

## CITY OF HAMILTON

### **CITY MANAGER'S OFFICE** **Audit Services Division**

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> October 19, 2011	
<b>SUBJECT/REPORT NO:</b> Annual Follow Up of Outstanding Audit Recommendations (AUD11030) (City Wide)	
<b>SUBMITTED BY:</b> Ann Pekaruk Director, Audit Services City Manager's Office	<b>PREPARED BY:</b> Ann Pekaruk 905-546-2424 x4469
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That Report AUD11030, respecting the Annual Follow Up of Outstanding Audit Recommendations, be received; and
- (b) That Item "T" on the Audit, Finance and Administration Committee Outstanding Business List respecting Matrix – Outstanding Audit Report Recommendations, be removed from the Audit, Finance and Administration Committee Outstanding Business List.

### EXECUTIVE SUMMARY

The annual follow up process results in a report prepared by Internal Audit. This report will provide information on the status of the implementation of the outstanding recommendations. In addition, a matrix outlining the recommendations which continue to be in various states of incomplete implementation (i.e. not completed, initiated, in progress or undetermined) is provided as Appendix "A" of Report AUD11030.

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From 2005 to April 30, 2011, 458 recommendations were made. As at the start of the Audit's annual follow up exercise, 195 remained outstanding (i.e. after Internal Audit's initial follow up carried out 12 to 18 months after the issuance of the initial report). After the completion of the annual follow up work, it was verified that of the 195, 99 recommendations (51%) had been implemented, leaving 96 still in an uncompleted state. Therefore, for purposes of this report, there is a completed implementation rate of 79% on the original 458 recommendations.

***Alternatives for Consideration – None.***

<b>FINANCIAL / STAFFING / LEGAL IMPLICATIONS</b> (for Recommendation(s) only)
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**Financial:** None.

**Staffing:** None.

**Legal:** None.

<b>HISTORICAL BACKGROUND</b> (Chronology of events)
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On April 13, 2011, Council approved a process for an annual follow up of outstanding audit recommendations. The process was designed to be a positive assurance exercise in which Internal Audit reports on the status of management's implementation of the audit recommendations made since 2005. There were 195 out of the 458 recommendations (42%) that management had not completely implemented.

On June 22, 2011, staff were directed to provide a matrix regarding the recommendations that still remain outstanding after Audit's standard (12 to 18 months after issuance of the original audit report) and annual follow ups. The matrix was to include all deficiencies, reasons behind non-compliance and timelines until compliance.

A status update from Management was requested pertaining to the 42% outstanding recommendations. Management indicated that 136 of the 195 outstanding recommendations have been completed and provided anticipated completion dates for the remaining incomplete recommendations.

During the period July to September, 2011, Internal Audit performed testing to verify the completed recommendation responses provided by Management.

<b>POLICY IMPLICATIONS</b>
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None.

**RELEVANT CONSULTATION**

Internal Audit consulted with staff across all departments of the City of Hamilton to verify the status of outstanding recommendations.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The annual follow up of outstanding audit recommendations is an extension of Internal Audit's standard follow up process which occurs 12 to 18 months after the issuance of the original audit report. All recommendations found to be in a non fully implemented state (i.e. incomplete, initiated, in progress or undetermined) are subjected to additional annual follow ups until completed. This process provides an annual Committee update on the status of the implementation of recommendations made in the past audit reports.

From January 1, 2005 to April 30, 2011, the 458 recommendations that were followed up by Internal Audit (regular and annual follow up) have a 79% completion rate (Table 1). This is a 21% increase (i.e. an additional 99 completed recommendations) from the 58% completion rate reported in April 2011 prior to the annual follow up process.

**Table 1 – Recommendations Completed**

<b>Year</b>	<b>Recommendations</b>	<b>Completed</b>	<b>Not Completed</b>	<b>% Complete</b>
2005	101	87	14	86%
2006	50	44	6	88%
2007	151	120	31	79%
2008	106	75	31	71%
2009	50	36	14	72%
<b>Total</b>	<b>458</b>	<b>362</b>	<b>96</b>	<b>79%</b>

During the annual follow up conducted between July and September, 2011, Internal Audit also updated the status of the 96 recommendations that remain outstanding (see Table 2).

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**Table 2 – Recommendations Outstanding**

Year	Recommendations Outstanding	Status Update			
		In Progress	Initiated	Not Completed	Undetermined
2005	14	9		5	
2006	6	6			
2007	31	17	3	11	
2008	31	19	1	11	
2009	14	11		1	2
<b>Total</b>	<b>96</b>	<b>62</b>	<b>4</b>	<b>28</b>	<b>2</b>

Management has committed to completing the remaining 96 recommendations as detailed in the matrix of Outstanding Audit Recommendations attached as Appendix “A” to Report AUD11030. Some of the recommendations will be completed before 2011 year end while others have a longer term implementation due to required new systems or completion of extensive projects. The matrix will be updated with each annual review to include the addition of new recommendations determined as not completed during standard follow ups in the year as well as the deletion of recommendations verified as completed in the annual follow up exercise.

