

CITY OF HAMILTON

CITY MANAGER'S OFFICE
Audit Services Division

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 19, 2012	
SUBJECT/REPORT NO: Follow Up of Audit Report 2010-02 - Public Health Services - Food Safety Program (AUD12005) (City Wide)	
SUBMITTED BY: Ann Pekaruk Director, Audit Services City Manager's Office	PREPARED BY: Ann Pekaruk 905-546-2424 x4469
SIGNATURE:	

RECOMMENDATION

That Report AUD12005, respecting the follow up of Audit Report 2010-02, Public Health Services – Food Safety Program, be received.

EXECUTIVE SUMMARY

Audit Report 2010-02, Public Health Services – Food Safety Program, was originally issued in June, 2010 and management action plans with implementation timelines were included in the Report. In January, 2012, Internal Audit conducted a follow up exercise to determine that appropriate and timely actions had been taken. Of the 19 recommendations agreed to by management in the original Report and Addendum, 15 have been completed, an alternative has been implemented for one and two are in progress. Staff originally disagreed with one of the recommendations so no further follow up work was carried out.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: A higher degree of enforcement action could result in increased revenues from fines under the Provincial Offences Act.

Staffing: The management action plans relating to recommendation #3 and #4 indicated the creation of two new positions – a manager for the Health Hazard Program (who has been hired) and an Environmental Health Quality Assurance/Data Co-ordinator (job posted in January 2012). Both of these positions were to be achieved within the existing budget and total staff complement of Public Health Services.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2010-02, Public Health Services – Food Safety Program, was originally issued in June, 2010. The Report and Addendum provided 19 recommendations identifying areas for compliance improvements with legislative requirements in terms of the extent of food inspections and the levying of appropriate fines, increased controls and accountability and greater management oversight.

It is normal practice for Internal Audit to conduct follow up reviews within a 12-18 month period following issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

POLICY IMPLICATIONS

Health Protection and Promotion Act – Regulation 562 (Food Premises)
Food Safety Protocol, 2008
By-law 07-245 – Mandatory Food Handler Certification

RELEVANT CONSULTATION

The results of the follow up were provided to management responsible for the administration and operations of the Food Safety Program – Environmental Health section of Health Protection Division of Public Health Services.

The administrators of the Homes for the Aged (Macassa and Wentworth Lodges) were consulted for the follow up of #3 in the Addendum.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The report attached as Appendix “A” to Report AUD12005 contains the first three columns as originally reported in Report 2010-02 along with an added fourth column indicating Internal Audit’s comments as a result of the follow up work. The original Addendum section containing seven recommendations also contains follow up comments.

Management and staff of the Food Safety Program have worked diligently to complete many of the recommendations. Most evident is a significant improvement in the inspection completion rates in 2011 over those in 2009 (see #3 in the Audit Report – Appendix “A”).

Fifteen of the 19 recommendations have been fully implemented. These include: investigation of various means to ensure completeness of the inventory of premises subject to inspection; determination and addressing of possible causes of low rate of inspection compliance and decreased productivity levels; supervision of Public Health Inspectors with close monitoring of workload assignments and inspection cycles throughout the year; specialization of Public Health Inspectors into specific inspection areas to improve managerial accountability; rotation of Public Health Inspectors among premises to be inspected; and improved enforcement (ticketing and fines) processes for repeat violations or violations not corrected in specified time periods.

The two in progress recommendations are: expansion of the Quality Assurance process to include monitoring of information uploading, complaint follow up and enforcement actions; and the investigation of alternative, innovative work arrangements with an aim of reducing the costs and streamlining the workflows.

Concerning the lack of segregation of duties for cash receipts, the Program implemented an alternative by no longer accepting cash and thus reducing the risk to a sufficiently low level.

There was no follow up pertaining to the recommendation of other forms of public notice of green card removal with which management disagreed.

ALTERNATIVES FOR CONSIDERATION

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

Not applicable.

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.

Healthy Community

- ◆ Adequate access to food, water, shelter and income, safety, work, recreation and support for all.

