

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 6, Report No. 11, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on September 16, 2015, as follows:

By receiving Communication C5 from the Director of Internal Audit, dated September 11, 2015.

6 INTERNAL AUDIT REPORT – STATUS OF MANAGEMENT ACTION PLANS

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Director of Internal Audit, dated September 8, 2015:

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Status of Management Action Plans be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Status of Management Action Plans.

Background - Analysis and Options

Follow up of Internal Audit recommendations through Management Action Plans is performed to ensure that management actions have been effectively implemented and appropriate controls and processes have been put in place to mitigate risks identified during the audit.

Internal Audit has completed a number of projects, reviews, and audits in accordance with the 2012-2014 Revised Risk Based Internal Audit Plan previously approved by the Finance, Administration and Audit Committee. In that time, eight audit reports have been issued containing a total of 35 recommendations. As of July 31, 2015 management has implemented 8 of those recommendations and is in the process of implementing the remaining 27 recommendations. In some cases, completion of implementation and follow up of management action plans has been deferred to accommodate factors such as organizational initiatives and capacity, and events causing significant impact on operations, such as the ice storm. Internal Audit continues to communicate with management and monitor progress toward full implementation on an ongoing basis.

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Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

The Internal Audit report on the Status of Management Action Plans is attached as Attachment 1. The report provides updated information on the implementation status of recommendations made in audit reports which were publicly reported through Finance, Administration and Audit Committee. A table summarizing the number of audits completed and recommendations issued by year and by Commission is attached as Attachment 2.

Internal Audit will continue to monitor the status of Management Action Plans and look for further opportunities to improve our follow up process. We will continue to report the results of our follow up to the Finance, Administration and Audit Committee on an annual basis.

Attachments

1. Internal Audit Report – Status of Management Action Plans
2. Internal Audit Summary of Audits and Status of Recommendations

Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

DATE: Friday, September 11, 2015

TO: Honourable Mayor Bevilacqua and Members of Council

FROM: Paul Wallis, Director of Internal Audit

RE: **Communication – Status of Management Action Plans**

C	5
Item #	6
Report No.	11 (FAA)
Council - September 16/15	

Report #11, Item 6 of the September 8, 2015 Finance, Administration and Audit Committee

Purpose

To provide an update on the information requested at the September 8th, 2015 meeting of the Finance, Administration and Audit Committee regarding the status of management action plans related to audits since 2012.

Background

At the September 8, 2015 meeting of the Finance, Administration and Audit Committee, Internal Audit presented an update on the status of management action plans related to outstanding recommendations from completed audits dating back to 2012. A request was made by the Committee for further updates to include timelines and budget implications related to management action plans and the implementation of audit recommendations.

Internal Audit requests management to provide estimated completion dates for management action plans included in the audit report, and assesses completion dates provided for reasonableness and timeliness. These dates are monitored by Internal Audit staff on an ongoing basis for audit follow up purposes.

Typically, information about the potential impact of management action plans on departmental budgets is not immediately available when the action plans are being formulated. Management action plans may be subject to ongoing development and refinement as they are implemented based on a number of factors including changes in staffing, technology, and operational processes. For this reason, Internal Audit does not include budget information in management action plans in the final audit report.

Conclusion

Going forward, Internal Audit will include timelines and budget information in the updates to Council on the status of management action plans, to the extent that this information is provided by management. Internal Audit has initiated the process of contacting the relevant department heads for budget information related to all current outstanding management action plans, and will provide any information received with the status update at a future meeting of the Finance, Administration and Audit Committee.

Attachments

None.

Respectfully submitted,



on behalf of

Paul Wallis

Director of Internal Audit

INTERNAL AUDIT REPORT – STATUS OF MANAGEMENT ACTION PLANS

Recommendation

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1. That the Internal Audit Report on the Status of Management Action Plans be received.

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Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Status of Management Action Plans.

Background - Analysis and Options

Follow up of Internal Audit recommendations through Management Action Plans is performed to ensure that management actions have been effectively implemented and appropriate controls and processes have been put in place to mitigate risks identified during the audit.

Internal Audit has completed a number of projects, reviews, and audits in accordance with the 2012-2014 Revised Risk Based Internal Audit Plan previously approved by the Finance, Administration and Audit Committee. In that time, eight audit reports have been issued containing a total of 35 recommendations. As of July 31, 2015 management has implemented 8 of those recommendations and is in the process of implementing the remaining 27 recommendations. In some cases, completion of implementation and follow up of management action plans has been deferred to accommodate factors such as organizational initiatives and capacity, and events causing significant impact on operations, such as the ice storm. Internal Audit continues to communicate with management and monitor progress toward full implementation on an ongoing basis.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

The Internal Audit report on the Status of Management Action Plans is attached as Attachment 1. The report provides updated information on the implementation status of recommendations made in audit reports which were publicly reported through Finance, Administration and Audit Committee. A table summarizing the number of audits completed and recommendations issued by year and by Commission is attached as Attachment 2.

