

Clause 5 in Report No. 2 of Audit Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 29, 2017.

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## Audit Services Branch Report

Audit Committee recommends adoption of the following recommendation contained in the report dated May 16, 2017 from the Director of Audit Services:

1. Council receive this report for information.
- 

Report dated May 16, 2017 from the Director of Audit Services now follows:

1. Recommendations

It is recommended that Council receive this report for information.

2. Purpose

The report provides an update on the activities of the Audit Services Branch since the last Audit Committee meeting.

The follow-up audit report, Attachment 4, Tables C and D are in private in accordance with s.239(a) of the Municipal Act as the matter deals with the security of property of the Region.

3. Background

On October 11, 2000 the Audit Committee approved the development of the Audit Services function through the report of the Chief Administrative Officer. The Audit Committee Charter indicates the Audit Committee is to meet at least twice a year. In practice, the Audit Committee usually meets three times a year to receive reports and updates on the activities of the Audit Services Branch.

#### 4. Analysis and Implications

The Audit Services Branch has been actively executing the approved 2015-2018 Four Year Audit Plan and other consulting engagements. A summary of the activities since the last Audit Committee meeting is outlined in Attachment 1.

##### Audit Reports Issued

The Audit Reports issued since the last Audit Committee meeting are:

- Transportation Services – Roads Operations Audit Report (Attachment 2)
- Finance – Procurement Card Audit Report (Attachment 3)
- Outstanding Audit Recommendations Follow-Up Audit Report (Attachment 4)

#### 5. Financial Considerations

There are no financial considerations associated with this report.

#### 6. Local Municipal Impact

The Audit Services Branch provides audit services to a number of the local municipalities under an Audit Services Memorandum of Understanding.

#### 7. Conclusion

A follow-up of outstanding audit recommendations for audit reports issued prior to December 31, 2016 indicates that management remains cognisant and active in implementing Audit Services recommendations.

Audit Services continues to work with Region management at all levels to provide them with an independent, objective assurance and consulting activity designed to add value and improve the Region's operations. Audit Services does this by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes through guidance provided by the *International Standards for the Professional Practice of Internal Auditing*.

For more information on this report, please contact Paul Duggan, Director of Audit Services at 1-877-464-9675 ext. 71205.

The Senior Management Group has reviewed this report.

May 16, 2017

Attachments (4)

7590707

Accessible formats or communication supports are available upon request

York Region  
Audit Services Branch Activities

Project Name	Status
1. Finance – Purchasing Card Audit	➤ Completed
2. Transportation Services – Roads Operations	➤ Completed
3. Follow-up of Outstanding Audit Reports	➤ Completed
4. Audit Committee Charter Review	➤ Completed
5. Compliance with IIA Standards	➤ Completed
6. Corporate Services – Physical Security Audit	➤ Reporting
7. Corporate Services – Realty Services	➤ Planning
8. Community and Health Services – Infectious Diseases Control	➤ In progress
9. Management Request – Review of IT Licensing/Contracts	➤ In progress
10. Audit Services – Software Upgrade Project	➤ In progress
11. Forensic Investigations	➤ In progress
12. ITS Governance – Portfolio Management Committee	➤ Advisory role
13. Continuous Control Monitoring Project	➤ Ongoing
14. Audit Services for the Audit Services Memorandum of Understanding for local municipalities	➤ Ongoing



***Transportation Services – Roads  
Operations Audit Report***

***April 2017***

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## 1.0 Management Summary

Audit Services has completed an audit of roads operations administered through the Transportation Services – Roads and Traffic Operations Branch.

The audit was conducted in accordance with the *IIA International Standards for the Professional Practice of Internal Auditing*.

The scope of the audit included a review of all roads operations including: patrolling, winter and non-winter maintenance, guide rails, pavement markings, signs, oil and grit separators, insurance claims and the training of York Region and contractor staff.

The work performed included a review of Ontario regulations and internal policies, a review of processes for adherence to requirements, on-site review at each of the four district yards to ensure operational compliance, and a review of the Cityworks software. Additionally, we performed detailed testing on selected samples of daily patrol logs, claims, and other related documents.

Testing was conducted at a sufficient level of detail to allow us to evaluate the Region's compliance with the applicable regulations and processes.

Overall, the results of our detailed testing indicate that the roads maintenance processes operate in a manner that is in compliance with legislative requirements and minimum maintenance standards (MMS).

Opportunities for internal control improvements were noted and discussed with appropriate management. These improvements relate to the maintenance and completeness of documentation and records.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank staff in Transportation Services – Roads and Traffic Operations for their co-operation and assistance provided during the audit.

## 2.0 Introduction

As part of our Audit Plan, Audit Services performed an audit of roads operations. The Audit Plan, approved by the Audit Committee, is developed annually by the Audit Services Branch using a Risk Assessment Methodology that helps define the different risks associated with the various processes here at the Region. It is one tool used by Audit Services to assess where best to allocate audit resources.

The Transportation Services – Roads and Traffic Operations group provides services for a safe and effective system of roads that are used for both pleasure and business. One of the goals of the

operations and maintenance of the road system is to maintain the 4,000 lane kilometers in a safe state of repair, or return the road to a safe state as quickly and cost effectively as possible.

Maintenance of the Region's roads is commonly dictated or guided by legislation, standards and/or guidelines. For the areas reviewed, we noted that staff had a very clear understanding of the maintenance requirements for each area of roads operations.

