

Clause 4 in Report No. 2 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 23, 2016.

4

## Audit Services Branch Report

Audit Committee recommends adoption of the following recommendation contained in the report dated May 18, 2016 from the Director, Audit Services:

1. This report be received for information.
- 

Report dated May 18, 2016 from the Director, Audit Services now follows:

1. Recommendations

It is recommended that this report be received for information.

2. Purpose

This report provides an update on the activities of the Audit Services Branch since the last Audit Committee meeting. The follow-up audit report, Attachment 3, tables C and D are in private as the original reports to Audit Committee were in private as they deal 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 updates on the activities of the Audit Services Branch.

#### 4. Analysis and Options

##### Audit Plan Execution

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 previous Audit Committee meeting is outlined in Attachment 1.

##### Audit Reports Issued

The audit reports issued since the last Audit Committee meeting are:

- Accounts Payable & Procurement Audit Report (Attachment 2)
- Transportation Services - Health and Safety on Roads Capital Projects Audit Report (Attachment 3)
- Outstanding Audit Recommendations Follow Up Audit Report (Attachment 4)

#### 5. Financial Implications

None.

#### 6. Local Municipal Impact

None.

#### 7. Conclusion

A follow up of outstanding audit recommendations for audit reports issued prior to March 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, 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*.

## Audit Services Branch Report

For more information on this report, please contact Paul Duggan, Director, Audit Services at 905-830-4444 ext. 71205.

May 18, 2016

#6810344

### Attachments (4)

1. Audit Services Branch Activities
2. Accounts Payable & Procurement Audit Report
3. Transportation Services - Health and Safety on Roads Capital Projects Audit Report
4. Outstanding Audit Recommendations Follow up Audit Report

Accessible formats or communication supports are available upon request.

York Region  
Audit Services Branch Activities

Project Name	Status
1. Accounts Payable and Procurement Audit Report	➤ Completed
2. Transportation Services – Health & Safety on Roads Capital Projects Audit Report	➤ Completed
3. Outstanding Audit Recommendations Follow Up Audit Report – June 2016	➤ Completed
4. Management Request – Environmental Services – EEMS++ - data quality	➤ Completed
5. Management Request – Review of IT Licensing/Contracts	➤ In progress
6. Environmental Services – Contract Review of Material Recycling Facility	➤ In progress
7. Community & Health Services – Housing Capital Projects	➤ In progress
8. Audit Services – Software upgrade project	➤ In progress
9. Forensic Investigations	➤ In progress
10. Steering Committee – HRIMS and Payroll Review	➤ Advisory role
11. ITS Governance – Portfolio Management Committee	➤ Advisory role
12. Audit Services for the Audit Services Memorandum of Understanding for local municipalities	➤ Advisory role



***Accounts Payable & Procurement -  
Audit Report***

***April 2016***

**TABLE OF CONTENTS**

<b>Section</b>	<b>Page No.</b>
<b>1.0 MANAGEMENT SUMMARY.....</b>	<b>2</b>
<b>2.0 INTRODUCTION .....</b>	<b>3</b>
<b>3.0 OBJECTIVES AND SCOPE.....</b>	<b>3</b>
<b>4.0 DETAILED OBSERVATIONS AND RECOMMENDATIONS .....</b>	<b>4</b>
4.1 RESULTS OF DETAILED TESTING – ACCOUNTS PAYABLE .....	4
4.2 RESULTS OF DETAILED TESTING – PROCUREMENT.....	5
4.3 NOTICE OF SIGNING AUTHORITY FORMS – UPDATE & MAINTENANCE .....	6
4.4 TRAINING REQUIREMENTS – PURCHASING COURSE .....	7
4.5 UPDATE PURCHASING BY-LAW & AUTHORIZATION FOR PAYMENT OF GOODS & SERVICES POLICY ....	8
4.6 PURCHASE ORDERS - SYSTEM INTEGRATION & AUTOMATION.....	9

## 1.0 Management Summary

Audit Services has completed a Region wide Accounts Payable & Procurement audit. The focus of our review was to determine whether controls are in place to ensure that purchases are in compliance with the Purchasing By-law and Authorization for Payment of Goods and Services Policy.

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

The scope of the audit included a review of the policies and procedures relating to the Accounts Payable and Procurement functions, a review of the information systems that support the purchasing process, as well as detailed testing of a selected sample of disbursements and procurements for the period January 1, 2015 to December 31<sup>st</sup>, 2015. Interviews were performed with appropriate personnel as necessary. Testing was conducted at a sufficient level of detail to allow us to evaluate the Region's compliance with the Purchasing By-law, Authorization for Payment of Goods and Services Policy and Accounts Payable best practices.

Overall, the results of our detailed testing indicate an improvement compared to the results of previous Accounts Payable and Procurement audits.

Based on the work Audit Services performed, it was concluded that internal controls over the purchasing and procurement functions are effective as they are currently designed and that the Region is generally in compliance with the Purchasing By-law. Opportunities for internal control improvements were noted and discussed with appropriate management. These improvements relate to the maintenance of the Notice of Signing Authority forms, reviewing and updating the Purchasing By-law and Authorization for Payment of Goods and Services Policy and the overall integration and automation of the purchasing function.

During our review, we identified outstanding recommendations from the previous audit report in 2009. These include maintenance of the Notice of Signing Authority forms, purchase order management, and overall integration and streamlining of corporate wide use of vendors.

This report has been discussed with Senior Management in the areas affected by the observations and recommendations, who have provided us with their comments and agreed to take the necessary action to implement the recommendations.

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 appreciates the cooperation and assistance provided by Accounts Payable and Supplies & Services management and staff.

## 2.0 Introduction

As part of our Audit Plan, Audit Services performed an audit of Accounts Payable and Procurement. 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 locate audit resources.

Audit Services selected a judgmental sample of 230 disbursements from a population of approximately 34,460 transactions from January 1, 2015 to December 31, 2015. The selection was performed using audit industry recognized sampling software (*IDEA*). Note: the scope of this audit excluded York Regional Police transactions as Audit Services Branch does not have a mandate to audit this area. Audit Services also selected a sample of fifteen (15) procurements from the 2015 Contract Status list provided by Supplies and Services and an additional fifteen (15) procurements identified from the sample of finance disbursements in which the total spent in 2015 on the vendor exceeded \$100,000 by a single department.