APPENDICES / SCHEDULES

Appendix “A” to Report AUD12005.

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**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-02
PUBLIC HEALTH SERVICES – FOOD SAFETY PROGRAM
FOLLOW UP**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
1.	<p><u>Completeness of Inventory of Premises</u></p> <p>Currently, there are no procedures or practices in place that would aid in the determination of the completeness of the premises inventory.</p> <p>Without such steps to determine the completeness, there is a risk that food premises which should be inspected under the Food Safety Program may be missed. Uninspected food premises in the City pose a potential public health risk to patrons of these establishments.</p>	<p>That management investigate various means to verify the completeness of the inventory of premises subject to inspection. For example, the exercise of comparing the appropriate databases used in the Licensing section with the information contained on Hedgehog (divisional software application for inspections) on a regular basis may identify differences to the benefit of both operational areas. Another effort would include setting aside a period of time on a regular basis (i.e. quarterly) to allow Public Health Inspectors to perform walkabouts/driveabouts in assigned areas in order to identify new establishments.</p>	<p>Agreed. The following items are planned to address the recommendation:</p> <p>a) initiate a process with Licensing for the regular cross-referencing of premises inventories (to be completed by end of Q3, 2010);</p> <p>b) consult with other health units to determine how/if this issue is dealt with by their food safety programs (to be completed by end of Q2, 2010); and</p> <p>c) Use the Food Safety Zone messaging as a means for the public to identify suspect premises to Public Health Services (PHS) (to be completed by end of Q3, 2010).</p>	<p>Completed. Staff in the Food Safety Program (FSP) meets monthly with Licensing and shares premises inventory information. Two other health units were consulted on this topic and responses were received. The Public Health Services (PHS) webpage for the FSP was updated to include text that encourages the public to report food premises that are suspected of operating illegally outside of the inspection program.</p>

**PUBLIC HEALTH SERVICES – FOOD SAFETY PROGRAM
FOLLOW UP – JANUARY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
2.	<p><u>Removal of Green Card</u></p> <p>When a Green Card is removed from a food establishment due to infractions noted during a food premise inspection, no documentation is posted in place of the Green Card to advise food premise users that the Green Card has been removed.</p> <p>Without such information, users are not fully informed about the condition of the establishment and their decision-making may have been different if there had been notice drawn to the situation.</p>	<p>That a form of notice to inform users of food premises in the City of Hamilton when a Green Card has been removed be developed, especially in situations where a Green Card has been removed but the establishment remains open.</p>	<p>Disagreed. The "green card" system was adopted by the Board of Health in December, 2007. The Board's decision at that time recognized that additional notices (including a "yellow card") could be open to misinterpretation and that disclosure was in large part addressed by Food Safety Zone.</p> <p>Disclosure systems are not risk management tools. Their purpose is to fulfill public demand for inspection information and enhance transparency.</p> <p>As the green card removal is flagged on the City's Food Safety Zone website, no further action is proposed.</p>	<p>Not Applicable. Management disagreed with the original recommendation.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
3.	<p><u>Inspection Compliance Rate</u> Food premises are not being inspected at the frequency mandated by the MOHLTC in the "Food Safety Protocol". As noted from the annual statistics reported to the MOHLTC:</p> <ul style="list-style-type: none"> • High Risk Premises (3 inspections required annually at each premise) – only 45% of the premises had all required inspections completed in 2009 and 80% in 2008. • Moderate Risk Premises (2 inspections required annually at each premise) – only 39% of premises had all required inspections completed in 2009 and 86% in 2008. • Low Risk Premises (1 inspection required annually at each premise) – 76% of premises had all required inspections completed in 2009 and 82% in 2008. 	<p>That management attempt to determine the reasons for the low rate of inspection compliance and decreased productivity levels and address the causes.</p>	<p>Agreed. Food premises workloads have been reassigned to improve equity of distribution and to better address declines causes by summer pressures such as vacations and non-food seasonal inspections.</p> <p>Effective immediately, management has initiated monthly audits of productivity to track progress and address performance, as necessary.</p>	<p>Completed. The inspection completion rates for 2011 have improved significantly.</p> <ul style="list-style-type: none"> • High Risk Premises - 99% completion rate. • Moderate Risk Premises - 98% completion rate. • Low Risk Premises - 86% completion rate. <p>The monthly productivity audits are completed on a regular basis and track progress and performance.</p>