**Table 3 – Recommendations Not Completed By Year/Department**

Department	Not Completed	2005	2006	2007	2008	2009
City Manager's Office	12			1	10	1
Community Services	15	6		2	5	2
Corporate Services	22	5	6		3	8
Hamilton Police Services	3			1	2	
HECFI	1				1	
Hamilton Public Library	12			12		
Planning & Economic Development	2	1				1
Public Health Services	2	2				
Public Works	27			15	10	2
<b>Total</b>	<b>96</b>	<b>14</b>	<b>6</b>	<b>31</b>	<b>31</b>	<b>14</b>

This type of process is considered a best practice. It ensures Management is held accountable for the implementation of action plans to which it has committed and it provides valuable and timely information to members of the Audit, Finance and Administration Committee as part of its responsibilities for the oversight of the control environment.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

None.

**CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)**

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Financial Sustainability***

- ♦ Delivery of municipal services and management of capital assets/liabilities in a sustainable, innovative and cost effective manner.

Depending on the follow up audit subject, any of the other focus areas may be applicable.

**APPENDICES / SCHEDULES**

Appendix "A" to Report AUD11030

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## Annual Follow Up of Outstanding Audit Recommendations Summary - Status Report

### CITY MANAGER'S OFFICE 2007

Report # & Subject	Recommendation	Current Status By Audit Services	Reason for Outstanding Status	Anticipated Completion Date
2007-01 Human Resources - Benefits Administration	A.3 - That a review of the benefits adjudication functions performed by the carrier pertaining to the EHDB and LTD be conducted during each five-year term of the agreement.	In Progress	Budget constraints and extended contract with provider to December 31, 2011.	Dec. 31, 2011

### 2008

Report # & Subject	Recommendation	Current Status By Audit Services	Reason for Outstanding Status	Anticipated Completion Date
2008-06 Fleet Management - Part II (HES)	11.a - That procedures dealing with the ordering, storage and use of HES vehicle parts be formally documented.	In Progress	Delayed for inclusion in the migration to electronic records management.	Jan. 2012
	11.b - That procedures pertaining to vehicle maintenance scheduling and tracking be formally documented.	In Progress	Delayed for inclusion in the migration to electronic records management.	Jan. 2012
	11.c - That the above procedures, once written, be reviewed regularly to ensure that they remain current and are appropriately and consistently applied.	Not Completed	With no final procedures (11a. & 11.b above), regular review is not possible	Jan. 2012
	12.a - That an electronic system be used to track all HES parts in inventory, all new parts purchased and all parts used.	In Progress	Delayed for inclusion in the migration to electronic records management.	Jan. 2012
	12.b - That an inventory count be conducted regularly using information from the above referenced system. Count variances should be noted and investigated.	Not Completed	Delayed until the inclusion in the migration to electronic records management.	Jan. 2012

**CITY MANAGER’S OFFICE (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-06 Fleet Management - Part II (HES ) (Continued)	12.c - That a formal re-order point be set in the above-referenced system for frequently used parts in inventory.	Not Completed	The migration to an electronic records management has not yet occurred.	Jan. 2012
	12.d - That parts inventory be reviewed regularly for obsolescence.	Not Completed	The migration to an electronic records management has not yet occurred.	Jan. 2012
	13.a - That repairs and maintenance be scheduled and tracked by electronic means including generating the forms, reports and work orders electronically.	Not Completed	The migration to an electronic records management has not yet occurred.	Jan. 2012
	13.b - That all invoices from outside garages be referenced to HES vehicle numbers so as to better track expenditures associated with repairs and maintenance. Once the automated system of work orders is established, as noted in the recommendation above, tracking by way of consecutively numbered sequences should be considered.	Not Completed	The migration to an electronic records management has not yet occurred.	Jan. 2012
	14. - That the vendors used for inventory supply and outside maintenance be selected and approved according to the City’s Purchasing Policy. Clarification and direction should be sought from Purchasing, as appropriate.	In Progress	During testing, a vendor was found to have purchases exceeding \$5,000 thus contravening the City’s policies.	Jan. 2012

**CITY MANAGER’S OFFICE (Continued)**  
**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-06 Fire Prevention Division	A.2 - That management and systems support investigate the full potential functionality of FDM in regard to enhancing the efficiency of various processes through automation and database extractions.	Initiated	A project team was established after the April 2011 follow up. The project is in the beginning stages.	May 2012