Audit Services reviewed the roads operations processes by assessing compliance to policies, procedures, and MMS outlined by legislation. Additionally, we performed detailed testing of maintained documents and records.

### **3.0 Objectives and Scope**

The main objectives of this engagement were to:

- Review the applicable legislation and internal policies and procedures for roads operations.
- Determine whether roads operations are performed in accordance with applicable legislation, policies, and MMS.
- Perform detailed testing on a sample of applicable roads operations documents to assess compliance with legislation, policies and procedures.

The audit objectives were accomplished through:

1. Discussion with management and staff relating to roads operations.
2. A review of applicable legislation and internal policies and procedures.
3. A site visit to each of the Region's four district road maintenance facilities to review operations.
4. A review of insurance claims assessed and paid out by the Region related to roads operations.
5. A review of related documentation.

## 4.0 Detailed Observations and Recommendations

### 4.1 Salt Management and Winter Operations Plans Require Review and Sign-Off

#### **Observation**

Both the Salt Management and Winter Operations Plans still maintain the “draft” watermark.

The York Region Salt Management Plan is intended to set out a policy and procedural framework to ensure that the Region minimizes the amount of road salt entering the environment during winter maintenance operations.

- Section 5.1 of the Plan states that it will “be reviewed each year and updated with new technologies and progressive advances added.” The most recent version of the plan available for our review was last updated in December 2014.

The York Region Roads Maintenance Winter Operations Plan provides a framework to provide efficient and cost effective winter maintenance to ensure the safety of users of the Regional road network in keeping with applicable legislation and Council approved service levels.

- Section 2 of the Plan states that “The Regional Municipality of York will review and upgrade the plan on an annual basis to incorporate new technologies and new best practices.” The most recent version of the plan available for our review was last updated on June 11, 2015.

#### **Recommendation**

Management should develop and assign ownership of an annual review process to ensure the Salt Management and Winter Operations Plans continue to be applicable and remain in compliance with the review requirements.

Reviewed plans should be signed-off and have the “draft” watermark removed.

#### **Management Response**

Management staff has initiated the formalization of a new process for the annual review and sign-off of the Salt Management and Winter Operations Plans. This process will be documented in the form of a standard operating procedure by the end of Q2 of 2017. The Roads Operations Manager will be responsible for sign-off of the document by the end of Q3 annually.

## 4.2 Daily Patrol Sheets Completeness and Sign-Off

### Observation

For 2016, we selected a sample of 16 pre-determined dates for each district facility (64 in total – half winter and half summer operating seasons) to ensure that patrol sheets for each date were complete, signed-off and retained at 90 Bales.

Patrol sheets require the patroller to document the time and routes travelled, current and forecasted weather conditions in 24 hours and any additional remarks.

Of the 64 patrol sheets reviewed, 86% were complete; however, 14% were missing supervisory approval. The following table outlines the results of our detailed testing:

Facility	Total Reviewed	Missing Approval	
North	16	0	0%
Southwest	16	8	50%
Southeast	16	1	6%
Central	16	0	0%
<b>Total</b>	<b>64</b>	<b>9</b>	<b>14%</b>

### Recommendation

Management should implement a process to ensure that daily patrol records are complete and signed-off.

### Management Response

Management staff has initiated the formalization of a new process for the review and sign-off of daily patrol records. This process will be documented in the form of a detailed standard operating procedure by the end of Q2 of 2017. The Roads Maintenance Supervisors will be responsible for checking patrol sheets for completeness and signing off daily patrol records within 10 business days of the road patrol being completed. This new procedure will be put in place by the start of Q3 of 2017.

## 4.3 Documenting Minor Repairs from Patrol to Improve Claims Defense

### Observation

We performed a review of all 104 pothole insurance claims paid during 2016 from a report developed by the Insurance and Risk Management department. Although 88% of claims were substantiated with supporting documentation, we noted the following in the remaining 12%:

- 6 claims were paid out due to repair date issues in Cityworks record-keeping – therefore, providing the claimant with the benefit of the doubt.

- 6 claims were paid due to being unable to identify a record of repair.

The general practice by Patrollers is that work performed under 15 minutes does not generate a service request and no work order is created. This would include quick pothole repairs which would satisfy MMS, however, no detailed record is maintained in the event of a claim.

Overall, our audit indicated that Roads Operations generally exceed MMS. Therefore, claims paid out due to insufficient repair records and non-compliance indicates an opportunity for improvement regarding documentation.

### **Recommendation**

Management should consider the feasibility of implementing a process to identify and document all potentially claims related minor repairs on a single work order at the end of each shift.

### **Management Response**

A standard operating procedure to record all daily repairs performed on a road patrol will be completed by the end of Q2 of 2017. The road patrollers will have the daily responsibility for recording all repairs completed during the road patrol. This new procedure will be put in place by the start of Q3 of 2017.

## **4.4 Winter Operations Contractor and Region Truck Calibration Records Maintenance**

### **Observation**

We observed that across the districts, trucks are calibrated once per year and on an as-needed basis throughout the season. Calibration documentation is inconsistent across each district. In some districts, the results of calibration were communicated as a pass / fail via email with no supporting rate application information.

We also confirmed that the Operations Technologists located at 90 Bales do not have a formal process for obtaining and maintaining calibration records from their districts.

