



City of Richmond

Performance Audit: Entity-Level Controls of the Richmond Olympic Oval (the Oval)

Not to be distributed without the express written consent of PricewaterhouseCoopers LLP in each instance

May 6, 2026



This Report was developed in accordance with the signed contract with the City of Richmond dated February 24, 2025 and is subject to the terms and conditions included therein.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available at the time we prepared the report. Accordingly, changes in circumstances after the date of this Report could affect the findings outlined herein.

We are providing no opinion, attestation or other form of assurance with respect to our work, and we did not verify or audit any information provided to us.

This information has been prepared solely for the use and benefit of and pursuant to a client relationship exclusively with the City of Richmond. PwC disclaims any responsibility to others based on its use and accordingly this information may not be relied upon by anyone other than the City of Richmond.

Strictly private and confidential



Private and Confidential

May 7, 2026

*Mr. Jerry Chong
General Manager, Finance & Corporate Services
City of Richmond
Richmond BC V6Y 2C1*

Dear Mr. Chong,

Re: Performance Audit: Entity-Level Controls of the Richmond Olympic Oval (the Oval)

Please find attached a report prepared in connection with our engagement with you, the City of Richmond.

If you have any questions, please do not hesitate to contact Steve Marcotte at steve.f.marcotte@pwc.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Marcotte', written over a light blue rectangular background.

Steve Marcotte, CPA CA
Partner

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710
Ottawa, Ontario, K1P 1E4
T.: +1 613 237 3702, F.: +1 613 237 3963
Fax to mail: ca_ottawa_main_fax@pwc.com

“PwC” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity

Strictly private and confidential

Contents

1. Executive summary	4
2. Introduction	8
3. Scope and approach	12
<hr/>	
3.1 Scope	12
3.2 Approach	12
4. The Oval's ELC Framework	16
5. Observations and recommendations	18
6. Conclusion	27

1. Executive summary

Background

The Richmond Olympic Oval (the Oval) was established on June 16, 2008, under the Business Corporations Act of British Columbia as a municipal corporation wholly owned by the City. Situated in Richmond, British Columbia, the Oval is a multi-sport and fitness complex that originally served as the venue for long track speed skating during the 2010 Vancouver Winter Olympic Games and houses the Richmond Olympic Experience (ROX), an interactive museum dedicated to the Olympic Games, celebrating Olympic history with engaging exhibits and sport simulators. Since the Olympics, the facility has been transformed into a community-centred hub, providing a broad spectrum of athletic and wellness amenities such as a fitness centre, climbing wall, basketball courts, Olympic-sized ice rinks, and group fitness studios.

The Oval functions as a municipal corporation wholly owned by the City of Richmond, with governance provided by the Oval Board of Directors, who offer strategic guidance and specialist knowledge.

According to the Oval Operating Agreement, the primary objectives include:

- Providing facilities, programs, and services that foster quality sport, fitness, recreation, and wellness opportunities for the residents of Richmond, neighbouring communities, and the wider public.
- Making the venue available for non-sporting, community, and entertainment events.
- Developing, promoting, and utilizing the Oval as a training and competition centre for high-performance sport.
- Delivering ancillary commercial, retail, health, and wellness services that support and enhance the accessibility and use of the facility in relation to the aforementioned activities.

In response to heightened public attention and the need to have robust internal controls and effective governance, the City initiated a performance audit with various objectives which include assessing program effectiveness and results, internal controls and related procedures, with the goal of obtaining a report with respect to findings and recommended improvements to the program operations, decision-making and internal controls.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

It has been reiterated that there is a need for maintaining an effective risk-based system of internal controls to address risks relating to the stewardship of public resources, including internal controls over financial reporting (ICFR). ICFR refers to the processes and procedures an organization uses to ensure the accuracy and reliability of its financial statements. These controls are designed to:

- Prevent and detect errors or fraud in financial reporting.
- Ensure compliance with accounting standards and regulations.
- Safeguard assets and maintain accountability.
- Support the integrity of financial disclosures to stakeholders.

Ultimately, the Oval must have in place a robust system of internal control that provides reasonable assurance that:

- Transactions are authorized according to established procedures.
- Financial records are maintained in accordance with standard practices.
- There is appropriate safeguarding of assets.
- Laws, regulations, and policies are complied with as required.

One of the main components of an effective risk-based system of internal control which was the focus of this engagement is entity-level controls (ELCs).