**COMMUNITY SERVICES**  
**2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-02 Recreation - Ancaster Rotary Centre - Cash Handling	2. - That management ensure that the terms of the agreement regarding rent owing are monitored by a designated staff person to ensure calculations are correct.	In Progress	The department is currently in the process of reassigning this task due to a staff vacancy.	Sept. 2011

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-08 Social Housing Funding Streams	1. - That Social Housing Administration, together with Service Managers across Ontario, lobby the Ministry to provide a basis for the calculation of the funding received (i.e. copies of the outstanding debentures, PID holdback details, etc.).	In Progress	During the follow up, staff were unable to provide corroborating documentation that the issues had been brought to the attention of the Ministry.	April 2012



**COMMUNITY SERVICES (Continued)**  
**2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-10 CLASS System - Culture & Recreation	2. - That staff work with the producer of the system, CLASS Software Solutions, to modify the password requirements of the system in order to provide a deterrent against potential unauthorized access.	In Progress	Testing has not yet occurred with respect to compatibility with other programs due to resources being focused on PCI compliance.	Q1 2012
	5.b - That the charging of the administration fee on refund requests be automated in the CLASS System. The program should be changed so that the administration fee is overridden only when a reason meeting predetermined criteria is noted. This reason should be clearly recorded on CLASS System's "alert text".	Not Completed	The automation cannot be completed without a re-write of the CLASS software. The software provider will not entertain such a request at this time.	Undetermined
	5.c - That the refund request and approval function include the provision of information to properly evaluate the appropriateness and amount of refund and documents/data bear evidence of such review.	Not Completed	The approval process for refunds has been discussed in part but no firm direction has been established. Staff will be creating a more in depth refund process that includes a tiered response to the approval process.	Sept. 30, 2011
	7. - That, in collaboration with Financial Services, an alternative method to expedite the reconciliation of all electronic transactions recorded by CLASS and acknowledged by the Royal Bank be explored.	Initiated	The department has started to prepare and create separate merchant ID's.	Sept. 1, 2011

**COMMUNITY SERVICES (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-05 Fleet Management - Part I (Central Fleet)	2. - That all long-term vehicle/equipment rentals be discussed with Central Fleet staff and approval to proceed be given only after consideration of the alternative suggestions. Documentation should be retained by the department to support the decision to rent on a long-term basis.	Not Completed	Two long-term vehicle rentals without adequate supporting documentation were found during testing in the Recreation division.	No response from Management

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-15 OW – Non-Active Clients & Overpayments	1. – That management work together with other municipalities to actively pursue the Province in developing reliable, standard reports for the accounting and administration of overpayments. Such reports should be readily available to be run off the system in a format that facilitates analysis and data extraction.	In Progress	August 2010, the Ministry announced it was proceeding with a plan to replace the functionality of the Service Delivery Model Technology (SDMT) by the spring of 2013. (Ministry driven)	Q2 2013

**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-08 Child Care Fee Subsidies	2.a - That management enforce the requirement for the annual submission of financial statements.	In Progress	A form is currently being designed for analysis of the financial statement submissions.	Dec. 2012
	2.b - That, once received, financial statements be reviewed and compared to submitted provider operating budgets.	In Progress	There does not appear to be analysis of complete financial statements for all operators.	Dec. 2012

**COMMUNITY SERVICES (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-08 Child Care Fee Subsidies (Continued)	5. - That the Child Care Subsidy Program Office obtain repayment information from the OW Recovery Office on a regular basis. The balances owing should be updated accordingly in OCCMS.	Not Completed	Item was listed on the 2010 Child Care Services Work Plan and deferred to 2011 because of workload pressures.	Dec. 2011
	A.1a - That, for the purpose of comparing actual expenditures to budget, child care providers be required to submit operating budgets on an annual basis, regardless of whether a rate review is being requested.	In Progress	In 2010, 19 of the 82 providers had submitted operating budgets. During 2011, 23 of 82 have been received.	Dec. 2011
	A.1b - That management consider the best means of communicating with child care providers regarding the procedure for applying for rate reviews.	Initiated	Information has not yet been communicated to all operators regarding rate reviews.	Dec. 2011

**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-07 Rostered & Multi Vendor Contracts	13.a - That all contractors retained under the Small Electrical Repairs contract be reminded of the document submission requirements that need to accompany the invoices.	In Progress	Staff will make contact with the contractor whose invoice is not complete. One requirement was missing from the invoices.	Sept. 2011
	13.b - That, prior to approving invoices for payment, Supervisors review all supporting documentation to ensure that all contract provisions related to invoicing have been complied with. (PW-EFF)	Not Completed	During the follow up, it was noted that a contractor's invoices continue to be approved for payment without the required documentation.	Sept. 2011

**CORPORATE SERVICES  
2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-04 Municipal Service Centres (MSC) - Cash Handling	1. - That safe drawers be locked overnight and that Service Centre Representatives retain personal drawer keys after locking.	In Progress	It was noted that staff were not taking home their drawer keys in the evening. The Manager immediately responded and will send out notices to all MSC staff regarding retention of personal drawer keys at all times.	July 31, 2011