## 3.0 Objectives and Scope

The main objectives of this engagement were to ensure:

- That key controls around the Region's Purchasing, Payables and Payment Processes are effective to ensure compliance with the Purchasing By-law and Authorization for Payment of Goods and Services Policy.
- Supporting documentation exists for processed disbursements and is in compliance with the Region's Authorization for Payment of Goods and Services Policy.
- Processed disbursements are accurate and appropriately authorized in line with the delegations of authority in the Authorization for Payment of Goods and Services Policy.
- Purchases requiring a public procurement process are in compliance with the Purchasing By-law and applicable policies and procedures.

The audit objectives were accomplished through:

1. Detailed testing of a sample of processed disbursements from January 1, 2015 to December 31, 2015.
2. Interviews with appropriate personnel.
3. Review of the Purchasing By-law, procedures/policies and other related documents.

## 4.0 Detailed Observations and Recommendations

### 4.1 Results of Detailed Testing – Accounts Payable

#### Observation

The following observations were noted during our detailed Accounts Payable invoice testing;

- There is not a standard Region stamp for invoice approvals. We found a number of different stamps being used within the Region with inconsistent formats.
- The approval signature on the invoice was not always legible and difficult to verify against the Notice of Signing Authority forms. 85 approval signatures out of our sample of 230 invoices, or 37%, could not be verified by Audit during fieldwork testing. If the signature is illegible and there is no printed name, it is difficult for Finance staff to confirm signing authority and may release payment without proper level of authorization.
- We noted eleven (11) examples where the payment journal entry was subsequently reversed to be reapplied against a purchase order (PO). Based on discussions with Finance staff, this often occurs when the department realizes the error and notifies Finance of the change. In addition, we found one (1) example where the invoice was not applied against a PO, however a corporate contract is in place. There could potentially be more examples of invoices not applied against a PO where one exists and/or is required to be, however this could not be verified within the scope of our testing. Refer to issue “4.6 Purchasing System Integration & Automation” for further discussion on current system limitations and management.
- Four (4) examples where the purchase requisition and invoice were authorized by the same individual. Without segregation in duties between the approver of the purchase and the approver of the payment, errors and/or inappropriate purchases could go undetected. Although this requirement is not formally documented in the current Authorization for Payment of Goods and Services Policy, it is considered best practice at the Region.

#### Recommendation

Management should consider implementing a Region wide stamp for invoice approval/general ledger coding to be used by all departments. The format should include a “printed name” option to assist Finance in the verification of signatures.

Management should reiterate to staff the requirement for segregation in duties between purchase commitment and payment authorization. During the current update of the Authorization for Payment of Goods and Services Policy, management should consider including this requirement.

### **Management Response**

Specifications for a standardized invoice approval stamp will be developed and distributed to all departments for use by Q3 2016.

The proposed revision of the Authorization for Payment of Goods and Services Policy includes the requirement for segregation of duties between purchase and payment authorization. The policy will be finalized by Q4 2016.

## **4.2 Results of Detailed Testing – Procurement**

### **Observation**

The following observations were noted during our detailed Procurement testing;

- The bid request form indicates that “all construction and related contracts over \$100,000 shall be advertised in the Daily Commercial News (DCN)”. We found several examples where the department requested the tender to be advertised in the DCN for non-construction related work; however, it was not completed. Based on discussions with Supplies and Services Management, they only advertise in the DCN for construction contracts and agree that this form as it currently reads is unclear in this matter.
- We found four (4) examples of procurement files with missing documents, which included; two (2) insurance certificates and two (2) bid summary forms. All four (4) documents were subsequently provided by Supplies and Services staff.
- Request for Tender/Proposal files are paper based and maintained in a folder within Supplies and Services. The files are secure with access limited to required personnel, however during our review we found files to be disorganized with key documents unsecured within the files. Without a standard and secure filing system in place, there is a risk of key documents to be misplaced and/or lost.

### **Recommendation**

Supplies and Services management should ensure the Tender Bid Request form is updated to clarify the requirement for advertising in the DCN.

Management should consider implementing an electronic procurement filing system to reduce the likelihood of misplacing key documents and to create a more consistent/standard file set up. At a minimum and in the interim, management should ensure all loose documents are physically secured in the paper files.

### **Management Response**

The Bid Request Form has been updated to clarify that advertising on DCN is for construction projects.

The importance of maintaining the integrity of procurement folders has been re-emphasized with staff.

## **4.3 Notice of Signing Authority Forms – Update & Maintenance**

### **Observation**

Confirmed via discussion with the Supervisor, Accounts Payable, there is currently no review of the Notice of Signing Authority (NSA) forms by the department to determine if they are still valid and/or if there has been a change in employment or position status. The Authorization for Payment of Goods and Services Policy states that it is the Commissioners / Department Heads responsibility to perform an annual review of the designated approval authorities.

In addition, duplicate NSA forms were found during our detailed invoice testing for employees with different job titles. Based on discussions with the Supervisor, Accounts Payable, departments do not always notify Finance when an employee has changed positions within the organization. This can result in multiple forms for one staff under different departments.

Similar issues were identified in the 2009 Procurement & Accounts Payable Audit Report. At that time, Audit Services recommended a number of process improvements to address these issues. Management responses at that time indicated that they would work with departments to update forms and considered implementing an appropriate schedule to update forms on an ongoing basis.

Failure to update and maintain the NSA form file could result in invoices being inappropriately approved and processed by Accounts Payable.

### **Recommendation**

We continue to recommend that a formal process be developed to ensure compliance with the current policy for department heads to perform an annual review of the designated approval authorities.

Management should ensure continued compliance with the policy and communicate annual signing authority review results to Finance for updates. This would help to ensure that forms are kept up to date and reduce the chance of errors in the invoice approval process

### **Management Response**

Finance will re-emphasize to departments the requirement to conduct annual reviews of approval authorities and recommend that a process be developed to conduct these reviews by Q3 2016.