Entity-level controls (ELCs)

Entity-level controls (ELCs) are fundamental mechanisms that operate across an entire organization, shaping its control environment and influencing the effectiveness of all other forms of internal control. ELCs encompass attributes such as the tone set by leadership (“tone at the top”), assignment of authority and responsibility, policies and procedures, and organization-wide programs including codes of conduct and fraud prevention efforts. Additionally, ELCs include management’s risk assessment activities, processes to monitor operational results, and oversight mechanisms such as self-assessment programs.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

ELCs play a critical role at the Oval as their pervasive influence extends to process, transaction, and system-level controls, ultimately supporting the safeguarding of assets, maintaining accountability, and ensuring the accuracy of financial disclosures, considering the size of the organization. Given their foundational importance, a robust system of ELCs is essential for providing reasonable assurance that transactions are properly authorized, records are accurately maintained, assets are protected, and all laws, regulations, and policies are complied with. The COSO framework used for this exercise places ELCs at the core of an effective risk-based internal control system.

Scope and approach

PwC was engaged by the City of Richmond (the City) to assess entity-level controls as part of a performance audit. The assessment focused on the current state and performance of these controls for the period from January 2024 to March 2025. The approach was based on the COSO Internal Control Integrated Framework and included understanding the control environment, risk assessment processes, information and communication practices, and monitoring activities through review of documentation and discussions with management.

The design of these controls was evaluated through observation, inquiry, and inspection of supporting documentation to determine whether they are appropriately structured to achieve governance and operational objectives.

The objective of the engagement was to identify opportunities to enhance the effectiveness and efficiency of these controls and provide insights on performance metrics for the Oval's consideration.

During the planning phase, background information was gathered, risks were identified, and audit criteria and a formal audit plan were developed. The examination phase involved detailed evidence gathering, analysis, and interviews with relevant personnel. The final phase culminated in the issuance of this report.

Summary of observations

The Oval has made meaningful progress in documenting and assessing its entity-level controls (ELCs) in alignment with the COSO Internal Control Framework. Our assessment identified several areas where controls are established and functioning, as well as some deficiencies that present opportunities for improvement.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

The observations in this report highlight deficiencies and opportunities to improve on the design, implementation, and ongoing monitoring of key ELCs. These deficiencies are considered relevant to the Oval's governance, risk management, and internal control objectives.

While the identified control deficiencies expose the Oval to certain risks, many of the issues observed were consistent with those found in similar public sector organizations.

Recommendations addressing moderate risk areas include:

- Creating a unified Code of Conduct and implementing mandatory annual training for all employees, contractors, and stakeholders.
- Establishing a Financial Management Framework and a documented 3-year risk-based internal control plan.
- Developing a formal Enterprise Risk Profile and Fraud Risk Assessment process.
- Implementing a formal schedule for periodic review of committee Terms of Reference and key policies.
- Developing a documented IT General Controls (ITGC) framework and a Quality Assurance Program for error tracking and corrective action.
- Enhancing communication and attestation of codes and policies as part of annual performance evaluation.
- Establishing an internal audit program or risk-based audit plan to provide ongoing and separate evaluations of internal controls.
- Creating structured processes for tracking and remediating deficiencies identified in internal control evaluations.

The Oval management is encouraged to prioritize remediation of moderate risk deficiencies and to leverage these recommendations to strengthen its control environment, risk assessment practices, control activities, information and communication systems, and monitoring functions.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

2. Introduction

In response to the City of Richmond’s (the City) commitment to robust governance and effective stewardship of public resources, PricewaterhouseCoopers LLP (PwC) was engaged to conduct a performance audit of the Richmond Olympic Oval Corporation (the Oval). This audit, spanning the period from January 2024 to March 2025 of the Oval’s operations, was designed to assess the effectiveness, efficiency, and economy of the organization’s programs and internal controls, with a particular focus on the entity-level controls.

The performance audit followed a risk-based approach, executed in three phases: planning, examination, and reporting. During the planning phase, the team collaborated closely with City and Oval officials to gather background information, identify risks, and develop audit criteria and a formal audit plan. The examination phase involved detailed evidence gathering, analysis, and interviews with relevant personnel. The final phase culminated in the issuance of this report.

A central focus of this audit was the assessment of the Oval’s entity-level controls (ELCs), which are foundational mechanisms operating across the organization. ELCs set the tone for the control environment, influence the effectiveness of all other controls, and encompass attributes such as leadership integrity, assignment of authority and responsibility, policies and procedures, and organization-wide programs including codes of conduct and fraud prevention efforts. The audit evaluated the design of these controls.

