AGENDA

Audit Standing Committee

Wednesday October 9, 2019
12:00 noon
Conference Room A
4th Floor, City Hall

ST. JOHN'S

ST. JOHN'S

Audit and Accountability Standing Committee Agenda

October 9, 2019
12:00 p.m.
Conference Room A, 4th Floor City Hall

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1.	CALL TO ORDER	
2.	PRESENTATIONS/DELEGATIONS	
3.	APPROVAL OF THE AGENDA	
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6. NEW BUSINESS

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6.3 Decision note dated May 10, 2019 re: Salary Administration - Assignment #12-01 150

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7. ADJOURNMENT

MINUTES
AUDIT STANDING COMMITTEE MEETING
February 21, 2018 – 12:00 pm – Conference Room A, 4th Floor, City Hall

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Present Councillor Debbie Hanlon, Chairperson
Mayor Danny Breen
Derek Coffey, Deputy City Manager – Finance & Administration
Sean Janes, City Internal Auditor
Dave Royle, Senior Internal Auditor
Shelley Traverse, Manager of Financial Services (retired 12:44 pm)
Kevin Breen, City Manager (joined 12:13 pm)
Kenessa Cutler, Acting Legislative Assistant

Others Kelsie Montgomery, BDO (retired 12:44 pm)
Adam Fitzpatrick, BDO (retired 12:44 pm)

CALL TO ORDER/ADOPTION OF AGENDA

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

That the agenda be adopted as presented.

CARRIED UNANIMOUSLY

ADOPTION OF MINUTES

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

That the minutes of the September 26, 2018 meeting be adopted as presented.

CARRIED UNANIMOUSLY

DELEGATION

BDO to Discuss Audit Plan

Kelsie Montgomery and Adam Fitzpatrick from BDO were present to outline the audit plan. Kelsie Montgomery spoke to the projected timeline of the plan and stated that the estimated release date for the audit report will be no later than July 26, 2019. They also discussed significant audit risks and planned responses, audit strategy, and their objectives and responsibilities.

Ms. Montgomery and Mr. Fitzpatrick retired from the meeting at 12:44 pm.

BUSINESS ARISING

Information Note dated January 14, 2019 re: Status of Previously Issued Audit Reports

Sean Janes provided an overview of the above listed for the information of the committee.

Information Note dated October 10, 2018 re: Summary of Outstanding Internal Audit Recommendations

The Committee accepted the above listed as information.

NEW BUSINESS

Decision Note dated January 14, 2019 re: Windsor Lake Water Treatment Facility (Assignment # 15-01)

Sean Janes spoke to the above listed decision note.

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

That the Committee approve the removal of the Windsor Lake Water Treatment Facility report from Internal Audits follow-up list.

CARRIED UNANIMOUSLY

Information Note dated January 22, 2019 re: Summary of 2018 Audit Activities

The Committee accepted the above noted as information.

Decision Note dated December 20, 2019 re: Three Year Audit Plan (2019-2021)

Sean Janes provided an overview of the above listed decision note and outlined the proposed three-year audit plan.

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

That the Committee approve the three-year audit plan.

CARRIED UNANIMOUSLY

IN CAMERA

Decision Note dated February 4, 2019 re: St. John's Transportation Commission – Review of Cash Handling

Jason Hussey, Finance Manager, MetroBus, was present to discuss the above listed. Dave Royle detailed the report and its recommendations. Out of 38 recommendations, 37 have been (or are going to be) implemented.

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

To approve the St. John's Transportation Commission – Review of Cash Handling report and the associated action plans put forth by management.

CARRIED UNANIMOUSLY

Decision Note dated February 4, 2019 re: Citizen Services Centre – Review of Cash Handling

Mary Walsh, Manager, Citizen Services was present to discuss the above listed. Sean Janes outlined the report and the recommendations therein.

Moved – Councillor Hanlon; Seconded – Mayor Danny Breen

To approve the Citizen Services Centre – Review of Cash Handling report and the associated action plans put forth by management.

CARRIED UNANIMOUSLY

ADJOURNMENT

There being no further business, the meeting adjourned at 1:59 pm.

Councillor Hanlon
Chairperson

INFORMATION NOTE

Title: Status of Previously Issued Audit Reports

Date Prepared: May 30, 2019

Report To: Audit Committee

Council/Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Issue: To update the committee on the status of previously issued audit reports.

Discussion – Background and Current Status:

In keeping with governance best practices please find attached a listing of previously issued audit reports that have yet to be closed. The attachment highlights the number of recommendations made in each report and the number of recommendations that have been closed and that are still pending. The last update from the 3rd quarter of 2018 is included for comparison purposes.

Key Considerations/Implications:

1. **Budget/Financial Implications -** N/A
2. **Partners or Other Stakeholders –** N/A
3. **Alignment with Strategic Directions/Adopted Plans –** N/A
4. **Legal or Policy Implications –** N/A
5. **Privacy Implications –** N/A
6. **Engagement and Communications Considerations –** N/A
7. **Human Resource Implications –** N/A
8. **Procurement Implications –** N/A
9. **Information Technology Implications –** N/A

10. **Other Implications –** N/A

Conclusion/Next Steps:

This update is provided to the committee for information purposes only.

Prepared by/Date: Sean Janes, City Internal Auditor / May 30, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / May 30, 2019
Approved by/Date: Sean Janes, City Internal Auditor / May 30, 2019

Attachments: Status of Previously Issued Audit Reports

The City of St. John's

Office of the City Internal Auditor

Status of Previously Issued Audit Reports

1st Quarter 2019

AUDIT REPORTS	Report Date	Recommendations				Date of Last Follow-up	Date of Previous Follow-up	Comments
		Total	Closed	Pending	Percentage Closed			
Salary Administration Audit	Feb-13	18	17	1	94%	1st Qtr 2019	1st Qtr 2018	Recommend to Close
Inspection Services Audit	Jun-13	60	49	11	82%	1st Qtr 2019	1st Qtr 2018	Recommend to Close
Receiving, Stores & Issuing	Nov-13	28	26	2	93%	1st Qtr 2019	1st Qtr 2018	Recommend to Close
Mews Centre & Wedgewood Park	Jul-14	65	57	8	88%	1st Qtr 2019	3rd Qtr 2018	
Commercial Property Tax Allowance	Jan-16	29	24	5	83%	3rd Qtr 2018	1st Qtr 2018	Due 3rd Quarter 2019
Non-Profit Housing	Nov-16	38	26	12	68%	1st Qtr 2019	3rd Qtr 2018	
Municipal Archives	Dec-16	34	34	0	100%	1st Qtr 2019	3rd Qtr 2018	Closed
Mile One Float Discrepancy	Nov-17	53		53		3rd Qtr 2018	N/A	Waiting for comments
e-Tendering	Dec-17	11	5	6	45%	3rd Qtr 2018	N/A	Due 3rd Quarter 2019
Metrobus - Cash Handling	Jul-18	38		38		N/A		Due 3rd Quarter 2019
Citizen Services Centre - Cash Handling	Oct-18	55		55		N/A		Due 3rd Quarter 2019
TOTALS		429	238	191				
TOTALS (FOLLOWED UP)		283	238	45	84%			

3rd Quarter 2018

AUDIT REPORTS	Report Date	Recommendations				Date of Last Follow-up	Date of Previous Follow-up	Comments
		Total	Closed	Pending	Percentage Closed			
Salary Administration Audit	Feb-13	18	17	1	94%	1st Qtr 2018	May-16	Due 1st Qtr 2019
Inspection Services Audit	Jun-13	60	45	15	75%	1st Qtr 2018	1st Qtr 2017	Due 1st Qtr 2019
Receiving, Stores & Issuing	Nov-13	28	26	2	93%	1st Qtr 2018	1st Qtr 2017	Due 1st Qtr 2019
Mews Centre & Wedgewood Park	Jul-14	65	56	9	86%	3rd Qtr 2018	1st Qtr 2018	
Windsor Lake Water Treatment Facility	Mar-15	32	31	1	97%	3rd Qtr 2018	1st Qtr 2018	Recommend to close
Commercial Property Tax Allowance	Jan-16	29	24	5	83%	3rd Qtr 2018	1st Qtr 2018	
Non-Profit Housing	Nov-16	38	24	14	63%	3rd Qtr 2018	1st Qtr 2018	
Municipal Archives	Dec-16	34	28	6	82%	3rd Qtr 2018	1st Qtr 2018	
Mile One Float Discrepancy	Nov-17	53		53		3rd Qtr 2018	N/A	First Follow-up
e-Tendering	Dec-17	11	5	6	45%	3rd Qtr 2018	N/A	First Follow-up
Metrobus - Cash Handling	Jul-18	38		38		N/A		
Citizen Services Centre - Cash Handling	Oct-18	55		55		N/A		
TOTALS		461	256	205				
TOTALS (FOLLOWED UP)		315	256	59	81%			

INFORMATION NOTE

Title: Summary of Outstanding Internal Audit Recommendations

Date Prepared: May 24, 2019

Report To: Audit Committee

Council/Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Issue: To provide the committee with a summary of outstanding internal audit recommendations

Discussion – Background and Current Status:

Attribute Standard 2500.A1 of The Professional Practices Framework from the Institute of Internal Auditors states:

> "The chief audit executive should establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action."

To that end the Office of the City Internal Auditor provides the Audit Committee with a summary update on outstanding recommendations from previously issued audit reports twice annually. The following is a summary of issues still deemed to be outstanding by area management. Unless otherwise indicated all pending recommendations listed below are now beyond the original implementation dates set by management. Detailed reports, by audit/review, containing all pending and closed issues are attached for your review.

Salary Administration – Assignment #12-01

- 17 (or 94%) of the 18 recommendations are closed (1 or 6% are pending).

Pending Recommendation:

- A recommendation regarding how car allowance payments should be handled during unpaid leave of absences is now proposed to be explored with senior management and due to divisional priorities is not likely to be resolved until December 2022 (December 2018, December 2016, March 2016, February 2015).

Closed recommendations:

- No recommendations closed since last update

Inspection Services – Assignment #12-04

- 49 (or 82%) of the 60 recommendations are closed (11 or 18% are pending).

Pending Recommendations:

- Several recommendations regarding reviewing and updating the St. John's Building By-Law and numerous policies and procedures are still outstanding and, although management is committed to implementing them, cannot provide a concrete timeline for their completion due to divisional priorities and priorities in the Office of the City Solicitor. Implementation date TBD (various dates).

- A recommendation for management to inform the appropriate governance committee of the practice of utilizing the Plans Review Masterlist as a compensating control instead of supervisory review and approval of the Certificate of Grade and Plans Review letter to ensure the committee is aware of any and all risks associated with the practice is now proposed to be completed by the end of August 2019 (December 2018, March 2017, January 2016, March 2014).

- Recommendations regarding consistently charging permit holders for repeat inspections and applying the same procedure for building, electrical and plumbing permit holders are now proposed to be completed as soon as possible. Implementation date TBD (December 2018, March 2017, December 2016, January 2014).

Closed Recommendations:

- Nothing for discussion

Receiving, Stores and Issuing – Assignment #13-02

- 26 (or 89%) of the 28 recommendations are closed (2 or 11% are pending).

Pending Recommendations:

- A recommendation to develop a policy and procedures manual for receiving, stores and issuing is still proposed to be implemented as soon as possible. Implementation date TBD (TBD, March 2017, December 2016).

- A recommendation to install security cameras in the delivery/issuing area is now proposed to be implemented by the end of July 2019 (TBD, June 2017, August 2016).

Close Recommendations:

- No recommendations closed since last update.

Recreation Division – Assignment #14-01

- 57 (or 88%) of the 65 recommendations are closed (8 or 12% are pending).

Pending Recommendations:

- Recommendations made regarding the development of Cash Handling and Petty Cash policies and related procedures are still proposed to be implemented by the end of July 2019 (October 2018, August 2017, October 2015, December 2014).

- A recommendation to develop written procedures for reviewing accounts receivable balances is now proposed to be implemented by the end of December 2019 (October 2018, August 2017, October 2015, December 2014).

Closed Recommendations:

- Nothing for discussion.

Commercial Property Tax Allowance – Assignment #15-02

- There were no recommendations due to be implemented since the last reporting period.
- 24 (or 83%) of the 29 recommendations are closed (5 or 17% are pending).

Non-Profit Housing – Assignment #16-01

- 26 (or 68%) of the 38 recommendations are closed (12 or 32% are pending).

Pending Recommendations:

- A recommendation to develop a policy and procedures manual for the division is now proposed to be implemented by the end of December 2019 (TBD, January 2018).

- Recommendations regarding criteria and a process for ensuring the assignment of housing units is done in a fair and equitable manner are now proposed to be completed by the end of December 2019 (April 2019, August 2017).

- A recommendation to provide the Committee of the Whole with the current years rental rates is now proposed to be completed by the end of May 2019 (February 2019, February 2018, May 2017).

- The timeline for implementation of a recommendation to develop a procedure for providing subsidies to affordable housing tenants to ensure consistency is still to be determined (June 2018, April 2017).

- A recommendation to determine if the Yardi computer system is sufficient to meet the needs of the division is on hold until it can be determined if Non-Profit Housings waiting list can be combined with Newfoundland and Labrador Housing Corporations waiting list. Implementation date TBD (March 2019, September 2017).

- Recommendations made to strengthen internal controls over documents are still proposed to be completed by the end of April 2019 (April 2017).

- Recommendations made to strengthen internal controls over the processing of revenue and to make the process more efficient is still proposed to be implemented by the end of April 2019 (October 2017, May 2018).

- Recommendations made to improve the process of handling cheques received from Advanced Education and Skills is still proposed to be completed by the end of April 2019 (October 2017, July 2018).

Closed Recommendations:
- Nothing for discussion.

Municipal Archives – Assignment #16-02
- 34 (or 100%) of the 34 recommendations are closed.

Closed Recommendations:
- Recommendations to store important original records of the City in a fireproof vault as well as to digitize various records and have the digital media sored off-site is underway but will be a multi-year effort. As such, although not yet fully implemented, it was decided to close these recommendations.

- Recommendations related to inefficiencies in processes involving the DBText Works system are now deferred pending a comprehensive records and information management (RIM) review. Management indicates that funding has been allocated to contract a consultant who will be commissioned to review current processes and develop best practices that ensure the protection and lifecycle management of the City's information assets. Though it is premature to speculate, it is anticipated that implementation of the final study's recommendations will occur over a phased approach during a five-year period. As such, although not yet fully implemented, it was decided to close these recommendations.

eTendering – Assignment #17-02
- There were no recommendations due to be implemented since the last reporting period.
- 5 (or 45%) of the 11 recommendations are closed (6 or 55% are pending).

Key Considerations/Implications:

1. **Budget/Financial Implications**
   There may be budget implications for the functional areas in implementing audit recommendations.

2. **Partners or Other Stakeholders**
   The main stakeholders are internal; however, external stakeholders may be impacted by the implementation of certain audit recommendations.

3. **Alignment with Strategic Directions/Adopted Plans**
   Audit recommendations aim to reduce costs, improve efficiency and effectiveness, align processes with strategic directions, measure and report on performance, share knowledge, ensure safety, etc., and therefore support all strategic directions.

4. **Legal or Policy Implications**
   Specific recommendations may have legal and/or policy implications as stated.

5. **Privacy Implications**
   The implementation of certain audit recommendations may have privacy implications. This would be determined by management of the functional areas under review.

6. **Engagement and Communications Considerations**
   The implementation of certain audit recommendations may have engagement and communications requirements. This would be determined by management of the functional areas under review.

7. **Human Resource Implications**
   The implementation of certain audit recommendations may have human resource implications. This would be determined by management of the functional areas under review.

8. **Procurement Implications**
   The implementation of certain audit recommendations may have procurement implications. This would be determined by management of the functional areas under review.

9. **Information Technology Implications**
   The implementation of certain audit recommendations may have information technology implications. This would be determined by management of the functional areas under review.

10. **Other Implications**
    The implementation of certain audit recommendations may have other implications. This would be determined by management of the functional areas under review.

Conclusion/Next Steps:

This memo is provided to the committee for information purposes only. Updates on the status of internal audit recommendations will be provided to the committee biannually.

Prepared by/Date: Sean Janes, City Internal Auditor / May 10, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / May 10, 2019
Approved by/Date: Sean Janes, City Internal Auditor / May 10, 2019

Attachments:

1. Follow-up Summary Report: Salary Administration
2. Follow-up Summary Report: Inspection Services
3. Follow-up Summary Report: Receiving, Stores and Issuing
4. Follow-up Summary Report: Recreation Division
5. Follow-up Summary Report: Commercial Property Tax Allowance
6. Follow-up Summary Report: Non-Profit Housing
7. Follow-up Summary Report: Municipal Archives
8. Follow-up Summary Report: eTendering

To: Chair & Committee Members, Audit Committee

Date: May 10, 2019

Areas Responsible: Derek Coffey, DCM – Finance & Administration
Sarah Hayward – Director, Human Resources

The table below summarizes the pending issues from the Internal Audit of Salary Administration # 12-01.

Recommendation	Status Update	Date
3.9 Management should add a section to the Policy regarding how car allowance payments will be handled during an employee's absence from work. Consideration should be given to discontinuing the payment of car allowances during Long-Term Disability and any unpaid leaves of absence extending beyond 30 calendar days.	Part of this recommendation has been implemented through the Mileage Reimbursement Policy. Section 1.2.2.2 states: "The vehicle allowance will be discontinued during Long Term Disability and any Leave Without Pay extending beyond 20 working days. (This will be confirmed based on a separate policy note approval)" Discontinued during LTD is implemented. Discontinue for unpaid leave – requires policy note approval, further discussion with SEC and the development and approval of an unpaid leave policy.	Dec 2022 <u>Previous Date(s):</u> Dec 2018 Dec 2016 Mar 2016 Feb 2015

The following table summarizes the status of all issues identified in the Internal Audit of Salary Administration # 12-01.

Total Recommendations	Closed	Pending
18	17 (94%)	1 (6%)

<u>Recommendation:</u>

This is the fifth follow-up of the Salary Administration report dated February 11, 2013. Due to the limited resources available to the Office of the City Internal Auditor and the fact that the report is now over five years old it is recommended to remove it from Internal Audit's follow-up list as per standard procedure.

The Table below summarizes the closed issues from the Internal Audit of Salary Administration # 12-01.