In conjunction with the update of the Authorization for Payment of Goods and Services Policy, forms will be automated and tracked to improve form administration and compliance with the policy. This will be completed by Q4 2016.

## **4.4 Training Requirements – Purchasing Course**

### **Observation**

The Authorization for Payment of Goods and Services Policy (last updated on November 16, 2010) states that it is the responsibility of Commissioner / Department Head to *“ensure that all employees including persons under contract with the Region, who have been delegated with approval authority have undergone mandatory purchasing training.”*

Five (5) of the thirty (30) employees sampled with Notice of Signing Authority (NSA) forms had not taken the Public Purchasing course. Of these five (5) employees, only one (1) is enrolled for upcoming training.

Of the twenty five (25) employees in our sample who completed the training, nine (9) employees completed the training course up to ten (10) months after being granted signing authority. It is important to note that for this analysis we used the date of the current Notice of Signing Authority form for the employee; signing authority may have been granted at an earlier date on a previous form. Therefore, there is a possibility that additional employees from our sample had received signing authority before attending the Public Purchasing course.

Without completing the appropriate training prior to receiving authorization, there is an increased risk of purchase authorizations not in accordance with the Purchasing By-law.

Currently, the Public Purchasing course is offered monthly (with the exception of July and August) and has a capacity of twenty five (25) people. Supplies and Services are in discussions to possibly reduce the course from a full-day to a half-day to allow for greater attendance and more concise training

### **Recommendation**

Finance should compare all NSA forms with the training attendance records for the purchasing course and communicate any discrepancies to the appropriate department management with clear instruction for training completion deadlines. Failure to comply with the deadline would result in signing authority being revoked.

The purchasing training course requirements should be clearly stated on the NSA form and include employee verification of course completion or scheduled completion date.

### **Management Response**

Finance will reinforce with the departments the requirement to complete the purchasing training.

Finance staff commits to modifying the forms to include a “check box” that states a prerequisite for completion of the Purchasing training course prior to the approval of signing authority by Q4 of 2016. New employees (new hires or promotions) must commit to complete the course at the next available date after commencement of new position.

## **4.5 Update to Purchasing By-law & Authorization for Payment of Goods & Services Policy**

### **Observation**

The following concerns were noted regarding updates to the Purchasing By-law and Payment of Goods & Services Policy;

- During our detailed testing of disbursements, we found several examples where a Project Manager approved the invoice/payment certificate. Based on our review of the Authorization for Payment of Goods & Services Policy Appendix A “Maximum Levels of Payment Authority” and discussions with Human Resources, Project Managers are considered to be at the Supervisor Level and therefore not permitted to approve payment certificates in accordance with this policy.
- The Purchasing Procedures do not currently require a Purchase Order. Although the Purchasing By-law does state that all purchases over \$100K require a formal tender via Supplies & Services with a PO issued, this is not formally documented and unclear for amounts under \$100K.
- The Authorization for Payment of Goods and Services Policy does not require segregation in duties between the purchase commitment and the payment authorization. Refer to issue 4.1 Results of Detailed Testing – Accounts Payable.

### **Recommendation**

As part of the current update to the Authorization of Payment of Goods and Services Policy, management should clarify where required to ensure the approval limits for Project Managers are accurately reflected in accordance with accepted practice. In addition, the updated policy should include the segregation in duties between the purchase commitment and payment approval.

Management should update the Purchasing Procedures (Purchasing Tool Kit) to clearly identify the requirement for a purchase order above a specified dollar limit as determined by management, such as \$50,000.

### **Management Response**

The proposed update to the Authorization for Payment of Goods and Services Policy will include a requirement for segregation of duties between purchase and payment authorization, and establish limits for Project Managers. This policy will be finalized by Q4 2016.

Finance will formulate a policy to identify the circumstances that warrant the issuance of a purchase order, as part of the update to the Purchasing Bylaw to be completed by Q3 of 2017.

## **4.6 Purchase Orders - System Integration & Automation**

### **Observation**

#### *Purchase Orders*

There is currently no oversight as to whether invoices are being applied to the correct purchase order. We confirmed with Finance that unless the amount is significant, or the processing clerk is familiar with the nature of the invoice, they do not verify if there is an existing purchase order. It is the responsibility of the department to provide the appropriate information when submitting the invoice for processing. If the department fails to provide that information, there is no control in place to alert Finance of an existing purchase order.

We identified 79 examples of Purchase Orders dispatched in 2014 that were expired as of December 31, 2015 and that had nothing applied against them. The initial responses received from departments as to why this occurred were found to be inconsistent with further investigation required.

In addition, as noted in issue “4.1 Results of Detailed Testing – Accounts Payable”, our testing identified one (1) instance (Teranet Inc.) in which the invoice was not applied against the existing purchase order. We also identified multiple instances in which reversals were required due to Finance being alerted to an existing purchase order after processing the invoice.

This lack of control may result in payments for goods or services larger than the value of the purchase order and/or not obtaining appropriate authorization in accordance with the Purchasing By-law.

Supplies and Services perform a monthly review of all purchase orders approaching their expiry within 60 days and discuss the appropriate action with the applicable department. This compensating control may assist in identifying unused purchase orders and prevent closing active purchase orders; however, it does not mitigate the risk of invoices failing to be applied against an existing purchase order or spending greater than the approved purchase commitment.

#### *Vendor Management/Cost Savings*

Additionally, we identified a significant number of vendors in which the total spent during 2015 was greater than \$100,000. The lack of system integration and the inability to actively monitor

purchase orders and total spent reduces the likelihood of identifying opportunities for cost savings through volume discounts and/or joint department procurements.

### Manual Process

We also noted that Supplies and Services perform a manual calculation of contingency / scope changes to the purchase order. A manual calculation requires significant effort/time and if not performed regularly, increases may not be in compliance with the thresholds outlined in the Purchasing By-law. Based on discussions with Supplies and Services, this process is very labour intensive with room for errors. Automation of these calculations would help reduce the chance for errors and save a significant amount of time.