The Winter Maintenance Contract with each contractor states that, “The Contractor shall calibrate the spreader units in order to spread material in accordance with the requirements of the Contract and as directed by the Commissioner...The Region reserves the right to monitor calibrations throughout the term of the Contract...”

Section 5.3 of the Salt Management Plan states that “All of the Regional Winter Operations Vehicles are calibrated at the start of the season and mid-way through the season. Calibration sheets are required to be submitted to the Region for review and approval for all vehicles provided by the contractors, and mid-season calibrations are required as well.”

### **Recommendation**

Management should develop a formal calibration record for use by all districts to document details of calibration testing for both Region and Contractor trucks. The document should identify the date and specific application rates as tested.

Formal calibration testing should be performed at the beginning of each season, and once mid-season, to ensure compliance to the requirements set out in the Salt Management Plan.

Records of calibration testing should be forwarded to each district's Operations Technologist at 90 Bales and a formal document maintenance standard should be developed for record-keeping.

### **Management Response**

A standard operating procedure for the calibration testing of both Contractor and Region owned snow plow trucks will be completed by the end of Q2 of 2017. This procedure will include a standard calibration record template. Formal calibration testing following the new procedure will be performed before the end of Q1 and Q4 annually, to ensure compliance with the requirements set out in the Salt Management Plan. Records of calibration testing for both Contractor and Region owned snow plow trucks will be forwarded to District Support to be filed at 90 Bales. This new standard operating procedure will be put in place by the end of Q4 of 2017.

## **4.5 Contractor Training Documentation**

### **Observation**

We were unable to confirm that winter operations contractors for each of the four districts provided the training required by policy.

Section 3.10 of the Winter Maintenance Operations Plan identifies required training not provided by the Region for operators of contractor maintenance vehicles prior to the commencement of work. The following courses are required:

- Snow Plow Defensive Driving
- Snow Plow Operator
- Front End Loader Fundamentals

Discussions with operations staff at 90 Bales and each individual yard confirmed that there are no formal requirements to collect training records for these courses from the contractor prior to the commencement of work.

### **Recommendation**

Management should establish a formal process and assign responsibility for the annual collection and maintenance of training certificates from winter maintenance contractors for the non-Region provided courses required in the Winter Maintenance Operations Plan.

### **Management Response**

A standard operating procedure for the annual collection and maintenance of training records for winter maintenance contractors will be completed by the end of Q2 of 2017. Training records from the contractor will be collected before the end of Q4 annually by the technologists at 90 Bales to demonstrate the Contractor has hired competent drivers to work within York Region. This new standard operating procedure will be put in place by the end of Q4 of 2017.

## **4.6 Performance and Monitoring of Sign Inspections**

### **Observation**

We observed inconsistencies in the record keeping for sign inspections conducted by each district, in both the content of the records and the method of record keeping.

One of the four districts transitioned from Excel-based records to Cityworks in 2016, while the remaining three districts continued to record all sign inspections in Excel. In addition, the format of Excel worksheets and the level of detail maintained in each file varied from district to district.

During our review, we were made aware that visual inspections of signs take place every 6 months, which is in compliance with Ontario Regulation 239/02 – Sections 11 and 12, which state that annual inspections must take place “not more than 16 months from the previous inspection”. However, the documentation regarding reflectometer readings for the Southwest district indicated they had exceeded the maximum allowable time between inspection of regulatory and warning signs as mandated by legislation.

### **Recommendation**

Management should formalize the process for using the reflectometer for sign inspections and develop a standard format of record keeping across each district for regulatory and warning sign inspections to ensure full compliance with Ontario Regulation 239/02 Sections 11 and 12.

Management should investigate the feasibility of Cityworks functionality to develop formal record keeping, improve monitoring and produce exception reports to identify missing data and impending inspection due dates.

### **Management Response**

The retro-reflectivity sign inspection process is being updated to include inventory completion and compliance verification with Ontario Regulation 239/02 by Management staff in each District by the end of Q4 annually. This new standard operating procedure will be implemented by the end of Q4 of 2017.

*Original signed by:*

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**Paul Jankowski**  
**Commissioner of Transportation**  
**Services**

*Original signed by:*

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**Joseph Petrunaro**  
**Director – Roads and Traffic**  
**Operations**

*Original signed by:*

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**Paul Duggan**  
**Director Audit Services**



***Procurement Card Audit Report***

***February 2017***

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## 1.0 Management Summary

Audit Services has completed an audit of the Region's Procurement Card (P card) Program. The focus of our review was to determine if controls exist to ensure the P card process is properly managed and transactions are permitted in accordance with the Region's P card policy.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Audit*.

The scope of the audit included a review of P card related policies and procedures, detailed testing on a sample of P card transactions from January 1, 2016 to December 31 2016 including transactions coded to the P card suspense account, a review of systems and processes supporting the P card program and detailed testing of new cards issued in fiscal 2016.

Based on the work Audit Services performed, it was concluded that internal controls over the management and administration of the P card process are strong as they are currently designed. Significant improvements have been made by both Finance and the department P card administrators since the last audit was completed in 2013. Management has implemented a number of control improvements including quarterly P card audits, analysis of cardholder usage, and increased training/communication on card usage and the required monthly reconciliation process. In addition, there was a substantial reduction in the number of P card transactions coded to the suspense account and where coding was in suspense, our testing revealed they these items were cleared in a timely basis with receipts and manager approval on file.

