterprise Performance Management System
 - The Planning and Budgeting Module is the only module used in this system
 - Sustained in the Corporate Finance Department

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Accounts Payable
 - Centralized operation in Corporate Finance
 - All invoices are scanned and attached electronically to voucher
 - There are 23,762 active suppliers
 - Process 144,321 vouchers annually; 85,167 manually by CorpAP staff, 59,154 by interface
 - For vouchers process manually; 67,996 were Fully Matched with a 3 way match (PO, Receipt, Invoice), 15,926 were Direct with approval by Controller
 - Process 58,563 payments annually; 23,099 cheques and 35,464 direct deposits to suppliers

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Purchasing
 - Decentralized throughout the City
 - Over 313 workflow approval chains for up to 6 levels of approval, based on \$ amounts, for purchase orders
 - Have 361 active buyers and 637 approvers
 - Process 38,088 purchase orders a year
 - Process 48,334 purchasing card transactions a year
 - Inventory Control
 - Control the inventory in 6 decentralized departmental stores
 - Have 20,093 inventory items
 - Process 80,273 lines of stock issues annually

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Billing and Accounts Receivable
 - Billing and Accounts Receivable Module implemented March 2020
 - Departments using module: Winnipeg Police Service, Fire Paramedic, Transit, and Corporate Finance
 - Decentralized throughout the City
 - Have 72 active users
 - There are 290,930 active customers
 - Process 62,922 bills annually

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - General Ledger
 - Decentralized throughout the City
 - Have 72 source codes for manual journal entry workflow approval chains with 2 levels of approval (primary and secondary)
 - Have 56 active funds, 3,116 active accounts, 3,213 active Dept-IDs
 - Process 1.72 million transactions a year (1.48 million subsystem entries and 0.24 million manual entries)

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Project Costing
 - Centralized operation in Corporate Finance Department
 - Module contains 2,992 projects (1,233 capital projects and 1,759 work orders)
 - Process 200 new capital projects and 500 work orders a year
 - Commitment Control
 - Purchase orders, vouchers, journal entries, project costs and payroll transactions are all subject to budgetary controls
 - Salary expenditures controlled separately from non salaried expenditures but together cannot exceed the budget for a Dept-ID or group of Dept-IDs within a Department

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Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Time and Labour
 - Decentralized data entry done in the departments
 - Salaried employees are exception reporters
 - Hourly employees are positive reporters
 - Process 2.5 million transactions a year
 - Payroll
 - Payroll is processed biweekly
 - Separate payrolls for salaried, hourly and bus operators
 - Process 6800 salaried payments, 2050 hourly payments and 1100 bus operator payments biweekly
 - Majority of pay advices recorded on line and available to employees via self serve

External Audit Services Contract Financial and Accounting Systems

- Oracle PeopleSoft Finance Modules
 - Budget Module
 - Budget for 4 years
 - Produce a traditional organizational budget and a service based budget
 - Integrated with HR to obtain employees information for salary budgeting and the GL to obtain financial information
 - Once adopted the budget is uploaded to the GL to be used for financial reporting and budgetary control
 - Integration
 - PeopleSoft systems are integrated with each other
 - PeopleSoft systems are integrated with over 60 departmental applications that send data to or receive data from PeopleSoft

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Financial and Accounting Systems

- Oracle PeopleSoft Technical Environment
 - All 3 Systems are on Version 9.2
 - Use PeopleTools Version 8.57
 - Use Cognos 11 for cube reporting
 - Reporting tools include BI and Nvision
 - Over 5,000 personal computers use Windows 10
 - Over 990 clients have access to our production PeopleSoft Finance
 - Use Microsoft Office 2019 commencing October 2020

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Financial and Accounting Systems

- **Oracle PeopleSoft Technical Environment**
 - Utilize Internet Explorer 11, Microsoft Edge and Chrome
 - The City uses Windows 2016 Server platforms on Virtual Servers
 - The City uses Oracle 19c
 - The City deploys TCP/IP as a communication protocol and Ethernet for LAN connectivity

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Financial and Accounting Systems

- **Other Major Systems/Processes**
 - Decentralized/disaggregated
 - Billing and AR management
 - Community Services – ACTIVE Net
 - Water and Waste – CISS
 - Assessment and Taxation – MANTA
 - Work Management – Time capture implications
 - Transit – Intraop
 - Public Works – TKMMS
 - Police Services – SAMS
 - Asset Management
 - Water and Waste – Oracle WAM
 - Municipal Accommodations – Maximo
 - Public Works – TKMMS

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Audit Department

- **Mandate**
 - To examine problem areas, within the capabilities of the Audit Department, which are brought to the Auditor's attention by taxpayers, the Public Service, Council and Committees of Council.
 - The *City of Winnipeg Charter* provides considerable discretion for City Auditor to audit City operations, affiliated bodies, trusts, grantees or any person where City makes a financial contribution.
 - Council may, at any time, direct the City Auditor to undertake an audit project.