### Recommendation

Finance should perform a thorough review into the 79 PO's identified and ensure any errors/omissions are corrected in the system. Where necessary, management should reiterate to staff the purchasing/payment procedures.

Audit is aware of the on-going Source to Settlement project with the intent of integration and automation of the purchase and payment process. Based on discussions with management in Finance and Supplies & Services, this project is still in the preliminary planning stages with no established action items or timeline for implementation.

An integrated purchase order and payment system should be developed and implemented to ensure that invoices are applied against an existing purchase order when required. The system should also automatically identify vendors in which total spent across departments exceeds certain pre-determined thresholds to monitor if purchasing remains in compliance with the Purchasing By-law, and/or if there is an opportunity for cost savings through cross departmental procurements.

Additionally, an integrated purchasing system would automatically monitor any contingency and scope change amounts applied to the purchase order and notify when it is approaching the thresholds outlined in the Purchasing By-law.

In the interim, Supplies and Services should perform an annual review of unused or existing purchase orders beyond a specified age to assist in identifying instances in which invoices are processed without being applied against the correct purchase order and/or applied direct to general ledger. This review could be in addition to the current monthly review for PO's approaching expiry.

### Management Response

Finance will engage the operating departments in the review of the 79 purchase orders identified. Finance will contact Audit to provide a list of the noted PO's.

Finance will perform an annual Year End Review, starting with the 2016 year end, to identify instances of invoices paid without PO's. Departments will be reminded to include PO's on all invoices submitted for payment.

**Original signed by**  
\_\_\_\_\_  
**Bill Hughes**  
**Commissioner Finance**

**Original signed by**  
\_\_\_\_\_  
**Warren Marshall**  
**Director - Financial Services**

**Original signed by**  
\_\_\_\_\_  
**Stan Gal**  
**Director Supplies & Services**

**Original signed by**  
\_\_\_\_\_  
**Paul Duggan**  
**Director Audit Services**



***Transportation Services – Health &  
Safety on Roads Capital Projects  
Audit Report***

***April 2016***

## Table of Contents

<b>1.0</b>	<b>MANAGEMENT SUMMARY.....</b>	<b>3</b>
<b>2.0</b>	<b>INTRODUCTION .....</b>	<b>3</b>
<b>3.0</b>	<b>OBJECTIVES AND SCOPE .....</b>	<b>4</b>
<b>4.0</b>	<b>DETAILED OBSERVATIONS .....</b>	<b>5</b>
4.1	THE CONTRACTOR / CONSTRUCTOR SAFETY POLICY & GUIDE REQUIRES UPDATING, AND, HEALTH & SAFETY PROJECT DOCUMENT COLLECTION SHOULD BE IMPROVED TO ENSURE A MORE COMPLETE PROJECT FILE.....	5
4.2	FIELD AUDIT FOLLOW-UPS SHOULD BE CAPTURED IN THE PERIODIC MEETINGS WITH THE CONSTRUCTOR .....	6
4.3	DOCUMENT MANAGEMENT NEEDS TO BE MORE STRUCTURED TO HELP ENSURE PROJECT MANAGEMENT FILES ARE COMPLETE, AND CAN BE ACCESSED IF NECESSARY .....	7
4.4	UPGRADES TO THE PERMIT SYSTEM SHOULD PROVIDE ADDITIONAL VALUABLE CAPABILITY TO BETTER MONITOR PERMIT ISSUANCE .....	8

## 1.0 Management Summary

We have completed an audit of Health & Safety in Transportation Services – Capital Planning & Delivery. Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

We have concluded that, overall, there is a sufficient level of control managing the health & safety risks that arise during road construction projects. Transportation Services appears to be meeting its minimum obligations for these projects. However, we did note specific opportunities to further manage these risks and include updating the Contractor / Constructors Safety Policy and Guide, and, improved collection of documentation before commencement of construction.

These opportunities are further discussed in the Detailed Observation section of this report. These observations have been discussed with management who has agreed to the observations and recommendations.

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 –Capital Planning &Delivery and PMO & Infrastructure Management and Corporate Services – Human Resources for their co-operation and assistance provided during the audit.

## 2.0 Introduction

The Transportation Services - Capital Planning & Delivery Branch is responsible for building roads and bridges, and rehabilitating the current 4,100 lane-kilometers of roads and inventory of bridges when required. The 10-year capital plan for this construction activity is \$1.5 billion. To help ensure these capital projects are performed in a safe and healthy manner the Region has developed a delivery method whereby the health and safety of workers, governed by the Occupational Health & Safety Act (OHSA), has been contractually assigned to the Contractor / Contractor.

Within the construction contract there are various sections assigning OHSA responsibilities:

- General condition 10 – recognizes that the ‘place of work’ is the responsibility of the Contractor and access needs to be granted by the Contractor along with the co-ordination of the work.
- General condition 36 – responsibility for the place of work falls to the Contractor, and they are solely responsible for the supervision and direction of the work.
- General condition 65 – the Contractor agrees to be compliant with the OHSA.
- Pre-Bid Hazard Assessment Form – identifies all known hazard associated with a place of work. Contractors are expected to visit the place of work before submitting a bid. Any additional hazards can be noted. Contractors also note that they will comply with OHSA and that OHSA Regulations take precedence in any conflict. Contractors sign the form.

An agenda item at the preconstruction meeting includes discussion on OHSA and is usually attended by Corporate Services – Health & Safety. Other health and safety related incidents may also be discussed.

In 2012/13 a Health and Safety Risk Assessment was undertaken in Transportation Services. The review was performed by the Public Sector Health & Safety Association (PSHSA) that included a

sample of three Transportation Services facilities and 29 positions. While not specific to capital projects, management has worked towards addressing the recommendations that were made. For example, a training matrix by position that tracks health and safety related training was developed with quarterly reporting to management. With assistance from the Corporate Services - Health & Safety Branch, training materials have also been developed.

Specifically in Capital Planning & Delivery, Branch Standard Operating Procedures are in the process of being updated and completed.

