



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE REPORT 12-003

Monday, March 19, 2012

9:30 a.m.

Council Chambers

City Hall

71 Main Street West

Hamilton, Ontario

Present: Councillors B. Johnson (Chair), M. Pearson (Vice Chair)
B. Clark, B. Morelli and R. Powers

Also Present: Councillor C. Collins
C. Murray, City Manager
R. Rossini, General Manager, Finance & Corporate Services
T. Tollis, City Treasurer
H. Tomasik, Exec. Director, H. R. & Organizational Development
T. McCabe, General Manager, Planning & Economic Development
A. Pekaruk, Director, Audit Services
S. Paparella, Legislative Coordinator, Office of the City Clerk

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 12-003 AND RESPECTFULLY RECOMMENDS:

**1. Hamilton Future Fund Investment Performance Report - December 31, 2011
(FCS11077(a)) (City Wide) (Item 5.1)**

That Report FCS11077(a), respecting the Hamilton Future Fund Investment Performance Report - December 31, 2011, be received.

**2. Cemetery Accounts Investment Performance Report - December 31, 2011
(FCS11076(a)) (City Wide) (item 5.2)**

That Report FCS11076(a), respecting the Cemetery Accounts Investment Performance Report - December 31, 2011, be received.

3. Reserve/Revenue Fund Investment Performance Report - December 31, 2011 (FCS11075(a)) (City Wide) (Item 5.3)

That Report FCS11075(a), respecting the Reserve/Revenue Fund Investment Performance Report - December 31, 2011, be received.

4. Monthly Status Report of Tenders and Requests for Proposals for December 10, 2011 to December 31, 2011 (FCS11004(i)) (City Wide) (Item 5.4)

That Report FCS11004(i), respecting the Monthly Status Report of Tenders and Requests for Proposals for December 10, 2011 to December 31, 2011, be received.

5. Monthly Status Report of Tenders and Requests for Proposals for January 1, 2012 to February 17, 2012 (FCS12018) (City Wide) (Item 5.7)

That Report FCS12018, respecting the Monthly Status Report of Tenders and Requests for Proposals for January 1, 2012 to February 17, 2012, be received.

6. Tax Appeals under Section 357 and 358 of the Municipal Act, 2001 (FCS12007(b)) (City Wide) (Item 5.8)

(a) That Appendix "A" attached to Report 12-003, respecting the "Tax Write-Offs processed under Section 357 of the Municipal Act, 2001", in the amount of \$54,294, be approved;

(b) That Appendix "B" attached to Report 12-003, respecting the "Tax Appeals due to a Gross or Manifest Clerical Error, Pursuant to Section 358 of the Municipal Act, 2001", in the amount of \$7,743, be approved.

7. Follow Up of Audit Report 2010-02 - Public Health Services - Food Safety Program (AUD12005) (City Wide) (Item 5.9)

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

(b) That the issue of public notification when a Food Safety Program green card is removed from an eating establishment, due to infractions noted during a food premise inspection, be placed on the Board of Health agenda for discussion.

8. Follow Up of Audit Report 2010-04 - Transit Ticket Agents (AUD12006) (City Wide) (Item 5.10)

That Report AUD12006, respecting the follow up of Audit Report 2010-04, Transit Ticket Agents, be received.

9. Report of the 2011 Remuneration and Expenses, as required under Section 284 of the Municipal Act, 2001 (FCS12017) (City Wide) (Item 5.11)

That Report FCS12017, respecting the 2011 Councillor Remuneration and Expenses, as required under Section 284 of the Municipal Act, 2001, be received.

10. Word Recognition Software Recommendation from Audit Report 2010-08 - Human Resources Recruitment and Selection (HUR12003) (City Wide) (Item 5.12)

That Report HUR12003, respecting Word Recognition Software Recommendation from Audit Report 2010-08 - Human Resources Recruitment and Selection, be received.

11. Annual Performance Reporting – Savings Generated from the Management of Information Services Contracts (FCS12022) (City Wide) (Item 5.13)

That Report FCS12022, respecting Annual Performance Reporting – Savings Generated from the Management of Information Services Contracts, be received.