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Audit Department

- **Mandate**
 - To review the performance of operations to ensure money was expended with due regard to economy and efficiency.
 - To determine if satisfactory procedures have been established to measure, and report to Council on the achievement of, economy and efficiency.
 - To monitor the implementation of recommendations from past audit reports.
 - To act as an internal consulting group to provide information and assistance to City departments.

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Audit Department

- Business lines

Assurance Services

- Performance audits
- Due diligence reviews

Investigation Services

- City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities Administrative Standard
- Fraud & Waste Hotline
- Reports from external party, management, Council or Committee

Advisory Services

- Consulting services and committee participation

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Audit Department

- **Audit Plan Direction**

- An organization wide audit planning process is undertaken every two years. It comprises several activities and includes evaluation of each audit entity against standard criteria and risk factors. The result is a two year audit plan that is approved by Council.
- Performance audits will remain the primary business line of the Department. A majority of the Department's resources are dedicated to performance auditing.
- The level of resources dedicated to Investigations has been steadily increasing over the last three years. The number of investigations and complexity of the investigations are both contributing to the increase.
- Resources are assigned to Advisory Services as time permits.

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Audit Department

- Relationship with External Auditor
 - The Auditor Department is expected to play a minimal role with respect to conducting internal control reviews in the next few years.
 - The external auditor will be expected to review the key internal controls supporting the preparation of the financial statements.
 - The City Auditor meets periodically with the External Auditor to discuss items of mutual interest and to coordinate efforts.

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Audit Deliverables

Report Deliverables	Statutory Reporting	Internal Deadlines
Consolidated Financial Statements of The City of Winnipeg	June 30 – City of Winnipeg Charter Act	April 15
Financial Statements of Special Operating Agencies	April 30 – Council approved SOA Charters	March 31
Financial Statements of Council Pension Plan	Council	March 15
Statement of Operations Emergency Medical Response – Inter-facility Transfer and Community Paramedicine Services	June 30 - Agreement	May 15
Statement of Revenues and Expenses Library Services Division	None	May 15

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Audit Deliverables

Report Deliverables	Statutory Reporting	Internal Deadlines
Summary of Revenue and Expenditures of Winnipeg Police Services (Addendum forthcoming)	Winnipeg Police Board By-Law 148/2012	May 15
Summary of Revenue and Expenditures of Winnipeg Police Board (Addendum forthcoming)	Winnipeg Police Board By-Law 148/2012	May 15
Federal Gas Tax	June 30 – Agreements	May 15
The Sinking Fund Trustees of the City of Winnipeg Financial Statements	Council -	March 15

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Audit Deliverables

Report Deliverables	Statutory Reporting	Internal Deadlines
Bill 57 Compensation Disclosure	June 30 – Public Sector Compensation Disclosure Act	May 15
The City of Winnipeg Civic Employees' Group Life Insurance Plan and Police Employees' Group Life Insurance Plan Financial Statements	Council – By-Law 80/2015	May 15
Memoranda of Agreements	As required – Council	As required

External Audit Services Contract 2020 Proposed Fees

<i>Deliverable</i>	<i>Approximate Fee</i>	<i>Approximate Fee</i>
	Lower Range	Higher Range
Consolidated Financial Statements	\$85,000	\$130,000
Special Operating Agencies	\$20,000	\$40,000
Council Pension Plan/Sinking Fund Trustees/ Life Insurance Plans	\$20,000	\$40,000
Emergency Response/Library Services/Winnipeg Police/Police Board	\$20,000	\$40,000
Capital (Gas Tax)	\$4,000	\$10,000
Payroll (Compensation)	\$1,000	\$5,000
Memoranda of Agreement	\$1,000	\$5,000
TOTAL	\$151,000	\$270,000

- Other service value of \$100,000 for five year period

External Audit Services Contract Proposal Submission

- Response Deadline – August 14, 2020 *(B2.1)*
- Components *(B8.1)*:
 - Form A
 - Form B: Fee and Other Service Value *(B16)*
 - Experience of Proponents and Subcontractors *(B11)*
 - Experience of Key Personnel Assigned to the Audits *(B12)*
 - Understanding of City and Audit Objectives *(B13)*
 - Audit Approach and Work Plan *(B14)*

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Next Steps

- Proponents' Presentations (*B21.1*) – August 25th (tentative)
- RFP Evaluation Completion – August 31st (target)
- Audit Committee Meeting – September 21st
- Council Approval – September 30th

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QUESTIONS?

City Of Winnipeg External Audit Services Contract

RFP 404-2020

Thank you

winnipeg.ca

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