Through Corporate Services – Human Resources – Health & Safety, field audits are periodically performed on Roads capital projects. These audits highlight to the Constructor any conditions noted on the job site that do not meet OSHA regulations. A report is issued to the Constructor and to the Roads Project Manager at the end of the visit. The report requires a response from the Constructor immediately, within 24 hours at the latest. If a response has not been received at 24 hours, a follow up will be sent looking for a response.

The follow up required is based on circumstances (i.e. level of risk/compliance). The task to ensure the observations are rectified is the responsibility of the Region’s Project Manager assigned to the project. These audits are meant to help ensure workplaces for Region employees and the public remain safe, and help the Constructors maintain their work environment.

All of these activities are meant to help in promoting the importance of health & safety, and ensure assignment of the responsibility rests with the appropriate party.

### **3.0 Objectives and Scope**

#### **AUDIT OBJECTIVES**

The objectives of this engagement are to:

1. Understand the various health & safety requirements for Transportation Services capital projects and determine if the Region is meeting its minimum obligations on those projects.
2. Determine that all required documentation was collected and reviewed by project management.
3. Review Health & Safety audits relating to Transportation Services capital projects to determine if appropriate action was taken on any opportunities that help ensure the capital project remained safe.

#### **AUDIT SCOPE**

The audit objectives will be accomplished through:

1. Legislative review of applicable legislation, primarily the Occupational Health & Safety Act and relevant regulations.
2. Interviews with the individuals responsible for the capital project’s health & safety management and monitoring of health and safety issues.
3. A review of documents and sufficient detail testing of management controls relating to health and safety for a sample of recent Transportation Services capital projects.

By necessity, our review will require discussions with selected personnel within the Capital Planning & Delivery and PMO Office branches, and the Health & Safety Audits from Human Resources – Contractor Safety Specialist.

## 4.0 Detailed Observations

### 4.1 The Contractor / Constructor Safety Policy & Guide requires updating, and, health & safety project document collection should be improved to ensure a more complete project file

#### Observation

In our review of documents to be collected before commencement of construction as per the Contractor / Constructor Safety Policy & Guide, we noted that:

1. CAD 7 reports were not collected for any of the four projects we reviewed. The CAD 7 program, administered by Workers Safety Insurance Board (WSIB) Ontario, compares an expected accident cost and expected frequency count to the actual numbers for an organization, in this case, engaged in construction activities.

Further discussion with management also indicated that the CAD 7 report is difficult to understand and may not necessarily reflect all workplace accidents.

The Workplace Injury Summary Report (eWISR) report was recommended in the PSHSA report in 2013. This report was originally known as the WSIB Firm Profile Report. The eWISR report is specific to the bidder, identifies the Lost Time Injury Frequencies and provides a safety performance ranking of the organization within the specific rate group.

2. Material Safety Data Sheets could not be located for three of the four projects reviewed.
3. The Spills Action Plan, a requirement of the contract, but not for the Contractor / Constructor Safety Policy & Guide, could not be located for one project.
4. The collection of the Registration of Constructors and Employers Engaged in Construction should be clarified to ensure it is consistently applied.

The Region normally collects the Registration for the Constructor only. However, in one of the projects examined the Registrations for both the Constructor and the Subcontractors were collected.

The Policy & Guide were last updated in 2007. A task force to update the document was established; however it has not met since January 2014.

Outdated policies and guides can result in documents not being collected which should be obtained and an incomplete project file.

#### Recommendation

1. Transportation Services –Capital Planning & Delivery management ensure that health & safety documentation relating to capital projects is collected as required by Contractor / Constructor Safety Policy & Guide to help ensure project files are complete.
2. Corporate Services – Human Resources management:
  - a. Should continue its project to update the Contractor / Constructor Safety Policy & Guide.
  - b. Should consider if the eWISR report, or another WSIB health and safety related report, could be a useful addition or replacement for the CAD 7 report currently required as per the policy.
  - c. Should consider if it is appropriate to add the Spills Action Plan to the policy as a document to be collected.

- d. Should determine if it is necessary to collect the Registration of Constructors and Employers Engaged in Construction, and clarify whether to collect the registration for the Constructor only or to also include Subcontractor documentation.

### **Management Response**

#### **Response from Transportation Services –Capital Planning & Delivery**

Agreed.

A list of the Health and Safety documentation detailed in the corporate Contractor/Constructor Safety Policy will be added to the template tender document, and a checklist will be created to ensure that it is all received prior to the start of work.

Clarity will be sought from Corporate Services on when CPD should be requiring that CAD 7 reports be submitted.

The template tender will be updated and the checklist created and added to the CPD Construction Toolkit by the end of Q3 2016.

#### **Response from Corporate Services – Human Resources**

Please see below an itemized response to Recommendation 2:

- a. The updating of the Contractor/Constructor Policy and Guide is included in the 2016 operating plan for the Workplace Health, Safety and Wellness Division; it is estimated that the review and approval process will be completed in Q2 of 2017. This will be completed in partnership with Legal Services and in consultation with Department representatives.
- b. Submission of CAD-7 or eWISR will be considered and assessed as part of this review, and specified in the updated policy and program.
- c. The existing pre-bid hazard assessment form is being updated as part of the policy/program updates; this form will outline all inherent hazards of the site and the work to be performed and provide guidance related to specific safety plans that are required (i.e. Spill response plan).
- d. The necessity to collect the Registration of Constructors and Employers Engaged in Construction, from both the Constructor and Subcontractors will be assessed as part of the policy and program updates.

## **4.2 Field audit follow-ups should be captured in the periodic meetings with the Constructor**

### **Observation**

Field audit communication is not always being captured in the periodic Constructor meetings between the Region and the Constructor. We noted that 14 of the 19 field audits performed by Corporate Services for the four projects reviewed could not be traced to the periodic meetings minutes.

In one instance, the contractor's responses to the observations made by the Health & Safety auditor was dated a short time into the future. The resolutions were not followed up by the Region to ensure that the observations from the audit were actually addressed.

Constructors consistently provided timely responses to all the field audits performed in our sample of projects.