Recommendation	Status Update	Date
1.1 Management should develop an overall Compensation Policy. Municipal compensation policies across Canada vary widely in composition; however, many contain the following elements: • a purpose or objective statement • a scope paragraph outlining to whom the policy applies • definitions of terms used throughout the policy • a salary system or pay determination section • a position review and re-evaluation section • a pay administration section,	The City has developed and implemented a comprehensive management pay policy which can be found on the internet. The effective date was January 14th, 2014. As a result, the former management overtime policy was rescinded. With the implementation of our new management pay system, we have grand fathered all existing employees and incorporated their management overtime allowances into salary. New management employees hired after the implementation date of the policy do not receive any monetary overtime allowance. The new policy has provisions which deal with extraordinary circumstances in which compensation may be approved. These items should be considered complete.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
1.2 Management should develop a procedure requiring regular, systematic comparisons of the remuneration paid for jobs at the City with similar positions in the market. The procedure should be included in the overall compensation policy and outline the timelines for performing the reviews, including a requirement for formal documentation and retention of the reviews.	The new comprehensive policy contains an external survey provision. The first survey was completed in September of 2014 however the response rate was extremely poor, and the number of comparable positions was low. The value of the survey was negligible. Perhaps it was a bad time to be requesting this type of information as our consultant indicated he had never experienced such a poor response rate. We will continue to perform these surveys bi-annually. This item should be considered complete.	Implemented Closed
2.1 Management should perform a full review of the rationalization for management car allowances to help ensure that the policy is fair and equitable to both the City and the employees…	The review of the vehicle allowance and mileage policies by the City's external auditors is complete. The report includes a comparison of the City's Management Car Allowance policy to relevant policies adopted by similar public-sector entities and to current best practice. City staff conducted additional research to compare the City's policy against those of like municipalities.	Implemented Closed
2.2 Management should review the rates that the City pays for all management car allowances with the intention of developing a rate that is fair to the City and also appropriately reimburses City employees for the costs incurred in operating their personal vehicles on City business.	A review of the current rates paid and the mechanism for determining those rates has been conducted. The annual cost of paying car allowances as compared to providing and maintaining City owned or leased vehicles has also been considered.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.3 Management should devise a new method for adjusting the amounts of the management car allowance and the maximum reimbursement amount for business use insurance that will result in a fair and reasonable adjustment for the City and its' employees.	The Travel and Mileage Reimbursement Policy dealing with these items was approved by Council on September 12, 2016 and is now implemented.	Implemented Closed
2.4 Management should review all City policies related to car allowances and ensure that the information contained in them is accurate and up to date. Then management should combine them into one comprehensive policy to provide management and employees with an accurate, single source of information.	The Travel and Mileage Reimbursement Policy, approved by Council on September 12, 2016, combines a number of the current City policies. However, it was felt that the policy on suspension of licence (policy # 03-10-10) should remain separate.	Implemented Closed
3.1 The term frequent basis should be defined in the Management Car Allowances Policy to ensure that all Department Heads are using the same standards when determining if their employees qualify for a car allowance.	A list of positions requiring a 4-wheel drive vehicle was finalized by the DCM of Public Works in consultation with Human Resources. Changes to the vehicle allowances were implemented effective January 1, 2018	Not Applicable Closed
3.2 In an effort to ensure consistent application of the Management Car Allowances Policy, management should develop guidelines for determining which classifications require the use of a personal vehicle and include them in the Policy and/or have the City Manager approve the determination prior to processing of the request by the Department of Human Resources.	A list of positions requiring a 4-wheel drive vehicle was finalized by the DCM of Public Works in consultation with Human Resources. Changes to the vehicle allowances were implemented effective January 1, 2018	Partially Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.3 Guidance should be provided in the Policy on the method to be used by Department Heads when estimating the annual mileage driven by their employees to help ensure that the determination of the amount of the car allowance is consistent among all Department Heads.	A list of positions requiring a 4-wheel drive vehicle was finalized by the DCM of Public Works in consultation with Human Resources. Changes to the vehicle allowances were implemented effective January 1, 2018	Partially Implemented Closed
3.4 Management should develop a standardized form to be used by the Department Heads for the justification of employee car allowances. The form should be forwarded to the Department of Human Resources for inclusion in the employee's personal file with a copy retained in the originating department.	A list of positions requiring a 4-wheel drive vehicle was finalized by the DCM of Public Works in consultation with Human Resources. Changes to the vehicle allowances were implemented effective January 1, 2018	Partially Implemented Closed
3.5 If management decides to develop a comprehensive vehicle policy, then a separate section related to mileage claims should be created. If a comprehensive policy is not implemented, then a new policy related to mileage claims should be developed. (See report for examples of items to be included in the policy.	The Travel and Mileage Reimbursement Policy, approved by Council on September 12, 2016, addresses all items noted in the recommendation.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.6 Management should revise Section II of the Management Car Allowances Policy by: i) presenting the mileage brackets for cars and trucks/4X4's in a more user friendly format, such as in a table, and ii) referring employees to a location, such as the City's Intranet site, where the current rates for each mileage bracket would be documented and updated.	The Travel and Mileage Reimbursement Policy, approved by Council on September 12, 2016, addresses all items noted in the recommendation.	Implemented Closed
3.7 If management decides to develop a comprehensive vehicle policy, then a separate section related to the reimbursement for business use insurance should be created. If a comprehensive policy is not implemented, then the section on the reimbursement for business use insurance should be added to Policy 03-10-03 Proof of Valid Driver's Licence and/or Business Use Insurance. The section should refer employees to a location, such as the City's Intranet site, where the current maximum amount for reimbursement for business use insurance would be documented and updated, and refer to the Transportation component of the CPI for Newfoundland and Labrador instead of St. John's.	The Travel and Mileage Reimbursement Policy, approved by Council on September 12, 2016, includes the requested information in appendix 1 which is available in the policy section of the intranet.	Implemented Closed

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Recommendation	Status Update	Date
3.8 Management should determine if it is still appropriate for the City to assist in the disposal of an unwanted vehicle for an employee who was receiving a management car allowance and was laid off, terminated for cause, or displaced by another employee. Consideration should be given to phasing out the incentive by not providing it to employees who are new to positions requiring the use of a personal vehicle including employees who are hired into such positions on a casual, temporary or seasonal basis.	This practice will be removed from the policy.	Implemented Closed
4.1 Management should rescind Policy: 03-03-10, Compensation in Lieu of Overtime for Management Staff, and add the overtime provisions to the overall compensation policy recommended in Issue 1.1. Management should also review the other sections of the Policy and add them to other related City policies if appropriate. The overtime provisions should be expanded to include: i. a definition of compensatory overtime; ii. the forms and approvals required to account for overtime worked; iii. the justification requirements (i.e., criteria) and approval process for obtaining an overtime allowance; and **iv.** how to determine the dollar amount and/or extra annual leave of overtime allowances.	The City has developed and implemented a comprehensive management pay policy which can be found on the internet. The effective date was January 14th, 2014. As a result the former management overtime policy was rescinded. With the implementation of our new management pay system, we have grand fathered all existing employees and incorporated their management overtime allowances into salary. New management employees hired after the implementation date of the policy do not receive any monetary overtime allowance. The new policy has provisions which deal with extraordinary circumstances in which compensation may be approved. These items should be considered complete.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.1 (Cont'd) The provisions should also include a requirement for a regular review of overtime worked by each individual receiving an overtime allowance to help ensure that the allowance remains reasonable. This would include a mandatory review whenever an individual's work situation changes (e.g., new shift(s) added, new position(s) added, change of job, etc.). All reviews should be documented and kept on file.		
4.2 A formal, documented review of management overtime allowances should be conducted after the overtime policy is revised as recommended in Issue 4.1. The review should examine the number of overtime hours being worked by each employee and determine if the overtime is necessary or compensable as per the revised policy. For example, does the overtime appear to fall under the definition of "assignment responsibility" which does not normally attract overtime payments or is the overtime a result of attending meetings after hours where a flexible work schedule may alleviate the requirement for overtime. Using the guidance provided in the revised policy, management should next calculate the individual overtime allowance recommendations which should be submitted to Council for approval. Once approval has been obtained, management	The City has developed and implemented a comprehensive management pay policy which can be found on the internet. The effective date was January 14th, 2014. As a result the former management overtime policy was rescinded. With the implementation of our new management pay system, we have grand fathered all existing employees and incorporated their management overtime allowances into salary. New management employees hired after the implementation date of the policy do not receive any monetary overtime allowance. The new policy has provisions which deal with extraordinary circumstances in which compensation may be approved. These items should be considered complete.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.2 (Cont'd) should update the appendix to the policy to ensure it is accurate and make sure that all necessary documentation, as required by the revised policy (e.g., justification forms, approval forms, etc.), is on file. This review should be conducted on a regular basis as stated in the revised policy.		
4.3 When revising the policy as recommended in Issue 4.1, management should add a section regarding how overtime allowance payments will be handled during an employee's absence from work, including annual leave, sick leave, unpaid leaves of absence, Long-Term Disability, etc.	The City has developed and implemented a comprehensive management pay policy which can be found on the internet. The effective date was January 14th, 2014. As a result the former management overtime policy was rescinded. With the implementation of our new management pay system, we have grand fathered all existing employees and incorporated their management overtime allowances into salary. New management employees hired after the implementation date of the policy do not receive any monetary overtime allowance. The new policy has provisions which deal with extraordinary circumstances in which compensation may be approved. These items should be considered complete.	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: May 24, 2019

Areas Responsible: Jason Sinyard, DCM – Planning, Engineering and Regulatory Services
Randell Carew, Manager Regulatory Services

The table below summarizes the pending issues from the Internal Audit of Inspection Services #12-04.

Recommendation	Status Update	Date
1.5 (i) Management should review the departmental policies/procedures and forward them to the appropriate governance committee of council for their information in line with best practices for corporate governance.	Policy and procedures are continuing to be reviewed. Meetings have taken place with the City's Policy Analyst with policies developed for review by the committee. The Inspection Services Division has implemented 13 new Standard Operating Procedures with several more in draft stages. Management will continue to review and bring new polices before the Policy Analyst and continue to develop new procedures for the Division. No policies have yet gone to the committee and it is difficult to provide an implementation date for completion has this is a long-term project.	TBD <u>Previous Date:</u> May 2019 Sep 2017 Dec 2016 May 2014

DRAFT

Recommendation	Status Update	Date
1.5 (ii) Management should include reference in the policy/procedures of a follow-up of expired permits and conditional occupancy permits for building, electrical and plumbing.	Management continues to report on Conditional Occupancies regularly. There are currently approximately 125 Conditional Occupancies active with 75% current to previous year. Reference for a follow-up of expired permits and conditional occupancy permits will be included in the policy and procedures.	TBD <u>Previous Date:</u> May 2019 Sep 2017 Dec 2016 Dec 2013
2.7 (i) Management should determine the standard number of inspections required for each construction category. This should be documented and added to the Inspection Services Division Internal Policy Manual.	New procedures have been implemented with building, electrical and plumbing which set a maximum number of inspections for certain work types. This has not yet been documented in the policy manual.	Oct 2019 <u>Previous Date:</u> Dec 2018 Mar 2017 Dec 2016 Mar 2014
2.7 (ii) Management should consult with the Legal Department to determine if the By-Law should be revised to include the standard number of inspections required for each construction category.	The by-law will have to be adjusted to reflect the new procedures. We are waiting to meet with the Legal Division to start the process.	Oct 2019 <u>Previous Date:</u> Dec 2018 Mar 2017 Dec 2016 Mar 2014

DRAFT

Recommendation	Status Update	Date
2.9 (i) Management should inform the appropriate governance committee of Council of the current process of utilizing the Plans Review Masterlist as a compensating control instead of supervisory review and approval of the Certificates of Grade and Plans Review Letter. The committee should be informed of the risks to the City of issuing incomplete and inaccurate Letters so that the Committee Members can decide if, in their opinion, the risks are adequately controlled.	A decision note will be prepared for review by the Committee of the Whole.	Aug 2019 <u>Previous Date:</u> Dec 2018 Mar 2017 Jan 2016 Mar 2014
3.1 (iii) Management should review the By-Law, Policy and actual inspection practices and depending on the outcomes of i) and ii), decide if amendments should be made to the By-Law and Policy.	Wording between all has been changed to be consistent. As well, management will be meeting with the Legal Division to update wording of by-laws.	Oct 2019 <u>Previous Date:</u> Dec 2018 Mar 2017 Dec 2016 Mar 2014
3.2 (i) (Electrical) Management should consistently charge permit holders for repeat inspections in an effort to deter builders/contractors from repeatedly calling for an inspection prior to ensuring their work is up to code. The electrical repeat inspection fee should be applied using the same method that is developed for the building repeat inspection fee under Issue 2.1. An alternative to charging the repeat inspection fee during each inspection stage is to charge the full amount of the repeat inspection fees during the Occupancy Certificate stage.	New procedures have been implemented which set a maximum number of inspections for certain work types. MS Govern will allow easy monitoring for compliance. The repeat inspection fee is not yet consistently charged for various reasons; however, management will continue to periodically review the fee with the goal of achieving consistency.	TBD <u>Previous Date:</u> Dec 2018 Mar 2017 Dec 2016 Jan 2014

DRAFT

Recommendation	Status Update	Date
3.2 (ii) (Electrical) Management should revise the Division's Policy A-4-37 to reflect the same terminology as the Electrical By-Law.	Management is working toward ensuring the wording between all is consistent. As well, management will be meeting with the Legal Division to update wording of by-laws.	Nov 2019 Previous Date: Dec 2018 Sep 2017 Dec 2016 Jan 2014
4.1(iii) (Plumbing) Management should review the By-Law and Policy and depending on the outcomes of other recommendations made in the report, determine if amendments should be made to the By-Law and Policy.	This will be reviewed with the Legal Division as part of the by-law review process.	Dec 2019 Previous Date: Dec 2018 Dec 2017 Dec 2016 Mar 2014
4.2 (i) Management should consistently charge permit holders for repeat inspections in an effort to make certain that the fee is effective in deterring builders/contractors from repeatedly calling for an inspection prior to ensuring their work is up to code. The plumbing repeat inspection fee should be applied using the same method that is developed for the building repeat inspection fee under Issue 2.1. An alternative to charging the re-inspection fee during each inspection stage is to charge the full amount of all re-inspection fees during the Occupancy Certificate stage.	New procedures have been implemented which set a maximum number of inspections for certain work types. MS Govern will allow easy monitoring for compliance. The repeat inspection fee is not yet consistently charged for various reasons; however, management will continue to periodically review the fee with the goal of achieving consistency.	TBD Previous Date: Mar 2019 Mar 2017 Dec 2016 Nov 2013

DRAFT

Recommendation	Status Update	Date
4.2(ii) Management should reference the $100 fee for plumbing repeat inspections in the Inspection Services Division's Policy and Procedures Manual.	Policy and procedures are continuing to be reviewed. Meetings have taken place with the City's Policy Analyst with policies developed for review by the committee. The Inspection Services Division have implemented 13 new procedures with several more in draft stages. Management will continue to review and bring new policies before the Policy Analyst and continue to develop new procedures for the Division.	TBD Previous Date: Apr 2019 Sep 2017 Dec 2016 Mar 2014

The following table summarizes the current status of all issues identified in the Internal Audit of Inspection Services #12-04.

Total Recommendations	Closed	Pending
60	49 (82%)	11 (18%)

Recommendation:

This is the fifth follow-up of the Inspection Services report dated June 25, 2013. Due to the limited resources available to the Office of the City Internal Auditor and the fact that the report is now over five years old it is recommended to remove it from Internal Audit's follow-up list as per standard procedure.

DRAFT

The Table below summarizes the closed issues from the Internal Audit of Inspection Services #12-04.

Recommendation	Status Update	Date
1.1(i) Management should develop a checklist for the inspectors to complete indicating all necessary documentation is contained in the file.	Completed	Implemented Closed
1.1 (ii) Management should ensure that files are reviewed and approved by a manager/supervisor. If a review of all files is determined to not be feasible, then management should review a sample of files on a regular basis to verify that the information contained in them is accurate and complete. The outcome of the reviews should be documented.	Completed	Partially Implemented Closed
1.2 (i) Management should investigate the feasibility of developing a program whereby contractors/electricians/plumbers could qualify to be approved to certify their own work. Management should contact the provincial government to determine how they instituted their program for the certification of registered contractors in regard to electrical work and to discover if they are having any problems. Management should also contact the Canadian Home Builder's Association and any other relevant industry associations to determine if they have any certification programs in place to help ensure the quality of the work of their members.	Management indicated CHBANL is developing a voluntary master builder program; however, the program is not fully developed and the industry at present is not ready for self-regulation for Building, Electrical or Plumbing inspections.	Not Implemented Closed

DRAFT

Recommendation	Status Update	Date
1.2 (ii) Management should make certain that the City's self-regulation program, if developed, includes the right for the City to perform inspections on a test basis to help ensure compliance with the program. In addition, management should involve the City's Legal Department in the development of the program to make certain that the City's interests are protected.	Management indicated CHBANL is developing a voluntary master builder program; however, the program is not fully developed and the industry at present is not ready for self-regulation for Building, Electrical or Plumbing inspections.	Not Implemented Closed
1.3 Management should determine if it is feasible to have staff call the building superintendents/contractors on the day of the inspection to give the builders the opportunity to have a representative on site. However, it should be made clear to the builders that the purpose of this courtesy is to have the inspector available to answer any questions after the inspection and not for the representative to accompany the inspector during the inspection.	Management advised for new construction, if an inspector has a homeowner or contractor standing over his shoulder asking questions while conducting the inspection, this will slow down the process. There is also an intimidation factor there and the inspector may be asked to wait around while the deficiencies are corrected.	Not Implemented Closed
1.4 Management should review the number of telephone calls and inquiries handled by the Inspector on Duty, along with the response times, and decide if another position is warranted at least during the busier times of the construction season.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.1 Management should ensure that the fee for repeat inspections is charged on a consistent basis. In order to make the repeat inspection fee process work on a more equitable basis for the contractor and the Inspection Services Division, management may want to consider allowing for a number of free repeat inspections before the penalty fee is applied. In addition, management should monitor the number of repeat inspections being performed on, at least, a yearly basis.	Management noted that a new procedure was implemented that restricts the number of inspections for Single Dwellings.	Implemented Closed
2.2 (i) In order to avoid confusion and ensure consistent application of the By-Law, Policy, etc., management should review the By-Law, the Policy, the Schedule of Fees and Rates and the Plans Review Letter and determine the appropriate wording for the fees to ensure that they are consistent with each other and that they are not open to interpretation. (Plans Review Letter & Sched of Fees)	Completed	Implemented Closed
2.2 (ii) In order to avoid confusion and ensure consistent application of the By-Law, Policy, etc., management should review the By-Law, the Policy, the Schedule of Fees and Rates and the Plans Review Letter and determine the appropriate wording for the fees to ensure that they are consistent with each other and that they are not open to interpretation. (By-Law)	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.2 (iii) In order to avoid confusion and ensure consistent application of the By-Law, Policy, etc., management should review the By-Law, the Policy, the Schedule of Fees and Rates and the Plans Review Letter and determine the appropriate wording for the fees to ensure that they are consistent with each other and that they are not open to interpretation. (Policy)	Completed	Implemented Closed
2.3 (i) Management should review the expiry dates provided for each type of permit to determine if they should be changed to reflect the current construction environment in the City and to ensure they are equitable and consistent. If required, section 30 of the St. John's Building By-Law and Internal Policy A-3-06 should be updated to reflect this change. (Expiry Date)	Completed	Implemented Closed
2.3 (ii) Management should review the expiry dates provided for each type of permit to determine if they should be changed to reflect the current construction environment in the City and to ensure they are equitable and consistent. If required, section 30 of the St. John's Building By-Law and Internal Policy A-3-06 should be updated to reflect this change. (Policy)	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.3 (iii) Management should review the expiry dates provided for each type of permit to determine if they should be changed to reflect the current construction environment in the City and to ensure they are equitable and consistent. If required, section 30 of the St. John's Building By-Law and Internal Policy A-3-06 should be updated to reflect this change. (By-Law)	Completed	Implemented Closed
2.4 (i) In order to ensure that the expired permits/deficiencies are followed up on a timely basis, renewal fees are collected and Conditional Occupancy Permits are being cleared in a reasonable period of time, management should generate reports showing expired permits where the files are still active.	Completed	Implemented Closed
2.4 (ii) In order to ensure that the expired permits/deficiencies are followed up on a timely basis, that renewal fees are collected and that Conditional Occupancy Permits are being cleared in a reasonable period of time, management should generate reports from the AS400 computer system showing a list of Conditional Occupancy Certificates which are outstanding. Senior management should review the reports and ensure that the files are followed up on a timely basis.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.5 (i) In an effort to improve consistency in inspection outcomes, management should review, modify (if required) and implement the checklist for inspectors to complete while conducting their inspections.	Management selected and implemented a program called City Reporter. The IT Department provided I-Pads to the Inspection Division staff.	Implemented Closed
2.5 (ii) In an effort to improve consistency in inspection outcomes, management should monitor and document all instances where a repeat inspection has found deficiencies that were not noted during the original inspection in an effort to determine the cause and frequency of occurrence.	Completed	Implemented Closed
2.6 (i) Management should revise the Schedule of Fees and Rates to include the estimated construction value of $650 per square meter for garages on one and two family dwellings.	Completed	Implemented Closed
2.6 (ii) Management should revise the Schedule of Fees and Rates to include clarification that electrical and plumbing permit fees will be charged in addition to building fees. Consideration should also be given to charging one fee to cover the building, electrical and plumbing permits. This will eliminate the appearance of double billing for these items and may also help to speed up the permitting process for both the applicant and the City.	Management advised the Schedule of Fees and Rates has been updated to include the recommended statements.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.6 (iii) Management should revise the Schedule of Fees and Rates to include guidance on what costs (design fees, HST, bonding, etc.) are to be included in the estimated value of the project that is required to be entered on the building permit by the applicant to help ensure consistency.	Completed	Implemented Closed
2.6 (iv) Management should revise the Schedule of Fees and Rates to include a statement that permit fees will be adjusted and charged if the actual cost of the project differs from the estimated cost supplied by the applicant on the permit application.	Completed	Implemented Closed
2.6 (v) Management should revise the Schedule of Fees and Rates to include a statement that applicants for commercial building permits must provide an estimated cost in writing signed-off by the contractor.	Completed	Implemented Closed
2.8 Management should re-visit the stock plans submission process to determine if it can be utilized.	After consultation, management determined that the industry was not utilizing the Stock Plan Submission process; therefore, it was discontinued, and Inspection Services started sorting and assigning like plans to a smaller group of inspectors/plans examiners. Also, the larger residential builders were asked to note on their new applications the locations where they have already built a similar plan.	Implemented Closed (process reviewed)