12. Item 4 of the Governance Review Sub-Committee Report 12-001, respecting the Review of the City's Procedural By-law – Standing Committee Mandates as it Relates to Recent Department Reporting Structure Changes (City Wide) (CL12001) (Item 8.1)

- (a) That the Culture and Tourism Division cease reporting to the Emergency and Community Services Committee, and report to the General Issues Committee for a one year trial period commencing in April 2012;
- (b) That Culture and Tourism Division's reports pertaining to museums and heritage preservation matters, report to the Planning Committee;
- (c) That the Hamilton Veterans' Committee continue to report to the Emergency & Community Services Committee;

- (d) That the Arts Advisory Commission report to the General Issues Committee;
 - (e) That the Hamilton Historical Board report to the Planning Committee; and,
 - (f) That staff be directed to report back to the Governance Review Sub-Committee prior to the end of the one year term with results of the one year trial.
- 13. Audit Report 2011-09 - Information Services Software Asset Management (AUD12001) (City Wide) (Item 8.2)**
- (a) That Report AUD12001, respecting Audit Report 2011-09, Information Services Software Asset Management, be received;
 - (b) That the Management Action Plans, as detailed in Appendix “C” of Report 12-003, be approved; and,
 - (c) That the General Manager of Finance & Corporate Services be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “C” to Report 12-003) implemented.
- 14. Audit Report 2011-11 - PRESTO - Financial Controls (AUD12002) (City Wide) (Item 8.3)**
- (a) That Report AUD12002, respecting Audit Report 2011-11, PRESTO – Financial Controls, be received;
 - (b) That the Management Action Plans as detailed in Appendix “D” of Report 12-003 be approved; and,
 - (c) That the General Manager of Public Works be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “D” to Report 12-003) implemented.
- 15. Audit Report 2011-12 - Parking Infractions & Enforcement (AUD12003) (City Wide) (Item 8.4)**
- (a) That Report AUD12003, respecting Audit Report 2011-12, Parking Infractions & Enforcement, be received;
 - (b) That the Management Action Plans, as detailed in Appendix “E” of Report 12-003, be approved; and,

- (c) That the General Manager of Planning and Economic Development be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “E” to Report 12-003) implemented.

16. Theatre Aquarius’ Grant Request – Energy Retrofit Project (Item 10.1)

That Theatre Aquarius’ one-time grant request in an amount of up to \$253,000 for their Energy Retrofit Project, to be funded from the 2011 year end surplus, be approved.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the agenda:

- (i) Added as Item 10.1, a Notice of Motion respecting a Grant Request from Theatre Aquarius for their Energy Retrofit Project

The agenda for the March 19, 2012 Audit, Finance & Administration Committee meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) February 13, 2012 (Item 3.1)

The Minutes of the February 13, 2012 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) DELEGATION REQUESTS (Item 4)

**(i) Ian Rowe, President, Canadian Condominium Institute (CCI),
respecting Fair Taxation for Condominium Corporations (Item 4.1)**

The Committee Clerk was directed to obtain a copy of the Canadian Condominium Institute's By-law and the composition of the Corporation, and to forward that information to Committee.

The delegation request, submitted by Ian Rowe, President, Canadian Condominium Institute (CCI), respecting Fair Taxation for Condominium Corporations, was approved.

**(e) Addendums to Construction Contracts in a One Year Period (FCS12025)
(City Wide) (Item 5.5)**

(a) Report FCS12025, respecting the Addendums to Construction Contracts in a One Year Period, was tabled.

(b) That the appropriate staff be directed to prepare a more detailed report respecting the high number of addendums, as outlined in Appendix A to Report FCS12025, and the reasons for each, and report back to the Audit, Finance & Administration Committee.

**(f) Quarterly Status Report on the use of Policy 10 - Emergency Purchasing
and Policy 11 - Negotiations for the 4th Quarter 2011 (FCS11005(c)) (City
Wide) (Item 5.6)**

(a) Report FCS11005(c), respecting the Quarterly Status Report on the use of Policy 10 - Emergency Purchasing and Policy 11 - Negotiations for the 4th Quarter 2011, was tabled.

(b) That the appropriate staff be directed to prepare a more detailed report, outlining the reasons for the number of single and sole source vendors in the procurement of goods and services, as shown in Appendix A to Report FCS11005(c), and report back to the Audit, Finance & Administration Committee.

(g) Governance Sub-Committee Report 12-001, February 6, 2012 (Item 8.1)

Sub-section (d) of the Governance Sub-committee Report 12-001, as amended, was lifted from the table.

Refer to Item 12 for Committee's disposition.