Opportunities for control improvements have been identified and discussed with management. These opportunities for improvements include: finalizing the update to the P card policy and the automation of the reconciliation and approval process.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank management and staff for their co-operation and assistance provided during the audit.

## 2.0 Introduction

The P card program is one purchasing tool available to staff for making small dollar purchases of goods and services across the entire Region. Procurement cards are assigned to individual staff that have been authorized by their department heads (or designate) as requiring the P card as part of their job function. For the period under review, January 1 to December 31, 2016, there were 32,476 purchases totaling \$7,547,334 with an average purchase value of \$232. These statistics are consistent with those noted in the 2013 Procurement Audit, which covered a 6 month review period from July 1 to December 31, 2012.

### 3.0 Objectives and Scope

The objectives of this engagement were to ensure:

- Appropriate controls exist for P card issuance, and increases/decreases.
- P card transactions are appropriately managed with controls in place around authorization, receipts, documentation retention, and statement reconciliations.
- The P card transactions that are coded to the suspense account are cleared on a timely basis with appropriate authorization.
- The P card is being used for appropriate purchases in line with the P card policy.

The audit objectives were accomplished through:

1. A review of the P card policies and procedures.
2. Use of Computer Assisted Audit Techniques to examine the entire population of purchases and perform various analysis (data mining) and sampling of the transactions.
3. Review of a sample of P cards issued between January 1, 2016 and December 31, 2016, and related supporting documentation and authorizations.
4. Review of a sample of P card transactions from January 1, 2016 to December 31, 2016, and related supporting documentation and authorizations.
5. Review of the P card suspense account.
6. Review of other related documentation as required.

## 4.0 Detailed Observations

### 4.1 *Policies and Procedures*

#### Observation

P card Policies and Procedures are well documented and exist for both Cardholders and Department Administrators; however the P card Policy has been in “draft” since the last update in 2010. Based on discussions with Finance management, the P card Policy was officially last updated in 2005, however additional changes were made in 2010 without obtaining formal approval by council. The policy has since been updated again in late 2016/early 2017 and is planned to go to the April 2017 committee for formal approval. Once the policy is approved, the draft procedures will be finalized and communicated.

#### Recommendation

Management should ensure the P card Policy is formally approved by council and finalized. Once approved, management should ensure the P card procedures are finalized and both formally communicated to staff.

#### Management Response

As noted above, the updated policy will be tabled for Council approval in April 2017. Procedures will be finalized and communicated to staff by Q3 2017.

### 4.2 *Automation of P Card Reconciliation and Approval Process*

#### Observation

The monthly P card reconciliation and approval process is very manual and in some cases involves duplication in efforts and processes. Many forms are manually completed and the authorization of purchases is completed both electronically within the PeopleSoft system and then again manually with hard copies being approved with the receipts attached. Improvements are being made within the program including the development of an automation approval tool for P card issuance; however given the continued growth of the program, further enhancements are required to streamline the process and continue to increase efficiencies within the program.

**Recommendation**

Management should continue to automate the P card process to improve the control environment and increase efficiencies where possible, including the automation of the monthly reconciliation and approval process.

Management could consider procuring an external consultant for assistance in the development and implementation of the automation process where internal recourses are limited.

**Management Response**

An employee expense solution that includes P card approval automation is being sought as part of the Source to Settlement business process review. Based on the current schedule for the Source to Settlement program, the employee expense solution is expected to be implemented by Q4 2018.

*Original signed by:*

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**Warren Marshall**  
**Director, Controllershship Office**

*Original signed by:*

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**Bill Hughes**  
**Commissioner – Finance**

*Original signed by:*

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**Paul Duggan**  
**Director Audit Services**



***Outstanding Audit  
Recommendations Follow-up  
Audit Report***

***June 2017 Audit Committee***

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## 1.0 Management Summary

Audit Services has completed a follow-up of outstanding audit recommendations at March 31, 2017. These recommendations are comprised of:

1. Audit recommendations that were noted as 'not yet completed' in our previous outstanding audit recommendations follow-up audit report dated February 2017.
2. Any new audit report recommendations issued up to and including March 31, 2017.

There were 52 audit recommendations originally issued through the eight audit reports currently on our list for follow-up. Management has implemented 73% of these recommendations.

For this outstanding audit recommendations follow-up report, there was one 'private' audit report with outstanding audit recommendations requiring update.

For a detailed summary of audit reports followed up and recommendations issued, completed and outstanding, please refer to section 4.0. Additional detail is available upon request from the Director, Audit Services.

## 2.0 Introduction

As part of our 2015 - 2018 Audit Plan, which accommodates various types of audit projects, consulting engagements, and follow-up requests from Audit Committee and Management, the Audit Services Branch performed a follow-up of outstanding audit recommendations. These recommendations included those noted as outstanding in our February 2017 audit recommendations follow-up audit report, and all new recommendations issued in audit reports up to and including March 31, 2017.

The Audit Plan, approved by York Region's (the Region's) Audit Committee, is developed annually by the Audit Services Branch using a Risk Assessment Methodology that helps to define the different risks associated with the various processes here at the Region. It is one tool that Audit Services uses in assessing where best to allocate audit resources.