DRAFT

Recommendation	Status Update	Date
2.9 (ii) Management should ensure the copy of the Certificate of Grade that is kept on file is signed by the Senior Building Inspector.	Completed	Implemented Closed
2.10 (i) Management should advise inspectors to identify the inspection stage on the Field Notices and initial and date all deficiencies noted in the previous inspection that were corrected.	Completed	Implemented Closed
2.10 (ii) Management should advise inspectors when they do an inspection based on an existing Field Notice to prepare a new Field Notice indicating 1) what items are outstanding from the previous notice and 2) if they found any additional deficiencies. Also, if all the deficiencies are corrected, then a Field Notice should be given to the builder indicating so.	All divisions are now on City reporter and this issue seems to be resolved. No complaints from industry in the past year.	Implemented Closed
3.1(i) (Electrical) Management should decide if electrical permits should be given for a specific time period to ensure consistency and fairness for all applicants.	Completed	Implemented Closed
3.1 (ii) (Electrical) Management should review the By-Law, Policy and actual inspection practices and decide on the inspection classifications (stages) to be used and the number of inspections that are required for each construction category.	Management informed a new procedure was implemented that restricts the amount of inspections for Single Family Dwellings. It will continue to review all files periodically for compliance.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.3(i) Management should ensure that applications for electrical permits are attached to the copy of the permit forwarded to the Inspection Services Division.	Completed	Implemented Closed
3.3(ii) Management should instruct staff to place permits in the "open" file in numerical sequence (civic number) by street name for ease of accessibility.	Completed	Implemented Closed
3.3(iii) Management should instruct Electrical Inspectors to give the original of the Field Alteration Notices to the contractor / homeowner, attach the copy to the permit and place it in the "closed" file when the project has been completed. This is similar to the building inspections process.	Completed	Implemented Closed
3.3(iv) Management should ensure electrical permits relating to building files are placed in the "Building File" so that there is one file that contains all permits and inspections. (Note: management should review the filing system once the reorganization has taken place to determine if one file for building, electrical and plumbing would be practical.)	Completed	Implemented Closed
3.3(v) Management should ensure that the letters sent to electrical contractors for follow-up of expired permits are signed.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.1(i) (Plumbing) Management should decide if plumbing permits should be given a specific expiry date in the case of new buildings; and if so: a) generate a report of expired plumbing permits on a regular basis; and b) ensure that expired permits are followed-up and that the applicants are charged a permit renewal fee, if appropriate.	Completed	Implemented Closed
4.1(ii) Management should decide on the number of plumbing inspection stages that are required.	Completed	Implemented Closed
4.3(i) Management should ensure that applications for plumbing permits are attached to the copy of the permit forwarded to the Inspections Services Division.	Completed	Implemented Closed
4.3(ii) Management should re-design the plumbing inspection forms to be similar to the Field Notices for building inspections and have specific sections clearly identified for each stage of inspection.	Completed	Implemented Closed
4.3(iii) Management should ensure that the plumbing inspectors sign and date each inspection.	Completed	Implemented Closed
4.3(iv) Management should ensure plumbing inspection deficiencies are in writing with a copy given to the contractor and a copy retained by the inspector.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.3(v) Management should ensure plumbing permits related to building files are placed in the "Building File" so that there is one file that contains all permits and inspections. (Note: management should review the filing system once the reorganization has taken place to determine if one file for building, electrical and plumbing would be practical.)	Completed	Implemented Closed
4.3(vi) Management should ensure all requests for plumbing inspections are recorded in the Active Citizen Request system.	Completed	Implemented Closed
5.1(i) Management should ensure CSR's sign and date all applications for building permits in the space provided.	Completed	Implemented Closed
5.1(ii) Management should ensure CSR's check the permits for the signature of the owner or authorized agent before processing.	Completed	Implemented Closed
5.1(iii) Management should review section 5 of the City-1003 Building Permit & Development Application Forms and determine if it should be deleted or modified.	Completed	Implemented Closed
5.1 (iv) In an effort to address these deficiencies, management at Access St. John's should ensure the permit fee calculation is verified for accuracy by a second employee.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
5.1(v) Access St. John's management should meet with management of Inspection Services to discuss the possibility of revising the City's Schedule of (Fees &) Rates to include square feet for calculating the building permit fee as well as square meters. This will provide more useful information to those individuals still using square feet and should also lower the risk of miscalculating the permit fee as the CSR's will not have to convert the measurements to square meters from square feet.	Completed	Implemented Closed
5.1(vi) Management should deposit cheques upon receiving them at Access St. John's and if required, issue a refund at a later date.	Completed	Implemented Closed
5.2(i) Management should ensure staff record reasons as to why building permits are issued for no fees in the AS400 computer system.	Completed	Implemented Closed
5.2(ii) Management (Access St. John's) should have a manager or supervisor review and approve all zero fee building permits issued each day. The copy of the permit forwarded to Inspection Services should be signed and dated by the manager or supervisor in Access St. John's to indicate approval of the no fee permit.	Completed	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: April 10, 2019

Areas Responsible: Derek Coffey, DCM – Finance & Administration
Richard Squires, Manager – Supply Chain

The Table below summarizes the pending issues from the Internal Audit of Receiving, Stores and Issuing # 13-02.

Recommendation	Status Update	Date
1.1 Management should prepare a policy and procedures manual for receiving, stores and issuing. The policy and procedures should be forwarded to the appropriate governance committee of Council for their review and approval.	Initial meetings have taken place and the Policy Note has been approved.	TBD <u>Previous Date(s):</u> TBD Mar 2017 Dec 2016
3.1 (ix) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should consider installing security cameras in the delivery/issuing area.	Estimates have been obtained and funding has been arranged. Installation expected before the end of the second quarter.	Jul 2019 <u>Previous Date(s):</u> TBD Jun 2017 Aug 2016

The following table summarizes the current status of all issues identified in the Internal Audit of Receiving, Stores and Issuing # 13-02.

Total Recommendations	Closed	Pending
28	**26 (93%)**	**2 (7%)**

DRAFT

Recommendation:

This is the fourth follow-up of the Receiving, Stores and Issuing report dated November 22, 2013. Due to the limited resources available to the Office of the City Internal Auditor and the fact that the report is now over five years old it is recommended to remove it from Internal Audit's follow-up list as per standard procedure.

The Table below summarizes the closed issues from the Internal Audit of Receiving, Stores and Issuing # 13-02.

Recommendation	Status Update	Date
2.1 (i) In order to improve the receiving process, management should ensure that the Stockroom Clerks date stamp all Packing Slips when goods are received.	Completed	Implemented Closed
2.1(ii) In order to improve the receiving process, management should have the requisitioner record the date the goods are obtained on the Packing Slip at the same time the signature is recorded.	Completed	Implemented Closed
2.1(iii) In order to improve the receiving process, management should ensure the "Central Stores Transfer Record" is properly completed.	Completed	Implemented Closed
2.2 Management should advise Stockroom Clerks to ensure that they sign their full name to all Receiving Reports.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.3 (i) Internal Audit recommends that management of the Stockroom consult with management of the Regional Water Supply (RWS) and any other departments where similar issues are noted during the receipt of goods to determine if these departments can have any or all goods delivered directly to them and complete the receiving process.	Management indicated that the Buyer decides with input from the user department for each order as to where the goods should be delivered and who prepares the receiving report. July 2014	Implemented Closed
2.3 (ii) Internal Audit recommends that any exceptions to normal receiving procedures should be documented on the Purchase Order/Receiving Report and in the Dynamics GP system.	Completed	Implemented Closed
2.4 Internal Audit recommends that corresponding Packing Slips, Receiving Reports and Purchase Orders be attached and filed together.	Completed	Implemented Closed
3.1 (i) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should instruct supplier delivery personnel that they are to remain in the designated area.	Completed	Implemented Closed
3.1 (ii) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should ensure that purchasing staff do not have unrestricted access to the Stockroom. If purchasing staff require access to the Stockroom, they should be accompanied by a Stockroom employee.	Management advised it has been determined that 3 of the 4 buyers will not have access to the Stockroom. In order to ensure efficient operations and timely delivery of emergency repair parts for fleet vehicles it is necessary for the Garage buyer to continue to have access. February 2017	Partially Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.1 (iii) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should provide a washroom for purchasing employees that is separate from the Stockroom.	Completed	Implemented Closed
3.1 (iv) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should remind employees in the Fleet Division that they are to follow the procedures of requesting parts from the Stockroom employees and that they are not to enter the Stockroom unless accompanied by a Stockroom employee.	Management advised in the interim, a plexiglass barricade was installed which was later removed on 2015/03/06 once confirmation that tool box talks had taken place.	Implemented Closed
3.1 (v) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should advise Stockroom Clerks to request the assistance of another Stockroom Clerk to retrieve items that are heavy or difficult to lift. If another Stockroom Clerk is not available, then the Clerk should ask the employee requesting the item for assistance provided he/she wears the appropriate safety equipment and is accompanied by a Stockroom employee at all times.	Management indicated that the recommended process was the current practice, but they will send a reminder to staff.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.1 (vi) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should ensure that the Inventory Control Clerk does not have access to the Stockroom.	The Inventory Control Clerk position has been made redundant.	Implemented Closed
3.1 (vii) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should ensure Stockroom Clerks do not have access to the Inventory Control Clerk's office and receiving documents.	Completed	Implemented Closed
3.1 (viii) In order to increase controls over the Stockroom and potentially reduce the number of variances in the inventory count, management should consider having all employees with access to the Stockroom exit through one area that is monitored by management.	Originally, management advised they would review this by December 2014 to determine feasibility. In April 2015, they advised it was not feasible and the recommendation will not be implemented.	Not Implemented Closed
3.2 (i) Management should improve the layout and labeling system for the inventory when renovations are made to the building and meet with the Manager of Fleet Services to discuss any concerns and suggestions. Consideration should be given to hiring a consultant to review the inventory system.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.2 (ii) Management should explore the possibility of having: a) the mechanic request the equipment part from the Parts Clerk and return to the garage. b) the Parts Clerk prepare the Pick List and print a copy inside the Stockroom counter or send it as an e-mail attachment to the Stockroom Clerk. c) the Stockroom Clerk advise the mechanic when the part is ready. This would increase the productivity of the mechanics as they would not have to wait around for parts. This process should be monitored for a few weeks/months to see if any improvements can be made.	The new Manager of Fleet Services noted that Technicians currently order parts and return to work if it will take time to obtain the parts. He is currently assessing alternate means of contacting the Technicians when the parts are ready.	Implemented Closed
3.3 (i) To ensure (inventory) counts are performed completely and accurately and reviewed by the Supervisor, Stores and Manager, Materials, management should instruct the employees preparing count sheets and verifying count sheets to sign and date all Stock Count Forms.	Completed	Implemented Closed
3.3 (ii) To ensure (inventory) counts are performed completely and accurately and reviewed by the Supervisor, Stores and Manager, Materials, management should advise the Supervisor and Manager to review, sign and date the list of variances.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.4 In order to strengthen internal control, (inventory) adjustments such as the above (non-stock items changed to stock items) should be reviewed and approved by the Manager, Materials on a periodic basis.	Completed	Implemented Closed
3.5 To ensure that the appropriate inventory items are identified for deletion from inventory, the Operations Assistant – Fleet Services should review the list confirmed by the Senior Fleet Parts Clerk and return it to the Supervisor, Stores by e-mail or in paper form with the Clerk's and Operations Assistant's signature and date recorded on it.	Completed	Implemented Closed
3.6 In order to ensure that the appropriate inventory items are deleted from the inventory system and are properly approved, the Supervisor, Stores should key the list of items in the system and the Manager, Materials should review and approve them.	Completed	Implemented Closed
3.7 Management should instruct the Stockroom Clerk and the Inventory Control Clerk to record the measurements directly on the "Depot Tank Dip Reading" form and sign and date the form. Also, the Supervisor, Stores should sign and date the form after review and approval.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.1 In order to strengthen internal control, management should ensure that the Pick List sections “Approved By” and “Issued To” are signed by different employees.	Completed	Implemented Closed
4.2 Management should ensure that all issuing documents (Pick Lists and Stock Issue forms) are signed properly and that proper procedures are included in the policy and procedures to cover the signing of these documents.	Completed	Implemented Closed
4.3 The Supervisor, Stores should investigate the reasons for the differences between the amounts indicated in the Smartlist and the “Sales Transactions Inquiry Zoom” screen and ensure the problem is resolved.	Management contacted Information Services which investigated the problem and found that the negative amounts are not posted anywhere; and, therefore, there is no effect to our information or reports.	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: May 16, 2019

Areas Responsible: Tanya Haywood, Deputy City Manager – Community Services
Carla Squires, Manager Facilities Division

The Table below summarizes the pending issues from the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Recommendation	Status Update	Date
1.1 Management should develop a city-wide Cash Handling Policy. While different departments may have varied requirements for the handling of cash, the city-wide policy should specify that adequate segregation of duties must exist at all times in the cash handling function. Other considerations for the policy can be viewed in the report.	The Cash Handling Policy Note (which will include Petty Cash) was presented to the Corporate Policy Committee (CPC) on October 16. CPC members have until November 13 to provide feedback. It is expected that following the feedback from CPC members, the policy note will be ready to proceed to the policy development stage.	Jul 2019 <u>Previous Dates:</u> Sep 2018 Jul 2017 Sep 2015 Dec 2014
1.2 Management should develop a city-wide Petty Cash Policy. While different departments may have varied requirements for Petty Cash, the city-wide policy should aim to ensure that all Petty Cash funds are properly secured and accounted for at all times. Other considerations for the policy can be viewed in the report.	The Cash Handling Policy Note (which will include Petty Cash) was presented to the Corporate Policy Committee (CPC) on October 16. CPC members have until November 13 to provide feedback. It is expected that following the feedback from CPC members, the policy note will be ready to proceed to the policy development stage.	Jul 2019 <u>Previous Dates:</u> Sep 2018 Jul 2017 Sep 2015 Dec 2014

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Recommendation	Status Update	Date
1.4 (i) In order to improve controls over the Petty Cash Advance Vouchers, management should: re-design the form to have the appropriate title indicated instead of "Supervisor". The appropriate title should be an employee who has signing authority on the account. Also, the section "Cash Given To" should be changed to "Requested By". Management should confer with the Department of Financial Management prior to re-designing the form to ensure that it meets their requirements under the city-wide Petty Cash Policy proposed in issue 1.2.	Management indicated that forms are developed by the Finance Department and they are waiting for their direction.	Aug 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014
1.5 In order to improve controls over the Petty Cash Voucher forms, management should re-design the form to include the following sections: i) "Requested By" ii) "Approved By" (management employee who has signing authority) iii) "Cash Given By". Management should confer with the Department of Financial Management prior to re-designing the form to ensure that it meets their requirements under the city-wide Petty Cash Policy proposed in issue 1.2.	Management indicated that forms are developed by the Finance Department and they are waiting for their direction.	Aug 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014

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Recommendation	Status Update	Date
2.2 (i) In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: provide all Petty Cash Custodians with direction on how to properly complete the vouchers.	Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.	Aug 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014
2.2 (ii) In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: review the vouchers when approving the Petty Cash Reconciliation form and the Cheque Requisition for Petty Cash reimbursement to ensure that the vouchers are properly completed and signed.	Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.	Aug 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014
2.2 (iii) In order to improve the accuracy of the Petty Cash Vouchers and ensure that all expenses incurred are appropriate, management should: ensure a manager with appropriate signing authority reviews and signs all Petty Cash Vouchers when the employee is being reimbursed for the expenditure.	Management indicated policies and procedures are to be developed by the Finance Department and they are waiting for their direction.	Aug 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014

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Recommendation	Status Update	Date
4.9 (ii) Management should develop written procedures outlining the process for reviewing accounts receivable balances on a regular basis. Items that should be included in the procedures can be found in the report.	Management advised that procedures will be developed in consultation with the Finance Department.	Dec 2019 <u>Previous Dates:</u> Oct 2018 Aug 2017 Oct 2015 Dec 2014

The following table summarizes the current status of all issues identified in the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Total Recommendations	Closed	Pending
65	57 (88%)	8 (12%)

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The Table below summarizes the closed issues from the Review of H.G.R. Mews Community Centre and Wedgewood Park Recreation Centre (Cash Handling, Petty Cash, Sales and Attendance Reporting) - # 14-01.