The evaluation of the ELC framework adheres to the 17 principles and components outlined in the COSO 2013 Framework. This report presents observations aligned with the COSO principles, assesses associated risk levels, and provides recommendations along with proposed next steps. Established in the mid-1980s, the Committee on Sponsoring Organizations of the Treadway Commission (COSO) was tasked with developing an effective internal control framework. Since its initial release in 1992, the COSO framework has been widely recognized as the standard for designing and assessing systems of internal control.

Under the COSO framework, “internal control” is defined as a process, affected by an organization’s committees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The COSO Framework establishes five (5) components of internal control and seventeen (17) principles representing the fundamental concepts within these components. The principles draw directly from the components and the Oval can therefore achieve effective internal control by applying all principles. As per the 2013 COSO Framework, the principles supporting the components of internal control are listed below.

I. Control Environment: The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. Senior management establishes the tone at the top regarding the importance of internal control and expected standards of conduct. The five (5) principles relating to Control Environment are as follows:

1. The organization demonstrates a commitment to integrity and ethical values.
2. The Board of Directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with Board of Directors oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

II. Risk Assessment: Risk assessment involves a dynamic and iterative process for identifying and analyzing risks to the achievement of the entity's objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve its objectives. The four (4) principles relating to Risk Assessment are as follows:

1. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

2. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
3. The organization considers the potential for fraud in assessing risks to the achievement of objectives.
4. The organization identifies and assesses changes that could significantly impact the system of internal control.

III. Control Activities: Control activities are the actions established by policies and procedures to help ensure that management directives to mitigate risks are carried out. Control activities are performed at all levels of the entity and at various stages within business processes, and over the technology environment. The three (3) principles relating to Control Activities are as follows:

1. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
2. The organization selects and develops general control activities or technology to support the achievement of objectives.
3. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

IV. Information and Communication: Information is necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day controls. Communication enables personnel to understand internal control responsibilities and their importance to the achievement of objectives. The three (3) principles relating to Information and Communication are as follows:

1. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
2. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
3. The organization communicates with external parties regarding matters affecting the functioning of internal control.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

V. Monitoring Activities: Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to affect the principles within each component, is present and functioning. Findings are evaluated and deficiencies are communicated in a timely manner, with serious matters reported to senior management and to the board. The two (2) principles relating to Monitoring Activities are as follows:

1. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
2. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

3. Scope and approach

3.1 Scope

PwC has been engaged by the City to perform an assessment of the ELCs in place for the period from January 1, 2024 to March 31, 2025. The scope of this engagement included assessing the design of the Oval's ELCs as they relate to governance, risk management, and compliance with applicable policies and regulations and the objective was to assess the entity-level controls and determine whether there are opportunities for improvement over their effectiveness and efficiency, including providing insights on performance metrics, for the Oval to consider.

This assessment leveraged the COSO framework's five pillars and its 17 principles to evaluate the alignment of the Oval's ELCs with recognized leading practices in internal control. PwC identified control deficiencies, including controls that were documented but not operating as intended, as well as controls that may require enhancement. Recommendations were provided to strengthen the overall control environment. The engagement involved detailed analysis, evidence gathering, and consultation with key stakeholders to ensure that findings and recommendations were practical and actionable.

3.2 Approach

The assessment of ELCs at the Oval was conducted using the COSO framework and its 17 principles as the foundation for leading practices in internal control. We began with an assessment of the Oval's existing ELC documentation, mapping each control to the relevant COSO principles and components using a dedicated ELC Controls Matrix (Microsoft Excel document). This matrix served as a central repository, listing all components and sub-components, and facilitated a systematic analysis of the control environment.

Documented ELCs were assigned to the appropriate COSO principles, and we performed an assessment to identify any gaps, specifically, controls that were missing, not documented, or not operating as intended to support a given COSO principle. Where ELCs existed but were not previously captured in the Oval's documentation, we added them to the matrix and referenced supporting evidence to substantiate their existence.

If no ELC was present to support a particular COSO principle, we identified this as a deficiency for the purposes of the assessment. It is important to note that the documentation of ELCs excluded the control

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

activities component, such as financial reporting, procurement, payments and payables processes, or information technology general controls.

The assessment of ELCs was accomplished through a multi-faceted approach, combining the review of documentation with interviews and direct engagement with key stakeholders. We employed several techniques to collect information and validate results:

- **Inquiry:** We conducted interviews and process walkthroughs with system owners and individuals who possess detailed knowledge of the processes and controls in place. The objective was to confirm the existence, design, and operation of controls, as well as to assess staff awareness and understanding of control activities.
- **Inspection:** We examined policies and procedures, internal and external communications (such as intranet or internet postings), selected emails, and control samples. This included reviewing audit trails, problem logs, and other evidence that validated the existence and effectiveness of controls.
- **Observation:** Where appropriate, we observed control processes in action. Observations were documented to provide tangible evidence of control operation.

