



**SUBJECT: Summary of outstanding audit Issues**

**TO: Audit Committee**

**FROM: City Auditor's Office**

Report Number: CA-08-17

Wards Affected: Not applicable

File Numbers: 430-01

Date to Committee: May 31, 2017

Date to Council: June 12, 2017

---

**Recommendation:**

Receive and file City Auditor's Office report CA-08-17 providing a summary of high- and medium-risk outstanding audit issues as of March 31, 2017.

**Purpose:**

Communicate status of high- and medium-risk outstanding audit issues as of March 31, 2017.

An Engaging City

- Good Governance

---

**Executive Summary:**

<b>Summary of Outstanding Audit Issues as of March 31, 2017</b>	<b>Number</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Not Rated</b>	<b>Total</b>
<b>Related to</b>	<b>Outstanding</b>	<b>3</b>	<b>5</b>	<b>10</b>	<b>3</b>	<b>21</b>
Plans Review		0	0	1		
PRESTO User Entity Controls		0	0	0	3	
Fire Emergency Response - Training		2	1	2		
Building Inspections		0	2	3		
Corporate Payroll		0	2	4		
Financial Review - Phase II: GL Reconciliation		1	0	0		

## **Background and Discussion:**

- Standard 2500 of the Professional Practice of Internal Auditing sets out expectation of professional auditors to ensure that proposed management action plans have been effectively implemented. This applies in all cases except where "senior management has accepted the risk of not taking action".
- Follow up completed with the Director and Managers responsible for outstanding audit issues:
  - Monthly for those audit issues rated as high,
  - Quarterly for those audit issues rated medium, and
  - Semi-annually for those audit issues rated low.

Report outstanding audit issues to the Audit Committee quarterly; last reported in CA-01-17 (February 1, 2017) as of December 31, 2016 for all outstanding audit issues.

## **Recently Reported Audits Included in Report**

- Corporate Payroll
- Financial Review - Phase II: GL Reconciliation

## **Target Date Revisions**

The expected resolution date for one outstanding issue was changed since the last report.

### **Building Inspections**

Finding #1 (medium-risk) - Action Plan #1: Standard Operating Guidelines (SOGs) to be reviewed/replaced with current operating policies for inspection staff. Phased approach will initially consolidate the inventory of SOGs and assign to respective management for accountability.

This action plan is a larger undertaking than anticipated. To date, management has indicated the SOGs are contained within in one location and they are reviewing to eliminate duplications prior to review for condensing and prioritizing with the Chief Building Official. Original date: Q1 2017. Revised date: Q4 2017.

**Auditor's Comment:** I am confident management will meet their revised date and follow up will be increased to a monthly frequency until completion.

## Items Outstanding for More Than 180 Days Past Original Due Date

This section provides further information as to the reasons for delays in implementing the management action plan for high- and medium-risk items outstanding more than 180 days past the original expected resolution date.

Fire Emergency Response – Training: This issue was previously reported under the Target Date Revisions section (February 1, 2017 CA-01-17).

Finding #3 - Shift instructor program (high-risk) – The output from the comprehensive review of all training programs required for meeting NFPA standards will have an impact on the requirements for the shift instructors requiring much more time to fully define the shift instructor program. Original date: July 31, 2016.  
Revised date: September 1, 2017.

**Auditor's Comment:** Given the significant reliance placed on shift instructors to deliver training, it is extremely important to take the time to understand the requirements. Work has started on this review and I am confident the BFD management will meet its commitment.

## Resolution Rate Since Audit Report Issuance

- Plans Review – 89%
- PRESTO User Entity Controls – 81%
- Fire Emergency Response Training – 17%
- Building Inspections – 0%

## 100% Complete (since last report)

BCP-DRP-CERP – 100%

All action plans have been completed:

- (a) Disaster Recovery Plan - the implementation of off-site DR vendor solution  
As of March 2017, ITS confirmed successful implementation of the data replication for critical services to the off-site data center ensuring our ability to recover in the event of an internal IT disaster event.
- (b) Corporate Emergency Planning  
The by-law providing for an Emergency Management Program was enacted November 2, 2015.

(c) Incident Management System (IMS)

The policy was approved on December 7, 2015 with an effective date of January 1, 2016.

(d) Continuity of Operations (COOP)

Service continuity of operations plans are in place. A draft comprehensive emergency plan for City Hall has been transitioned to the corporate security team. Other initiatives in progress will support continuity of operations; e.g. succession planning, enabling a mobile workforce, accommodations projects, etc.). The Community Emergency Management Coordinator continues to work with service owners and management to ensure the effectiveness of continuity of operations plans.

---

**Financial Matters:**

Not applicable.

---

**Connections:**

Not applicable.

---

**Public Engagement Matters:**

Not applicable.

---

**Conclusion:**

The follow up on outstanding audit issues continues on a regular basis. Management is committed to meeting the target resolution dates and where necessary, has provided good business reason to revise the target dates.

---

Respectfully submitted,

Sheila M. Jones, CIA, CFE, CGAP, CRMA, CCSA

City Auditor

905-335-7600 ext. 7872

**Appendices:**

- a. Outstanding Audit issues as of March 31, 2017

**Report Approval:**

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.