On a periodic basis, Audit Services updates the Region's Audit Committee and the Chief Administrative Officer (CAO) on the status of issued audit recommendations. To provide this update, Audit Services contacts Commissioners and Directors to confirm the status of the issued recommendation(s) relating to their area. In some cases, the status is further validated directly by Audit Services through discussions and / or detailed testing. This is an integral part of our audit process that allows us to confirm that the opportunities for improvement outlined in the audit report(s) have been implemented.

Department heads were e-mailed requests containing:

1. A summary of outstanding audit recommendation(s) for their area.
2. A request to provide a status update and a confirmation of the original due date for implementation of the recommendation, or a new anticipated implementation date if necessary.
3. As requested by Audit Committee in November 2008, departments having an audit recommendation outstanding that has an original due date older than one year provide

Audit Committee with a separate report as to why the recommendation has not been implemented. Management action plans that detail what is being done to implement the recommendation(s) are to be included.

4. Finally, an Executive Sign-off Form, to be signed by the Commissioner and Director responsible for the implementation of the recommendation(s), was also sent.

Audit reports issued after March 31, 2017 will be followed up in the future.

### **3.0 Objectives and Scope**

The objective for this engagement was:

- To provide feedback to the Region's Audit Committee and CAO as to the disposition of issued audit recommendations.

The audit scope to accomplish this objective was:

- All outstanding audit recommendations issued prior to March 31, 2017.

## **4.0 Detailed Observations and Recommendations**

### **4.1 Detail Summary Statistics for Outstanding Audit Recommendations Followed Up**

- Table A summarizes the outstanding audit recommendations followed up for this review.
- Table B is a detailed summary of outstanding audit recommendations which were followed up for this review.
- PRIVATE: Table C summarizes the private outstanding audit recommendations followed up for this review.
- PRIVATE: Table D is a detailed summary of private outstanding audit recommendations which were followed up for this review.

**TABLE A – Summary of Outstanding Audit Recommendations Follow-up as at March 31, 2017**

<b>Audit Report</b>	<b>Number of opportunities originally highlighted</b>	<b>Completed for 12/31/16</b>	<b>Completed for 3/31/17</b>	<b>Not yet complete</b>	<b>% Not yet complete</b>	<b>Date of Audit Report</b>	<b>Date Reported to Audit Committee</b>
Revenue Management – Other revenue	9	7	1	1	11%	Dec-15	Feb-16
ES – Operation Maintenance and Monitoring	11	5	2	4	35%	Dec-15	Feb-16
FN – Accounts Payable & Procurement	6	4	1	1	17%	Apr-16	Jun-16
TS – Health & Safety on Capital Projects	4	2	0	2	50%	Apr-16	Jun-16
CHS – Housing Capital Repairs	5	1	0	4	80%	Jul-16	Oct-16
ES – MRF Contract Compliance	3	2	0	1	33%	Jul-16	Oct-16
TS – YRT Performance Contracts	8	5	3	0	0%	Nov-16	Feb-17
ES – Capital Delivery Process	6	5	0	1	17%	Nov-16	Feb-17
<b>Totals</b>	<b>52</b>	<b>31</b>	<b>7</b>	<b>14</b>	<b>27%</b>		

**TABLE B – Summary of Outstanding Audit Recommendations as at March 31, 2017**

Audit Report	Recommendation	Management response	Original due date	Current due date
Revenue Management - Other Revenue	4.1 Transportation Services Transportation Services management should ensure that a detailed process map is created for this function, which can be used as a reference for cross training and for succession planning, and that a resource is assigned to be cross trained in this role.	Done.	N/A	N/A
	4.2 Transportation Services Review the claims process to determine where time can be saved and the process shortened from 304 days to improve the timeline for the recovery of funds.	Done.	N/A	N/A
	5.1 Community & Health Services Funds being deposited should be counted by two people, and the bank deposit slip prepared at the same time. Both individuals should sign the deposit slip as it provides an audit trail.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>5.2 Community &amp; Health Services Should ensure that private information is not included with journal entries and invoice requisitions sent to Finance for processing. In its place, a clearly visible note with the reason why the information was not included and where it could be found should be used.</p>	Done.	N/A	N/A
	<p>6.1 Finance</p> <ul style="list-style-type: none"> <li>• Ensure that supporting documentation is included with invoice requisitions.</li> <li>• Review and update the Collection of Accounts policy to: <ul style="list-style-type: none"> <li>○ Include the requirement for supporting documentation to help ensure calculations are correct, timely and applied to the correct client.</li> <li>○ Make any other updates to the Policy as deemed necessary.</li> </ul> </li> </ul>	<p>Done.</p> <p>Done. Changes to Collection of Accounts Policy were approved by Council in Q2 2017.</p>	N/A	N/A
	<p>7.1 Finance &amp; Environmental Services Put into motion a plan to resolve older recurring journal entries and available funding.</p>	Done.	N/A	N/A
	<p>8.1 Finance Implement the automation of dunning letters to save on valuable resource time and help ensure the negative impacts to cash flow are minimized.</p>	Implementation of dunning letters was delayed to incorporate changes to the Collection of Accounts Policy.	Q4 2016	Q2 2017