**Recommendation**

Transportation Services –Capital Planning & Delivery management ensure that the performance of a field audit is captured in all biweekly meetings and duly followed-up for any future dated resolutions.

Including field audits performed in Constructor meetings helps to ensure that observations and their resolution are followed-up by the Project Manager and formally documented when resolved.

**Management Response**

**Response from Transportation Services –Capital Planning & Delivery**

Agreed.

For major capital contracts, where scheduled site meetings are held, a standard item entitled “Health and Safety Audits” will be added to the standard meeting agenda. If no audit occurred during the previous period the meeting minutes will note that. If an audit did occur, the audit and the resolution of the items of concern will be on the agenda of the meeting, and the written audit and the contractor responses will be included in the meeting minutes.

For minor capital projects, where no scheduled site meetings occur, the Construction Administrator will continue to maintain as part of the construction documentation all safety audits and contractor responses are filed. These documents will be filed in the T03 C (Construction Correspondence) file for the contract.

To ensure that audit-related documentation is maintained, a separate item called “H&S Audits and Contractor Responses” will be added to the Project Management File checklist for Stage 5 – Construction. This checklist is to be completed at the end of construction for all contracts and is signed by the Project Manager, Manager of Engineering, and a representative of the PMO.

Updates to the standard Meeting Agenda and the Project Management File checklist will be completed by the end of Q3 2016.

**4.3 Document management needs to be more structured to help ensure project management files are complete, and can be accessed if necessary**

**Observation**

We noted that the project documentation required for this review can be stored in a number of different areas (paper files, project files on the server, eDOCS and in emails), with a number of different people (Project Manager, Construction Administrator, Design Technician).

As project members change, the document trail can be lost. This could result in an incomplete project file and / or make access to documents difficult.

The Infrastructure and PMO Branch has been tasked with the creation and implementation of a more formal filing structure for projects.

**Recommendation**

The Transportation Services –Infrastructure and PMO Branch continue to work towards a workable project file solution.

**Management Response**

**Response from Transportation Services –Infrastructure Management and PMO**

Agreed.

The IMPMO Branch is underway on a multi-year plan to increase the rigour, automation and process control on all aspects of capital project delivery. This will include implementation.

Specifically, management of Health and Safety documents will be reviewed by Q2 2017 and implementation of the recommendations by Q4 2017.

**4.4 Upgrades to the Permit System should provide additional valuable capability to better monitor permit issuance**

**Observation**

Based on OHSA legislation and regulations the Region can risk becoming a Constructor on a Road project if two permits are issued for the same area for work. By becoming a Constructor, the Region now becomes responsible for the health and safety aspect of the project. This responsibility is transferred to the Constructor through a contractual relationship that maintains the Region as the Owner of a project, but not the Constructor.

The current Permit System does not advise if a Constructor is working in a given area. A separate check is required outside that application, to determine if a permit has been issued for the same area. The check is performed through a mapping of issued permits on a York Region Map. This map requires overnight updating to download and highlight areas that have permits issued. The areas highlighted are based on road segments, and do not pinpoint exactly where a permit is issued.

A new application in CityWorks provides real time, location based information on permits issued for Roads projects. The application is scheduled to be implemented in Q2 2016.

**Recommendation**

To resolve the potential risk to the Region of becoming a Constructor to a project due to an incorrectly issued road permit, management should ensure the implementation of the CityWorks application continues on schedule.

**Management Response**

**Response from Transportation Services – Roads and Traffic Operations**

Management is in agreement with the recommendation. The CityWorks application continues to be implemented with completion scheduled for Q3 2016.

*Original signed by:*

---

Daniel Kostopoulos  
Commissioner Transportation Services

*Original signed by:*

---

Stephen Collins  
Director Infrastructure Management & PMO

*Original signed by:*

---

Dino Basso  
Commissioner Corporate Services

*Original signed by:*

---

Paul Duggan  
Director Audit Services

*Original signed by:*

---

Salim Alibhai  
Director Capital Planning & Delivery

*Original signed by:*

---

Brian Titherington  
Director Roads & Traffic Operations

*Original signed by:*

---

Sharon Kennedy  
Executive Director Human Resources Services



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

***June 2016 Audit Committee***

## TABLE OF CONTENTS

Section	Page No.
1.0 MANAGEMENT SUMMARY .....	2
2.0 INTRODUCTION.....	2
3.0 OBJECTIVES AND SCOPE .....	3
4.0 DETAILED OBSERVATIONS AND RECOMMENDATIONS .....	4
4.1 DETAIL SUMMARY STATISTICS FOR OUTSTANDING AUDIT RECOMMENDATIONS FOLLOWED UP .....	4

## 1.0 Management Summary

Audit Services has completed a follow up of outstanding audit recommendations at March 31, 2016. 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 2016.
2. Any new audit report recommendations issued up to and including March 31, 2016.

There were 54 audit recommendations originally issued through the six audit reports currently on our list for follow up. Management has implemented 70% 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 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 2016 audit recommendations follow up audit report, and all new recommendations issued in audit reports up to and including March 31, 2016.

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, 2016 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, 2016.

#### **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, 2016**

<b>Audit Report</b>	<b>Number of opportunities originally highlighted</b>	<b>Completed for 12/31/15</b>	<b>Completed for 3/31/16</b>	<b>Not yet complete</b>	<b>% Not yet complete</b>	<b>Date of Audit Report</b>	<b>Date Reported to Audit Committee</b>
Finance – Procurement Card	6	5	0	1	17%	May-13	Jun-13
Corporate Services – Court Services	6	5	1	0	0%	May-14	Feb-15
TS – Roads Capital Delivery of Contract 10-103	16	15	0	1	6%	June-14	Jun-15
ES – Environmental Promotion & Protection – SSO Contract Compliance	6	5	1	0	0%	May-15	Jun-15
Revenue Management – other revenue	9	3	0	6	67%	Dec-15	Feb-16
ES – Operation Maintenance and Monitoring	11	3	0	8	73%	Dec-15	Feb-16
Totals	54	36	2	16	30%		