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FOLLOW UP – JANUARY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
3.	<p><u>Inspection Compliance Rate (Cont'd.)</u></p> <p>Overall, the percentage of total required routine inspections completed was 72% in 2009. The Food Safety Program is not achieving a high level of compliance with required inspection rates.</p> <p>Food premises are not being inspected as frequently as they should be which potentially puts users of such establishments at increased risk of food borne illness due to non-compliant premises not being detected or being detected later than required.</p>	<p>That the level of direct supervision of Public Health Inspectors be increased so that the number of inspections completed and the level of compliance being achieved can be more closely monitored by Food Safety Program management. Direct accountability for the supervision of particular staff would allow for changes to inspection strategies and workload assignments to be made on a leading basis throughout the year by inspection cycle instead of a lagging basis after the year is complete and the statistics have been compiled. In addition, a more proactive approach to meeting inspection requirement rates through direct supervision may result in higher compliance rates.</p>	<p>Agreed. A new manager position for the health hazard program is being considered to take on the duties currently carried out by the Food Safety Manager. This will allow the Food Safety Manager to exclusively manage the Food Safety Programs and the staff. The creation of an Environmental Health QA/Data Co-ordinator position will support the Quality Assurance functions of the Food Safety Program and other inspection related programs. Both of these positions will be achieved within the existing PHS budget and total staffing complement. No enhancement for funding or FTE is required (to be completed by end of Q4, 2010).</p>	<p>Completed. A new manager position for the health hazard program has been implemented. Therefore, the Food Safety Manager now exclusively manages the FSP and the staff.</p> <p>A Quality Assurance Advisor position has also been created. This job was posted in early January 2012.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
3.	<p><u>Inspection Compliance Rate (Cont'd.)</u></p> <p>An attempt to compare 2009 compliance rates with those of 2008 proved inconclusive due to the inconsistency of the methodology used to derive the reported statistics and the adoption of the Hedgehog application. Also, management had not reviewed the statistics reported to the MOHLTC in 2009, an exercise which may have highlighted the inconsistency prior to the audit fieldwork.</p>	<p>That management review and approve the annual inspection statistics reported to the MOHLTC to ensure their accuracy and completeness.</p>	<p>Agreed. The new Hedgehog data system will allow management to accurately report inspection numbers. This can be achieved immediately for the 2010 statistics.</p>	<p>Completed. The 2010 statistics were reported to the MOHLTC by the Program Manager using the Hedgehog data system.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
4.	<p><u>Quality Assurance Processes</u> The Quality Assurance (QA) process that is currently in place in the Food Safety Program does not address all QA concerns. Areas currently not included in the QA process are: monitoring the upload of inspection information from tablet PC's to the network (to ensure inspection information on the City's website is current), complaint database monitoring (to ensure complaint inspections are carried out and complaints are closed in a reasonable timeframe) and enforcement action monitoring (to ensure enforcement actions not taken can be tracked).</p>	<p>That management expand the current Quality Assurance (QA) process to include monitoring of information uploading, complaint follow up and enforcement actions. Further methods of monitoring Public Health Inspector productivity and tracking of the premises with significant non-compliance issues should be added to the QA process.</p>	<p>Agreed. The following initiatives have been implemented or are proposed to address the recommendation:</p> <ul style="list-style-type: none"> a) establish monthly productivity audits as described above in #3 (effective immediately); b) re-establish the Habitual Non-Compliance Audit to identify premises with poor compliance histories and/or flag situations where Public Health Inspectors (PHIs) may not be adhering to enforcement policies (completed); c) resume use of weekly Hedgehog upload audits (completed); 	<p>Completed. Monthly productivity audits are occurring.</p> <p>Completed. This audit occurred regularly throughout 2011.</p> <p>Alternative Implemented. The monthly productivity audits are used in lieu of the upload audit.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
4.	<p><u>Quality Assurance Processes (Cont'd.)</u></p> <p>In addition, processes that could be strengthened include reviews of Public Health Inspector productivity, monitoring of the most non-compliant premises in the City and evidence of review of digital documents by management.</p>	<p>That digital stamping be implemented to provide an audit trail for digital documents which have been reviewed by management as part of the QA process.</p>	<p>d) audit complaint response processes by moving to an enhanced version of Hedgehog which integrates complaint data with inspection data (to be completed by end of Q1, 2011); and</p> <p>e) as indicated above, create a QA/Data Co-ordinator position within the existing PHS budget and staffing complement (to be completed by end of Q4, 2010).</p> <p>Agreed. Digital stamping has been initiated.</p>	<p>In Progress. Management reviews complaint data periodically. An eHealth initiative is underway to streamline the complaint process in Health Protection, delaying the implementation of the Hedgehog enhancement.</p> <p>In Progress. The position has been created and the job was posted in early January 2012.</p> <p>Completed. Evidence of digital stamping was reviewed during testing.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