Recommendation	Status Update	Date
1.3(i) In order to improve the Recreation Division's Policies and Procedures, management should: include copies of forms in the "Recreation Division Facilities – Facility Service Workers and Overnight Janitor Policies, Procedures and General Information" manual and any other manual that makes reference to specific forms. If this is not feasible then management should include a reference in the manual to where the forms can be found.	Completed	Implemented Closed
1.3 (ii) In order to improve the Recreation Division's Policies and Procedures, management should: reword Section 7 - General Program Procedures, subsection B to make it consistent and understandable. In addition, examples of expenses which are acceptable and unacceptable should be included.	Completed	Implemented Closed
1.3(iii) In order to improve the Recreation Division's Policies and Procedures, management should: state the position titles of the employees who are authorized to sign the Petty Cash Voucher Forms.	Completed	Implemented Closed

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Recommendation	Status Update	Date
1.3(iv) In order to improve the Recreation Division's Policies and Procedures, management should: include the title of the "Petty Cash Transaction Record" on top of the form and include sections for the preparer and reviewer/approver to sign and date it.	Completed	Implemented Closed
1.3(v) In order to improve the Recreation Division's Policies and Procedures, management should: change the title of "The Petty Cash Reconciliation Form" in the procedures to the "Daily Petty Cash Reconciliation" form and identify the management position(s) that are authorized to verify and approve the Form.	Completed	Implemented Closed
1.3(vi) In order to improve the Recreation Division's Policies and Procedures, management should: provide guidelines for the Account Representatives to follow in terms of processing the refund application.	Completed	Implemented Closed
1.4(ii) In order to improve controls over the Petty Cash Advance Vouchers, management should: ensure that copies of the Petty Cash Advance Voucher are retained on file.	Completed	Implemented Closed

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Recommendation	Status Update	Date
1.4(iii) In order to improve controls over the Petty Cash Advance Vouchers, management should: ensure that all Advance Voucher forms are properly signed before the funds are disbursed.	Completed	Implemented Closed
2.1 (i) In order to improve accountability over and access to the Petty Cash funds, management should ensure: that access to the Petty Cash fund is limited to the custodian.	Completed	Implemented Closed
2.1 (ii) In order to improve accountability over and access to the Petty Cash funds, management should ensure: that the Petty Cash box is appropriately secured overnight and on weekends, preferably in a safe or locked cabinet with limited access.	Completed	Implemented Closed
2.3 Management should consider the use of an excel spreadsheet to record the information for the Petty Cash Transaction Record in an effort to reduce preparation time and help ensure accuracy.	Completed	Implemented Closed
2.4 (i) In an effort to streamline the Petty Cash reconciliation process management should: consider preparing the reconciliation less frequently, (e.g., weekly) and prior to requesting reimbursement of the Petty Cash funds or whenever the custodian is anticipated to be on leave and/or the funds are to be handed to another individual.	Completed	Implemented Closed

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Recommendation	Status Update	Date
2.4 (ii) In an effort to streamline the Petty Cash reconciliation process and ensure appropriate management review of the reconciliation's management should: have the reconciliation reviewed and approved by the Program Supervisor, Facilities.	Completed	Implemented Closed
2.5 Management should request to have the Program Supervisor, Facilities, Wedgewood Park, included on the signing authority list.	Completed	Implemented Closed
3.1 (i) In order to improve the accountability over the cash floats and the security of the cash Internal Audit recommends that management: limit access to the safes at both locations as much as feasibly possible. In addition, the combination to the safes should be changed whenever an individual who knows the combination no longer requires access to the safe.	Combination to the safes has been reviewed and access limited as much as feasibly possible. Combinations have been changed since the review and are changed whenever staff leave the City as an employer and during the semi-annual shutdown. Combinations are not changed every time a staff member changes jobs within the City because many times it is of a temporary nature.	Partially Implemented Closed

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Recommendation	Status Update	Date
3.1 (ii) In order to improve the accountability over the cash floats and the security of the cash management should: keep the change floats in the limited access deposit section of the safes until needed. Management, along with a second individual, should count the change float at the beginning and end of management's work day, record the count on a form and sign and date the form. If the float is required during the day management and another individual should retrieve the float, provide the change required and place the float back in the safe.	Change floats cannot be kept in the limited access section of the safe because the floats are required at times when management is not available to open this section of the safe. The Accounts Representative checks the change float twice a week and the Manager/Program Supervisor checks it periodically.	Partially Implemented Closed
3.1 (iii) In order to improve the accountability over the cash floats and the security of the cash Internal Audit recommends that management: ensure that the drawer balance report is prepared and that the cash is checked for accuracy at all lunch/dinner breaks.	Completed	Implemented Closed
3.2 Internal Audit recommends that the Facility Service Workers count their floats at the beginning and end of each shift. These counts should be verified by another individual and both employees should sign the Master Float Record to indicate that the count was performed. The Master Float Record should be re-designed to accommodate the second verification signature.	Management advised that due to staff schedules and hours of operation, Recreation facilities open early in the morning with one staff person. Therefore, the opening cash count cannot be verified. However, all other cash counts are now being performed and documented on the Master Float Record. Change in staffing hours will be considered for all new recreation facilities as part of the internal control structure.	Partially Implemented Closed

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Recommendation	Status Update	Date
3.3 (i) To help improve the security of and accountability over the cash deposit and sales float management should: have the FSW's sign the deposit envelope instead of initial it to help improve the audit trail over the cash deposit.	Completed	Implemented Closed
3.3 (ii) To help improve the security of and accountability over the cash deposit and sales float management should: require the FSW who recounts and verifies the cash sales to also recount and verify the sales float.	Completed	Implemented Closed
3.3 (iii) To help improve the security of and accountability over the cash deposit and sales float management should: require the FSW who recounts and verifies the cash sales to also witness the drop of the cash in the safe. This FSW should sign the "Deposits" log sheet to indicate they witnessed the cash drop.	Completed	Implemented Closed
3.3 (iv) To help improve the security of and accountability over the cash deposit and sales float management should: adjust the "Deposits" log sheet to add a column to capture the signature of the FSW's who witness the cash drop.	Completed	Implemented Closed

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Recommendation	Status Update	Date
3.4 (i) To strengthen internal control over the deposit preparation process, management should: have a second employee accompany the Accounts Representative when opening the safe, agreeing the deposit envelopes to the "Deposits" log sheet and preparing the deposit. In addition, the cash in the deposit envelopes should be counted and verified to the amount documented on the envelope at this time.	Completed	Implemented Closed
3.4 (ii) To strengthen internal control over the deposit preparation process, management should: retain the top strip of the deposit bag and keep it with the deposit documentation.	Completed	Implemented Closed
3.4 (iii) To strengthen internal control over the deposit preparation process, management should: keep the deposit bag in the safe at the Wedgewood Park Recreation Centre location until it is picked up by Brinks.	Completed	Implemented Closed
3.5 (i) Internal Audit recommends that management: purchase a sorter/roller machine for use in counting and rolling the 25 cent coins.	Completed	Implemented Closed
3.5 (ii) Internal Audit recommends that management: revise the Locker Revenue Log to include a signature column for the 2 employees who collect and count the coins to sign.	Completed	Implemented Closed

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Recommendation	Status Update	Date
3.6 It is recommended that management consider installing security cameras in the Wedgewood Park Recreation Centre to discourage theft of the City's assets and to help protect the employees. In addition, since the Wedgewood Park Recreation Centre will soon be replaced by the Paul Reynold's Community Centre it is recommended that management consider installing security cameras in the new building.	Completed	Implemented Closed
4.1 Management should determine if the Class computer system can be set up to track pass use. If so, the type of pass use should be entered into the system. Management should print a monthly report of pass usage and compare it to pass sales to determine reasonableness. The usage of complimentary and attendant's passes should also be reviewed for reasonableness. Management should sign and date the reports to indicate they have been reviewed. If the Class system cannot be configured to track pass usage, then management should record them on a spreadsheet and conduct the same reasonableness tests mentioned above.	Completed	Implemented Closed

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Recommendation	Status Update	Date
4.2 (i) In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: determine if the Class computer system can produce a report showing sales and pass usage by category for each shift. This report should capture all sales, including racquetball and facility rental sales, for the shift and can replace the sales now being manually recorded on the Daily Cash Balance report. Management should also develop a new manual form for the FSW's to use to capture the wrist band numbers issued during their shift and for reconciling revenue received to the revenue recorded on the Daily Cash Balance Report – Detailed.	This item is completed.	Implemented Closed
4.2 (ii) In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure the Account Representative signs and dates the Daily Cash Balance Report – Detailed and the manual Daily Cash Balance report or the new report indicated above, if implemented, to indicate review and approval.	Completed	Implemented Closed

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Recommendation	Status Update	Date
4.2 (iii) In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure that all Complimentary passes and other sales records are maintained with the sales documentation for a period of, at least, the current year plus 7 years in compliance with the City's Records and Information Management Policy.	Completed	Implemented Closed
4.2 (iv) In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: instruct the Facility Services Worker to identify the original transaction being refunded on the Daily Cash Balance Report – Detailed when a refund is processed for a transaction made during the same shift.	Completed	Implemented Closed
4.2 (v) In an effort to improve internal controls over this process (Daily Cash Balance Report), management should: ensure the Summary of Sales Report is both signed and dated by the preparer and the reviewer.	Completed	Implemented Closed
4.3 Management should consider ordering pre-numbered passes for all passes used at the Recreation Division.	Completed	Implemented Closed

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Recommendation	Status Update	Date
4.4 Management should ensure that the cabinet where the unissued passes are stored is locked when not in use. This will increase the security and accountability of the passes.	Completed	Implemented Closed
4.5 Management should re-design the Log Sheets to include an area at the bottom of each sheet for management to sign and date to indicate review and approval. In addition, passes should be sold in sequence whenever possible. If for some reason the passes are sold out of sequence an explanation should be provided on the sheet.	Completed	Implemented Closed
4.6 (i) In order to improve controls over refunds, management should: revise the application form to include an area for the applicant's signature and date.	Completed	Implemented Closed
4.6 (ii) In order to improve controls over refunds, management should: revise section 5 of the Application to include a space for the Accounts Representative to sign his/her name.	Completed	Implemented Closed
4.6 (iii) In order to improve controls over refunds, management should: ensure that the Refund Confirmation is reviewed and approved by a supervisor/manager.	Completed	Implemented Closed

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Recommendation	Status Update	Date
4.7 (i) In order to strengthen internal controls over refunds, management should ensure: that section 5 of the Application for Refund, Credit, etc. is completed by the Accounts Representative.	Completed	Implemented Closed
4.7 (ii) In order to strengthen internal controls over refunds, management should ensure: that the Refund Confirmations have the sections – "Received By" and "Date Processed" completed.	Completed	Implemented Closed
4.7 (iii) In order to strengthen internal controls over refunds, management should ensure: that the confirmation of registration and receipt from the Class system are attached to all Applications for Refund, etc.	Completed	Implemented Closed
4.7 (iv) In order to strengthen internal controls over refunds, management should ensure: that the refund amount is recorded in section 6 of the Application and a copy of the credit/debit slip showing the refund is attached.	Completed	Implemented Closed
4.7 (v) In order to strengthen internal controls over refunds, management should ensure: current Application for Refund, etc., forms are used for all refunds.	Completed	Implemented Closed

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Recommendation	Status Update	Date
4.7 (vi) In order to strengthen internal controls over refunds, management should ensure: a copy of any original documents are attached to Applications for Refund, etc., when changes are made to the request (i.e., changes from credit to account to a refund).	Completed	Implemented Closed
4.8 Management should obtain a report of all refunds processed during a specified period (e.g. monthly) from the Class computer system and review it for reasonableness. This report should be reviewed by a manager with no ability to issue refunds in the Class computer system. The report should be signed and dated to indicate review and should be maintained on file.	Completed	Implemented Closed
4.9 (i) Management should ensure that the overdue accounts are reviewed in an effort to collect the outstanding amounts and/or resolve the outstanding credits. All collection activity during this review should be documented and maintained on file.	Completed	Implemented Closed
5.1 (i) In an effort to alleviate these issues (attendance and payroll), management should: review the attendance/payroll forms to determine if there can be one sign in sheet and one payroll form for all three areas - aquatics, fitness and Facility Service Workers.	Management completed a review of the attendance/payroll forms and decided the information could not be included all on one form due to variances in classifications, pay rates, etc.	Not Implemented Closed

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Recommendation	Status Update	Date
5.1 (ii) In an effort to alleviate these issues (attendance and payroll), management should: date stamp the payroll documents when they are received.	Completed	Implemented Closed
5.2 Internal Audit recommends that the Accounts Representative initial/sign and date the Time Ticket Report and a manager review, initial/sign and date the report to indicate review and responsibility for these procedures. This will also create an audit trail that will help in the event that these documents are required for review at a future date.	Completed	Implemented Closed
5.3 (i) In an effort to improve internal control over Aquatics attendance reporting management should ensure that: explanations are recorded on the Aquatic Staff Payroll Form when actual hours differ from the scheduled hours. Although explanations are recorded in a separate book that is available for management to review, having the explanations recorded directly on the form would make it easier for management to review the payroll and help ensure that the information is readily available in the future if required.	Completed	Implemented Closed

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Recommendation	Status Update	Date
5.3 (ii) In an effort to improve internal control over Aquatics attendance reporting management should ensure that: all Aquatic Staff Payroll Forms submitted for approval are original documents and that they are signed and dated by the Timekeeper.	Completed	Implemented Closed
5.3 (iii) In an effort to improve internal control over Aquatics attendance reporting management should ensure that: employees properly complete the Aquatics Sign-in Sheet by recording the Time In and Time Out for each shift, including am and pm.	Completed	Implemented Closed
5.3 (iv) In an effort to improve internal control over Aquatics attendance reporting management should ensure that: shift differentials are recorded properly.	Completed	Implemented Closed
5.4 (i) In order to improve controls over Fitness staff and Facility Service Workers attendance/payroll records, management should ensure: the Time Keeper signs and dates the Casual Staff Payroll Reports and the Program Supervisor records the date after approving the form.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
5.4 (ii) In order to improve controls over Fitness staff and Facility Service Workers attendance/payroll records, management should ensure: actual hours worked agree with the work schedule. If changes are made then explanations should be recorded on the payroll forms.	Completed	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: April 2, 2019

Areas Responsible: Derek Coffey, DCM – Finance & Administration
Gord Meaney, Manager Revenue Accounting

There were no recommendations due to be implemented since the last reporting period; therefore, the following information is unchanged.

The table below summarizes the pending issues from the Internal Audit of Commercial Property Tax Allowance - assignment #15-02.

Recommendation	Status Update	Date
1.1 (i) Management should perform a complete review of the Commercial Property Tax By-Law and ensure that it is clear and protects the City's interests.	Given the significant workload of the legal department throughout 2018 the goal is to have the new by-law done by the spring of 2019.	Jun 2019 Previous Date: Nov 2018 TBD
1.1 (ii) Management should determine if they want to continue to offer commercial landlords a vacancy allowance for leasing space to Day Cares and, if so, ensure that it is addressed in the By-Law.	Given the significant workload of the legal department throughout 2018 the goal is to have the new by-law done by the spring of 2019.	Jun 2019 Previous Date: Nov 2018 TBD
1.2 (i) To help ensure that all allowance claims are processed completely and accurately management should prepare a policy for the Commercial Property Tax Allowance and forward it to the Corporate Policy Committee for consideration.	Final development of the policy will be once the by-law is complete	TBD Previous Date: Sep 2018 TBD

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Recommendation	Status Update	Date
1.3 (i) In an effort to improve the Commercial Property Tax Allowance Claim form management should revise Section 3 so that the wording in the "Free Rent" allowance type section agrees with the wording in the Commercial Property Tax By-Law.	Given the significant workload of the legal department throughout 2018 the goal is to have the new by-law done by the spring of 2019.	Jun 2019 Previous Date: Nov 2018 TBD
1.4 Management should, at a minimum, review the legislation, Commercial Property Tax By-Law, Tax Blending brochure(s) and the Commercial Property Tax Allowance Claim form and ensure that consistent terminology is used to describe like terms.	Given the significant workload of the legal department throughout 2018 the goal is to have the new by-law done by the spring of 2019.	Jun 2019 Previous Date: Nov 2018 TBD

The following table summarizes the current status of all issues identified in the Internal Audit of Commercial Property Tax Allowance - assignment #15-02.

Total Recommendations	Closed	Pending
29	24 (83%)	5 (17%)

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The Table below summarizes the closed issues from the Internal Audit of Commercial Property Tax Allowance - assignment #15-02.

Recommendation	Status Update	Date
1.2 (ii) To help ensure that all allowance claims are processed completely and accurately management should revise the procedures to ensure they are complete and have them appropriately approved.	Completed	Implemented Closed
1.3 (ii) In an effort to improve the Commercial Property Tax Allowance Claim form management should add a check box type response for the claim period with one check box for each quarter. The specific dates for each quarter should be listed.	Completed	Implemented Closed
1.3 (iii) In an effort to improve the Commercial Property Tax Allowance Claim form management should remove the check box for square feet and request the Total Leasable Area section be completed in square meters.	Completed	Implemented Closed
2.1 (i) In order to reduce the risk of revenue leakage from approving erroneous or fraudulent claims, management should require supporting documentation for all allowance types and sub-types. Supporting documentation, depending on the type of allowance claimed, could include evidence that the property was advertised for rent/lease such as a dated copy of a real estate agent's listing agreement.	Completed	Implemented Closed

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Recommendation	Status Update	Date
2.1 (ii) In order to reduce the risk of revenue leakage from approving erroneous or fraudulent claims, management should require supporting documentation for all allowance types and sub-types. Supporting documentation, depending on the type of allowance claimed, could include a copy of the fully executed lease indicating the tenant, the amount of space rented/leased and including any sections that show rent free use.	Completed	Implemented Closed
2.1 (iii) In order to reduce the risk of revenue leakage from approving erroneous or fraudulent claims, management should require supporting documentation for all allowance types and sub-types. Supporting documentation, depending on the type of allowance claimed, could include confirmation letters from the property owner's external auditors indicating the periods of any vacancy.	Completed	Implemented Closed
2.1 (iv) In order to reduce the risk of revenue leakage from approving erroneous or fraudulent claims, management should require supporting documentation for all allowance types and sub-types. Supporting documentation, depending on the type of allowance claimed, could include statements of account from Newfoundland Power for the property showing the period(s) from the previous year when the space was rented and the current quarter when the space was not rented for comparison purposes.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.1 (v) In order to reduce the risk of revenue leakage from approving erroneous or fraudulent claims, management should require supporting documentation for all allowance types and sub-types. Supporting documentation, depending on the type of allowance claimed, could include an affidavit from the applicant attesting to the vacancy.	Completed	Implemented Closed
2.2 (i) In order to lower the risk of revenue leakage to an acceptable level management should perform additional inspections of properties to verify claimed vacancies. The number of additional inspections required will depend on the types and quality of additional supporting documentation received with the Commercial Property Tax Allowance Claim forms as recommended in Issue 2.1.	Completed	Implemented Closed
2.2 (ii) In addition, a formal, written procedure should be developed to document the vacancy verification process.	Completed	Implemented Closed
2.3 (i) In order to improve controls over the receipt and processing of vacancy allowance claims, management should ensure that all changes to the Total Leasable Area in the Altus system are approved by management.	Completed	Implemented Closed

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Recommendation	Status Update	Date
2.3 (ii) In order to improve controls over the receipt and processing of vacancy allowance claims, management should ensure a supervisor/manager reviews and verifies the keying of the entries in the Altus and Govern systems.	Completed	Implemented Closed
2.3 (iii) In order to improve controls over the receipt and processing of vacancy allowance claims, management should ensure a supervisor/manager reviews and verifies the summary and detailed vacancy allowance calculations, statement of account and letters approving the amount of the allowance and signs the letter prior to forwarding the documentation to the applicant.	Management advised that they review some of the claims and have staff check each other's calculations.	Implemented Closed
2.3 (iv) In order to improve controls over the receipt and processing of vacancy allowance claims, management should ensure that a supervisor / manager is aware of all issues / telephone calls from landlords, approves all adjustments and ensures the adjustments are keyed to the Altus and Govern Systems.	Revenue Accounting management noted that beginning Quarter 2-2018, all changes to claims entered in Altus and Govern now require Revenue Accounting management approval.	Implemented Closed
2.4 (i) In an effort to address these control deficiencies management should ensure all forms are date stamped when received.	Completed	Implemented Closed

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Recommendation	Status Update	Date
2.4 (ii) In an effort to address these control deficiencies management should ensure all forms are numbered when received.	Completed	Implemented Closed
2.4 (iii) In an effort to address these control deficiencies management should direct staff to document, directly on the claim form, any changes made to the information submitted on the claim form along with an explanation for the change. The representative should also initial and date the changes.	Completed	Implemented Closed
2.4 (iv) In an effort to address these control deficiencies management should ensure staff sign and date the forms after they are keyed into the Altus system.	Completed.	Implemented Closed
2.5 (i) Management should generate regular reports showing all vacancy allowances provided each quarter. Any significant variances from previous quarter reports should be investigated.	Completed	Implemented Closed
2.5 (ii) Management should generate other types of reports for trend analysis purposes, such as reports of repeat claimants, claimants with high allowance amounts, etc.	Completed	Implemented Closed

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Recommendation	Status Update	Date
2.6 (i) In order to address these issues management should consult with Information Services to determine the problem with the calculations and take corrective action to ensure that the detailed calculations agree with the summary.	Completed	Implemented Closed
2.6 (ii) In order to address these issues management should add titles to the summary calculations report and the detailed calculations report.	Completed	Implemented Closed
2.7 Management should consult with the Information Services Division to determine if it would be cost effective to integrate the two systems (Govern GP and Altus computer systems).	Management informed that the Information Services Division determined that Altus and Govern cannot be integrated.	Implemented Closed
3.1 Due to the issues and observations raised throughout this report management should consider one of the following options for the vacancy allowance program: i. If the program is considered to be meeting its original objectives and the inherent risks identified fall within the City's risk appetite then management should consider maintaining the program as is, with the exception of strengthening the control weaknesses identified in this report. ii. If the program is considered to be only partially meeting its original objectives and there is a level of uncertainty regarding the acceptability of the inherent risks then management should consider conducting a more	Management advised that Council has determined that the vacancy allowance program will continue with some changes (CD #R2016-05/18. Documentation is now required to support all claims, new reports have been created in Altus and the Commercial Property Tax By-Law will be updated.	Implemented Closed

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Recommendation	Status Update	Date
3.1 (Cont'd) comprehensive review of best practices in Canadian Municipalities and adjust the program accordingly. iii. If the program is considered to not be meeting its original objectives and the inherent risks identified are greater than the City's risk appetite then management should consider recommending to Council that the program be eliminated.		

DRAFT

To: Chair & Committee Members, Audit Committee

Date: April 25, 2019

Areas Responsible: Tanya Haywood, DCM – Community Services
Judy Tobin, Manager – Housing

The table below summarizes the pending issues from the Internal Audit of Non-Profit Housing #16-01.