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-06 Accounts Payable	2.a - That, in order to ensure accountability for invoices received and in order to have immediate accrual recognition for management decision making, management continue investigating a workflow driven process whereby invoices are entered into the PeopleSoft system at the time they are received with subsequent approval taking place.	In Progress	Financial system upgrade required.	Q4 2011
	4. - That a purge routine be put in place as soon as possible and run on a regular basis (i.e. at least annually). The vendor file would be maintained at a manageable size and could be more easily reviewed and kept up to date.	Not Completed	The PeopleSoft Co-ordinating Committee believes this initiative would not provide real user cost savings. An archive strategy and software will be investigated in 2012 pending funding approval.	2012 Project

**CORPORATE SERVICES (Continued)**  
**2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-09 Procurement Card Review	3.b - That General Managers regularly review employees' continued eligibility for procurement cards based on the level of use.	In Progress	Although the reporting mechanisms are in place and there is evidence that a review occurs, the quality of such reviews are questionable as a significant number of low usage cardholders remain active.	Audit Currently in Progress (2011)
	6. - That Business Administrators (BA's) review procurement card clearing accounts for their departments and ensure that amounts are cleared to the appropriate expense accounts at lease on a quarterly basis.	In Progress	A query from PeopleSoft identified several procurement card clearing accounts containing transactions that were not cleared on a quarterly basis.	Audit Currently in Progress (2011)

**2006**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2006-02 Accounts Receivable	1. - That management consider restricting system access to only those functions of the accounts receivable system that are within each employee's area of responsibility. An adequate segregation of duties should be considered in this exercise.	In Progress	Management is investigating whether functionality is affected by revoking access - PeopleSoft reports will be generated and reviewed periodically to detect unauthorized activity.  No process is currently in place to review the AR list of active users. Management will review this list annually.	Dec. 2011  2012

**CORPORATE SERVICES (Continued)**  
**2006**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2006-02 Accounts Receivable (Continued)	6.a - That a payment withholding system be considered for long, overdue customers with whom the City also has purchasing contracts.	In Progress	Staff are continuing to work with Legal Services to determine if re-designing agreements is feasible.	Dec. 2012

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2006-06 Metered Water - Billings & Revenue	1.b - That City staff prioritize requested repairs to meters and outside remotes in order to reduce the number and frequency of estimated accounts.	In Progress	It was noted that the Crystal report is not pulling all estimated accounts from Hansen. The matter will be investigated and problem corrected. (System error)	Q1 2012
	2. - That HUC notify the City's appropriate contact in the Budget and Finance section of proposed deferred payment agreements made with water and wastewater customers whenever the amount owing exceeds a set threshold level agreed to by both the City and HUC. The Service Agreement between the City and HUC should be modified to reflect the above requirement.	In Progress	The Service Agreement has not been modified between the City and HUC. The next renewal date of the agreement is 2015. (Contractual commitment)	Jan. 2015
	A.1 - That the City's Water and Wastewater section of Public Works escalate a program to replace older meters so as to minimize the risk of potential revenue loss.	In Progress	Staff are working with HUC to develop a program for the replacement of meters using reading technology that will reduce reading errors and increase the efficiency with which meter reading occurs. (Technology)	Dec. 2011

**CORPORATE SERVICES (Continued)****2006**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2006-06 Metered Water - Billings & Revenue (Continued)	A.2 - That the City co-ordinate with HUC to identify properties that are abandoned. When charges for water/wastewater services continue to be unpaid over an extended period, the City should exercise its option to turn off the water service to such properties under the provision of By-law R84-026, section 13(6)(a).	In Progress	Procedures are being developed and the assistance of HUC is being sought to identify vacant properties that may require water shut-off.	Dec. 2011

**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-01 Risk Management – Claims Administration	1.b - That all these procedures, once written and updated, be reviewed regularly to ensure that they remain current.	Not Completed	There was no opportunity to review the procedure due to staff turnover. The procedure will be reviewed in Sept. 2011.	Sept. 2011
2008-02 Use of Standby, Call In/Out & Overtime	3 - That F&A procedures pertaining to the process of recording standby, call in/out & overtime be documented and retained in the F&A area. These procedures should be reviewed annually to ensure that they remain current and are appropriately and consistently applied.	In Progress	The procedures are reviewed every 2 years or more frequently if process changes warrant a revision. These procedures will now be reviewed and used as the basis for the other F&A areas.	Sept. 2011

**CORPORATE SERVICES (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-02 Use of Standby, Call In/Out & Overtime (Continued)	4. - That F&A consult with Payroll concerning the structure of earnings codes and GL accounts pertinent to standby, call in/out & overtime expenses and define the usage of these earnings codes and GL accounts. Once the decision is made, it should be implemented consistently across all of the City's departments.	In Progress	A further review is required to confirm that the process is being implemented across all of the other departments. (Rollout confirmation required)	Sept. 2011