5.	<p><u>Specialization of Public Health Inspectors (PHIs)</u></p> <p>PHIs are not currently specialized. They perform Food Premise inspections and also Health Hazard, Rabies, Recreational Water and Safe Water inspections. PHIs have a manager who they report to for performance management purposes, but they also report to an additional two Environmental Health managers on a functional basis depending on the subject area of an inspection.</p> <p>It is difficult for functional managers (Food Safety / Recreational Water, Health Hazards / Safe Water and Rabies / West Nile Virus) to effectively supervise employees who are reporting to three different managers who are each trying to meet the goals and objectives of their specific program.</p>	<p>That management consider specializing Public Health Inspectors into specific inspection areas (i.e. focused area of inspection) in order to enable managers to effectively monitor the achievement of goals and objectives in their areas of responsibility. This would also provide managerial accountability for staff directly under the control of a particular manager.</p>	<p>Agreed. As a component of the PHS reorganization, public health inspector specialization of duties will be increased (to be completed by the end of Q4, 2010).</p>	<p>Completed. PHIs are now specialized. There is a team of PHIs that work specifically for the FSP. These PHIs report directly to the FSP Manager.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
6.	<p><u>Enforcement Actions Not Taken</u></p> <p>Enforcement actions (Provincial Offences Act ticketing) are not being consistently applied by Public Health Inspectors. The Food Safety Program's Policy and Procedure Manual states that "repeat violations or violations not corrected within allotted time periods result in charges being laid under the Provincial Offences Act".</p> <p>Internal Audit identified approximately 450 premises (all categories) with multiple infractions in 2009. Yet, only 6 tickets were written by Public Health Inspectors during food premise inspections conducted in 2009.</p> <p>Potential Provincial Offences Act (POA) lost revenue for 2009 by the City, as a result of the enforcement actions not taken, was calculated in the range of \$84,000 to \$114,000.</p>	<p>That the Food Safety Program's enforcement procedures, in particular the ticketing process, be emphasized with the Public Health Inspectors.</p>	<p>Management concurs that enforcement actions are not being consistently applied but believes the manner in which Hedgehog tracks enforcement data overstates the issue.</p> <p>Agreed. The current policy will be reviewed to ensure that current enforcement action requirements are realistic and achievable. The policy will be revised, as necessary, and will be reinforced with PHIs (to be completed by the end of Q3, 2010). In addition, the inspection processes will be reconfigured to make enforcement action less confrontational (to be completed by the end of Q4, 2010).</p>	<p>Completed. The policy was reviewed subsequent to the audit. Revisions were not found to be required. Enforcement process training was provided to PHIs subsequent to the audit.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
6.	<p><u>Enforcement Actions Not Taken (Cont'd.)</u></p> <p>The lower levels of enforcement could result in less incentive for food premise operators to comply with regulations.</p>	<p>That management add enforcement monitoring to its Quality Assurance process.</p> <p>That an analysis of proper enforcement actions taken become a component of management's performance evaluation of PHIs.</p>	<p>Agreed. Reporting options in Hedgehog will be explored to ensure that enforcement data accurately tracks adherence to the policy (to be completed by the end of Q3, 2010). Also, the re-establishment of the Habitual Non-Compliance Audit (as noted in #4 above) supports the implementation of this recommendation.</p> <p>Agreed. The current Inspection Policy Standards (which already prescribe enforcement actions) will be linked to the PHI performance evaluation process (to be completed by the end of Q4, 2010).</p>	<p>Completed. Management regularly reviews enforcement data as part of the Quality Assurance process. The Habitual Non-Compliance audit is also being utilized to identify premises with poor compliance histories and flag situations for the PHIs.</p> <p>Completed. Program management regularly reviews enforcement data specifically for each PHI in the FSP.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JANUARY 2012)
7.	<u>District Assignments</u> PHIs are assigned to specific districts and are rotated only every three years. This type of distribution and the infrequency of change can facilitate a sense of undue familiarity with the food premise operators or an informality to the process that may result in an ineffective inspection.	That management review the district concept with a view of providing "fresh eyes" inspection capabilities through random assignment of inspections and adequate rotation of PHIs.	Agreed. Management has discontinued the use of districts to assign work.	Completed. PHIs are assigned inspections of premises based on workload (i.e. number of inspections required). Workload allocations are rotated on an annual basis by management.