(h) Theatre Aquarius' Grant Request – Energy Retrofit Project (Item 10.1)

Councillor Powers introduced the following Notice of Motion:

That Theatre Aquarius' one-time grant request in an amount of up to \$253,000 for their Energy Retrofit Project, to be funded from the 2011 year end surplus, be approved.

The Rules of Order were waived to allow for the introduction of a Motion respecting Theatre Aquarius' grant request for their Energy Retrofit Project.

Refer to Item 16 for Committee's disposition.

(i) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

11.1 Amendments to the Outstanding Business List

The following items were considered complete and removed from the Audit, Finance & Administration Committee's Outstanding Business List:

- (i) Item "E" – Annual Performance Reporting – Savings Generated from the Management of Information Services Contract (FCS12022)
- (ii) Item "J" – Departmental Use of the Commercial Advertising and Sponsorship Policy (*Committee was satisfied with same information provided at the General Issues Committee.*)

(j) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance and Administration Committee adjourned at 10:24 a.m.

Respectfully submitted,

Councillor B. Johnson, Chair
Audit, Finance and Administration Committee

Stephanie Paparella
Legislative Coordinator
March 19, 2012

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section "357" Appeals of the Municipal Act, 2001

Appeal No.	Property Address	Roll Number	Explanation	YEAR
357-09-017	427 Aberdeen Ave	010083056700000	Demolition of old Tim Hortons - new condos under construction	2011
357-09-325	182 Barton St W	020125563000000	Exempt City owned	2010
357-09-326	182 Barton St W	020125563000000	Exempt City owned	2011
357-10-049	4 Tiffany St	020125576200000	Exempt City owned	2011
357-10-276	112-116 James St N	020153586400000	Exempt 100 % of property used in conjunction of place of worship	2009
357-10-091	112 John St n	020153586400000	Exempt 100 % of property used in conjunction of place of worship	2011
357-10-236	75 Mary St	020154039000000	Exempt City purchased from Province	2011
357-11-11	438 Hughson St N	020164031300000	Exempt does not meet criteria to be declared exempt	2010
357-11-11	65 Guise St	020166020600000	Gross or Manifest Error correct post roll assessment notice PRAN	2011
357-11-035	393 Main St E	030211004000000	Tax Class Conversion denied does not meet criteria for change	2009
357-11-073	1 Emerald St S	030211056900000	Tax Class Conversion vacant land owned by place of worship	2009
357-11-107	304 Victoria Ave N	030216016300000	Exempt Hamilton Health Sciences occupied space part of the year	2011
357-11-144	304 Victoria Ave N	030216016300000	Exempt Hamilton Health Sciences occupied space part of the year	2011
357-11-110	200 Gibson Ave	030235029200000	Fire on premises March 12/11	2011
357-11-174	664-666 Main St E	030245061800000	Tax Class Conversion administrative offices for non profit service organization	2010
357-11-107	755 Barton St E	030265517600000	Tax Class Conversion -1st floor converted into one bedroom apartment	2011
357-11-184	307 East 27th St	070677046000000	Gross or Manifest Error buildings demolished in 2007 still reflected on the roll	2011
357-11-199	741 Upper Wellington St	070822008300000	Demolition of old house new home under construction	2011
357-11-193	391 East 16th St	070823096500000	Gross or Manifest Error UFFI injected into the house	2011
357-11-185	1 Amanda St	080931072900000	Tax Class Conversion does not meet criteria vacant property	2011
357-11-188	894 Upper James St	080931087800000	Demolition of Tim Hortons new building with less sq ftge under construction	2011
357-11-180	70 Pleasant Ave	081014061700000	Demolition of in ground pool	2011
357-11-197	816 Montgomery Dr	140260244000000	Demolition of in ground pool and pool shed	2011
357-11-198	285 Fiddlers Green	140360002000000	Demolition of original structures	2011
357-11-209	109 South Crest	140370146000000	Demolition of original structures	2011
357-11-217	0 Garner Rd	140380037500000	Exempt City owned	2011
357-11-218	397 King St W	260140390000000	Tax Class Conversion denied does not meet criteria for change	2010
357-11-167	494 Westover Rd	301340600000000	Exempt Ministry of Transportation purchased property	2011
357-11-158	1824 Rymal Rd E	901130666500000	Exempt owned by Separate School Board	2011