Recommendation	Status Update	Date
2.1 To assist management and staff in making decisions, completing job tasks and achieving outcomes required to move the City toward attaining its strategic directions, management should prepare a formal policy and procedures manual. All policies should be vetted through the Corporate Policy Committee and the policy and procedure manual should be approved by the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee.	The Policy Analyst and Manager, Housing have drafted a report to submit to the Corporate Policy Committee. The new timeline is December.	Dec 2019 <u>Previous Date:</u> TBD TBD Jan 2018
2.2 (i) To ensure the assignment of housing units to applicants is done in a fair and equitable manner, management should: develop a formal written set of criteria for assessing applicants and assigning housing units. The criteria should be approved by the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee and form part of the policy/procedures recommended in Issue 2.1. The criteria to	We currently have the NLHC's policy and procedures and we will incorporate after the Corporate Policy Committee reviews the draft report. The timeline should be moved to December 2019.	Dec 2019 <u>Previous Date:</u> Apr 2019 Aug 2017

DRAFT

Recommendation	Status Update	Date
2.2 (i) Cont'd select tenants for housing should consider such items as: a. income levels; b. current address of applicant (will current St. John's residents have preference over applicants from outside St. John's); c. people with disabilities, d. victims of violence, e. seniors, f. current living conditions, etc.		
2.2 (ii) To ensure the assignment of housing units to applicants is done in a fair and equitable manner, management should: ii. develop a process to deal with any exceptions (fast-track applicants).	We currently have the NLHC's policy and procedures and we will incorporate after the Corporate Policy Committee reviews the draft report. The timeline should be moved to December 2019.	Dec 2019 <u>Previous Date:</u> Apr 2019 Aug 2017
2.5 (i) In order to ensure that rental rates are reasonable, management should provide: the current years rental rates by location charged by the City,	An information/decision note will be going to Council in May 2019.	May 2019 <u>Previous Date:</u> Feb 2019 Feb 2018 May 2017
2.6 (i) In order to ensure that the City is in compliance with the CMHC "Global Agreements" management should: i. contact CMHC/NLHC to determine if the City's method of providing subsidies to affordable housing tenants are in compliance with the agreements. If the City is found not to be in compliance, then management should develop a plan to ensure the City comes into compliance	We are seeking NLHC's policy and procedure manual that will assist Non-Profit Housing in writing these policies. Approval to receive this manual is currently with the Senior Executive at NLHC. Then we will seek the assistance of the City's Policy Analyst and then vet the document through the Corporate Policy Committee. As of October 23, 2018 NLHC	TBD <u>Previous Date:</u> Jun 2018 Apr 2017

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Recommendation	Status Update	Date
2.6 (i) Cont'd as soon as possible. Management should ensure that any guidance/direction received from the CMHC/NLHC is in writing and this documentation should be maintained on file. The final outcome of this communication should be forwarded to the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee for their approval and the procedure for providing subsidies should be included in the division's policy and procedures manual.	was unable to provide a timeline for when we may receive the policy and procedure manual.	
3.1 (ii) In order for the Non-Profit Housing Division to determine if the Yardi system can provide the resources it needs to properly manage its operations and to ensure that it is operating efficiently and effectively, management should: use this information (from the training) to determine if the Yardi system can meet the divisions requirements. If it is found that Yardi is not meeting the division's needs then management should look for another solution, including taking a closer look at the system in use at the Newfoundland and Labrador Housing Corporation.	Yardi will continue to be used until we determine whether the waitlist for NLHC can be combined with the City's. If they can be a new system will have to be explored in collaboration with NLHC. If they cannot be combined, we have met with Information Services in April 2019 and have started the process of looking at a new management system that will meet the needs and requirements of NPH.	TBD <u>Previous Date:</u> Mar 2019 Sep 2017

DRAFT

Recommendation	Status Update	Date
4.3 (i) In an effort to strengthen internal controls over documents management should: ensure that all applications are numbered when received and that the numeric sequence of the applications are monitored.	As of May 1, 2019, all complete applications will be numbered when processed. All incomplete applications will not be numbered as they are sent back to the applicant.	May 2019 Previous Date: Apr 2019 Apr 2017
4.3 (ii) In an effort to strengthen internal controls over documents management should: place a name/title on the form which records changes to tenant information.	Management indicated that implementation of the recommendation will be delayed due to possible merging with NLHC.	Apr 2019 Previous Date: Apr 2017
5.1 (i) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should: have the AES cheques received directly by the Citizen Services Centre, whose staff have been trained in proper cash handling techniques, for processing and deposit. A minimal amount of training may be needed.	NPH staff still need to handle these cheques as they are often not labelled properly. On-going efforts are being made to reach AESL staff to discuss the appropriate labelling of these cheques.	Apr 2019 Previous Date: Jun 2018 Oct 2017
5.1 (ii) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should meet with the Deputy City Manager, Finance & Administration to discuss if the collection of the non-payment of rent should be Finance & Administration's responsibility.	Currently in the Continuous Improvement cue as a possible project. A report will be going to Council November 9.	Apr 2019 Previous Date: May 2018 Oct 2017

DRAFT

Recommendation	Status Update	Date
5.2 (i) In order to make the process of handling AES cheques more efficient, management should: ii. contact AES and request that they use the proper address when forwarding cheques.	On-going. Continued difficulty reaching the right people is the issue.	Apr 2019 Previous Date: Jul 2018 Oct 2017
5.2 (ii) In order to make the process of handling AES cheques more efficient, management should: ii. contact AES and request that they use the proper address when forwarding cheques.	On-going. Continued difficulty reaching the right people is the issue.	Apr 2019 Previous Date: Jul 2018 Oct 2017

The following table summarizes the current status of all issues identified in the Internal Audit of Non-Profit Housing #16-01.

Total Recommendations	Closed	Pending
38	26 (68%)	12 (32%)

DRAFT

The Table below summarizes the closed issues from the Internal Audit of Non-Profit Housing #16-01.

Recommendation	Status Update	Date
1.1 In order to assist the Community Services and Housing Standing Committee ensure the Non-Profit Housing program is accomplishing its objectives, management should prepare terms of reference for the Committee and include in the terms, the frequency of meetings, membership and composition, membership length of term, etc. for approval by Council.	The Community Services and Housing Standing Committee no longer exists as a stand alone committee. This function is now part of the Committee of the Whole.	No Longer Applicable Closed
1.2 Management should discuss with the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee the types of reporting they require to evaluate the success of the Non-Profit Housing program and to ensure they are aware of the issues and resources required for the program to achieve its goals and objectives. The discussion should also focus on the frequency of reporting, realizing that senior management may require reporting more frequently than the committee. At a minimum it is recommended that reporting to the committee occur on an annual basis.	Complete March 2018. Spoke to Councillor Jamieson and the DCM, Community Services. Yearly reports will be going to the Committee of the Whole starting February 2019. The rationale for that start date is to report on the full year prior and some plans for the current year.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
1.3 (i) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: open a dialogue with the Deputy City Manager, Community Services, the Manager, Corporate Risk and Recovery and the City Solicitor regarding the potential liability risks of not obtaining a Certificate of Conduct from applicants for the City's housing programs,	Management advised that according to the City's Legal Department, requesting a certificate of conduct for potential tenants is a violation of the Human Rights Code.	Implemented Closed
1.3 (ii) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: use the results of this discussion for developing policy and/or procedure for the applicant review process,	Management indicated that no policy is needed.	Not applicable Closed
1.3 (iii) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: submit the policy and/or procedure to the Community Services and Housing Standing Committee for approval to ensure they are comfortable with the risk mitigation measures taken	Management indicated that no policy is needed.	Not applicable Closed

DRAFT

Recommendation	Status Update	Date
1.3 (iv) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: iv. add the requirement for a Certificate of Conduct to the Applicant Checklist if required.	Management indicated that no policy is needed.	Not applicable Closed
2.3 (i) Management should advise and seek the approval or other direction of the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee regarding: the credit checks being discontinued.	Completed	Implemented Closed
2.3 (ii) Management should advise and seek the approval or other direction of the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee regarding: ii. the number of tenants not having their income confirmed annually.	Completed	Implemented Closed
2.4 (i) To help provide guidance to management and staff when making decisions regarding applicants and tenants of the City's housing programs management should: review the income qualifications for the Lower End of Market program to determine if there should be a maximum income level. This should be discussed with the Deputy City Manager, Community Services and the final decision should be approved by the Community	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.4 (i) Cont'd Services and Housing Standing Committee.		
2.4 (ii) To help provide guidance to management and staff when making decisions regarding applicants and tenants of the City's housing programs management should: develop a policy/procedure to deal with the issue of tenants whose incomes exceed the maximum income levels for each housing program and ensure it is properly approved.	Completed	Implemented Closed
2.5 (ii) In order to ensure that rental rates are reasonable, management should provide: documentation of the maximum allowable rental rates by location from NLHC.	An email message from the Manager, Tenant & Community Relations, at NLHC dated May 31, 2017 states the LEM rates are determined by a number of factors. These factors include data from CMHC, local rental rates and property assessments within NLHC. There isn't a chart or guide that is sharable.	Not Applicable Closed
2.5 (iii) In order to ensure that rental rates are reasonable, management should provide: the proposed rental rates to be charged by the City for the upcoming year to the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee for information purposes/approval on an annual basis. This should be included in the procedures of the division.	Complete	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.6 (ii) In order to ensure that the City is in compliance with the CMHC "Global Agreements" management should: contact the CMHC/NLHC and request documentation regarding the transfer of responsibilities from CMHC to NLHC. This documentation should also be maintained on file.	Information regarding the transfers of responsibilities from CMHC NLHC could not be located.	Not Applicable Closed
2.7 (i) In an effort to decrease risk and improve the audit trail and accountability over the applicant checklist process management should: modify the Applicant's Checklist form to: a. include spaces, in each section, for the employee who completes the checklist to sign and date, and b. record the various current sources of income, total income and monthly gross income, along with the corresponding dates;	Done July 2018.	Implemented Closed
2.7 (ii) In an effort to decrease risk and improve the audit trail and accountability over the applicant checklist process management should: discuss the risks of not completing the Past Landlord References / Home Visit/Inspection section of the checklist with the Deputy City Manager, Community Services to determine if the costs of completing the section outweigh the benefits. If it is decided not to complete the section, then it should be deleted from the checklist.	Completed. Management noted the section will remain and will be prepared at the discretion of NPH staff.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.1 (i) In order for the Non-Profit Housing Division to determine if the Yardi system can provide the resources it needs to properly manage its operations and to ensure that it is operating efficiently and effectively, management should: contact the Information Services Division to obtain training on the full capabilities of the Yardi system.	Done May 2018. We have received guidance from IT and will continue to be in touch on an as needed basis.	Implemented Closed
3.2 (i) In order to ensure that the applicant waitlist is accurate, management should: discuss the issues that the division is having with the Yardi waitlist with the Information Services Division during the training session recommended in Issue 3.1 to determine which list better provides the information needed by the Non-Profit Housing Division to track the applicants.	Completed March 2019. With the help of Information Services, the Yardi application has been cleaned up and is accurate. Ongoing yearly checkups are now scheduled every March for Yardi.	Implemented Closed
3.2 (ii) In order to ensure that the applicant waitlist is accurate, management should: ii. depending on which method is used, ensure the list is up-to-date	Completed May 2018. Yardi is up to date. Yardi will be updated annually from a go forward basis. Spreadsheets are maintained as back up.	Implemented Closed
3.3 In order to improve system security management should complete the Network Access – Delete/Disable Request form and forward it to the Information Services Division to disable system access for the Word Processor III employee until their return to work.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.1 (i) In order to provide an audit trail of follow-up work resulting from the Move-In and Annual inspections and to ensure safety issues are identified and resolved, management should: i. record, on the inspection reports, whether or not damages/deficiencies identified warrant repair work and if so, record the work order number and date that the City Buildings Division was contacted.	Completed October 2018.	Implemented Closed
4.1 (ii) In order to provide an audit trail of follow-up work resulting from the Move-In and Annual inspections and to ensure safety issues are identified and resolved, management should: ii. ensure all Annual Inspection reports have each section "checked" and signed by the employee conducting the inspection.	Completed October 2018.	Implemented Closed
4.2 In order to ensure that there is a proper audit trail around the income verification process management should ensure that all current income is verified and recorded on the Application Checklist in the appropriate sections.	Completed	Implemented Closed
4.3 (iii) In an effort to strengthen internal controls over documents management should: ensure all sections/pages of the application are on file.	Management advised the last 2 pages on the application is not necessarily relevant to accepting an application. Some applicants do not submit them.	Not applicable Closed

DRAFT

Recommendation	Status Update	Date
4.4 To ensure the webpage is complete and accurate, management should update the webpage to include the 13 units at 15-39 Cuckhold's Cove Road for LEMS.	Completed April 2019. The website now includes all our properties to date.	Implemented Closed
5.1 (iii) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should: iii. meet with the Deputy City Manager, Finance & Administration to discuss if the printing of the receipts is necessary.	Done March 2018. Since the City switched to MS Govern in 2010 we no longer need to print any receipts for tenant files. These can be reviewed in MS Govern.	Implemented Closed
6.1 (i) Management should meet with the Deputy City Manager, Public Works to determine if all maintenance phone calls, preparation of all work orders and filing of invoices should be handled by the City Buildings Division as they make the decisions as to the work that will be done. This may make the processing of the work orders more efficient.	Management decided that the processing of Work Orders should stay with NPH.	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: May 6, 2019

Areas Responsible: Elaine Henley, City Clerk

The following table summarizes the current status of all issues identified in the Internal Audit of Municipal Archives #16-02.

Total Recommendations	Closed	Pending
34	34 (100%)	0 (0%)

The Table below summarizes the closed issues from the Internal Audit of Municipal Archives #16-02.

Recommendation	Status Update	Date
1.1 Management should review the mandate of the Archives to determine if the responsibilities of uploading and tracking the City's policies on the website and handling City owned art work should be the responsibility of the Archives. If so, the mandate should be updated and approved by Council. In making this determination management should consider the current work backlog (see Issue 3.2) and the future work requirements of the Archives Division.	Completed. Mandate revised and approved by Council on October 9, 2018.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
1.2 Management should review the above policies (see issue in report) to ensure they are up to date and complete. Policies should be combined where practical and revised to include any new or different guidance including items contained in this audit report. Management should also ensure that all policies are vetted through the City policy approval process (i.e. Corporate Policy Committee, SEC, Finance Committee and Council).	Completed. The unapproved policies will remain in effect as standard operating procedures not requiring policy development or Council approval. Council approved this direction on October 9, 2018.	Implemented Closed
1.3 In order to avoid confusion, only the retention periods approved by Council in the last revision should be included in Schedule B of the Records and Information Policy.	Completed	Implemented Closed
1.4 To ensure that the documented work procedures are accurate and complete and help move the division to attainment of its goals and objectives they should be reviewed and approved by management.	Documented work procedures have been reviewed and approved by management. These will continue to be reviewed/refreshed on an ongoing basis as required.	Implemented Closed
2.1 When reviewing the mandate of the Archives management should consider the many benefits that can be achieved through the digitization of archival records and determine if this should be added to the division's mandate. In order to make this determination management should consult with an individual in this area who would be knowledgeable about the potential benefits that can be	The City's archives adhere to the Rules for Archival Description (RAD), an internationally accepted form of preservation. The Archives Mandate identifies the need to collect and preserve (i.e. digitize) archival material which is also reflected under the City of St. John's Act. Digitization equipment is currently used by Archives staff and a specialized digital scanner for	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.1 Cont'd achieved through a digitization project along with the expected costs.	oversized archival ledgers has been ordered. The Archivist has also prepared and submitted an application to the National Heritage Digitization Strategy Fund to hire a resource to conduct digital scanning. Response recently received, and City's application was rejected.	
2.2 (i) In order to decrease the risk of a complete loss of important city records, management should: i. determine if the cabinets at the City Archives which store microfilm are fireproof. If they are not fireproof, then management should obtain fireproof cabinets for storage of the microfilm.	Cabinets are not fireproof. Options were investigated, and the cost is quite prohibitive. As such it was decided that this not be pursued at this time. See also response in Section 2.2 (iv).	Not Implemented Closed
2.2 (ii) In order to decrease the risk of a complete loss of important city records, management should: ii. store the original records of the City in a fireproof vault.	The Rooms has agreed to house a limited number of records (ledgers) free of charge in their vault. Prior to doing so, the City will digitize records from the original copy (to maintain visual quality). See response in Section 4.1 which elaborates further). A specialized digital scanner has been purchased. As ledgers get digitized, they will be transferred to The Rooms vault with Provincial Archives.	In Progress (this will be a multi-year effort) Closed
2.2 (iii) In order to decrease the risk of a complete loss of important city records, management should: iii. arrange off-site storage of the extra microfilm copies of the records not currently being stored off-sight.	See response in Section 2.2 (iv). (after further discussion with management the extra microfilm copies will not be stored off-site.)	Not Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.2 (iv) In order to decrease the risk of a complete loss of important city records, management should: iv. consider digitizing the records and having the digital media stored off-site (see 2.1 above).	The digitization process is underway and will be a long-term project occurring over the next few years. All digitized records and digital media are currently backed-up by the IT department on a weekly basis and stored off site. So, should a fire occur within the building and completely destroy all records, a back-up of all digital records will be available.	In Progress (this will be a multi-year effort) Closed
2.3 (i) In order to decrease the risk of damage to original documents, management should: i. allow individuals to review the maps on microfilm, and if needed, show the originals as long as they are handled by Archives staff only. As an alternative, seek an expert's advice as to whether the uncovered maps should be laminated and available to the public to handle.	Insurance plans/maps are stored in temperature/humidity controlled room and gloves are required when handling documents. Review of this material is always overseen by Archives staff. In addition, funding was approved, and a conservator has been contracted to encapsulate uncovered maps to prolong their condition.	Implemented Closed
2.3 (ii) In order to decrease the risk of damage to original documents, management should: ii. have the directories photocopied or scanned (i.e. digitized) and made available to the public and store the original documents. Many City directories are available online through various websites (e.g., MUN). A comparison of the directories at the Archives should be made with those online to determine if any need to be copied or scanned. If they are available online, the original	The progress of completion will eventually be aided by students who are hired yearly to assist with such tasks. It is anticipated that this project will take a few years to complete pending staff workload, possibly by December of 2020.	In Progress (this will be a multi-year effort) Closed

DRAFT

Recommendation	Status Update	Date
2.3 (ii) Cont'd documents should be placed in storage and the public should be directed to the online source for review of the documents.		
3.1 Management and staff should obtain formal training on the InMagic DB/TextWorks system to ensure they are familiar with the system's abilities and are better able to utilize the system in performing their job duties (i.e. processing and monitoring).	Completed	Implemented Closed
3.2 (i) To help ensure that the backlog of appraisals, filing, etc. is resolved and all records are properly included in inventory with detailed locations documented, management and staff should: i. meet to discuss and develop plans for objectives, priorities, scheduling, costs, etc.	Completed. Staff have developed a schedule to routinely address the backlog of appraisals, filing, etc.	Implemented Closed
3.2 (ii) To help ensure that the backlog of appraisals, filing, etc. is resolved and all records are properly included in inventory with detailed locations documented, management and staff should: ii. meet on a periodic basis to monitor performance of the work and adjust the plans if necessary.	Completed. Management periodically meets with Archives staff to obtain progress updates on backlog.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
3.3 (i) To enhance divisional objective setting and monitoring of results management should: i. request regular, periodic (e.g. monthly, quarterly) reports of information that relate to divisional goals and objectives from the Inmagic DBTextWorks computer system.	Completed. Short and long-term goals have been developed and these are monitored on a regular basis.	Implemented Closed
3.3 (ii) To enhance divisional objective setting and monitoring of results management should: ii. meet with staff on a periodic basis to review the reports and approve them.	Completed.	Implemented Closed
4.1 In order to reduce the amount of time searching for records on a specific topic, management should consider these records for the digitization project mentioned in Issue 2.1. If it is determined that it would be too costly and time consuming to have all records digitized, management should consider preparing indexes for all records and key them to a database, which should help decrease the time required for manual searches.	A specialized digital scanner (Archivist Quill Complete Kit and Foot Pad) has been purchased and installed to accommodate digitization of oversized minute ledgers from the years 1895 to 1990 (in ledgers) and from 1991 to 2013 in boxes. There are 96 ledgers of this type in storage. At a rough estimate of 500 – 700 pages within each, there are approximately 50,000 – 70,000 pages of information to be digitized. The manual process will occur over a long-term period given the current workload of staff. The progress of completion will eventually be aided by students who are hired yearly to assist with such tasks. It is anticipated that this project will take a few years to complete pending workload, possibly by December of 2020 or beyond.	In Progress (this will be a multi-year effort) Closed