**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-01 Financial Requirements of Development (Security Deposits)	2.b - That any deviations from the payment of interest on deposits, where applicable, be adequately documented and approved by the Manager of Capital Budgets and Development.	In Progress	The policy was implemented on July 1, 2011 and not enough time has elapsed to encounter an instance and review its documentation.	June 2012
	3.b - That written confirmations of the validity of long outstanding LCs be obtained from financial institutions from which the LCs are drawn.	In Progress	Finance/Planning currently have a summer student reviewing long-standing LCs to see if the LCs are still required and/or valid. (Resource)	Oct. 2011
	3.c - That the Planning and Economic Development Department use the inventory listing to complete its review of LCs to determine if the LCs are still required and recommend the cancellation of LCs found to be redundant.	In Progress	Finance/Planning currently has a summer student reviewing long-standing LCs to see if the LCs are still required and/or valid. (Resource)	Oct. 2011



**CORPORATE SERVICES (Continued)**  
**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-01 Financial Requirements of Development (Security Deposits) (Continued)	4.a - That, in addition to recommendation 3. above, LC balances recorded in the General Ledger be reconciled to the updated registers every quarter.	In Progress	Not enough recurring evidence to support that this activity is being consistently and correctly carried out.	Dec. 2011
	4.b - That copies of the registers be attached to the reconciliation as supporting documentation.	In Progress	Not enough recurring evidence to support that this activity is being consistently and correctly carried out.	Dec. 2011
	5. - That a detailed sub-ledger of cash deposits held in respect of site plan, subdivision and consent agreements be prepared by staff in the Budgets and Finance division. This ledger should be updated as changes occur and reconciled to the General Ledger balance on a quarterly basis.	In Progress	There is not enough evidence to draw a conclusion whether quarterly reconciliations are prepared consistently.	Dec. 2011

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-07 Rostered & Multi Vendor Contracts	4.a - That management, in conjunction with roster captains, regularly reviews expenditures in each category to ensure that work is assigned on a rotational basis that ensures an equitable distribution of the revenues. (CS-IS)	Undetermined	Equitable distribution of the works is unable to be performed until the roster period has ended (Dec. 2012).	Dec. 2012

**CORPORATE SERVICES (Continued)**  
**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-07 Rostered & Multi Vendor Contracts (Continued)	7. - That a process that will ensure transparency in the handling of bids for the print contract be developed. The procedures should include the process for receiving, evaluating and retaining quotations and other documentation from vendors to support the awarding of a print job. (CS-C)	Not Completed	The tender is expected to close September 30, 2011 and when the successful candidates are confirmed, a process will be rolled out to address the recommendation.	Undetermined

**HAMILTON ENTERTAINMENT AND CONVENTION FACILITIES INCORPORATED (HECFI)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-04 HECFI - Cash Handling	2.c - That HECFI's current policies and procedures regarding deposits and final payments be adhered to. A review of these policies and procedures may be warranted to ensure any required updates or changes are reflected in the approved practice.	Not Completed	Internal Audit reviewed and performed testing on a revised policy and procedure and concluded that there has been no change in non-compliance with the policy and procedure that is in place.	Undetermined

**Hamilton Police Service (HPS)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-05 Fleet Management - Part I	A.1a - That a quarterly reconciliation of the proceeds as noted in the General Ledger and in the records kept by the FIC be performed.	In Progress	Some reconciling activity is occurring but there are still areas in this process that require improvement.	Q4 2011

**Hamilton Police Service (HPS) (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-06 Fleet Management - Part II	18.b - That procedures with respect to the entire HPS Fleet operations (including fuel, maintenance and inventory control) be documented and updated periodically to ensure consistent applications.	In Progress	The document is dated October 2010 and an annual review has not yet occurred.	Oct. 2011
	19. - That HPS Fleet work with HPS Computer Services to explore ways of improving the efficiency of PM Xpert (such as speed and access to customized queries) and maximizing its functionality (such as filter criteria and custom reports) to achieve better information retrieval and dissemination.	In Progress	Meetings are being held and updates are gradually being made to the system so that the most current version is being used.	Oct. 2011

**Hamilton Public Library (HPL)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-10 Library Fines & Other Revenues	1. - That management approach Sirsi-Dynix about the feasibility of switching to user-specific usernames and passwords to access the existing version of Horizon (also known as ‘Unicorn’).  If such functionality is not available in the Unicorn version of Horizon, management should consider insisting on user-specific access when upgrading to the next version of Horizon (likely to be the ‘Symphony’ ILS).	In Progress	HPL is currently working on an RFP for a new Integrated Library system to be released in the fall of 2011. This requirement will be included in that RFP. (Technology)	2012