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>9.1 Finance Review the invoice requisition process to determine if the standard five day invoice requisition processing time remains valid, or whether the standard should change.</p>	Done.	N/A	N/A
	<p>9.2 Regional Clerk's Office Should update the Schedule of Fees and Charges in both sections on the intranet.</p>	Done.	N/A	N/A
<p>Environmental Services – Operations Maintenance &amp; Monitoring</p>	<p>4.1 OMM work with IAM to resolve the noted asset inventory discrepancies.</p> <p>OMM continue updating the protocol used to identify assets needed to be entered into MAXIMO from an asset maintenance perspective.</p>	<p>Work continues to create preventative maintenance tasks and correct asset inventory discrepancies. Work on Section 21 is required to verify the number of installed assets and to implement an equipment framework that will correctly manage 100% of the installed assets.</p> <p>Delayed – Asset nomenclature and asset verification in facilities to be validated against the recommended technical memo from CH2M. CH2M is a consultancy firm that assists organizations in developing sustainable plans, management practices and investment in infrastructure, resources and operations. After commencing this project, it was identified the activities required were more demanding than previously anticipated. A draft Section 21 is expected to be delivered to the Region for review in Q4 2017. A completed Section 21 was originally estimated for delivery in Q4 2016.</p>	<p>Q4 2019</p> <p>Q4 2016</p>	<p>Q4 2019</p> <p>Q4 2017</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.2 OMM continue with the implementation of an input screen to help in updating the MAXIMO inventory base whenever it changes.</p> <p>OMM should also perform a full inventory of all their MAXIMO assets to establish a baseline of actual assets within each facility.</p> <p>OMM should develop and implement annual inventory verification routines that spot check an acceptable level of asset inventory using ‘book to floor’ and ‘floor to book’ asset verification.</p>	<p>Done.</p> <p>Work continues on Section 21 of the design guidelines to put in place the framework to manage both installed assets and those involved with ongoing expansion or upgrade projects.</p> <p>Done.</p>	<p>N/A</p> <p>Q4 2019</p> <p>N/A</p>	<p>N/A</p> <p>Q4 2019</p> <p>N/A</p>
	<p>4.3 Spare parts inventory program create detailed plans and process flows to help ensure that management controls over the inventory are sufficient.</p>	<p>Delayed – OMM currently has a manual process in place to control inventory. Assignment of a Stores &amp; Inventory Control Coordinator has helped improve ownership and oversight.</p> <p>Original estimation for the development of foundational guidelines and procedures for inventory management was underestimated. This is a critical step to complete before MAXIMO can be configured. As a result, the process of integrating inventory management into MAXIMO was delayed.</p>	<p>Q4 2016</p>	<p>Q4 2017</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.4 The backlog listing should be reviewed:</p> <ol style="list-style-type: none"> <li>1. To determine which codes are required and who may require them.</li> <li>2. Reiterate to all MAXIMO users the proper protocols for entering a Level code, with particular attention to Level 5 codes.</li> <li>3. Reiterate to all MAXIMO users the importance of descriptions to help schedule work order assignment to mechanics and electricians.</li> <li>4. Reiterate to all MAXIMO users the importance of timely resolution of the work order in MAXIMO.</li> <li>5. Determine the required work necessary to complete this work order.</li> </ol>	Done.	N/A	N/A
	<p>4.5 OMM management should reconsider the value being provided by the tablets. The connectivity fee should be terminated immediately. The 36 tablets noted could be reassigned where they will be used or sold to recover any residual value.</p>	Done.	N/A	N/A
	<p>4.6 For some types of work orders, predominantly level 1 thru 4, a triage system should be piloted to determine if tradespersons could be more effectively and efficiently dispatched to perform their work.</p>	<p>Done. Triage system not practical due to logistics. Communication to staff regarding the need for greater level of detail has occurred in team meetings resulting in some improvement. More comprehensive training to take place following the MAXIMO 7.6 upgrade in 2017.</p>	N/A	N/A
	<p>4.7 OMM management should continue constructing and finalizing an input page to be used by tradespersons in the field.</p>	<p>Done. The new OMM work order reformat was successfully delivered.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.8 Consultants contracted to provide complete and accurate asset information should be held accountable for incomplete and erroneous asset information.</p> <p>Explore the possibility to recoup the cost of having to review and correct any new asset information entered by consultants.</p>	<p>Done. All 1,200 Southeast Collector assets have been quality checked and loaded in MAXIMO in Q1 2017.</p> <p>The new Section 21 of the Design Guidelines is being re-written and will contain clearer definitions and requirements for asset identification and tagging. The guidelines will also include a better description of financial remedies. The anticipated completion date is Q4 2017.</p> <p>One of the technology projects for 2018 is to replace the MAXIMO Asset Tagging System (MATS) to align with the new Section 21.</p> <p>It should be noted that the original due date on the audit report indicated a completed Section 21 delivery date of Q4 2016. This was in error, and should have read Q4 2017.</p> <p>In addition, the delivery of the completed Section 21 is now a delivery of a draft Section 21.</p>	<p>N/A</p> <p>Q4 2017</p>	<p>N/A</p> <p>Q4 2017</p>
	<p>4.9 OMM management ensures that any future contracts issued for tender follow the Surety Bond Policy and associated procedures.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.10 A current, blanket COI should be collected by Finance – Insurance &amp; Risk for the contractor executing the diesel generator maintenance.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>