DRAFT

Recommendation	Status Update	Date
4.2 (i) In an effort to eliminate the inefficiencies in these processes management should consult with the Corporate Information Services Division to: i. determine if it would be possible and cost effective to have departmental employees key the list of transferred files directly into the Inmagic DBTextWorks system.	This recommendation is deferred pending a comprehensive records and information management (RIM) review. Funding has now been allocated through the Corporate Information Services Division to contract a consultant who will be commissioned to review current processes and develop where required best practices that ensure the protection and lifecycle management of the City's information assets. Concern was expressed by Archives and Records Management staff that there would be inconsistencies in the process should departmental employees be responsible for keying file lists to Inmagic, particularly without proper training and the development of standard operating procedures.	In Progress (this will be a multi-year effort) Closed
4.2 (ii) In an effort to eliminate the inefficiencies in these processes management should consult with the Corporate Information Services Division to: ii. review the Inmagic DBText Works system to determine if there is a more efficient process that can be used to move file records from the Records Management database to the Archives database.	See 4.2 (i) - prior to investing further into other processes/methods, this recommendation is deferred pending the RIM study. Though it is premature to speculate, it is anticipated that implementation of the final study's recommendations will occur over a phased approach during a five-year period with some items being implemented quicker than others.	In Progress (this will be a multi-year effort) Closed

DRAFT

Recommendation	Status Update	Date
4.3 Management should ensure that the Receiving Boxes of Records procedure is reviewed and approved as a part of the procedure review recommended in Issue 1.4 and that the Records Analyst is advised of any amendments made to the procedure. In the future, if any deviation from the procedure is required prior approval should be obtained from management.	Completed	Implemented Closed
4.4 When the Archives moves to its new location, management should ensure there is sufficient space in the public area for storage of the microfilm in an effort to make it self-serve. To ensure that the microfilm reels are not misfiled, users should be instructed to leave the microfilm in a tray for staff to return to their proper storage place.	Completed	Implemented Closed
4.5 In order to ensure the departmental employees who requested the records actually received them and acknowledges responsibility for the records, they should be required to sign the applicable form and return a copy to Records Management or the Archives.	Completed	Implemented Closed
4.6 Management should revise the Records Transfer List form to include a space for the supervisor/manager to sign to indicate approval of the items being forwarded to Records Management.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
4.7 To ensure that management is aware of and approves all items identified for deaccession, the Deaccession Form should be reviewed and signed by the City Clerk.	Completed	Implemented Closed
4.8 (i) In an effort to increase efficiency and accountability management should: i. ensure that all City records, regardless of where they are stored, are included in the Records Collection database.	Completed	Implemented Closed
4.8 (ii) In an effort to increase efficiency and accountability management should: ii. review the process to determine if only one list of records for disposal is required and ensure that the list is signed, approved and dated.	Completed	Implemented Closed
5.1 (i) In an effort to increase controls over revenue management should: i. review and approve the schedule of fees to be charged for photocopying, scanning pictures, etc. and any other services offered by the Archives.	Completed – cash removed from the premises.	Implemented Closed
5.1 (ii) In an effort to increase controls over revenue management should: ii. reconsider the rates charged to MUN students and professors when reviewing the schedule of fees. One item to consider would be: are professors using the materials for writing books for sale. The rates charged for students and professors, if different from the general public, should be added to the schedule of fees.	Completed – cash removed from premises.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
5.1 (iii) In an effort to increase controls over revenue management should: iii. review the process used for photocopying to help ensure revenue completeness. This could include the use of a coin operated photocopier or some other method of tracking the number of copies used by the public.	Completed – cash removed from premises. The low demand for photocopies does not merit the cost of a new coin operated photocopier. The vast majority of information provided is through electronic scanned copying. Anyone wishing to be provided with photocopies in excess of 100 pages will be referred to the Access Center for payment.	Implemented Closed
5.1 (iv) In an effort to increase controls over revenue management should: iv. revise the Request Form to include a space for authors to sign and date, and a statement agreeing to provide a copy of the book.	Completed	Implemented Closed
5.2 (i) To help strengthen controls over revenue and cash on hand management should: i. request a cash float from the Department of Finance and Administration and deposit the cash on hand when the float is received.	Completed	Implemented Closed
5.2 (ii) To help strengthen controls over revenue and cash on hand management should: ii. move the cashbox to the Archivist's office and keep it in a locked filing cabinet or other secure area.	Completed	Implemented Closed
5.2 (iii) To help strengthen controls over revenue and cash on hand management should: iii. ensure that cash receipts are deposited in a timely manner.	Completed	Implemented Closed

DRAFT

Recommendation	Status Update	Date
6.1 Management should store the art collection in a room separate from the Archives records and with less traffic to minimize the risk of damage.	Completed	Implemented Closed

DRAFT

To: Chair & Committee Members, Audit Committee

Date: April 3, 2019

Areas Responsible: Derek Coffey, DCM – Finance & Administration

There were no recommendations due to be implemented since the last reporting period; therefore, the following information is unchanged.

The table below summarizes the pending issues from the Internal Audit of eTendering assignment #17-02.

Recommendation	Status Update	Date
1.1 Management should develop and implement a procurement plan for the City. Management should ensure that the plan addresses peak workload periods by prioritizing projects and taking into consideration the budget approval process and short construction season.	The first meeting of the Provincial Advisory Council was held on Oct. 2, 2018. I am a member and the issue of a procurement plan was discussed and we are developing the requirements and purpose of the plan. Once this has been determined I will have a better understanding on how this will benefit the City and whether or not additional criteria will need to be included for our internal use.	Apr 2019 Previous Date: Sep 2018
2.1(i) Management should research cycle time benchmarks from other municipalities for annual comparisons.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments in	TBD Previous Date: Jul 2018

DRAFT

Recommendation	Status Update	Date
2.1(i) Cont'd	the first quarter of 2019 and should have usable data as projects are completed.	
2.1(ii) Management should begin collecting data to be able to measure the cycle time of the City's tendering process and create internal benchmarks.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments by year-end and will have usable data by June 2019.	Jun 2019 <u>Previous Date:</u> Jul 2018
2.1(iii) Management should compare the cycle times to internal benchmarks on an annual basis especially if no external benchmarks can be readily found.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments in the first quarter of 2019 and should have usable data as projects are completed.	TBD <u>Previous Date:</u> Jul 2018

DRAFT

Recommendation	Status Update	Date
2.2 (ii) Management should create internal benchmarks for addenda by comparing the City's experience from year to year, especially if industry benchmarks cannot be obtained.	We intend on performing internal benchmarking by category.	TBD Previous Date: Aug 2018
2.2 (iii) Management should consider benchmarking addenda by purchasing category which may provide more useful information.	We intend on performing internal benchmarking by category.	TBD Previous Date: Aug 2018

The following table summarizes the current status of all issues identified in the Internal Audit of eTendering assignment #17-02.

Total Recommendations	Closed	Pending
11	5 (45%)	6 (55%)

DRAFT

The Table below summarizes the closed issues from the Internal Audit of eTendering assignment #17-02.

Recommendation	Status Update	Date
2.1(iv) Management should identify areas where improvements can be made to reduce the cycle time. This is an area where the City's new continuous improvement program could be of benefit to help streamline the process.	Purchasing was a part of a CI project regarding AP Process Improvement and are in the beginning stages of a CI project regarding the requisitioning process both of which have an impact on the cycle time. Another CI project relating to contract documentation is scheduled for April 2019. These along with the new software mentioned in the original management comments should help us with identifying areas of improvement to reduce cycle time.	Ongoing Closed
2.2 (i) In an effort to determine if the City's percentage of addenda is reasonable, management should research industry addendum benchmarks for comparisons with the City.	I have done an internet search and could only find one other reference to a review of the number of addendums. It was for the City of Edmonton and of the 86 tender files they reviewed 83% had addenda. I contacted the Province of NL and they do not track numbers of addenda. From January 1, 2018 until October 15, 2018 we had 236 bid documents and 41% had addenda.	Implemented Closed

DRAFT

Recommendation	Status Update	Date
2.2 (iv) Management should investigate areas of improvement if it is found that the City's percentage of addenda is not reasonable.	I have done an internet search and could only find one other reference to a review of the number of addendums. It was for the City of Edmonton and of the 86 tender files they reviewed 83% had addenda. I contacted the Province of NL and they do not track numbers of addenda. From January 1, 2018 until October 15, 2018 we had 236 bid documents and 41% had addenda.	Implemented Closed
3.1 Management should review the "Tender Filing Tracking" report on a monthly basis and ensure that the status of each tender is recorded and up-to-date, all documentation is on file and outstanding issues are followed-up with staff, if needed.	Implemented.	Implemented Closed
4.1 In order to improve accountability, management should sign the request for approval for tenders.	Implemented. In addition to my original comments, Departmental Council Approval Request forms have been created. These are used when departments obtain the pricing, or the RFP process has been used, and the contract value is above $50,000.	Implemented Closed

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INFORMATION NOTE

Title: Update on the Follow-up of the Investigation into Float Discrepancy at Mile One Centre

Date Prepared: August 27, 2019

Report To: Audit Committee

Council/Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Issue: To update the committee on the status of recommendations made in the Investigation into Float Discrepancy at Mile One Centre report dated November 30, 2017.

Discussion – Background and Current Status:

On May 17, 2017 the Office of the City Internal Auditor was requested by management, with approval of the City of St. John's Audit Committee and the Board of St. John's Sports and Entertainment Ltd., to begin an investigation to independently verify the amount of an unexplained negative variance in the floats/petty cash account at Mile One Centre and identify and make recommendations to resolve any internal control weaknesses that may have led to this apparent loss.

The Office of the City Internal Auditor concluded its work in November 2017 and the investigation determined that $56,774.35 of the original estimated loss of $114,863.40 was a result of accounting errors and did not result in an actual loss of cash. Unfortunately, due to weaknesses in the internal control structure it was not possible to determine if the remaining variance of $58,089.05 was due to further accounting errors, errors made during the counting of cash, theft, or some combination of these events. The report put forth 53 recommendations to help strengthen the internal controls to lower risk when handling and accounting for food and beverage cash and sales at Mile One Centre.

In accordance with the City's approved audit plan the Office of the City Internal Auditor performed a follow-up review of the Investigation into Float Discrepancy at Mile One Centre report. Although the follow-up report is not yet ready for presentation it was decided to provide the committee with an update on the status of the recommendations made in the original report to ensure the Office meets its timely reporting requirements.

For the follow-up review, the Office of the City Internal Auditor assessed the 53 recommendations made in the original report and through interviews with management and staff and an examination of documents, determined the status of each recommendation (i.e. implemented, partially implemented, not implemented or no longer applicable). The review found that 83% were either implemented, partially implemented or no longer applicable. In addition, our follow-up work identified 4 new issues which are addressed in the report.

Status	Number	Percentage
Implemented	30	56.6%
Partially Implemented	12	22.6%
Not Implemented	9	17.0%
No Longer Applicable	2	3.8%
Total	53	100%

Management have reiterated their intentions to fully address all issues identified in the original report as well as the 4 new issues identified in the follow-up report. Management comments and new timelines for implementation of recommendations will be provided in the follow-up report upon its release.

Key Considerations/Implications:

1. **Budget/Financial Implications -** N/A
2. **Partners or Other Stakeholders –** N/A
3. **Alignment with Strategic Directions/Adopted Plans –** N/A
4. **Legal or Policy Implications –** N/A
5. **Privacy Implications –** N/A
6. **Engagement and Communications Considerations –** N/A
7. **Human Resource Implications –** N/A

8. **Procurement Implications –** N/A

9. **Information Technology Implications –** N/A

10. **Other Implications –** N/A

Conclusion/Next Steps:

This update is provided to the committee for information purposes only so that the Office of the City Internal Auditor can meet its standards for timely reporting. The Follow-up of the Investigation into Float Discrepancy at Mile One report will be presented, when completed, at a future meeting of the Audit Committee.

Prepared by/Date: Sean Janes, City Internal Auditor / August 27, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / August 27, 2019
Approved by/Date: Sean Janes, City Internal Auditor / August 27, 2019

Attachments: None

DECISION/DIRECTION NOTE

Title: Update to Three-year Audit Plan (2019 – 2021)

Date Prepared: September 3, 2019

Report To: Audit Committee

Councillor and Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Decision/Direction Required:

To approve the updated three-year audit plan.

Discussion – Background and Current Status:

Since the development and approval of the three-year audit plan (2019 – 2021) the Senior Internal Auditor has announced his retirement effective July 19, 2019 (last day worked June 21). A job competition is currently underway with the aim of having a Senior Internal Auditor in place by the middle of October. However, the loss of an experienced auditor in our two-auditor division will have a significant impact on our output and will necessitate a revision to the three-year audit plan. The revised plan is attached for your review.

Key Considerations/Implications:

1. Budget/Financial Implications: N/A
2. Partners or Other Stakeholders: N/A
3. Alignment with Strategic Directions/Adopted Plans:
4. Legal or Policy Implications: N/A
5. Privacy Implications: N/A
6. Engagement and Communications Considerations: N/A
7. Human Resource Implications: N/A
8. Procurement Implications: N/A

9. Information Technology Implications: N/A

10. Other Implications: N/A

Recommendation:

To approve the updated three-year audit plan.

Prepared by/Date: Sean Janes, City Internal Auditor / July 2, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / July 2, 2019
Approved by/Date: Sean Janes, City Internal Auditor / July 2, 2019

Attachments: Update to Three Year Audit Plan

The City of St. John's
Office of the City Internal Auditor
Update to Three Year Audit Plan

Year 1 (2019)	Year 2 (2020)	Year 3 (2021)
Program Reviews:	***Program Reviews:***	***Program Reviews:***
- Review of Robin Hood Bay Scale House Operations (Public Works) (Started in 2018)	- Fleet Services - Maintenance (Public Works)	- Citizen's Service Centre - other than Cash Handling (Community Services) (Will need to further refine scope)
- Maintenance of Water Distribution (Public Works)	- Assessments (Finance & Admin.)	- Purchasing - Competitive Procurement Process (Finance & Admin.)
- Vendor Masterfile and Electronic Funds Transfer Review (Finance & Admin.)	- Equipment Fuel Process (Public Works)	- Permitting Process (PE&RS)
		- LVPO Review - time permitting (Finance & Admin.)
Consultations/Investigations: Management/Committee Requests	***Consultations/Investigations:*** Management/Committee Requests	***Consultations/Investigations:*** Management/Committee Requests
- Upon Request	- Upon Request	- Upon Request
- Mile One Float Discrepancy Follow-up (Started in 2018)	- Depot Fraud Assessment Workshop(s)	
Administration:	***Administration:***	***Administration:***
- Develop Audit Committee Terms of Reference	- Implement and Maintain Whistleblower Hotline	- Maintain Whistleblower Hotline
- Research and Develop Fraud Policy and Whistleblower Hotline	- Update Internal Audit Procedures Manual (time permitting)	
Follow-up Reviews: - All Recommendations due from previous Program Reviews	***Follow-up Reviews:*** - All Recommendations due from previous Program Reviews	***Follow-up Reviews:*** - All Recommendations due from previous Program Reviews

Note 1: Beginning in 2020 (possibly 2019) investigations into complaints made through the whistleblower hotline will require an unknown amount of Internal Audit resources. This could potentially impact the audit plan.

Note 2: This plan does not leave time for management or council requests. Any request should be evaluated by the committee to determine if it should replace a scheduled program review.

DECISION/DIRECTION NOTE

Title:	Review of Robin Hood Bay Waste Management Facility – Scale House Operations
Date Prepared:	August 22, 2019
Report To:	Audit Committee
Councillor and Role:	Councillor Debbie Hanlon, Chair
Ward:	N/A

Decision/Direction Required:

To approve the Review of Robin Hood Bay Waste Management Facility – Scale House Operations report and the associated action plans put forth by management.

Discussion – Background and Current Status:

In accordance with the City's approved audit plan, the Office of the City Internal Auditor recently completed a review of scale house operations at the Robin Hood Bay Waste Management Facility in the Environmental Services Division of the Department of Public Works.

The review identified several areas for improvement. Details of these opportunities and related recommendations can be found in the attached audit report. Management have provided action plans and implementation dates for all recommendations.

The Office of the City Internal Auditor would like to thank the DCM, Public Works, the Director, Environmental Services, the Waste Management Engineer and all staff involved in scale house operations for their help and time during this review.

Key Considerations/Implications:

1. Budget/Financial Implications
   - There may be budget implications depending on how management decides to mitigate the risks highlighted in the report.

2. Partners or Other Stakeholders
   - City staff involved in scale house operations

- Users of the Robin Hood Bay Waste Management Facility

3. Alignment with Strategic Directions/Adopted Plans
   - N/A

4. Legal or Policy Implications
   - Policies and/or procedures have been recommended throughout this report

5. Privacy Implications
   - There may be privacy implementations depending on how management decides to mitigate the risks highlighted in the report.

6. Engagement and Communications Considerations
   - There may be engagement and communications considerations depending on how management decides to mitigate the risks highlighted in the report.

7. Human Resource Implications
   - There may be human resource implications depending on how management decides to mitigate the risks highlighted in the report.

8. Procurement Implications
   - There may be procurement implications depending on how management decides to mitigate the risks highlighted in the report.

9. Information Technology Implications
   - There may be information technology implications depending on how management decides to mitigate the risks highlighted in the report.

10. Other Implications
    - There may be other implications depending on how management decides to mitigate the risks highlighted in the report.

Recommendation:

To approve the Review of Robin Hood Bay Waste Management Facility – Scale House Operations report and the associated action plans put forth by management.

Prepared by/Date: Sean Janes, City Internal Auditor / August 22, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / August 22, 2019
Approved by/Date: Sean Janes, City Internal Auditor / August 22, 2019

Attachments: Review of Robin Hood Bay Waste Management Facility – Scale House Operations report

INTERNAL AUDIT REPORT

Department of Public Works – Environmental Services Division

Review of Robin Hood Bay Waste Management Facility - Scale House Operations

Assignment # 18-02

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INTERNAL AUDIT REPORT

Department of Public Works – Environmental Services Division

Review of Robin Hood Bay Waste Management Facility - Scale House Operations

Assignment # 18-02

Sean P. Janes, CPA, CMA, CIA, CFE
City Internal Auditor
Date: March 28, 2019

ST. JOHN'S

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To: Chair & Council Members, Audit Committee

Area Responsible: Lynnann Winsor, Deputy City Manager – Public Works
Andrew Niblock, Director – Environmental Services

Copy to: Kevin Breen, City Manager

INTRODUCTION

OBJECTIVES

In accordance with the City's approved audit plan, the objectives of this review are to assess whether:

1. the service is being managed with due regard to risks and due diligence (risk management),
2. processes and structures are implemented to inform, direct, manage and monitor activities that are intended to move the City toward the achievement of our strategic plan (governance processes), and
3. the process is being managed with due regard to control processes - i.e. policies, procedures, regulations and council directives (control processes).

It is the overall areas of risk management, governance processes and control processes which structured the work carried out during the review.

Specifically, the objective of the audit was to determine if waste disposal transactions at the Robin Hood Bay Waste Management Facility are accurate, complete and monitored.