Amount
-1,094.52
-1,436.31
-7,802.32
-4,238.91
-1,109.36
-1,130.08
-471.30
0.00
22.26
0.00
-1,625.10
-1,468.90
-3,829.94
-1,778.25
-4,298.98
-1,725.97
-2,795.59
-678.95
-239.55
0.00
-5,467.24
-88.57
-239.33
-2,339.16
-187.84
-128.08
0.00
-9,947.02
-194.77
-54,293.78

City of Hamilton
 Corporate Services Department
 Taxation Division
 Section "358" Appeals of the Municipal Act, 2001
 Realty Tax Applications for overcharges

B- overcharge (Assessment Roll)
 B1 -overcharged-application denied
 E - Exempt

Appeal No.	Property Address	Roll Number	Reason	Explanation	Year	Amount
358-11-106	112 John St N	020153586400000	E	reallocation of space now 100% exempt as place of worship	2010	-1122.63
358-10-052	664-666 Main St E	030245061800000	B	facility used for developmentally disabled should be RT class	2009	-1250.76
358-11-109	307 East 27th St	070677046000000	B	structures demolished in 2007 still reflected on the roll	2010	-2500.42
358-11-110	307 East 27th St	070677046000000	B		2009	-2169.59
358-11-080	391 East 16th St	070823096500000	B	owner not aware the foam insulation injected into the house had	2010	-236.69
358-11-081	391 East 16th St	070823096500000	B	Urea Formaldehyde product	2009	-231.52
358-11-115	816 Montmorency Dr	140260244000000	B	pool removed - not reported	2010	-231.72
				Total		-7,743.33