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	<p>4.11 OMM management should arrange for preventative maintenance to be performed on the portable diesel generators as per the contract with the contractor responsible for this work.</p> <p>Missing documentation should be investigated and collected to help ensure that all equipment is being maintained as per the standards followed.</p>	<p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
Finance – A/P & Procurements	<p>4.1 Consider implementing a stamp for departments to use for invoice approval / general ledger coding.</p> <p>Reiterate to staff the requirement for segregation of duties between purchase commitment and payment authority.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.2 Tender Bid Request Form is updated to clarify the requirement for advertising in the DCN.</p> <p>Consider implementation of an electronic procurement filing system to reduce likelihood of misplacing key documents, and create a more consistent standard file set-up.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 A formal process be developed to ensure compliance with the policy of annual reviews of designated authorities.</p> <p>Department heads perform annual review of the designated approval authorities and report results to Finance for updates.</p>	<p>Done.</p> <p>Done. Automated signing authority forms have been developed. New requests will use the automated forms. Departments will be required to update existing forms to the new format.</p>	N/A	N/A
	<p>4.4 Compare all NSA forms to purchasing course training records. Where the course has not been attended, a deadline established for attendance. If not attended, the NSA form should be revoked.</p> <p>NSA form should include the requirement for attendance to the purchasing training course and employee statement that the course was attended or scheduled attendance.</p>	Done.	N/A	N/A
	<p>4.5 Authorization of Payment of Goods and Services Policy is updated to clarify approval limits for Project Managers, include the segregation of duties between purchase commitment and payment approval.</p> <p>Purchasing Tool Kit be updated to clearly identify the requirement for a purchase order for purchases above a specified dollar limit.</p>	<p>Done.</p> <p>A Policy will be formulated to identify circumstances that warrant the issuance of a purchase order as part of the Purchasing By-law update.</p>	N/A  Q3 2017	N/A  Q3 2018

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.6 Perform a thorough review of the purchase orders identified as having errors and omissions and correct them in the system.</p> <p>Perform an annual review of unused purchase orders beyond a certain age to identify instances where invoices are being processed without being applied to a purchase order or directly to a general ledger account.</p>	Done.	N/A	N/A
Transportation Services – Health & Safety on Capital Projects	<p>4.1 TS – Capital Planning &amp; Delivery ensure H&amp;S documentation is collected as required by the Contractor / Constructor Safety Policy &amp; Guide</p> <p>CS - Human Resources update the Contractor / Constructor Safety Policy &amp; Guide.</p>	<p>Done.</p> <p>It is estimated that the review and approval process will be completed in Q2 2017.</p>	<p>N/A</p> <p>Q2 2017</p>	<p>N/A</p> <p>Q2 2017</p>
	<p>4.2 TS – Capital Planning &amp; Delivery ensure that the performance of a field audit is captured in all bi-weekly meetings and followed up for any future dated resolutions.</p>	Done.	N/A	N/A
	<p>4.3 TS – Infrastructure Management and PMO continue to work towards a workable project file solution.</p>	TRN PMO is on target to implement findings from Corporate Services and Capital Project Delivery in relation to health & safety project documentation.	Q4 2017	Q4 2017

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	<p>4.4 Implementation of the CityWorks permit application to reduce the risk of the Region becoming a Contractor through incorrectly issued road permits.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
<p>CHS - Housing Capital Repairs</p>	<p>4.1 Management should:</p> <ul style="list-style-type: none"> <li>• Review contract requirements to ensure Schedule C and Schedule A are completed</li> <li>• Implement a process to ensure these and other contract requirements are completed</li> </ul>	<p>Chief Financial Officer, Director of Program Funding was hired in October 2016. Loan program requirements will be reviewed in early 2017 and full program requirements are expected by Q4 2017.</p>	<p>Q4 2017</p>	<p>Q4 2017</p>
	<p>4.2 Management should:</p> <ul style="list-style-type: none"> <li>• Ensure that interest is calculated, tracked and reported annually to housing providers</li>   <li>• Move forward with the development and implementation of the integrated Housing Solutions software</li> </ul>	<p>Chief Financial Officer, Director of Program Funding was hired in October 2016. Loan program requirements will be reviewed in early 2017 and full program requirements are expected by Q3 2017.</p> <p>(Note: In the February 2017 Outstanding Audit Recommendations Follow-up Report the original and current due dates were reported as Q4 2017 in error.)</p> <p>Housing Services continues to support the development of the financial module of the Integrated Housing Solutions software. Testing of the financial module began late in Q1 2017 and is expected to conclude in Q3 2017. Once implemented, this software will enable the Region to replace the existing MS Excel reporting documents.</p>	<p>Q3 2017</p> <p>Q3 2018</p>	<p>Q3 2017</p> <p>Q3 2018</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 Management develop and implement formal policies and procedures for the administration of the loan program. This program should include interest tracking and management.</p>	<p>As part of the working group developing the process to ensure all contract compliance is met, the existing loan process and procedures will be updated and formally documented. Formal policies and procedures will be developed by Q3 2017.</p>	<p>Q4 2017</p>	<p>Q3 2017</p>
	<p>4.4 Management should:</p> <ul style="list-style-type: none"> <li>• Ensure housing providers selection process is in compliance with the provincial requirements for future programs</li> <li>• Develop / implement a formal process to ensure the reporting requirements for provincial flow through fund programs are met and in compliance with the Transfer Payment Agreement</li> <li>• Consider drafting a tenant waiver agreement to ensure access to the required electrical billing and usage data</li> <li>• Ensure the draft agreement with housing providers captures the applicable reporting requirements and consider including a clause in the agreement to grant Region access to electrical information on their behalf</li> <li>• Determine the frequency of collecting this data</li> </ul>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.5 Management should develop a formal policy and process document for the administration of the government flow through funding programs.</p>	<p>General policies and procedures will be developed by Q4 2017.</p>	<p>Q4 2017</p>	<p>Q4 2017</p>