**TABLE B – Summary of Outstanding Audit Recommendations as at March 31, 2016**

Audit Report	Recommendation	Management response	Original due date	Current due date
Finance - Procurement Card	4.1 Procedures should be established to enable the Corporate Administrator to perform random audits. Specific focus should be made on suspense account transactions.	Done.	N/A	N/A
	4.2 Add a line to Procurement Card forms to require the authorizer to print their name.	Done.	N/A	N/A
	4.3 Ensure card holders sign for their card to ensure they understand and agree to Regional purchasing card policies.	Done.	N/A	N/A
	4.4 Department administrators should be reminded that failure to comply with purchasing card policy and procedures could result in card revocation.	Done.	N/A	N/A
	4.5 For employees who have not used their purchasing card in 6 months, Department Administrators should confirm to the Corporate Administrator that the card is still needed.	Done.	N/A	N/A
	4.6 Management re-examine the current control environment for procurement cards to determine if more efficient processes can be developed as enhancements to PeopleSoft progress.	Review of procurement card process has commenced as part of source to settlement project. Process improvement scheduled for implementation Q4 2016.	2017	Q4 2016

Audit Report	Recommendation	Management response	Original due date	Current due date
Corporate Services – Court Services	4.1 Update the training manual to include cash handling controls and review with staff to ensure that they are understood by all parties.	Done.	N/A	N/A
	Install/reposition cameras to adequately view cashier tills and safes.	Done.	N/A	N/A
	Consider enhancing controls around large cash payments to minimize the risk of loss.	Done.	N/A	N/A
	4.2 Monthly review of the bank reconciliations by management should include ensuring that reconciling items are clearing on a timely basis.	Done.	N/A	N/A
	4.3 The RICO 4500 report should be reviewed and signed off by management monthly to ensure that trials are set on a timely basis.	Done.	N/A	N/A
	4.4 Policies and procedures over Ticket Control need strengthening and updating.	Done.	N/A	N/A
	4.5 Management should investigate and implement technology to electronically process and upload electronic tickets to the ICON system.	Done.	N/A	N/A
	4.6 Management should acquire and use fireproof cabinets to maintain files.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
Transportation Services – Roads CDP	4.1 RCD should explore the benefits of automating the collection of project construction data at the field level and transmitting the data to the Region.	Done.	N/A	N/A
	4.2 RCD management should explore the use of SharePoint, Project Server and Essentials in the delivery of projects.	Done. Project management in Transportation Services will be automated through MS Project Server Online. A managed rollout of automation is underway with procurement and configuration 2015, initial project tracking Q2 2016, assessment of long-term requirements based on initial project tracking Q3 2016 and procurement of long-term system and tools Q4 2016.	N/A	N/A
	4.3 RCD management should consider creating a Project Management Office (PMO).	Done.	N/A	N/A
	4.4 Section 16.4r, and 16.4s should be reviewed and updated if necessary. A formal payroll burden rate review process should be developed and implemented.	Done.  Done.	N/A  N/A	N/A  N/A
	4.5 Finance should finalize the Draft Capital Closure Policy.	Capital Projects Closure Policy has been finalized and awaiting approval anticipated in Q2 2016.	Q4 2015	Q2 2016
	4.6 RCD should develop a formal process to guide changes in personnel to ensure continuity on projects.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.7</p> <p>Templates used to ensure that the management control structure is intact should not be modified.</p> <p>RCD management should perform a periodic review of the Change Order template with the assistance of Legal.</p> <p>All necessary procurement documentation that authorizes an individual to commit the Region to a purchase should be created and approved by management.</p> <p>Change Order instructions should be clarified with dollar thresholds</p>	<p>Done.</p> <p>Done.</p> <p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
	<p>4.8</p> <p>The proper use of Change Orders should be reiterated with staff.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.9</p> <p>Information collection at source should be a goal of automation of data collection described in observation 4.1</p>	<p>Done.</p> <p>Project management automation is being implemented through Project Server Online.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.10</p> <p>Future RCD contracts require submission of a current WSIB form every 90 days or with every payment certificate.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.11</p> <p>I&amp;RM should be contacted to tailor a presentation to the Region's CAs and SIs regarding claims management through ICIPs.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.12 The CA assigned to the construction of a project should be requested to provide input into Design meetings on a periodic basis.	Done.	N/A	N/A
	4.13 All capital projects should have a learnings document created and stored in a learning database to benefit future projects.	Done.	N/A	N/A
	4.14 RCD should review the form and content of the information currently provided to the SI.	Done. Tracking usage of materials is part of the medium and long-term automation of contract preparation, contract administration and inspection services.	N/A	N/A
	4.15 One file used to track issues and resolutions during the design stage can be updated as necessary and provides a history that can be a source for a learnings database.	Done. Proactive Risk Management Matrix with issues tracking ability was developed for all phases of project delivery (planning/environmental assessment, detailed design and construction) in Q4 2014. The tool was put into production for CPD use on capital projects.	N/A	N/A
	4.16 RCD management should ensure that the boxes are processed per the Region's Records Retention By-law and stored off-site.	Done.	N/A	N/A