**CORPORATE SERVICES – INFORMATION SERVICES
SOFTWARE ASSET MANAGEMENT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Risk Assessment for Software Asset Management</u></p> <p>A risk assessment to determine key risk areas for the management of software assets has not occurred.</p> <p>Risks need to be assessed to ensure processes can be implemented to eliminate or reduce critical high risks related to software assets and to prioritize the issues identified in this report.</p>	<p>That a risk assessment of the software asset management processes be performed.</p>	<p>Agreed. In 2006, Information Services (IS) spent \$50,000 and hired FlexiTY Solutions to complete a Business Impact Assessment for all applications and summarize the high level risks. IS will categorize software assets into high, medium and low risk. Estimated completion: Q4, 2012.</p>
2.	<p><u>Software Asset Management Plan and System</u></p> <p>A software asset management plan or strategy currently does not exist.</p> <p>There is no asset management system in use by the Information Services (IS) Division to manage all software assets at the organizational-wide level.</p> <p>This exposes the City to the risk that the organization is not being cost effective with approximately \$3 million of annual corporate software spending.</p>	<p>That the IS Division develop and implement a plan for the effective management of software assets that is reviewed and updated annually to reflect changes in the City's software asset management requirements. This should be done in conjunction with the risk assessment recommended in #1 above.</p> <p>That the implementation of a comprehensive asset management tool (that has automatic detection capabilities) be considered by the IS Division as part of the plan.</p>	<p>Agreed. IS currently has a software tool called SMS that captures all executable files. However, it does not easily identify software without significant manual effort. IS will include the cost for a comprehensive asset management tool (with automatic detection capabilities) in the IS 2013 Capital Budget submission (once it is approved).</p> <p>Agreed. IS expects that the full implementation of a comprehensive asset management tool would require 12 months to complete after selection and purchasing the tool. Estimated completion: Q4, 2014.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
SOFTWARE ASSET MANAGEMENT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
3.	<p><u>Policy & Procedures</u> There are no business policies and procedures for the management of software assets.</p> <p>Without defined business policies and procedures, it is difficult for management to be held accountable for purchases and maintenance of software assets.</p>	<p>That business policies and procedures be written, implemented and distributed to staff in order to address and define key processes in the management of software assets.</p>	<p>Agreed. The policies and procedures will be developed by Q4, 2012 for desktop software assets. This will include all software that is included in the standard image such as MS Office, Windows and MacAfee. These policies and procedures will then be reviewed to see if they can be leveraged to include other software assets, specifically non-desktop software. Estimated completion: Q4, 2013.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
 SOFTWARE ASSET MANAGEMENT
 NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
4.	<p><u>Single Point of Authority for Management of Software Assets</u></p> <p>Information technology is essential to operations throughout the organization, regardless of department, division or program.</p> <p>There is currently no single point of authority to ensure that a co-ordinated and standardized City-wide program exists for the management of software assets.</p> <p>Divisions at the City have the ability to purchase and develop software without consultation with or the involvement of the IS Division. There is no requirement in the current purchasing policy for the IS Division to be involved in software purchases and development.</p>	<p>That the responsibility and accountability for the management of all software assets be centralized in the IS Division.</p> <p>That the IS Division request a revision to the Corporate Purchasing Policy to require the IS Division’s involvement and approval for software purchases.</p> <p>That other divisions be prohibited from developing and maintaining any new software (including applications) assets without the involvement of the IS Division.</p>	<p>Agreed. Currently, management of all software assets is not within IS’s scope of responsibilities. However, this recommendation will be considered as part of the IS Governance Review included in the 2011 SMT Work Plan under Service Delivery Review. SMT will develop an IS governance model and identify areas for improvement, consolidation and savings (e.g. investigate rationalization of systems and improve internal processes). Estimated completion: Q1, 2013.</p> <p>Agreed. IS will request a revision to modify the Corporate Purchasing Policy. Estimated completion: Q2, 2012.</p> <p>Agreed. Once the Policy is modified and approved, IS will work with Procurement to communicate the changes to the City departments and SMT. Estimated completion: Q2, 2012.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
 SOFTWARE ASSET MANAGEMENT
 NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
4.	<p><u>Single Point of Authority for Management of Software Assets (Cont'd.)</u></p> <p>A large number of software assets (applications, in particular) are not managed by the IS Division. Examples include the Hansen (Public Works) and Amanda (Planning and Economic Development) applications. They are maintained and supported by non-IS divisions who hire their own IS staff. However, the IS Division maintains the databases that are utilized by these applications.</p> <p>The total volume and scope of software (including applications) managed by divisions outside of the IS Division is currently unknown and the maintenance of software assets is fragmented across the organization.</p> <p>Inefficient spending on software assets may result due to the fact that many different divisions are doing separate purchasing. There is an increased risk of rogue applications and hardware with non-supported software. The collection and maintenance of corporate data with a high level of integrity does not occur because not all applications are supported by the IS Division.</p>	<p>That IS staff currently working in other departments report directly to management in the IS Division.</p>	<p>Agreed. This issue will be addressed by SMT and is identified in the 2011 SMT Work Plan under Service Delivery where SMT will develop an IS governance model. Estimated completion: Q1, 2013.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
 SOFTWARE ASSET MANAGEMENT
 NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