We focused on determining whether the ELCs were effective in mitigating risks to the Oval's objectives and in supporting key controls in other areas. An ELC was deemed effective when it was working as intended and functioning consistently over time. Areas for improvement were identified where controls were missing, inefficient, or not operating as intended, thereby failing to achieve their control objectives.

Throughout the engagement, we ensured that the assessment was thorough, evidence-based, and aligned with recognized leading practices. Our main objective was to validate that the control activities documented were accurate, complete, and sufficient to support the Oval's system of internal control. Recommendations were developed highlighting areas for improvement and providing actionable guidance to strengthen the Oval's overall control environment and governance framework.

Additionally, we maintained ongoing communication with Oval management and key stakeholders throughout the assessment process. This included regular status updates, validation of draft findings, and opportunities for management input to ensure that the assessment reflected the realities of the Oval's operations and addressed the organization's specific needs.

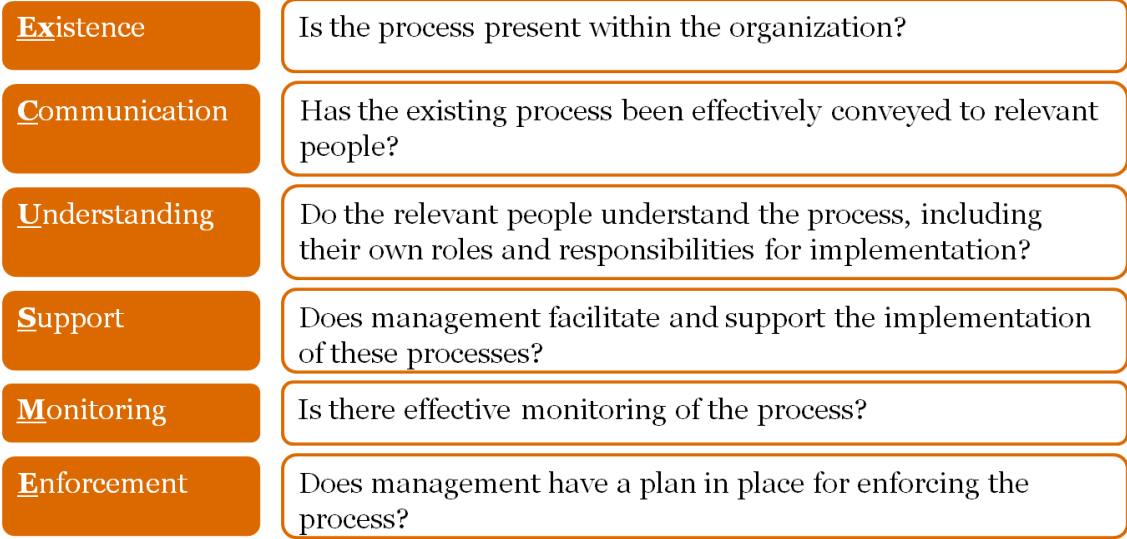
The final deliverable included a comprehensive report summarizing the assessment methodology,

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

findings, identified deficiencies, and recommendations for enhancing the design effectiveness of the Oval’s ELCs.

Furthermore, the PwC “ExCUSME” Framework, as described in Figure 1 below, was applied for the assessment of the ELCs.

Figure 1: PwC ExCUSME Framework



It is important to note that not all framework components shown in the figure above were relevant or required to be responded to when assessing the evidence for each ELC.

Observations and recommendations stemming from PwC’s ELC assessment are included in Section 5 of this report. Each control deficiency and/or recommendation identified was assigned a risk level. Risk in the context of this assessment refers to the potential for an observation to impact the achievement of objectives in operations, financial reporting, or compliance. Risk rating definitions for high, moderate and low ratings are as follows.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

Table 1: Risk rating definitions

Risk refers to the potential for an observation to impact the achievement of objectives in operations, financial reporting, or compliance. Ratings indicate the level of exposure if the observation is not addressed.

Risk rating	Definition
High	Significant exposure to risk. Observation is individually significant and may prevent reliance on control activities.
Moderate	Moderate exposure to risk. Should be addressed to improve the control environment. Evidence of compensating controls may exist to reduce risk to this level.
Low	Limited risk exposure or there is consideration for implementation of an industry leading practice.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

4. The Oval’s ELC Framework

The following table summarizes the ELCs, by ELC COSO component and by principle that were identified within the Oval.

