

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 25, 2013**

Item 4, Report No. 8, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on June 25, 2013.

**4 INTERNAL AUDIT REPORT – COMMON THEMES AND ISSUES – ANALYSIS OF INTERNAL  
AUDIT REPORTS 2005 TO 2012**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Director of Internal Audit, dated June 10, 2013:

**Recommendation**

The Director of Internal Audit recommends that the Internal Audit Report on Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012 be received and approved.

**Contribution to Sustainability**

Internal Audit activities and subsequent 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 and Administration Committee the Internal Audit Report Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012 and to provide a summary of the common themes present in those reports during that time period.

**Background - Analysis and Options**

This summary was done to identify, through an analysis of previous audit reports, any common issues that could highlight systemic or ongoing control issues. The report serves a means to highlight historical reoccurring themes so they can be better monitored and, therefore, holistically managed.

**Relationship to Vaughan Vision 2020/Strategic Plan**

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

**Regional Implications**

Not applicable.

**Conclusion**

This summary report identified three prevalent themes; approval and better documentation to support invoice payments, proper use and approval over the use of Field Purchase Orders

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(FPOs) and better handling of cash receipts. At the time the audits were done, management agreed with the recommendations and took steps to improve controls in these areas.

**Attachment**

Internal Audit Report – Internal Audit Report on Common Themes and Issues – Analysis of  
Internal Audit Reports 2005 to 2012

**Report prepared by:**

Paul Wallis CMA, CIA, CISA  
Operational and Compliance Auditor

(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.)

## **FINANCE AND ADMINISTRATION COMMITTEE – JUNE 10, 2013**

### **INTERNAL AUDIT REPORT – COMMON THEMES AND ISSUES – ANALYSIS OF INTERNAL AUDIT REPORTS 2005 TO 2012**

#### **Recommendation**

The Director of Internal Audit recommends that the Internal Audit Report on Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012 be received and approved.

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Not applicable.

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#### **Conclusion**

This summary report identified three prevalent themes; approval and better documentation to support invoice payments, proper use and approval over the use of Field Purchase Orders (FPOs) and better handling of cash receipts. At the time the audits were done, management agreed with the recommendations and took steps to improve controls in these areas.

**Attachment**

Internal Audit Report – Internal Audit Report on Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012

Respectfully submitted,

Paul Wallis CMA, CIA, CISA  
Director, Internal Audit



# INTERNAL AUDIT REPORT

**Common Themes and Issues –  
Analysis of Internal Audit Reports  
2005 to 2012**

**March 2013**

## **INTERNAL AUDIT REPORT**

### **Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012**

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#### **CONCLUSION AND SUMMARY**

Twenty four (24) internal audit reports, excluding special investigations, were issued between 2005 and the end of 2012.

The three top themes that emerged from the reports are:

1. Expense Verification and Documentation – The main two recurring issues were absence of documentation to support invoices and the absence of documented approvals on invoices. This theme came up on 13 of the 24 reports issued.
2. Purchasing Practices and the use of Field Purchase Orders (FPO) – There were a number of examples where FPOs were either issued after the purchase was made and or when the invoice was received. In other cases, FPOs were being used to self-approve purchases. For other related purchasing issues, there were some examples where tendering could have been done but wasn't and where purchase orders were issued after invoices were received. In all, purchasing related themes came up in 11 of the 24 reports ( 7 for FPOs).
3. Cash/Revenue Handling – This included the recording and verifying of user fees, safeguarding of cheques and cash and verifying deposits. This theme came up 9 of 24 reports.

Other less prominent themes but still evident in multiple reports included:

- Leveraging technology to reduce manual processes and information duplication.
- Improving inventory control over parts and equipment
- Better verification over the receipt of goods and services.
- Better reserving for future equipment purchases (vehicles)

Other issues raised were more specific to the department or process reviewed.

At the time the audits were done, the issues documented in reports, did not highlight any major or serious risk. The highlighted issues reflected more the need to improve existing processes, clarify procedures and develop better oversight mechanisms. Issues raised at the time of the audits were, in most cases, dealt with and corrected.

Internal Audit will continue to track reoccurring themes as part of normal audit process.

#### **OVERVIEW AND PURPOSE**

Individual internal audit reports can be useful in advising management and Council on risk and control issues that may affect the successful operation of a program, process or department.

## INTERNAL AUDIT REPORT

### Common Themes and Issues – Analysis of Internal Audit Reports 2005 to 2012

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Individual reports, however, do not always address broader risk and control themes. Similar issues may arise over a series of reports that could point to a more systemic or reoccurring set of issues requiring a more organizational or holistic perspective of risk and control is needed.

Identifying themes and addressing them holistically helps better address systemic causes.

#### **REPORTS ISSUED 2005 - 2012**

1. Development Planning and Policy Planning/Urban Design (2005)	2. Winter Control (2005)	3. Water, Wastewater and Drainage (2006)
4. Recreation and Culture (2006)	5. Roads Maintenance (2007)	6. Fire Department (2007)
7. Clerks Department (2007)	8. Building Standards (2007)	9. Waste Management (2007)
10. Enforcement Services (2008)	11. Development and Transportation Engineering 2005	12. Vaughan Public Libraries (2008)
13. Pierre Berton Furniture and Equipment (2008)	14. Senior Management Team Expenses (2009)	15. Building and Facilities (2009)
16. Property Tax (2009)	17. Engineering Services (2009)	18. Corporate Communications (2009)
19. Computer Hardware and Software Purchase, Replacement and Disposal (2011)	20. Reserves and Investments (2011)	21. Fleet Department (2012)
22. Human Resource Department (2012)	23. Parks Development (2012)	24. Parks and Forestry Operations (2012)

**Author and Director: Paul Wallis CMA, CIA, CISA**