

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).

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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 stored 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