



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 12, 2016
SUBJECT/REPORT NO:	Follow Up of Audit Report 2013-18 Corporate Services - Investments (AUD16014) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP 905-546-2424 x2088
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

- (a) That the revised Management Action Plans as detailed in Appendix "A" of Report AUD16014 be approved; and
- (b) That Report AUD16014, respecting the follow up of Audit Report 2013-18, Corporate Services - Investments, be received.

EXECUTIVE SUMMARY

Audit Report 2013-18 was originally issued in May, 2014 and management action plans with implementation timelines were included in the Report. In early 2016, Audit Services conducted a follow up exercise to determine if appropriate and timely actions had been taken, with some additional work conducted during July 2016. Of the eight recommendations made in the original Report, five recommendations have been completed. The remaining three are not applicable or no longer applicable. Due to the fact that management disagreed with these three recommendations, no further follow up will be performed by Audit Services. Details of implementation specific to each recommendation are included in Appendix "A" to Report AUD16014.

Alternatives for Consideration – Not Applicable

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

Financial: None.
 Staffing: None.
 Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2013-18, Corporate Services – Investments was originally issued in May, 2014. The report provided eight recommendations to improve financial and administrative controls and ensure effective and efficient operations.

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

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City of Hamilton Procurement Policy

City of Hamilton Statement of Investment Policies and Procedures

RELEVANT CONSULTATION

The results of the follow up were provided to management responsible for the operational administration of Financial Planning and Policy 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 AUD16014 contains the first three columns as originally reported in Report 2013-18 along with an added fourth column indicating Audit Services’ comments as a result of the follow up work.

There were eight recommendations. Five recommendations were “Completed” and three were “No Longer Applicable” or “Not Applicable” (two regarding investment portfolio signing authority and one item regarding the procurement of investment custodial services) because management disagreed with these three recommendations. No further follow up will be performed by Audit Services for the “No Longer Applicable” or “Not Applicable” items. Appendix “A” to Report AUD16014 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.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not applicable

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD16014

BM:ah