**Hamilton Public Library (HPL) (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-10 Library Fines & Other Revenues (Continued)	3.a - That system access privileges granted to circulation staff be reviewed and made consistent with the level of their responsibilities.	Not Completed	With the new integrated Library system to be released in the fall of 2011, system access privileges will be re-visited. (Technology)	2012
	3.b - That a requirement to input staff identification and reasons for processing waivers be implemented.	Not Completed	Although a text box is available for staff to enter their initials and reason for the waiver, management does not review processed waivers to ensure this information is recorded and that the transaction is valid.	
	4. - That management consider automating the cash receipting process for locations that receive reasonably large amounts of cash in order to improve the reliability and accuracy of amounts reported. The cost of installing cash registers at these locations should be weighed against the benefits of increased security and information reliability and a possible increase in reported revenues.  Due to fiscal constraints, a staged implementation may be considered starting with branches with the higher cash receipts.	In Progress	Plans are in place to install cash register software and a cash tray on personal computers at the branches currently not using cash registers. (Technology)	Dec. 2011
	5.a - That circulation related revenues be periodically reconciled to Horizon cash reports and that management develop dollar thresholds beyond which discrepancies are investigated.	In Progress	Management will determine if the Horizon reports will be generated as part of the new Integrated Library System to be implemented in 2012. (Technology)	2012

**Hamilton Public Library (HPL) (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-10 Library Fines & Other Revenues (Continued)	5.b - That management implement training programs to standardize the use of the Horizon system for payment processing and that staff be made aware that cash reports from Horizon will be used for cash balancing.	In Progress	A comprehensive training plan for all staff that handle cash has not happened yet. HPL will be reviewing procedures and training in this area as we implement the e-commerce solution and our new ILS. (Technology)	2012
	6.a - That a requirement to input staff identification and reasons for waiving fines and other fees be implemented.	Not Completed	Management does not review processed waivers to ensure the information is recorded and that the transaction is valid.	2012
	7. - That cheques be restrictively endorsed immediately upon receipt.	In Progress	Special endorsement stamps have been ordered and received but are awaiting distribution to the branches.	Sept. 2011
	10. - That a comprehensive debt collection agreement be drawn up that will ensure that: <ul style="list-style-type: none"> <li>• All services provided by the collection agency are incorporated into the agreement.</li> <li>• A rate adjustment formula that is responsive to currency fluctuations is negotiated or that the billing rate be set in US dollars.</li> </ul>	Not Completed	A debt collection agreement entered into and approved by the HPL Board is not comprehensive and some terms and rates are out-dated. HPL's plan is to review the agreement once the Integrated Library System has been completed.	2012

**Hamilton Public Library (HPL) (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-10 Library Fines & Other Revenues (Continued)	13. - That management consider introducing the following performance measures: <ul style="list-style-type: none"> <li>• Fine waivers above certain established limits</li> <li>• Fines waived by branch (number and dollar)</li> <li>• Fine waivers by staff identification</li> <li>• Delinquent accounts handed over by branch</li> <li>• - Fines waived as A percentage of billings</li> </ul>	Not Completed	Performance measures with respect to fine waivers and delinquent accounts have not yet been considered. HPL will look more closely at these types of measures once the new Integrated Library System is implemented.	Dec. 2011
	A.1 - That management review the incidence of cash surpluses and shortages and establish a threshold for reporting discrepancies to the branch manager.	In Progress	Internal Audit was not able to confirm a dollar threshold with all branch managers for shortages / overages. An email will be sent to all branch managers reminding them of the daily reviews and threshold.	Sept. 2011
	A.4.a - That Daily Cash Sheets be reconciled to cash on hand on a daily basis and that variances be reported to the Branch Manager and investigated.	In Progress	It was difficult to determine whether daily cash reconciliations were being conducted properly as there was a lack of consistency at all branches. An email will be sent to all branch managers to complete these items.	Sept. 2011

**PLANNING AND ECONOMIC DEVELOPMENT  
2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-07 Downtown Renewal Division - Financial Assistance Programs	13. - That management puts in place an effective project monitoring system to ensure that borrowers fully comply with terms of the program.	Not Completed	Based on observations performed, the implementation of a project monitoring system to ensure borrowers comply with program terms has not been completed.	Aug. 2011

**2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-01 Financial Requirements of Development (Security Deposits)	3.c - That the Planning and Economic Development Department use the inventory listing to complete its review of LCs to determine if the LCs are still required and recommend the cancellation of LCs found to be redundant.	In Progress	Finance/Planning currently have a summer student reviewing long-standing LCs to see if the LCs are still required and/or valid. (Resource)	Oct. 2011