METHODOLOGY & SCOPE

This review of Robin Hood Bay Scale House Operations has been undertaken in accordance with the approved three-year audit plan. To meet the review objectives, research was conducted on landfill material transactions best

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practices. In addition, audit procedures included interviews with management and staff, observation of Scale House operations, review of policies and procedures, and detailed testing of various supporting documentation such as Ticket Edit, Manual Ticket, Ticket Void and Customer/Material reports. Key inputs and outputs of the various functions were identified and assessed for relative importance and risk, with the main area of the audit focused on areas involving higher risk.

The scope of the audit was limited to a review of waste material transactions occurring at the Robin Hood Bay Scale House to ensure they are accurate, complete and monitored. The period under review was mainly September 2018 to November 2018.

The scope did not include verification of the accuracy of billing to landfill customers or of any type of regulatory compliance.

BACKGROUND

The Robin Hood Bay Waste Management Facility is owned and operated by the City of St. John's. In November of 2007 the Provincial Government officially designated Robin Hood Bay (RHB) as the site for the Eastern Region's Integrated Waste Management Facility. The Eastern Waste Management Committee contracts with the City of St. John's to provide waste disposal services for other municipalities in the Eastern Region.

Subsequent to applying for and receiving a permit, commercial and municipal waste haulers can dispose of garbage, bulk metal, concrete, recyclables and other waste at the Robin Hood Bay Waste Management Facility. Commercial and municipal waste haulers must report to the Scale House for weigh-in prior to accessing the disposal areas of RHB so that the proper tipping fee can be charged to the permit. Only those vehicles with a permit will be allowed access to the commercial drop-off areas. Residents disposing of non-commercial waste

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must use the Residential Drop-off Facility at RHB which is free for use for all residents of the Eastern Region of the province. The Residential Drop-off Facility is located before the Scale House and users of this facility will not be weighed-in as this is a free service.

There are two methods used for determining the weight of a load at the Scale House. The method most often used is to weigh the vehicle on the way into the waste disposal area to obtain the total weight of the vehicle and load and to weigh the vehicle on the way out of the facility after the load has been disposed of. Subtracting the weight of the vehicle on the way out of the facility from the weight of the vehicle on the way in will provide the weight of the load disposed of in the drop-off area. This weight along with the type of material disposed of will be used by the PC Scale computer system to determine the total tipping fee to be charged to the permit holder.

The second method is to obtain the Tare Weight of the vehicle, which is the weight of the vehicle when it is empty plus the weight of the driver. The Tare Weight is entered into the system and is attached to the users permit number. When this vehicle comes to RHB with a load it is weighed at the Scale House on the way in. The PC Scale computer system will automatically subtract the Tare Weight from the current weight of the vehicle to obtain the weight of the load being disposed of. The Scale House Attendant will also manually enter the type of material being disposed of as there are different tipping fee rates for different types of material. With this information, the computer system will calculate the total tipping fee to be charged to the commercial or municipal waste hauler.

CONCLUSION

Based on the audit procedures completed, the processes and controls implemented by management are generally effective to ensure that transactions are accurate, complete and monitored. However, improvements can be made to the control environment as outlined in this audit report.

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EXECUTIVE SUMMARY

Internal Audit's review of the Robin Hood Bay Waste Management Facility – Scale House Operations (Department of Public Works – Environmental Services Division) has been undertaken in accordance with the approved three-year audit plan.

The Robin Hood Bay Waste Management Facility is owned and operated by the City of St. John's and is the site for the Eastern Region's Integrated Waste Management Facility. The Eastern Waste Management Committee contracts with the City of St. John's to provide waste disposal services for other municipalities in the Eastern Region.

The objective of the audit was to determine if waste disposal transactions at the facility are accurate, complete and monitored. To achieve this objective audit procedures, such as, discussion with management and staff, review of policy and procedures, and review of management reports were performed. Based on the results of these audit procedures it was determined that management's processes and controls are generally effective to ensure that transactions are accurate, complete and monitored.

However, the audit also identified areas for improvement. Some of the more significant items, by report section, are:

- Reporting and Review Process
  - Opportunities for management to streamline the reporting process and to make adjustments to some of the reports currently reviewed have been identified. Also, production of additional reports that will help management in the review process have been suggested. Recommendations in this section will help ensure that management is monitoring the right

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information at the right time which will help reduce risk associated with transaction accuracy and completeness.

- PC Scale System Access Controls
  - By ensuring that only authorized users have access to the PC Scale computer system and making certain that user access is appropriately restricted, risks regarding transactional accuracy and completeness can be reduced.

- Procedure Documents
  - Procedures are important documents in that they outline how employees should perform their duties to ensure that work is completed accurately, consistently and on time. Management have created well thought out and professionally written procedure documents. However, opportunities to improve these documents by removing redundancies, adding additional procedures and ensuring the documents are located in the Scale House have been identified and can help reduce risks regarding transactional accuracy and completeness.

- Miscellaneous
  - Transaction accuracy and completeness risks can further be reduced by documenting the process for completing transactions at the Scale House during a power outage, obtaining a back-up power source for the PC Scale system and reviewing the benefits of developing a materials inspection program.

Additional recommendations of a less significant nature can be found in the body of the report. It should be noted that management have agreed to implement or further investigate all recommendations.

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DETAILED ANALYSIS

Section 1 – Reporting and Review Process

To ensure a proper segregation of duties, internal control best practices would suggest that individuals who initiate transactions should not have the ability to make adjustments to the same transactions. Segregation of duties over transaction adjustments is important because it ensures there is oversight and review to catch errors and it helps to prevent fraud and theft because it would require a minimum of two people to collude in order to hide a transaction. However, management determined that in order to provide an efficient landfill service to the customers of the waste facility the Scale House Attendants required the ability to make certain adjustments to transactions in the PC Scale computer system. These adjustments include the abilities to void transactions, edit transactions and manually enter transactions.

To compensate for this internal control deficiency management developed reporting and review procedures (i.e. Robin Hood Bay Auditing Procedures Using PC Scale) to ensure there was management oversight of any adjustments made by the Scale House Attendants. These procedures also include oversight over other transactions that are not adjustments such as reviewing no charge transactions and transactions that are charged at amounts other than $67.60 per ton (e.g. asphalt, concrete, leaves, cover material, etc.,).

Generally, the compensating controls developed by management are effective at ensuring the accuracy and completeness of most transactions; however, our review did identify several areas for improvement. This section discusses these areas.

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Issue 1.1 – Daily Report Package

At the end of each day the foreperson is required to complete an RHB Daily Work Report and print the Manual Ticket Report, the Customer/Material Report, the Ticket Edit Report, and the Ticket Void Report. Except for the Customer/Material Report these reports show adjustments made to transactions. Once the foreperson reviews the reports for reasonableness and signs and dates them, they are put together in a package (i.e. daily report package) and provided to the Director, Environmental Services for his review.

As part of audit procedures, the daily report packages for the period September 1, 2018 to November 30, 2018 were reviewed to determine if they were being printed, signed-off and reviewed. The review disclosed the following areas for improvement:

i) 8 daily report packages were missing from the month of September, 4 were missing from October and 3 were missing from November. Upon discussion with management it was determined that the missing report packages were from days when a foreperson was not working at the landfill and other management employees were responsible for the foreperson's duties.

ii) In November there were 6 days where only 2 of the 4 required reports were included in the daily package. Upon further investigation it was found that the foreperson on duty during these days was not an experienced landfill foreperson suggesting there may be a need for additional training.

iii) Although the Director, Environmental Services indicated that he receives and reviews the daily report packages they are not signed and dated to provide evidence of the review.

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Recommendation 1.1

To improve controls over the daily report package process management should:

i) ensure that daily report packages are produced every day. If a management employee is performing the duties of a foreperson for the day then they should also be responsible for preparing the daily report package,

ii) ensure that individuals who are responsible for preparing the daily report packages are properly trained on how to do so,

iii) have the Director, Environmental Services, or appropriate designate, sign and date the daily report package after review to indicate that it is complete and accurate. When reviewing the packages management should ensure that all required reports are included and that there is a report package for each day.

Management Response and Intended Course of Action 1.1

These recommendations will be implemented. Report packages will be reviewed and signed by the Operations Supervisor – Waste & Recycling.

Conclusion 1.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

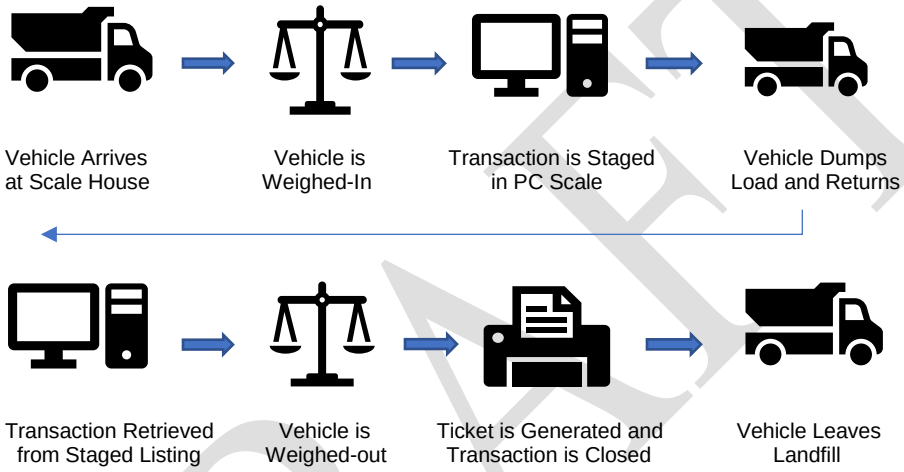
Issue 1.2 – Staged Void Report

In general terms, when a vehicle comes to the landfill to dispose of material, they are first weighed-in at the scale house to capture the weight of the vehicle and the material to be disposed of. This is the beginning of the transaction. This

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transaction is then “staged” in the PC Scale system until the vehicle is weighed-out. The vehicle proceeds to the landfill to dump their material and then returns to the scale house where the attendant retrieves the transaction from the staged list and weighs the vehicle again to obtain the weight of the material disposed at the landfill. This will close the transaction and generate a ticket or weigh bill. (see Figure 1)

Figure 1. Material Disposal and Transaction Process (overview)



Because of the potential for errors to be made during this transaction the Scale House Attendants have been provided access in PC Scale to void these transactions. In order to compensate for this lack of segregation of duties (i.e. the scale house attendant can generate the transaction and void the transaction) management reviews a Ticket Void Report daily.

This is a good compensating control in that management can review all voided tickets to ensure they are reasonable and that there are no errors. However, discussions with the Business Systems Analyst determined that this report does not show transactions that have been voided at the “staged” section of the process (i.e. before a ticket is generated) and; therefore, management is not reviewing a complete list of voided transactions. If a transaction is

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inappropriately voided at the staged section of the process it could result in a loss of revenue for the City.

Recommendation 1.2

To decrease the risk of revenue loss to the City related to inappropriately voided transactions, management should:

i) ensure a “Stage Void Report” is generated, printed, reviewed and signed-off at the end of each day,
ii) include the “Stage Void Report” in the Daily Report Package forwarded to management for review, and
iii) update the Robin Hood Bay Auditing Procedures Using PC Scale document to include this new process.

Management Response and Intended Course of Action 1.2

This can easily be added to the list of daily reports to run by the foreperson and submitted to the Operations Supervisor. Instructions for how to run the report will be added to the auditing procedures document.

Conclusion 1.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.3 – Reasons for Adjustments

Some of the reports included in the Daily Report Package (e.g. Ticket Edit Report, Manual Entry Report, etc.) have a comment field for the individual making the adjustment to record a reason for adjusting the transaction. This

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comment is important for the foreperson reviewing the report, so they can determine if the adjustment was necessary and appropriate.

However, the space available for making comments is limited and, upon review of the reports it was noted that many of the comments provided do not give enough information to determine if the adjustment is justified and appropriate. Also, numerous instances were noted where no reason was provided for an adjustment. In addition, there is no guidance or requirements for making comments on the reports noted in the organizations policies or procedures. This increases the risk that an inappropriate adjustment may not be noticed by the report reviewer and could result in a loss of revenue to the City or an overcharge to a permit holder.

Recommendation 1.3

In order to reduce the risk of the report reviewer not identifying inappropriate or unjustified adjustments, management should:

i) consider developing a list of standard comments for the most often encountered reasons as many of the adjustments were noted to involve similar comments (e.g. wrong material type, wrong origin, etc.). This would allow the report reviewer to spend more time reviewing the riskier, one-off adjustments.
ii) instruct staff to provide more insightful reasons for those adjustments that are not standard and to provide a comment for every adjustment.
iii) update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document with the requirement for entering comments for specific transactions and guidance on how to enter them.

Management Response and Intended Course of Action 1.3

All recommendations will be implemented.

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Conclusion 1.3

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.4 – Volume of Adjustments

From September 1, 2018 to November 30, 2018 there were 623 adjusted transactions from the Ticket Edit, Ticket Void, and Stage Void reports. Although this represents a small fraction of the 18,883 overall tickets processed at the landfill during this period it is still a large number of transactions to be reviewed when you consider that the reviewer must also look at all entries on the Manual Ticket Report and the Customer/Material Report as well. Having to review these many transactions increases the risk that the reviewer may not notice inappropriate adjustments that could result in lost revenue to the City and/or overcharges to permit holders.

Our review of these reports noted that there were recurring reasons for entries on the Stage Void Report and the Ticket Edit Report. Some of these recurring reasons were: “by-pass” – observed 207 times, “money owing/overdue account” – observed 83 times, “international” – observed 68 times, and “wrong material” – observed 32 times. Investigation into why these reasons are repeatedly occurring on the reports may present an opportunity for limiting the number of transactions requiring adjustment and; therefore, limit the risks mentioned above. It should be noted that management indicated they have previously investigated issues with the by-pass lane that was creating the need for adjusting transactions; however, the results of our review (i.e. by-pass observed 207 times) shows that another investigation into this issue may again be required.

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Recommendation 1.4

In order to help decrease the risk of lost revenue to the City and/or overcharges to permit holders management should perform investigations into why the most common reasons for adjusted transactions are occurring. This may result in having to perform less adjustments to transactions (i.e. rework) which would allow the reviewer to be more effective when reviewing the remaining adjustments.

Management Response and Intended Course of Action 1.4

An employee of the Information Services Division has been here several times in the past to adjust the settings on the RFID reader to try and eliminate permits in the bypass lane scanning. However, it seems that this keeps resurfacing. Will meet with Information Services again to determine if there is a way to fix this permanently.

We will also investigate if it is possible to change settings in system so that a customer with overdue account can not be staged. These transactions shouldn't be staged as the customer is not being let in.

Conclusion 1.4

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.5 – Review of Tare Weight Changes

When a new permit is issued to a hauler standard procedure is for the Scale House Attendant to obtain the tare weight of the vehicle upon the hauler's first

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visit to the landfill. The tare weight refers to the weight of the vehicle when it is empty and is sometimes used to obtain the weight of materials disposed of instead of weighing the vehicle after disposal (i.e. weight of vehicle with materials minus tare weight equals weight of material disposed of). Management indicated that normal practice is to weigh vehicles upon entering the landfill and when exiting as this will provide the most accurate weight reading; however, tare weights may be used instead of weighing out when only one Scale House Attendant is available.

As a vehicle's tare weight can change depending on equipment added to or removed from the vehicle (e.g. snow plow blades, racks, etc.) the PC Scale system is set to prompt the Scale House Attendant to reset the tare weight every six months; however, management indicated that the attendants can ignore the prompt without performing the procedure. This could result in inaccurate weights being recorded in the PC Scale system which would; therefore, lead to inaccurate billings to the permit holder.

In addition, management indicated that they do not review reports of adjustments made to tare weights. As tare weight adjustments could be used to manipulate the weights recorded in the PC Scale system and; therefore, manipulate billings to permit holders it is important that these adjustments be reviewed for reasonableness.

Recommendation 1.5

To improve controls over the tare weight process and help ensure that weights and billings to permit holders are accurate, management should:

i) determine if the PC Scale system can be adjusted so that the prompt to reset the tare weight cannot be ignored, or alternatively generate a report, on a semiannual basis, of vehicles whose tare weight has not been reset for six months or greater and ensure they are reset.

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ii) generate and review a report of tare weight adjustments on a monthly basis to ensure they are reasonable.

Management Response and Intended Course of Action 1.5

i) There were over 1400 active permits over the past year, so this would likely be a time-consuming task to review all of them to ensure accuracy. It would also be a time-consuming practice to update some tare weights, especially for roll-off trucks and trucks with trailers as they would have to remove equipment before obtaining tare weight. We try to minimize the amount of times tare weights are actually used by maintaining two staff members in the scale house at all times and making each vehicle weigh in and out. We will also do an analysis to see how many times during the year that tare weights were actually used versus weighing out.

   It would likely be better to review on a semi-annual basis as suggested. We will discuss the most efficient way of doing this while still ensuring integrity of tare weight data.

ii) A report of tare weight adjustments will be generated and reviewed for reasonableness on a monthly basis.

Conclusion 1.5

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

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Issue 1.6 – Process for Expired Permits and Overdue Accounts

A hauler who has an expired permit or who's account balance is older than 60 days is not permitted to dump at the landfill. The PC Scale system is configured to not allow a transaction under these circumstances and the Scale House Attendants do not have access to override this control.

Management indicated that it is not unusual for a hauler to arrive at the Scale House with a full load even though their permit has expired, or their account is overdue. When this happens, the hauler is instructed to contact the City's Citizen Services Centre to renew their permit or pay their account balance so that they can gain access to the landfill.

However, there are several days each year when the landfill is open for business and City Hall is closed meaning that the haulers cannot renew their permits or pay their account balances. In these instances, management indicated that the process is for the Scale House Attendants to notify management who will disable the required function for the specific hauler in PC Scale so that the transaction can be processed. The function must later be re-enabled by management. Management indicated that they decided to allow haulers access to the landfill under these circumstances to maintain service levels as there was no other option for the haulers. These procedures; however, are not included in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

As a part of audit procedures, a review of a report showing haulers in PC Scale with the function "outstanding account balances greater than 60 days not at the default setting", showed that the default setting was turned off for three haulers and had been off for an extended time. This means that the system would still allow transactions for these haulers even if their account balances were greater than 60 days old. This increases the risk of non-payment for the City.

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Upon further review, it was determined that the default setting for all three customers had been turned off by employees in the Revenue Accounting Division. Under the current procedure described by management there should no longer be a need for employees in the Revenue Accounting Division to have access to disable this function in PC Scale.

Recommendation 1.6

To improve controls in the process for handling expired permits and overdue accounts, management should:

i) ensure that the default setting for the function “outstanding account balances greater than 60 days” is reactivated for all haulers,
ii) review reports showing haulers in PC Scale with the functions “expired permit not at the default setting” and “outstanding account balances greater than 60 days not at the default setting” on a monthly basis to ensure the default settings are activated for all haulers.
iii) document procedures for handling expired permits and overdue accounts, including the reporting process noted above, and include them in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Robin Hood Bay Auditing Procedures Using PC Scale documents,
iv) review PC Scale system access to determine if access to deactivate these two functions is appropriate (i.e. should Revenue Accounting staff have access, etc.).

Management Response and Intended Course of Action 1.6

All recommendations will be implemented.

Conclusion 1.6

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

DRAFT

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.7 – Daily Review of Staged List

The Robin Hood Bay Auditing Procedures Using PC Scale document provides instructions for the foreperson to check the staged list at the end of each day and what must be done if a vehicle remains in the staged list at the end of the day. The staged list shows vehicles that have been weighed-in and have entered the landfill but have not yet been weighed-out to close the transaction.

On March 8, 2019 a review of the staged list noted 7 vehicles that were still on the list that had weighed-in on a previous day. Five of these vehicles had weighed-in during 2018 with the oldest being staged since September 20, 2018. As long as these vehicles remain on the staged list the transactions will not be closed, and a bill will not be generated (if required).

Recommendation 1.7

To decrease the risk of transactions not being closed due to vehicle's remaining on the staged list, management should:

i) determine why the older transactions are still on the staged list and remove them or close the transaction as appropriate,
ii) ensure that the foreperson is checking the staged list at the end of each day as required by the Robin Hood Bay Auditing Procedures Using PC Scale document,
iii) review the staged list on a regular basis to ensure it is up to date.