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Report prepared by:

Catherine Atkari, CIA, CFE
Internal Audit Coordinator

Respectfully submitted,

Paul Wallis, CPA, CMA CIA CISA CRMA
Director Internal Audit



INTERNAL AUDIT

Status of Management Action Plans

September 2015

Status of Management Action Plans

Internal Audit Report

BACKGROUND

Follow up of Internal Audit recommendations through Management Action Plans (MAPs) is performed to ensure that management actions have been effectively implemented and appropriate controls and processes have been put in place to mitigate risks identified during the audit.

Following the presentation of our first Management Action Plan status report to Finance, Administration and Audit Committee on March 9, 2015 we were asked to provide a follow up report in September 2015. Going forward, we will report to the Committee on the status of management action plans on an annual basis.

CHANGES TO AUDITS IN PROGRESS

The first MAP status report presented on March 9, 2015 included a Cashiers audit under Audits in Progress. Subsequently, while in the planning stage of the audit, the Cashiers function was assessed as low risk and the audit was deferred. As a result, the Cashiers audit does not appear on the current status summary presented in Attachment 2.

STATUS OF MANAGEMENT ACTION PLANS (MAPs)

Since 2012, Internal Audit has issued eight audit reports containing a total of 35 MAPs. As of July 31, 2015 management has fully implemented eight of those MAPs, or 23 percent. A total of 24 MAPs, or 69 percent, are in progress, and the remaining three MAPs, or eight percent, are not yet started.

The scope of this update includes MAPs that have not been fully implemented as of July 31, 2015. Following are comments regarding those MAPs that are either in progress or not started:

PARKS AND FORESTRY OPERATIONS AUDIT

Two MAPs remain in progress. Ongoing staff shortages, recent reorganization within the division and the extraordinary winter weather events of 2013/2014 have posed challenges to management's efforts to reduce the number of outstanding work orders. Further audit follow up has been deferred to 2016 as management continues to work toward work order fulfillment, and completion and maintenance of the tree and shrub inventory database.

ACCOUNTS PAYABLE AUDIT

Two MAPs remain open pending implementation of the P2P solutions developed by the Innovation and Continuous Improvement division. These plans relate to vendor master file maintenance and monitoring of cumulative Low Value Purchases by vendor.

WATER, WASTEWATER AND DRAINAGE AUDIT

Three of the original four MAPs continue to be in progress. A solution to assist in identification of service contracts approaching the \$100,000 tendering threshold is to be developed and implemented through P2P. Phase 2 of the City-wide Asset Management (AM) strategy has

Status of Management Action Plans

Internal Audit Report

begun with expected implementation to be phased in starting in 2016. As of the audit follow-up date, the sewer use By-Law is still under review.

EMPLOYEE BUSINESS EXPENSES AUDIT

Six of the original seven MAPs are currently in progress. Most of these items are targeted for completion in 2015.

The remaining MAP that has not yet been started relates to the automation of work flow processes and is expected to be completed as part of the P2P Implementation Project, with work beginning in Q3 2016.

RECREATION AND CULTURE REVENUE AUDIT

Ten of the original twelve MAPs are currently in progress and expected to be completed within their respective due dates.

The two remaining MAPs have not yet been initiated. These plans are related to system access and rental contract administration and are expected to be completed in 2015, in accordance with the due dates provided in the audit report.

MTO DRIVER CERTIFICATION PROGRAM – VFRS AUDIT

The status of the three MAPs issued as part of the MTO Driver Certification Program audit remains unchanged since the status update presented to the Finance, Administration and Audit Committee on June 15, 2015. Two of the MAPs are complete. The remaining open MAP is expected to be completed as part of the next scheduled VFRS driver training session in September 2015.

CONCLUSION

Internal Audit will continue to contact management as their action plans come due to determine if they have been implemented, and will continue to partner with management in their efforts to address audit observations as planned. When plans cannot be completed as originally intended, audit staff will work with management to obtain updated achievable implementation dates.

Author: Catherine Atkari CIA, CFE

Director: Paul Wallis CPA, CMA, CIA, CISA, CRMA

Summary of Audits and Status of Recommendations
(January 01, 2012 - July 31, 2015)

	2012	2013	2014	2015	Total	Community Services	Finance	Legal & Admin	Planning	Engineering & Public Works	Strategic & Corp Serv	Exec.Dir/Rec & Culture	City-Wide	Office of the City Manager
Number of audits in progress				3	3					1	1		1	
Number of audits completed	4	1	1	2	8		2		1	2		1	1	1
Number of recommendations issued	9	4	7	15	35		4		0	9		12	7	3
Number of recommendations followed up	9	4	7	15	35		4			9		12	7	3
Recommendations completed	5	1	0	2	8		2			4				2
Recommendations in progress	4	3	6	11	24		2			5		10	6	1
Recommendations not started	0	0	1	2	3		0			0		2	1	

Audits In Progress (with Commission)	Audits Completed (with Commission)
Road Operations (Engineering & Public Works)	Parks and Forestry Operations (Engineering & Public Works)
HR Hiring Practices (Strategic & Corporate Services)	Parks Development (Planning)
Overtime (City-Wide)	City-Wide Payroll (Finance)
	Accounts Payable (Finance)
	Water, Wastewater and Drainage (Engineering & Public Works)
	Employee Business Expenses (City-Wide)
	Recreation and Culture Revenue (Executive Director's Office)
	MTO Driver Certification Program - VFRS (Office of the City Manager)