



**CITY OF HAMILTON**  
*City Manager's Office*  
**Audit Services**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	April 11, 2016
<b>SUBJECT/REPORT NO:</b>	Follow Up of Performance Audit Report 2013-15 – Cheques (AUD16011) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Charles Brown 905-546-2424 x4469
<b>SUBMITTED BY:</b>	Charles Brown Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That Report AUD16011, respecting the follow up of Performance Audit Report 2013-15, Cheques, be received.

**EXECUTIVE SUMMARY**

Audit Report 2013-15 was originally issued in December, 2013 and management action plans were included in the Report. In January, 2016, Audit Services conducted a follow up exercise to determine if appropriate and timely actions had been taken. Of the six recommendations management agreed to in the original Report, one recommendation has been completed, one is in progress, one has been initiated, two have not been completed and one is no longer applicable. Details of implementation specific to each recommendation are included in Appendix "A" to Report AUD16011.

***Alternatives for Consideration –Not Applicable***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)**

Financial: Cost savings of \$0.86 per payment may be achieved by replacing a cheque with an electronic funds transfer (EFT) payment. The implementation of the recommendations in the original Report may result in cost savings by reducing the volume of cheque payments issued by the City. As the majority of recommendations have not yet been completed by management, the related cost savings cannot be estimated at this time.

Staffing: None.

Legal: None.

### **HISTORICAL BACKGROUND (Chronology of events)**

Performance Audit Report 2013-15 – Cheques was originally issued in December, 2013. The report provided six recommendations identifying opportunities for efficiencies and potential cost savings in the City’s payment processes.

The 2016-2018 Audit Services Work Plan will include a project to conduct follow up audits on previously issued Performance Audit reports in order to determine whether action plans committed to by department management have been implemented, and the associated savings or additional revenues realized.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None.

### **RELEVANT CONSULTATION**

The results of the follow up were provided to management responsible for the administration of the Accounts Payable function, in the Financial Services Division of the Corporate Services Department.

### **ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)**

The report attached as Appendix “A” to Report AUD16011 contains Audit Services’ Recommendations and the Management Action Plans as originally reported in Report 2013-15 along with an added column indicating Audit Services’ comments as a result of the follow up work.

There were six recommendations. One recommendation was “Completed”, one was “In Progress” (corporate contract payments), one was “Initiated” (single cheque payments), two were “Not Completed” (high dollar and high frequency cheques and annual cheque analysis) and one was “No Longer Applicable”. Appendix “A” to Report AUD16011 should be examined for details of implementation by recommendation.

Audit Services conducted this follow up assignment in conformity with the *International Standards for the Professional Practice of Internal Auditing*. Audit Services believes that the work performed provides a reasonable basis for the follow up comments and conclusions.

### **ALTERNATIVES FOR CONSIDERATION (Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)**

Not applicable.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

- 3.4 Enhance opportunities for administrative and operational efficiencies.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report AUD16011.

CB:af