Table 2: ELCs identified within the Oval by COSO Component and Principle

ELC COSO component	ELC description
Control Environment	Human Resources department responsibility for promoting and upholding organizational values and ethics
	Code of Ethical Conduct and Certificate of Understanding for Directors
	Respectful Workplace Policy
	Conflict of Interest Policy
	Anti-Fraud Policy
	Contractor conduct expectations (Respectful Workplace Policy applies to contractors and stakeholders)
	Audit & Finance Committee (AFC) established with independent membership and Terms of Reference
	Board of Directors Terms of Reference
	Business Planning Committee Terms of Reference
	Organizational chart maintained and accessible to employees
	Financial Signing Authorities Policy (delegation instruments, commitment/payment authorities, thresholds)
	Job profiles for key financial positions maintained and updated by HR
	ePerformance program for employee performance and development
	Mandatory training prior to delegated authorities and financial signing authority
	Role-specific training communicated via onboarding and available on SharePoint
Risk Assessment	Audited annual financial statements
	Strategic and COVID-19 Recovery Plan (2022–2026) and periodic management inquiries used to address strategic risks and major changes
Control Activities	Delegation guidance and core policies (Board and Committee Terms of Reference, Financial Signing Authorities, Reimbursement, Procurement) documented and communicated

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

ELC COSO component	ELC description
Information System and Communication	Approvals for delegated authorities evidenced on signature cards
	Accounting standard updates process (Finance department monitors changes, communicates with external auditors, meetings/emails/Teams)
	Financial policies and procedures accessible on SharePoint; updates communicated to staff
	Internal control and financial information communicated to governance committees (Board, AFC, Business Planning Committee) per Terms of Reference
Monitoring Activities	Management responsibilities for internal control communicated in audited financial statements
	External audit results presented to senior management and the Audit & Finance Committee
	Regular committee meetings to discuss Oval business
	Internal Business Monitoring and Trend Analysis
	Presentation of findings and results to Oval Board of Directors

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

5. Observations and recommendations

Details of the observations and recommendations stemming from PwC’s assessment of ELCs are included below. ELCs were assessed against the five components of internal control (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring of Controls) and 17 principles representing the fundamental concepts associated with the components. PwC’s assessment of the Oval’s ELCs resulted in the findings below. PwC recognized the size of the organization and feasibility of recommendations when drafted. The observations were assigned a risk as defined in Section 3.2 to illustrate the significance of the control deficiency noted.

I. Control Environment (CE)

COSO component description: The control environment sets the tone of the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control. This includes principles of demonstrating commitment to integrity and ethical values, exercising oversight responsibility, establishing structure, authority and responsibility, and demonstrating commitment to competence.

	Observation	Risk level	Recommendation
CE1	The Oval has established a Respectful Workplace Policy and a Code of Conduct for Directors, providing a foundation for ethical standards. However, there is no unified Code of Conduct that applies to all employees, contractors, and stakeholders, and periodic review is lacking.	Low	<p>R1) Create a formal Code of Conduct that applies to all employees, contractors, and stakeholders. While the Respectful Workplace Policy (which has a broader applicability) and the Code of Conduct for Directors exist, a unified document should:</p> <ul style="list-style-type: none"> • Consolidate ethical standards, conflict of interest provisions, and behavioral expectations. • Include disciplinary measures for non-compliance. • Be reviewed and updated periodically to remain relevant. <p>Another alternative could include having a Code of Conduct that cross-references existing policies and clarifies applicability.</p>