Audit Report	Recommendation	Management response	Original due date	Current due date
Environmental Services – SSO Contract Compliance	4.1			
	ES - EPP management:			
	<ol style="list-style-type: none"> <li>1. Obtain an updated performance bond from Orgaworld.</li> <li>2. Obtain the \$40,000 performance bond from GFL Excavating Corp.</li> <li>3. Incorporate a performance bond requirement in any future contract amendment for Lafleche.</li> </ol>	<p>Done.</p> <p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>
	<p>4.2</p> <p>Finance - Treasury Office, overseeing this policy, should more clearly identify the parties responsible for the collection and maintenance of surety bonds.</p>	Done.	N/A	N/A
	4.3			
	<p>ES - EPP management:</p> <ol style="list-style-type: none"> <li>1. Attempt to include a Right to Audit Clause in any future contract amendments to both contracts.</li> <li>2. Include the Region’s standard Right to Audit Clause in any future waste management contracts.</li> </ol>	<p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	<p>4.4</p> <p>ES – EPP attempt to obtain these operating and contingency plans and review them for acceptance. The plans should be kept together with the contract.</p> <p>In the future, should a contract require obtaining, reviewing and approving plans, the approval should be formally documented and kept together with contract files.</p>	<p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
	<p>4.5</p> <p>ES - EPP periodically print WSIB forms and keep them on file with contract documents, or submit them with invoice payment requests.</p>	<p>Done.</p>	<p>N/A</p>	<p>N/A</p>
	<p>4.6</p> <ol style="list-style-type: none"> <li>1. With the assistance of Legal Services, ES - EPP Solid Waste Operations &amp; Optimization should provide clarity to the noted areas, and provide formal notification to the contractor with respect to the updated wording.</li> <li>2. ES - EPP Solid Waste Operations &amp; Optimization should apply the CPI annual adjustments retroactively to 2014 and 2015 to-date tonnes processed. The CPI for 2014 was 1.0%, and, 2.4% in 2015. Pricing for 2014 was calculated at \$80.80 and for 2015 at \$82.74 per tonne.</li> <li>3. For future contracts which are basically haulage, if there is a fuel escalation clause in the tender or contract documents, remove the CPI adjustment clause in the standard terms and conditions.</li> </ol>	<p>Done.</p> <p>Done.</p> <p>Done.</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
Revenue Management - Other Revenue	<p>4.1 Transportation Services</p> <p>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.</p>	<p>Detailed process map is completed. Cross training to be completed by the end of Q2 2016.</p>	Q2 2016	Q2 2016
	<p>4.2 Transportation Services</p> <p>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.</p>	<p>Meetings with other departments to identify streamlining opportunities to be completed by Q3 2016.</p>	Q3 2016	Q3 2016
	<p>5.1 Community &amp; Health Services</p> <p>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.</p>	<p>Done.</p>	NA	NA
	<p>5.2 Community &amp; Health Services</p> <p>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 location of why the information was not included and where it could be found should be used.</p>	<p>Done.</p>	NA	NA

Audit Report	Recommendation	Management response	Original due date	Current due date
	6.1 Finance <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 to the correct client.</li> <li>○ Make any other updates to the Policy as deemed necessary.</li> </ul> </li> </ul>	Done.  Collection of Accounts Policy is scheduled to be updated Q3 2016.	NA  Q3 2016	NA  Q3 2016
	7.1 Finance & Environmental Services Put into motion a plan to resolve older recurring journal entries and available funding.	A review of funding for all open capital projects and fully fund and close all completed capital projects is on schedule. The Nobleton WPCP security in the amount of \$317,165 has been released.	Q4 2016	Q4 2016
	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.	On schedule to be implemented Q4 2016.	Q4 2016	Q4 2016
	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.	Collection of Accounts Policy is scheduled to be updated Q3 2016.	Q3 2016	Q3 2016

Audit Report	Recommendation	Management response	Original due date	Current due date
	9.2 Regional Clerk's Office Should update the Schedule of Fees and Charges in both sections on the intranet.	Done.	N/A	N/A
Environmental Services – Operations Maintenance & Monitoring	4.1 OMM work with IAM to resolve the noted asset inventory discrepancies. OMM continue updating the protocol used to identify assets needed to be entered into MAXIMO from an asset maintenance perspective.	Work plan for this project is 11% completed.  Time line for completion was extended due to reflect appropriate asset management principles by aligning asset hierarchies to by process areas, rather than asset location.	Q4 2019  Q4 2016	Q4 2019  Q2 2017
	4.2 OMM continue with the implementation of an input screen to help in updating the MAXIMO inventory base whenever it changes. OMM should also perform a full inventory of all their MAXIMO assets to establish a baseline of actual assets within each facility. 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.	Done.  Project to correct asset inventory discrepancies for process equipment is on track.  OMM will leverage the preventative maintenance schedule and change management process to perform regular asset inventory verification. Full	N/A  Q4 2019  N/A	N/A  Q4 2019  N/A
	4.3 Spare parts inventory program create detailed plans and process flows to help ensure that management controls over the inventory are sufficient.	Work in on track.	Q2 2016	Q4 2016

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>	<p>Master list of work code status has been revised. Approval and communicated delayed until Q2 2016.</p>	<p>Q1 2016 Q2 2016 Q2 2016 Q2 2016 Q2 2016</p>	<p>Q2 2016 Q2 2016 Q2 2016 Q2 2016 Q2 2016</p>
	<p>4.5 Tablets which are not needed by the current user to provide desktop or laptop computer functionality will be reassigned. A redeployment plan will be developed in Q1 2016.</p>	<p>Strategy to address this situation was revised to address tablet use across OMM. Mobile work plan, including a strategy and implementation plan will be developed.</p>	<p>Q1 2016</p>	<p>Q2 2016</p>
	<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>At current resource levels, the distances involved make it impractical to triage or visit the work site prior to scheduling work. OMM management will work with staff to improve their understanding of the level of detail needed to efficiently and accurately action a work order. Communication to staff to improve understanding on track.</p>	<p>Q2 2016</p>	<p>Q2 2016</p>

Audit Report	Recommendation	Management response	Original due date	Current due date
	4.7 OMM management should continue constructing and finalizing an input page to be used by tradespersons in the field.	Implementation of redesigned view to be implemented Q4 2016.	Q3 2016	Q4 2016
	4.8 Consultants contracted to provide complete and accurate asset information should be held accountable for incomplete and erroneous asset information.  Explore the possibility to recoup the cost of having to review and correct any new asset information entered by consultants.	Work is on track. RFP released in April 2016 for an asset tagging protocol.	Q4 2017  Q4 2016	Q2 2017  Q2 2017
	4.9 OMM management ensures that any future contracts issued for tender follows the Surety Bond Policy and associated procedures.	Done.	N/A	N/A
	4.10 A current, blanket COI should be collected by Finance – Insurance & Risk for the contractor executing the diesel generator maintenance.	Done.	N/A	N/A
	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.  Missing documentation should be investigated and collected to help ensure that all equipment is being maintained as per the standards followed.	Done.  Done.	N/A	N/A