**PUBLIC HEALTH SERVICES  
2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-01 Dental Claims Administration	5. - That a separate, written authorization form, approved by the Program Manager, be used to set up an external service provider on the vendor file. The form should be attached to the cheque requisition reports forwarded to the Accounts Payable section for new providers. Without such authorization, payment requests should be held until such approval is provided.	In Progress	A form is still not being utilized in this process	Undetermined

**PUBLIC HEALTH SERVICES (Continued)  
2005**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2005-01 Dental Claims Administration (Continued)	6. - That all incoming mail be received by an individual independent of the claims processing duties. Any cheques received should be recorded on a register. The register should be given to the Program Manager for review on a monthly basis and initialled once the review is complete. In addition, this individual should use the register to ensure the funds have been deposited into the City's bank and reflected in the PeopleSoft financial system.	Not Completed	An appropriate segregation of duties and oversight has not yet been achieved.	Undetermined

**PUBLIC WORKS  
2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-03 Pavement Cuts	1. - That the pavement cut procedures be reviewed and updated to reflect changes that have taken place. In the future, the procedures should be reviewed annually to ensure they are kept up to date.	Initiated	The Division is in the process of implementing a complete set of procedures in a new system that interfaces with Hansen and the Division's records management solution.	Q2 2012
	6.b - That any changes to an EP previously issued be noted both in GeoMedia and on the EP copy on file. Any supporting documentation explaining the reasons for the changes should be attached to the EP copy on file.	Not Completed	During Internal Audit's review, EP's reviewed were not adequately linking hard copy files to the electronic EP files.	Q2 2012



**PUBLIC WORKS (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-03 Pavement Cuts (Continued)	9. - That procedures pertaining to the entire process of pavement cut payment, invoicing and adjustment be documented and retained in the F&A area. These procedures should be reviewed annually to ensure that they remain current and are appropriately and consistently applied.	In Progress	Internal Audit requested copies of standard procedure documents and noted that the documents did not indicate review / approval by management.	Undetermined

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-05 Fleet Management - Part I (Transit)	4.a - That the policies and procedures with respect to the disposal process of buses and vehicles be formally documented.	In Progress	Draft format of the policies and procedures was completed by a consultant in 2009 and revisions were made by Transit in December 2010. The document has not been finalized and approved.	Dec. 2011
	4.c - That the above procedures, once written, be reviewed regularly to ensure that they remain current and are appropriately and consistently applied.	Not Completed	Since Item 4.a above remains in progress, the annual review has not yet occurred.	Dec. 2012

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-08 Encroachment Agreements	1.b - That formal policies and procedures related to encroachment agreements be written and reviewed periodically (once per year).	In Progress	The department plans to review and update the policies and procedures approximately one year from Council's approval (April 2011).	May 2012

**PUBLIC WORKS (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-08 Encroachment Agreements (Continued)	4.a - That copies of the contracts with various newspaper providers pertaining to the vending box encroachment agreements be newly validated.	Initiated	The newspaper box program will be updated as part of the street furnishings RFP process to be in place in 2015.	2015
	4.e - That proof of specified insurance coverage as set out by the contract be obtained and filed with corresponding contracts.	Initiated	Existing agreements do not include proof of insurance.	Undetermined
	A.1 - That complaints regarding bicycle racks, newspaper vending boxes and benches be directed through the Customer Contact Centre who would provide contractor contact information to the complainant.	Initiated	Misdirected and inappropriate calls coming into the section need to be tracked. A follow up protocol is required.	2012

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-09 Administration of Outdoor Boulevard Cafes	1. - That all files include documentary evidence of insurance coverage to the limits noted in the applications as proof that the City has been added as an insured party for Outdoor Boulevard Café and Banner agreements.	In Progress	Management is planning to change the application process to facilitate more timely remittance of documentation. Agreements will not be finalized without an insurance certificate.	Dec. 2011
	2. - That a proper, secure and organized filing system be maintained. Individual application files should include adequate documentation and details concerning the status of the application.	In Progress	Changes to the checklist will be completed by the end of 2011 indicating which documents should be retained in the file.	Dec. 2011

**PUBLIC WORKS (Continued)**  
**2007**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2007-09 Administration of Outdoor Boulevard Cafes (Continued)	3. - That the policies and procedures governing the administration of agreements for Boulevard Cafés, Banners and Permanent Road Closures be formally documented.	In Progress	Lack of resources, re-organization and time commitment for policy development.	Q4 2011
	5.b - That quarterly reconciliations of applications received to funds collected and deposited be performed. Any discrepancies should be investigated.	Not Completed	Lack of resources, re-organization and time commitment for policy development.	Q1 2012
	A.2 - That a decision be made on whether agreements for temporary encumbrances are necessary and how they will be enforced.	Not Completed	The working group (Legal, OWM) will undertake this later in 2011 for completion in 2012. Lack of resources, re-organization and time commitment for policy development.	Q1 2012