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

Observation	Risk level	Recommendation
<p>CE2</p> <p>The Oval communicates key policies during onboarding, and some ethics-related policies are available to employees. However, there is no mandatory annual training or recertification for all employees covering ethics, fraud, and workplace standards, nor is compliance systematically tracked or reported to senior management.</p>	<p>Moderate</p>	<p>R2) Introduce mandatory annual training or recertification for all employees covering:</p> <ul style="list-style-type: none"> • Code of Conduct • Anti-Fraud and Anti-Money Laundering policies • Respectful Workplace standards • Track completion and report compliance to senior management to ensure accountability. <p>Establish a formal process to monitor compliance with the above and implement annual employee acknowledgments of the key ethics-related policies.</p> <p>This can be achieved through short annual refreshers and simple tracker reporting.</p>
<p>CE3</p> <p>The Oval's IT department monitors technology controls and has implemented basic IT policies. However, responsibility for internal control and risk assessment, including ITGCs, is not formally assigned and annual control testing is not consistently performed or reported to the AFC.</p>	<p>Moderate</p>	<p>R3) Assign a designated internal role (e.g. Senior Finance or IT lead) to oversee IT internal control and risk assessment activities, including ITGC oversight (e.g. using a short ITGC checklist), based on an IT ongoing monitoring plan. Because the Oval does not maintain a standalone internal audit function, annual control testing could be supported by the City or an external firm to ensure independent validation. All testing results, gaps, and remediation actions should be formally reported to the AFC annually to strengthen accountability, governance, and control effectiveness around IT.</p>
<p>CE4</p> <p>The Oval has implemented operational controls to mitigate fraud risk, such as segregation of duties and approval thresholds. However, there is no designated role responsible for managing internal fraud-related activities, resulting in fragmented oversight of fraud prevention, detection, and reporting.</p>	<p>Moderate</p>	<p>R4) Designate a role responsible for managing all internal fraud-related activities, including:</p> <ul style="list-style-type: none"> • Development of a Fraud Management Program. • Oversight of fraud prevention, detection, and reporting mechanisms (simplified protocols). • Coordination of annual fraud awareness and anti-money laundering training/reminders.
<p>CE5</p> <p>The Oval's governance structure includes oversight by councillors, and regular meetings with City senior staff to provide updates on political activities. However, there is no comprehensive policy or formal procedure for political activities, leading to ambiguity</p>	<p>Moderate</p>	<p>R5) Given the Oval's governance structure and oversight by councillors, establish a comprehensive policy and formal procedure for political activities. This should:</p> <ul style="list-style-type: none"> • Define permissible and prohibited activities.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

	Observation	Risk level	Recommendation
	in permissible and prohibited activities and reporting requirements.		<ul style="list-style-type: none"> • Outline reporting and approval requirements. • Be communicated to all employees and governance members to prevent conflicts of interest. <p>It is recommended that the Oval publish a short guidance note on political activities and when to seek City/legal guidance. This guidance could be integrated with existing Conflict of Interest materials rather than established as a standalone policy.</p>
CE6	The Oval provides access to key policies via SharePoint and communicates them during onboarding. However, there is no formal process to monitor compliance, usage, and accessibility of Oval's ethical and harassment-related policies and resources; employee engagement and training completion are not tracked or reported.	Low	<p>R6) Establish a formal process to monitor compliance, usage, and accessibility of the Oval's ethical and harassment-related policies and resources—including the Conflict of Interest Policy, Anti-Fraud Policy, Code of Ethical Conduct, and Respectful Workplace Policy. This process should include:</p> <ul style="list-style-type: none"> • Tracking employee access to these resources on SharePoint or other platforms. • Monitoring engagement with policy links distributed via email or internal communications. • Tracking employee acknowledgements of policies during onboarding and at regular intervals. • Monitoring completion of mandatory ethics and harassment prevention training. • Periodically reporting usage and compliance metrics to senior management to confirm that resources are actively accessed and policies are enforced (e.g. using intranet metrics and onboarding records to provide annual summaries). <p>Implementing this process will provide assurance that ethical and harassment-related tools are not only available but actively accessed and enforced, supporting early identification and prevention of unethical behaviors and reinforcing a safe, respectful, and effective organizational environment.</p>
CE7	The Oval expects contractors and service providers to adhere to the Respectful Workplace Policy and Code of Conduct, and these policies are communicated during onboarding. Where applicable, agreements may include clauses that reflect relevant	Low	<p>R7) Establish a formal process to monitor contractor and non-employees' compliance with the Respectful Workplace Policy and related Code of Conduct requirements. This process should include:</p> <ul style="list-style-type: none"> • Requiring contractors and service providers to formally acknowledge that they