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Environmental Services – MRF Contract Compliance	<p>4.1 Subsequent revisions to the operating agreement require 30 days written notice of cancellation to coincide with the standard insurance requirements for the Region.</p>	Agreed.	Q3 2020	Q3 2020
	<p>4.2 To assist the Region in ensuring the facility is operating in compliance with the operating agreement:</p> <ul style="list-style-type: none"> <li>• Include a three month rolling average for rear-load compaction tonnage to the spreadsheet used to monitor gate-to-gate times, loading times, and rear-load compaction. This would help in timely identification if minimum tonnage is not being achieved, or trending unfavourably.</li> <li>• Update the monthly averages spreadsheet to document reasons for unfavourable variances. Historical references can assist in identifying and correcting any future unfavourable variances.</li> <li>• Implementation of a checklist for use by cleaning personnel to ensure all items are performed as per the operating agreement and documented.</li> </ul>	Done.	N/A	N/A
	<p>4.3 The Contractor submits completed and signed due diligence questionnaires with their monthly invoices for applicable buyers that month.</p>	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
YRT Performance Contracts	<p>4.1 Management should develop and implement a centralized tracking tool to monitor on-going contract compliance. The tracking tool should include key compliance documents that are required to be submitted and approved by the Region.</p>	<p>Done. The centralized tracking process document was created and used by YRT / VIVA staff to verify contract compliance in Q2 2017.</p>	N/A	N/A
	<p>4.2 Management should</p> <ol style="list-style-type: none"> <li>1. Follow-up on the missing training items and continue to actively monitor on-going training compliance.</li> <li>2. Consider implementing a semi-annual training audit to provide a more timely compliance measure and enforcement if necessary.</li> <li>3. Review, and update where necessary, the standard operating procedures (SOP) training terms and conditions to ensure the training requirements are clearly laid out.</li> </ol>	<p>Done. Required training documents are on file and SOPs have been updated to include specific itemized requirements for each position identified in the service contract. Semi-annual training audits would be considered in the future if deemed necessary.</p>	N/A	N/A
	<p>4.3 Management should discuss the requirement of Contractor Supervisors to be on-site during core hours with contractors to ensure they fully understand the control centre contract requirements and monitor on-going compliance.</p>	<p>Done.</p>	N/A	N/A
	<p>4.4 YRT staff should be proactive in requesting training certificates to ensure they are received at the commencement of the contract and verify staffing numbers to ensure full compliance is met.</p>	<p>Done.</p>	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.5 Management should:</p> <ol style="list-style-type: none"> <li>1. Discuss with the contractor (Transdev) the requirements for VSS clearance checks, including verifying the role/responsibilities bus supervisors may play in community bus services, and submission to the Region for review and approval.</li> <li>2. Ensure the outstanding VSS are requested and reviewed as soon as possible.</li> </ol>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.6 Management should:</p> <ol style="list-style-type: none"> <li>1. Ensure WSIB Clearance Certificates are requested and received prior to the commencement of contracts and received every 60 days upon expiry.</li> <li>2. For future contracts, incorporate the WSIB requirement into the contract management and tracking to ensure it is received prior to commencement of the contract.</li> </ol>	<p>Done.</p> <p>Done. Following award, WSIB Clearance Certificates will be obtained by YRT staff and tracked to ensure compliance in keeping with Observation 4.1.</p>	<p>N/A</p>	<p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.7 Management should:</p> <ol style="list-style-type: none"> <li>1. Ensure that YRT staff are monitoring and reporting on all performance metrics in accordance with the contract requirements to ensure results are complete and accurately reflect performance merit results.</li> <li>2. Consider including monthly minimum threshold requirements in future contracts on all or specific metrics, in order to be eligible for the performance merit incentive.</li> </ol>	Done.	N/A	N/A
	<p>4.8 For future contracts, management should incorporate the performance security requirements into the contract management and tracking to ensure it is received prior to commencement of the contract.</p>	Done.	N/A	N/A
Environmental Services – Capital Delivery Process	<p>4.1 A process should be implemented in the capital delivery process to ensure that insurance certificates are project specific and fulfill RFP requirements.</p>	Done.	N/A	N/A
	<p>4.2 A formal project document tracking sheet should be developed and included with each project file to help ensure that the locations of critical documents can be determined if necessary.</p>	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.3 Management review documentation requirements in the capital delivery process for opportunities to eliminate redundancies.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.4 Management continue to complete the lessons learned for capital projects and transfer this data into the Historical Information and Lessons Learned (or applicable database) in a timely manner.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.5 Management should develop and require the use of a standard template for actively monitoring purchase order and change order costs to assist project managers in identifying and correcting any issues in a timely manner. A standard template eases the transition when a project in progress is transferred between project managers.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.6 Management implement a formal ongoing audit process that identifies and assesses compliance with the current Capital Delivery Process.</p>	<p>As committed, Capital Planning and Delivery is in the process of phasing in a formal audit process and is on track to deliver a project close audit program, a portion of the overall process, in Q4 this year. Other Capital Planning and Delivery processes will continue to be added to the formal audit program as required.</p>	<p>Q4 2017</p>	<p>Q4 2017</p>