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ADDENDUM

(PH = Public Health / L = Lodges)

The following items were noted during the course of the audit. Although they do not present internal control deficiencies, they are indicated in this Addendum so management is aware of the issues, risks and inefficiencies and can address them appropriately.

Food Handler Training Course Content

1. The Food Handler Training Course is missing one component that is required by the Food Safety Protocol to be a part of the course content. The missing component relates to food-related issues arising from floods, fires, power outages or other situations that may affect food safety.

This lack of knowledge may lead to an incorrect or inappropriate response by a food premise operator in such a circumstance.

It is recommended:

That management add the missing course component as required by the MOHLTC to the course content of the Food Handler Training Course and Exam.

Management Response:

PH - Agreed. This component will be added to the course at the end of Q2, 2010.

Follow Up Comment:

Completed. The current course content includes information about food-related issues arising from floods, fires and power outages.

Mileage Expense Reports

2. Part of the reimbursable mileage expenditures are incurred due to the requirement for Public Health Inspectors (PHIs) to regularly synchronize their tablet PCs with the Food Safety Program's network to ensure that the information published twice weekly to Food Safety Zone is accurate.

It is necessary for PHIs to attend the main office daily to download/upload information and receive any complaint information before commencing daily inspections.

Workflow of PHIs is currently not designed in a manner that minimizes the mileage expenditures incurred by the City nor the amount of lost inspection time while attending the office to synchronize equipment. Mileage expenses are typically over-budget every year.

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It is recommended:

That management investigate alternative, innovative work arrangements to reduce mileage expenditures and streamline the workflows of Public Health Inspectors (PHIs). In particular, management should consider the possibility of equipping the Municipal Service Centres for uploading of information on the Inspectors' tablet PCs. Complaint details required for inspection could be received through facilities available at the Centres or by telecommunication devices such as blackberries.

Management Response:

PH - Agreed. To facilitate the implementation of this recommendation, measures will be considered within the context of moving to an enhanced version of Hedgehog (see #4 above under QA Processes) that integrates complaints with inspection processes. However, it is uncertain whether these measures would actually result in significant mileage savings. Further, this recommendation will be considered in an overall Public Health Services (PHS) accommodation strategy (expected by the end of Q4, 2010) that will examine alternatives to traditional workspaces and the use of mobile technology.

Follow Up Comment:

In Progress. Management has investigated these work arrangements as part of an ongoing Accommodation Review process that is underway in PHS. Supporting documentation was provided by PHS Management to Audit Services.

Expense reports currently do not provide sufficient levels of audit evidence that would enable a manager to perform reasonability checks over the mileage reports they are authorizing. The lack of detail on mileage reports exposes the City to the risk of inflated mileage claims and increased operating costs.