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

	Observation	Risk level	Recommendation
	policy requirements and some agreements may require contractors to hold specific credentials, in accordance with their governing bodies. However, contractor and non-employee compliance is not formally monitored; acknowledgements are not systematically tracked or reviewed, and breaches are addressed reactively.		<p>have read, understood, and will abide by the policy during contract execution or onboarding.</p> <ul style="list-style-type: none"> • Maintaining a centralized record of these acknowledgements for all active contractors. • Periodically reviewing compliance and addressing any breaches through documented investigation and enforcement actions.
CE8	The Oval has established key committees (AFC, Board of Directors, Business Planning Committee) with defined roles and responsibilities. However, committee member skills and responsibilities are not periodically assessed or acknowledged; there is no formal process for targeted training or annual acknowledgment of roles.	Low	R8) While Board member selection is conducted by City Council, the Oval should establish a process at the committee level (e.g. AFC, Business Planning Committee) to periodically assess member skills (self-assessment), identify gaps, and provide targeted training where needed. Committees should also formally acknowledge their roles and responsibilities annually. This approach supports effective oversight and continuity within a small organization and is independent of the City's Board appointment process.
CE9	The Oval has a Financial Signing Authorities Policy and Committee Terms of Reference in place, supporting financial management and governance. The Oval Finance department maintains regular communication with other staff on financial management and governance, including Finance 101 presentations (Training on basic financial topics and processes) and ongoing departmental meetings to support periodic review and understanding. However, practical guidance and refresher training are limited, and delegation instruments and committee Terms of Reference are not regularly reviewed or audited for alignment with organizational structure and responsibilities.	Low	<p>Refer to recommendation R12 and:</p> <p>R9) Establish a formal process to strengthen financial management policies and committee governance at the Oval by implementing a simple, structured review approach, including:</p> <ul style="list-style-type: none"> • Expanding the Financial Signing Authorities Policy to include practical examples and “how-to” instructions for staff. • Introducing periodic refresher training for employees with delegated authority. • Ensuring alignment between delegation instruments and the organizational structure through regular spot-checks. • Implementing a basic, documented schedule for periodic review of committee Terms of Reference to ensure they remain current and aligned with the Oval's financial management responsibilities and organizational priorities. • Maintaining a centralized tracking log of review dates and approvals, and communicating updates to relevant stakeholders. <p>This integrated approach will promote clarity, accountability, and consistency in financial management and committee operations, supporting effective governance and staff understanding.</p>

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

	Observation	Risk level	Recommendation
CE10	The Oval maintains job descriptions and updates roles as needed, but a formalized succession planning framework is absent; and continuity in internal control responsibilities is not formally addressed.	Low	Refer to recommendation R12.
CE11	The Oval's Finance Department manages financial controls and reporting, and policies are accessible to staff. However, there is no formal Financial Management Framework to define, maintain, and regularly review internal control roles and responsibilities; materiality thresholds and financial reporting objectives are not clearly communicated or reviewed.	Moderate	<p>R10) Establish a short Financial Management Framework and a rolling 3-year control plan to define, maintain, and regularly review internal control roles and responsibilities within the Finance Department. The framework should:</p> <ul style="list-style-type: none"> • Clearly communicate expectations and accountability for internal control responsibilities. • Define materiality thresholds to support the identification of misstatements, whether individually or in aggregate, that could materially impact financial statements. • Outline financial reporting objectives to support informed decision-making and regulatory compliance. • Be accessible to relevant staff and subject to periodic review and approval by senior management. <p>In addition, develop a documented 3-year risk-based internal control plan to guide control activities. The plan should be communicated to relevant staff and the AFC, with mechanisms for senior management to monitor progress and evaluate achievements against defined objectives.</p> <p>Implementing these measures will reinforce accountability, enhance transparency, and strengthen the organization's internal control environment.</p>

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

II. Risk Assessment (RA)

COSO component description: Risk assessment involves identifying and analyzing risks to achieving the entity’s objectives, forming a basis for determining how risks should be managed. This includes principles of specifying suitable, specific objectives, identifying and analyzing risks, assessing fraud risk, identifying and analyzing significant changes.

	Observation	Risk level	Recommendation
RA1	<p>The Oval has implemented foundational policies and controls for risk management and fraud prevention, including Conflict of Interest Policy, Anti-Fraud Policy, Code of Ethical Conduct, financial signing authority thresholds, and segregation of duties. However, an Enterprise Risk Profile and a comprehensive Fraud Risk Management Program are not in place; risk identification and mitigation are not consistently or comprehensively addressed.</p>	Moderate	<p>Refer to recommendations R3, R10 and R11) The Oval has implemented several foundational policies and operational controls to mitigate risk, including the Conflict of Interest Policy, Anti-Fraud Policy, Code of Ethical Conduct, financial signing authority thresholds, and segregation of duties. These measures provide a solid base for risk management and fraud prevention.</p> <p>To further strengthen the organization’s ability to identify, assess, and mitigate risks consistently and comprehensively, the Oval should:</p> <ul style="list-style-type: none"> • Establish a concise Enterprise Risk Profile that reflects internal and external factors impacting the achievement of organizational objectives and ensure it is reviewed and updated regularly by management. • Implement a comprehensive Fraud Risk Management Program that includes: <ul style="list-style-type: none"> – A formal (brief) fraud risk assessment process, – A Fraud Management Framework integrating existing policies, – A Fraud Risk Profile approved by the Executive Committee and updated annually. <p>These can be simple, proportionate, and right-sized for a smaller organization such as the Oval. By building on existing policies and controls and introducing these formal frameworks, the Oval will enhance its ability to monitor strategic and fraud-related risks, ensure completeness and consistency in risk identification and mitigation, and maintain effective internal controls in response to evolving circumstances.</p>

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

	Observation	Risk level	Recommendation
RA2	The Oval responds to changes in business and control environment as needed but does not have a formal process for documenting and communicating significant changes impacting internal controls.	Low	Refer to recommendation R11.