Management Response and Intended Course of Action 1.7

These recommendations will be implemented. A procedure will be added to the auditing procedures document and scale attendants will be instructed to pay closer attention to this.

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Conclusion 1.7

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 1.8 – Ticket Reprints

When a transaction is closed in PC Scale (i.e. after weigh-out of the vehicle) a ticket or weigh bill is printed at the Scale House and provided to the hauler. The ticket contains various information about the transaction, such as the date, material type, weight, and overall charge.

At the time of the audit a report printed by the Business System Analyst showed that there were 265 ticket reprints for the September 1, 2018 to December 12, 2018 period, with 156 of these being printed at either the inbound or outbound terminals in the Scale House. Tickets are usually reprinted due to an error made by the Scale House Attendant (e.g. wrong material type entered, etc.) or at the request of the hauler/permit holder. Although there appears to be no risk to the City in reprinting tickets for customers it is an inefficient process and there is a time and material cost to do so.

Recommendation 1.8

Management should monitor ticket reprints to determine if some customers are requesting an excessive amount. Any customers found to be requesting ticket reprints excessively should be contacted to determine if other, less wasteful, arrangements can be made, such as using the option in PC Scale to email a copy of the ticket to a specified email address automatically upon generation of the ticket.

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Management Response and Intended Course of Action 1.8

Emailing of tickets is available. We will identify the customers requesting reprints and advise they sign up for email option.

This can also be an on-going practice even past the completion date to inform customers that emailing of tickets is an option.

Conclusion 1.8

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

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Section 2 – PC Scale System Access Controls

PC Scale is the IT system used to record and store transactional activity at the Robin Hood Bay Waste Management Facility and is used by the scale house attendants, financial accounting staff, revenue accounting staff, citizen services centre staff and management.

Due to the volume and types of transactions handled by PC Scale it is important that proper controls are in place to ensure that access is appropriate and is monitored on a regular basis.

Issue 2.1 – Active Operators

As a part of the audit procedures an Operator List report for PC Scale was obtained from the Business System Analyst in the Information Services Division. The Operator List report provides the Operator, Operator Name, Role and Status for everyone with access to the PC Scale system. Access to PC Scale is provided to individuals at: the Robin Hood Bay Waste Management Facility (i.e., Operator, Forepersons, Coll Forepersons and Administration); the Citizen Services Centre (i.e., Permit User, and Permit Supervisor); Revenue Accounting (i.e., A/R Cash Receipting and Accounting); Information Services (i.e., Administrator); and Finance and Administration (i.e., AR Inquiry).

The review of the Operator List report disclosed several individuals who are still listed as active users who do not currently require access. For the A/R Cash Receipting operator group management indicated there was one individual on maternity leave and another individual who has been off work on long-term disability for at least a couple of years. For the Permit User operator group management indicated there was one individual who had retired, one individual on sick leave for at least six months and another individual on extended leave for about nine months.

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To ensure proper internal control over access to computer systems best practices recommend that operator lists be kept up to date to make certain that only individuals with legitimate need have access to the system. However, there is no mechanism in place for the PC Scale computer system to ensure that the operator list is regularly reviewed and updated.

Recommendation 2.1

To improve internal controls over access to the PC Scale computer system management should:

i) review the active operators in the Operator List for PC Scale and ensure that individuals who are retired or absent from work for an extended period are inactivated in the system
ii) ensure the Operator List report is generated and reviewed annually to make certain the operator list is kept up to date, and
iii) develop a formal, written procedure to document this process.

Management Response and Intended Course of Action 2.1

We will schedule a meeting with the IT business system analyst to review this list. Will also implement other recommendations to review annually and document procedures.

Conclusion 2.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Oct 2019

Information Only: DCM, Public Works
DCM, Finance & Administration
DCM, Community Services
Director, Environmental Services
Director, Corporate Information Services

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Issue 2.2 – Operator Access Rights

As part of the audit procedures a Security Level List report for PC Scale was obtained from the Business System Analyst in the Information Services Division. The Security Level List report provides a list of access rights for each operator group. Essentially, the report shows what each user can do in the PC Scale computer system based on what operator group they are associated with.

Discussion with management disclosed that access rights for operator groups were established when PC Scale was first implemented, and they have not been reviewed since. Although a detailed review of operator access rights was outside of the scope of this audit best practices would recommend that they be reviewed by management on a regular basis to ensure they remain appropriate as work practices change over time. Inappropriate access rights could increase the organizations fraud risk (e.g., inappropriately voiding or editing transactions) and may also make it difficult to ensure compliance with privacy regulations (e.g., does someone have access to personal information when it is not required).

Recommendation 2.2

To decrease the risks associated with inappropriate computer system access rights management should:

i) immediately review access rights for operator groups in the PC Scale computer system to ensure they are appropriate and adjust access rights where necessary,
ii) ensure the Security Level List report is generated and reviewed on a regular basis (e.g., every two years) and/or when changes are made to the job responsibilities for an Operator group, and
iii) develop a formal, written procedure to document this process.

Management Response and Intended Course of Action 2.2

A meeting will be organized with the business system analyst to review access rights settings in the software. All recommendations will be implemented.

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Conclusion 2.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
DCM, Finance & Administration
Director, Environmental Services
Director, Corporate Information Services

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Section 3 – Procedure Documents

In terms of documented procedures related to the roles of the Scale House Attendants and management's duties regarding oversite of Scale House operations management have created three main documents. These documents are well thought out and professionally written and management should be commended for having them in place.

The Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document outlines the procedures required to be followed by a Scale House Attendant to perform transactions on the PC Scale computer system. The Standard Operating Procedures – RHB Scalehouse document contains procedures for performing transactions at the Scale House and conduct rule types of procedures. The Robin Hood Bay Auditing Procedures Using PC Scale document provides procedures for forepersons and management regarding their oversight role of Scale House operations.

This section mainly deals with these procedural documents and offers several recommendations aimed at either improving items contained in the documents, adding specific procedures to the documents, or otherwise enhancing the documents, that have not already been covered by other recommendations in this report.

Issue 3.1 – Redundancy in Procedural Documents

A review of the three main procedural documents noted that there is a significant amount of overlap between the Standard Operating Procedures – RHB Scalehouse (SOP) document and the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document. Some of the procedural areas covered by both documents are; sign on/off process, information about permits, denying access for overdue accounts, etc. These items are mainly ticketing procedures.

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Having multiple documents containing similar procedural information is inefficient as management must ensure that both documents are updated whenever changes are required to the procedures which can lead to inaccuracies. It can also lead to confusion for staff who may not know which document to consult for information.

Recommendation 3.1

In order to ensure that procedural information is accurate and that employees have access to necessary guidance management should consider removing all ticketing procedure items from the Standard Operating Procedures – RHB Scalehouse document. All procedures related to the ticketing process should be included in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

Management Response and Intended Course of Action 3.1

The SOP document will be updated as recommended.

Conclusion 3.1

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.2 – Processes not Covered in Procedures

Observations at the Scale House and discussions with management noted that most transactions occurring at the Scale House are standard in nature and follow the processes as written in the procedure documents. However, there were

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three different types of transactions noted during the audit that occur on a regular basis that are not documented in the procedures.

The first type of transaction is the process followed when a hauler's load contains different material types at different costs. The second type of transaction is the process followed when a hauler's load contains materials that may be from out of the province, referred to as "International" materials. The third type of transaction is the process followed when the hauler's load contains materials to be disposed of at the Materials Recovery Facility.

Although it appears that the Scale House Attendants are aware of how these transactions are to be processed it would be beneficial to have the processes documented in a written procedure so that the attendants would be able to review the proper process if required. It would also give management assurance that the attendants have been provided with the necessary information to perform their duties.

Recommendation 3.2

To ensure the Scale House Attendants have been provided with all the necessary information to perform their duties correctly management should update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document with written procedures for the following processes.

i) The process followed when a hauler's load contains different material types at different costs.
ii) The process followed when a hauler's load contains "International" materials.
iii) The process followed when a hauler's load contains materials to be disposed of at the Materials Recovery Facility.

Management Response and Intended Course of Action 3.2

Management will update the procedural document as recommended.

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Conclusion 3.2

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.3 – Procedures for Reviewing Audit Documents

The Robin Hood Bay Auditing Procedures Using PC Scale document provides instructions on how to generate, print and review a Manual Ticket report, Customer/Material report, Ticket Edit report, and Ticket Void report as well as who is responsible for performing these tasks and how often they are to be printed (i.e. weekly).

While the instructions for generating, printing and reviewing the reports are accurate, operational requirements since the development of the procedures have necessitated changes to who performs some of the duties and how often they are performed (i.e. daily). As a result, the procedures are not depicting current practice.

Recommendation 3.3

Management should ensure the Robin Hood Bay Auditing Procedures Using PC Scale document is updated to include the current process followed for generating, printing and reviewing the audit documents. The updated document should be provided to those employees responsible for performing the procedures.

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Management Response and Intended Course of Action 3.3

This will be updated and distributed as recommended.

Conclusion 3.3

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

Issue 3.4 – Copy of Procedure Documents for Scale House

Through discussions with the Scale House Attendants at the time of the audit it was noted that copies of the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Standard Operating Procedures - RHB Scalehouse documents were not maintained at the Scale House.

As these documents pertain to the job duties and conduct rules for the Scale House Attendants it would be beneficial to keep copies of both procedural documents at the Scale House where the attendants are located so that they can be referenced when required.

Recommendation 3.4

Management should ensure that copies of the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale and the Standard Operating Procedures – RHB Scalehouse documents are maintained at the Scale House so that the Scale House Attendants can refer to them when required.

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Management Response and Intended Course of Action 3.4

All scale house staff were given a copy of the procedural document and SOPs were reviewed at the time they started their positions. The documents will be posted at the scale house as recommended and will be updated as procedures are updated in the future.

Conclusion 3.4

The recommendation will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Dec 2019

Information Only: DCM, Public Works
Director, Environmental Services

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Section 4 – Miscellaneous

Issue 4.1 – Power Outages

While power outages at the Robin Hood Bay Waste Management Facility are not a frequent event, they do occur multiple times a year. When a power outage occurs, the scales used to weigh vehicles are still operational as the Scale House is equipped with a back-up generator. However, the PC Scale computer system is maintained in the administrative building which does not have a back-up power source and as a result the system cannot be used.

When a power outage occurs the Scale House Attendants issue hand written Weigh-in Receipts to haulers and must complete the Robin Hood Bay Waste Management Facility PC Scale Manual Entry Log. This log captures various information required to be entered into the PC Scale system when power returns. However, these procedures are not documented in the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document.

Also, having weights recorded on a log form and manually entered into the PC Scale system when it later becomes available increases the risk of input errors. In addition, management cannot be certain that all loads entering the landfill during a power outage have been documented on the log form. As of the time of the review management indicated that they are investigating obtaining a back-up power source for the PC Scale system so that operations can continue as normal in the event of a power outage.

Recommendation 4.1

To improve controls over Scale House operations during a power outage management should:

i) update the Robin Hood Bay Scale House Ticketing Procedures Using PC Scale document to include the process to be followed when processing a transaction at the Scale House during a power outage. This should

include the process for issuing the Weigh-in Receipt, completing the log form, entering the information into PC Scale when the system becomes available, and for reviewing and approving the entries.

ii) obtain a back-up power source for the PC Scale system, if feasible. This will ensure regular operations can continue at the Scale House during a power outage and eliminate the risks noted above.

Management Response and Intended Course of Action 4.1

The instructional document will be updated to reflect the recommendations. Management will also gather information and determine the feasibility of installing a back-up power supply for the administration building to ensure the scale house can maintain a network connection in the event of a power outage.

Completion Date: March 2020 (to determine feasibility for back-up power supply and install if necessary)

Conclusion 4.1

The recommendations will be implemented as stated above.

Action By: Waste Management Engineer **Action Date:** Mar 2020

Information Only: DCM, Public Works
Director, Environmental Services

Issue 4.2 – Materials Inspection Program

The Robin Hood Bay Waste Management Facility rules and regulations require that loads must be covered and secured to help prevent littering. However, as a result of loads being covered the Scale House Attendants cannot always see the material types being disposed of and must rely on the honesty of the hauler to inform the attendant of the materials they are hauling. This increases the risk

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that the wrong material type may be entered in PC Scale which could lead to inaccurate billings since the material type determines the dollar value, per tonne, charged to the permit holder. In addition, if a Scale House Attendant accidentally or deliberately enters the incorrect material type in PC Scale this could also lead to inaccurate billings.

To decrease the risk of inaccurate billings management have implemented several controls, such as management review and monitoring, to help ensure material types and weights are correctly entered in PC Scale. However, these controls are mainly detective in nature and the relatively high volume of transactions monitored makes it more difficult for management to note errors or irregularities.

The most definitive way to ensure the accuracy of billings is for management to develop an inspection program whereby the load of every hauler is inspected to determine if the material type being dumped matches the material type entered in PC Scale by the attendant. However, an inspection program of this magnitude would be costly and may result in complaints from users of the landfill as it would likely slow down the dumping process for haulers.

Recommendation 4.2

Management should investigate the feasibility of developing an inspection program with the goal of providing some level of assurance that the material types being entered in the PC Scale system are accurate. This would involve determining the risk tolerance of senior management and Council to establish the level of inspection required (e.g. no inspection, random spot inspections, full inspection, etc.).

Management Response and Intended Course of Action 4.2

Procedures in place for the MRF, as well as the daily customer/material report already ensure that materials with reduced or no tipping fees are reviewed each

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day. Random load inspections are already being completed to ensure compliance with materials we don't accept for landfilling.

Note that all materials subject to landfilling at the tipping face have the same tipping fee of $67.60 applied (with exception of International Waste which is $90/tonne). So, if commercial garbage was accidentally coded as residential garbage, roofing material, or C/D waste for instance, the same tipping fee would apply to the load.

Driver does not get a copy of weigh slip until leaving the landfill, so they would have nothing to show the spotter (or City employee) at tipping face. Spotter would have to inspect load and call up to scale house to ask what the load was coded as. This would not provide much benefit for the effort involved for the spotter and the scale attendant.

Management proposes to maintain status quo on this recommendation; however, we will draft an information note for the Senior Executive Committee and/or the Committee of the Whole to highlight our current practice to ensure they are comfortable with the level of risk being assumed.

Conclusion 4.2

Internal Audit agrees with management's suggestion of drafting an information note for the Senior Executive Committee and/or Committee of the Whole so that they are aware of the level or risk being assumed. This will help ensure Senior Management and Council can fulfill their governance responsibilities.

Action By: Waste Management Engineer **Action Date:** Sep 2019

Information Only: DCM, Public Works
Director, Environmental Services

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DECISION/DIRECTION NOTE

Title: Salary Administration - Assignment #12-01

Date Prepared: May 10, 2019

Report To: Audit Committee

Councillor and Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Decision/Direction Required:

To approve the removal of the Salary Administration audit report (Assignment #12-01) from Internal Audit's follow-up list.

Discussion – Background and Current Status:

Current practice of the Office of the City Internal Auditor is to remove a report from the follow-up list after five years. The reasons for this practice are:

- changes occurring in an area over five years (i.e. new management, systems, processes, etc.) can make recommendations outdated
- perceived lack of importance of recommendations that are not acted upon over such a long period
- lack of resources available to internal audit that could be better spent in other areas

Management indicates the recommendations made in the Salary Administration audit report are now substantially implemented (i.e. 94%). One recommendation remains outstanding and management has provided an action plan for its implementation. To ensure audit resources are optimally utilized it is now recommended to remove this report from the follow-up list.

Key Considerations/Implications:

1. Budget/Financial Implications: N/A

2. Partners or Other Stakeholders: N/A

3. Alignment with Strategic Directions/Adopted Plans:
    - A Sustainable City
    - An Effective City

4. Legal or Policy Implications: N/A

5. Privacy Implications: N/A

6. Engagement and Communications Considerations: N/A

7. Human Resource Implications: N/A

8. Procurement Implications: N/A

9. Information Technology Implications: N/A

10. Other Implications: The possibility exists that the pending recommendations will not be implemented, and the corresponding issues/risks identified will not be mitigated.

Recommendation:

To approve the removal of the Salary Administration audit report from Internal Audit's follow-up list.

Prepared by/Date: Sean Janes, City Internal Auditor / May 10, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / May 10, 2019
Approved by/Date: Sean Janes, City Internal Auditor / May 10, 2019

Attachments: None

DECISION/DIRECTION NOTE

Title: Inspection Services - Assignment #12-04

Date Prepared: May 24, 2019

Report To: Audit Committee

Councillor and Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Decision/Direction Required:

To approve the removal of the Inspection Services audit report (Assignment #12-04) from Internal Audit's follow-up list.

Discussion – Background and Current Status:

Current practice of the Office of the City Internal Auditor is to remove a report from the follow-up list after five years. The reasons for this practice are:

- changes occurring in an area over five years (i.e. new management, systems, processes, etc.) can make recommendations outdated
- perceived lack of importance of recommendations that are not acted upon over such a long period
- lack of resources available to internal audit that could be better spent in other areas

Management indicates the recommendations made in the Inspection Services audit report are now substantially implemented (i.e. 82%). Eleven recommendations remain outstanding and management have provided action plans for their implementation. To ensure audit resources are optimally utilized it is now recommended to remove this report from the follow-up list.

Key Considerations/Implications:

1. Budget/Financial Implications: N/A
2. Partners or Other Stakeholders: N/A

3. Alignment with Strategic Directions/Adopted Plans:
    - A Sustainable City
    - An Effective City

4. Legal or Policy Implications: N/A

5. Privacy Implications: N/A

6. Engagement and Communications Considerations: N/A

7. Human Resource Implications: N/A

8. Procurement Implications: N/A

9. Information Technology Implications: N/A

10. Other Implications: The possibility exists that the pending recommendations will not be implemented, and the corresponding issues/risks identified will not be mitigated.

Recommendation:

To approve the removal of the Inspection Services audit report from Internal Audit's follow-up list.

Prepared by/Date: Sean Janes, City Internal Auditor / May 24, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / May 24, 2019
Approved by/Date: Sean Janes, City Internal Auditor / May 24, 2019

Attachments: None

DECISION/DIRECTION NOTE

Title: Receiving, Stores and Issuing - Assignment #13-02

Date Prepared: April 24, 2019

Report To: Audit Committee

Councillor and Role: Councillor Debbie Hanlon, Chair

Ward: N/A

Decision/Direction Required:

To approve the removal of the Receiving, Stores and Issuing audit report (Assignment #13-02) from Internal Audit's follow-up list.

Discussion – Background and Current Status:

Current practice of the Office of the City Internal Auditor is to remove a report from the follow-up list after five years. The reasons for this practice are:

- changes occurring in an area over five years (i.e. new management, systems, processes, etc.) can make recommendations outdated
- perceived lack of importance of recommendations that are not acted upon over such a long period
- lack of resources available to internal audit that could be better spent in other areas

Management indicates the recommendations made in the Receiving, Stores and Issuing audit report are now substantially implemented (i.e. 93%). Only two recommendations remain outstanding and management have provided action plans for their implementation. To ensure audit resources are optimally utilized it is now recommended to remove this report from the follow-up list.

Key Considerations/Implications:

1. Budget/Financial Implications: N/A
2. Partners or Other Stakeholders: N/A

3. Alignment with Strategic Directions/Adopted Plans:
    - A Sustainable City
    - An Effective City

4. Legal or Policy Implications: N/A

5. Privacy Implications: N/A

6. Engagement and Communications Considerations: N/A

7. Human Resource Implications: N/A

8. Procurement Implications: N/A

9. Information Technology Implications: N/A

10. Other Implications: The possibility exists that the pending recommendations will not be implemented, and the corresponding issues/risks identified will not be mitigated.

Recommendation:

To approve the removal of the Receiving, Stores and Issuing audit report from Internal Audit's follow-up list.

Prepared by/Date: Sean Janes, City Internal Auditor / April 24, 2019
Reviewed by/Date: Sean Janes, City Internal Auditor / April 24, 2019
Approved by/Date: Sean Janes, City Internal Auditor / April 24, 2019

Attachments: None