It is recommended:

That management implement documentation standards for mileage amounts that are claimed on expense reports and communicate these standards to staff.

Management Response:

PH - Agreed. As of May, 2010, a detailed mileage tracking sheet has been implemented as an addition to the existing "mileage form".

Follow Up Comment:

Completed. A sample of 2011 expense reports from the FSP was reviewed. Detailed mileage tracking sheets are being used.

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That management implement a process for performing reasonability checks over expense reports during the authorization process.

Management Response:

PH - Agreed. By the end of Q2, 2010, a monthly quality assurance process based on a representative random audit of submitted mileage claims will be developed and implemented.

Follow Up Comment:

Completed. Management periodically checks expense reports for reasonability. Sufficient detail is now provided with expense reports to enable this. Additionally, the program secretary verifies that the detailed information provided agrees to the amounts claimed on the main portion of the expense report for each report that is submitted.

City-Owned Homes for the Aged: Inspection Non-Compliance

3. During 2009, City-owned Homes for the Aged (Macassa and Wentworth Lodges) were not inspected at the frequency required by the Food Safety Protocol. In addition, for the food premise inspections that were carried out in 2009, infractions were noted.

It is recommended:

That management ensure that City-owned Homes for the Aged are inspected at the required frequency mandated by the Food Safety Protocol from the MOHLTC. Management of the Lodges should be made fully aware of any infractions and additional efforts made to have the Lodges in compliance with Food Premise Regulations.

Management Response:

PH - Agreed. Management will ensure that City-owned long term care facilities (and all long term care facilities within its jurisdiction) are inspected at the frequency required. This will be implemented immediately.

L - Agreed. The Lodges have an existing process in place. The Administrator reviews the inspection reports with the responsible manager of the Lodge (Wentworth or Macassa) who develops a plan of action for the remediation of any infractions to achieve compliance. Inspection results and follow ups are reported in a quarterly management report.

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Follow Up Comment:

PH - Completed. Audit Services reviewed inspection reports for 2011 for both Macassa and Wentworth Lodges. All required inspections were found to have taken place in 2011.

L-Completed. Audit Services reviewed a sample of quarterly management reports. These reports were found to contain a section where PHS Food Safety Inspections are addressed.

Cash Receipts – Non-Compliance with Policies and Procedures

4. The cash receipts Policy and Procedure for Environmental Health Programs (including Food Safety) indicates that no cash is to be accepted (only cheque or money order) as a form of payment. However, cash is being accepted by Food Safety Program when users make a case.

It is recommended:

That management stop accepting cash from users, with no exceptions being made, in order to comply with the procedure. Alternatively, management should update the policies and procedures to reflect what is actually practiced and ensure that the procedures are appropriately designed to address the increased risk of misappropriation.

Management Response:

PH - Agreed. Management has temporarily suspended the acceptance and handling of cash while an approved method is developed (expected resolution by the end of Q3, 2010).

Follow Up Comment:

Completed. Cash is no longer accepted as a form of payment. Audit Services reviewed a random sample of deposits that were made by the Food Safety Program. No cash was found to have been deposited.

Cash Receipts – Lack of Segregation of Duties

5. Receipt of cash (includes cheques and money orders), issuance of proper receipts and the responsibility to record and deposit cash received are all performed by the same staff member in the Food Safety Program. This poses a potential risk of misappropriation due to an inadequate segregation of duties.

It is recommended:

That management re-organize duties surrounding cash receipts handling to achieve appropriate segregation of duties among staff.

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Management Response:

PH - Agreed. Management is exploring methods to meet this recommendation in a manner that is realistic with the allocation of clerical duties among programs and the availability of two responsible individuals during all times when clients submit payments (to be completed by the end of Q3, 2010).

Follow Up Comment:

Alternative Implemented. Staffing numbers have not changed in the FSP. As cash is no longer accepted by the program (refer to Addendum item #4) and journal entries are posted and approved by two separate Finance and Administration staff, the residual level of risk for this item has been reduced to a sufficiently low level.