III. Control Activities (CA)

COSO component description: Control activities are the policies and procedures that help ensure management directives are carried out. This includes principles of selecting and developing control activities that help mitigate risks, developing general controls over technology, and deployment of control activities through policies and procedures.

	Observation	Risk level	Recommendation
CA1	The Oval's IT department is responsible for monitoring technology controls, but ITGC oversight is not formally assigned to a formal role; no documented ITGC framework or periodic assessment exists.	Moderate	Refer to recommendation R3.
CA2	The Oval has key policies, terms of reference, business processes and controls in place, and updates them as needed. However, there is no formalized schedule for periodic review and update, documentation and tracking of reviews are inconsistent. Succession planning is also not formally addressed.	Low	R12) <ul style="list-style-type: none"> Establish a formalized schedule for the periodic review and update of key policies, Terms of Reference, and significant business processes (e.g. Financial Signing Authorities Policy, Procurement Policy, committee charters) to ensure alignment with organizational objectives. Implement a structured process to document each review and update, including the date, responsible individual(s), and a summary of changes made. Maintain a simple centralized log (e.g. SharePoint or similar repository) to track review frequency, completeness, and compliance with established timelines. Periodically report the status of policy reviews, updates, and quality

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

Observation	Risk level	Recommendation
		<p>assurance activities to senior management and relevant committees.</p> <ul style="list-style-type: none"> Develop a formalized succession planning framework that identifies key internal roles essential for the functioning of critical departments and achievement of financial management objectives, including contingency plans to maintain continuity in internal control responsibilities. This can be concise and integrated with existing performance management but should clearly document backups and continuity plans to reduce single-person reliance in a small team. <p>These measures will reinforce accountability, ensure continuity, enhance transparency, and support continuous improvement in operational processes.</p>

IV. Information & Communication (IC)

COSO component description: Information and communication systems support the identification, capture, and exchange of information in a form and timeframe that enables people to carry out their responsibilities. This includes principles of using relevant, high-quality information, communicating internally to support controls, and external communication.

Observation	Risk level	Recommendation
IC1	Low	Refer to recommendation R3.

V. Monitoring Activities (MA)

COSO component description: Monitoring activities assess the quality of internal control performance over time. This includes principles of conducting ongoing and/or separate evaluations, and evaluation and communication of deficiencies.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

	Observation	Risk level	Recommendation
M1	The Oval relies on external audit for evaluation but does not have a risk-based audit plan for ongoing/separate evaluations.	Low	Refer to recommendation R3.
M2	The Oval receives and discusses external audit results with senior management and the AFC, and no deficiencies were noted for the current year. However, there is no structured process for maintaining a centralized listing of action plans from evaluations or for monitoring and reporting progress to senior management and the AFC, including escalation of overdue items.	Low	<p>R13) Although external audit results are communicated to senior management and the AFC and no deficiencies were noted for the current year; a structured process is recommended for:</p> <ul style="list-style-type: none"> • Maintaining a centralized listing of all action plans arising from internal and external evaluations. Establishing minimum standards for monitoring and reporting progress to senior management and the AFC, including escalation of overdue items.

This confidential report is intended solely for use by the City of Richmond. Use of this report, in whole or in part, by any unauthorized party, is their sole responsibility and at their sole and exclusive risk. PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

6. Conclusion

Conclusion

The Oval has made significant progress in documenting and assessing its ELCs in alignment with the COSO Internal Control Framework. The purpose of this assessment was to assess the design of the Oval's ELCs, identify deficiencies and improvement opportunities, and provide recommendations to strengthen governance, risk management, and internal control practices.

Based on the work performed, the Oval generally has foundational controls in place to support its organizational objectives and compliance requirements. However, several opportunities to enhance the effectiveness and efficiency of ELCs were identified, particularly in the areas of formalization, documentation, periodic review, and ongoing monitoring as described in Section 5 of this report.