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2007-11 Overstrength & Sewer Surcharge Agreements	3. - That a chart of escalated fines and penalties for overstrength infractions be developed and approved by Council. A reference to such fines should then be incorporated into the overstrength agreements.	Initiated	A new sewer by-law is being drafted and is currently being reviewed by Legal Services.	Q2 2012

**PUBLIC WORKS (Continued)****2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-06 Fleet Management - Part II (Central Fleet)	5.a - That the work order administration process (from issuance to filing) be reviewed and formalized. The process of closing work orders in Avantix upon completion, review and signing by a foreman and systematic filing should be emphasized to all appropriate staff.	In Progress	Central Fleet is currently revising the work order process. Fleet foremen have been advised and this is reviewed at monthly staff meetings. The process is being documented.	Sept. 2011
	5.b - That open work orders issued in 2007 be reviewed and followed up properly. In addition, such reviews should be conducted periodically with long outstanding work orders examined and addressed.	Initiated	Central Fleet is implementing a new work order system which will improve the handling and completion of work orders.	Sept. 2011
	6. - That the significance of performing PM as scheduled be communicated and stressed to user groups and additional controls and/or penalties be considered to ensure that vehicles are brought in on time for PM. (PW-CF)	Initiated	There are plans to implement a progressive level of notification to Manager/Director levels for vehicles that are not turned into Central Fleet for scheduled service after 30, 60 or 90 days of non-compliance. This is currently being reviewed by the Public Works Fleet Task Team.	Dec. 2011
	A.2 - That a cost benefit analysis be performed to evaluate the necessity of maintaining all the City's fuel sites, garages and inventory stockrooms currently in operation. (PW-CF)	In Progress	This will be completed as part of the 2011 work plan in conjunction with the Office of Energy.	Dec. 2011

**PUBLIC WORKS (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-06 Fleet Management - Part II (Central Fleet) (Continued)	A.4 - That the process of documenting the procedures pertaining to all the processes for fuel, inventory and maintenance be completed in a timely manner. These procedures should be reviewed annually to ensure that they remain current and are appropriately and consistently followed. (PW-CF)	Not Completed	No evidence that procedures have been updated.	Sept. 2011

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2008-06 Fleet Management - Part II (Transit)	7.a - That the procedures manual be updated. Once this has been completed, such documentation should be made available to staff, as appropriate.	In Progress	The procedures manual has been distributed electronically but remains to be finalized (signed off).	Dec. 2011
	7.b - That the above procedures be reviewed regularly to ensure that they remain current and are appropriately and consistently applied.	Not Completed	Since Item 7.a above has not yet been completed, this recommendation has not been completed as there has not been time for an annual review period to occur.	Dec. 2012
	9. - That the entire process with regard to obsolete inventory (from identifying obsolete inventory to disposal tracking) be reviewed and documented. Once established, these procedures should be reviewed regularly to ensure that they remain current and are being followed consistently.	In Progress	The document pertaining to this recommendation was originally drafted by external consultants in 2009. The formal "sign off" process is still outstanding and the document does not list the most recent revision date.	Dec. 2011

**PUBLIC WORKS (Continued)**  
**2008**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2008-06 Fleet Management - Part II (Transit) (Continued)	A.8 - That the process of documenting the procedures pertaining to all the processes for inventory and maintenance be completed in a timely manner. These procedures should be reviewed annually to ensure that they remain current and are appropriately and consistently followed.	In Progress	The document pertaining to this recommendation was originally drafted by external consultants in 2009. The formal "sign off" process is still outstanding and the document does not list the most recent revision date.	Dec. 2011

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2008-07 Capital Planning & Budgeting	4. - That the City's Senior Management Team (SMT) along with other relevant stakeholders continue to investigate alternative means of obtaining optimal funding levels that support sustainable asset management practices without adversely affecting the City's credit rating and its ability to service the debt. The results of such work should be communicated to Council.	In Progress	PW will continue this initiative and it will be a part of the Level of Service review.	2013

**PUBLIC WORKS (Continued)****2009**

<b>Report # &amp; Subject</b>	<b>Recommendation</b>	<b>Current Status By Audit Services</b>	<b>Reason for Outstanding Status</b>	<b>Anticipated Completion Date</b>
2009-07 Rostered & Multi Vendor Contracts	1.b - That the Roster Committee enforces the requirement for roster captains to report expenditures within each category to the Purchasing section on a quarterly basis. (PW-CPI)	In Progress	As at August, 2011, 7 weeks after the quarter, two roster captains had not reported their expenditures.	Sept. 2011
	2.a - That roster captains closely monitor the distribution of work assignments (and in particular, follow on assignments) to ensure that the core principles of rostering are being upheld. (PW-CPI)	Undetermined	The current roster period is 2011 to 2012.	Dec. 2012