5.	<p><u>Software Downloads (Administrative Rights)</u></p> <p>All staff with approved access to a desktop computer have the capability to install unlicensed software onto their assigned machines.</p> <p>The risk is that unauthorized software can be downloaded on City-owned computers. This rogue software could compromise the City's information network, resulting in a system failure that leads to lost productivity.</p>	<p>That a business process be developed granting administrative rights to specific staff in the IS Division.</p> <p>That all computers be configured to prevent the download/installation of any software by staff other than those that work in the IS Division.</p>	<p>Agreed. Only those resources that require administrative access will have such access. Where possible, the process will restrict access to staff that work in the IS Division. However, IS expects that there will be a requirement for some limited department resources to obtain administrative access. IS will authorize the individuals that need this type of access within the departments. Estimated completion: Q4, 2012.</p> <p>Agreed. IS will lockdown all desktops as part of the desktop rollout program. This lockdown will not allow staff to install software. Estimated completion: Q4, 2012.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
SOFTWARE ASSET MANAGEMENT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
6.	<p><u>Monitoring of Software Compliance</u> There is very limited monitoring to ensure valid licences exist for the software downloaded on City computers. It is not known if the City is in compliance with software licence agreements, resulting in exposure to potential liability (i.e. fines).</p> <p>Further, monitoring desktop configurations for unsupported and/or unauthorized software is a requirement of PCI (Payment Card Industry) Standards. The City is required to be compliant with these standards in order to be able to accept credit card payments.</p>	<p>That the IS Division verify and continue to monitor the compliance of software on City computers with the respective licence agreements. Any non-compliance should be rectified to ensure software complies with licence agreements and with PCI Standards.</p>	<p>Agreed. The new process for locking down of desktops will prevent staff from installing software without going through the IS Change Management Procedure. Estimated completion: Q4, 2012.</p> <p>IS will include the cost for the appropriate monitoring tool in the 2013 Capital Budget submission. With approval, IS expects that this would be complete when the comprehensive asset management tool (addressed in #2 above) is fully implemented.</p>
7.	<p><u>Reconciliation of Software Licence Purchases</u> Purchased software licences are not reconciled against actual deployment on computers. The City does not know if it is over or under purchasing software licences.</p> <p>The risk exists that if the City is over-purchasing, too much money is being spent on software licences. If the City is under-purchasing, the City is exposed to the risk of lawsuits and/or potential fines.</p>	<p>That a process for reconciling software licence purchases against actual computer deployment be developed and implemented by the IS Division. Any issues with over or under purchasing that are identified in the reconciliation process should be resolved by the IS Division.</p>	<p>Agreed. The Computer Acceptable Use Policy must be complied with by all staff. It clearly indicates that all software installed on a City computer must be licensed.</p> <p>The new process for the locking down of desktops will prevent staff from installing software without going through the IS Change Management Procedure. Software that is licensed for servers is reconciled.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
SOFTWARE ASSET MANAGEMENT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
8.	<p><u>Tracking of Software Assets</u> Any tracking of software assets (which is minimal) is currently performed by user, not by hardware items.</p> <p>Tracking software by user makes it difficult to ensure there is a proper number of licences and to detect unauthorized software downloads with automated detection tools.</p>	<p>That software assets be tracked by hardware (asset tags) instead of by users, where applicable.</p>	<p>Agreed. This information will be tracked in the Software Asset Management Tool referenced in #2 above. The asset management tool will be enhanced to capture information with respect to the license agreement and type.</p>
9.	<p><u>Inaccurate/Incomplete Software Inventories</u> In IS, there is a listing of known inventories of applications and related databases and desktop software. The IS Division estimates that this software inventory listing is only 60% accurate.</p> <p>In addition, as noted in observation #5, there may be further software on the City's computers of which IS is not even aware and thus, does not appear on the listing.</p> <p>Without complete and accurate inventory records, it is unlikely that effective management of software assets can occur.</p>	<p>That the IS Division develop a complete and accurate inventory of all software on City computers and keep it up to date.</p>	<p>Agreed. The current list will be reviewed and updated for improved accuracy. This list will focus on applications that have a medium to high business assessment impact. The inventory of all software that has a medium to high business assessment impact will be completed by Q1, 2013 and the supporting business processes to keep it accurate will be completed by Q2, 2013.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
SOFTWARE ASSET MANAGEMENT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
10.	<p><u>Lack of Contracts</u></p> <p>During the audit, contract management staff the IS Division provided only one contract for software assets in their possession even though there are additional software contracts currently in effect throughout the City.</p> <p>This exposes the City to the risk of not being cost-effective with approximately \$3 million of corporate spending annually on software (including annual licence and maintenance fees).</p>	<p>That, going forward, contract management staff in the IS Division manage all corporate contracts for the software installed on City computers. Annual maintenance fees should also be included in order to take advantage of possible cost efficiencies.</p>	<p>Agreed. A new section was established in the IS Division for contract management. It focuses on major IS contracts for cellular, printers and desktops. Moving forward, this section will manage all corporate contracts that the IS Division is responsible for. The following is a list of some of the corporate contracts in the IS repository: Microsoft (Office, Windows Desktop, SCCM, CAL's, SQL Server Windows Server); PeopleSoft; Oracle; Adobe; Cisco UCSS_ESW Software Maintenance (IP telephony system); Intergraph (Geomedia, Trackforce); McAfee (Anti-virus); Avotus (IPT Call monitoring and billing software); Blackberry (BES); Inova (voice recording software); Citrix (remote access software); Symantec (security monitoring software); Crystal Enterprise (reporting software); and PCSD Globalscan (print management software).</p> <p>It is currently not part of the mandate of IS to manage contracts for all software. Contracts for departmental applications are managed by the departments. However, the IS Governance Review (noted in #4) will consider the role of contract management. Estimated completion: Q1, 2013.</p>

**CORPORATE SERVICES – INFORMATION SERVICES
 SOFTWARE ASSET MANAGEMENT
 NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
11.	<p><u>Performance Measurement</u></p> <p>Software asset management is not currently measured in terms of success or failure. Key deliverables have not been identified.</p> <p>Without defined measures for success, it is unknown how well software assets are being managed at the City.</p>	<p>That key performance measures (metrics) for the management of software assets be defined. These performance measures should be reported to the Senior Management Team (SMT) and Council on a regular basis.</p>	<p>Agreed. Key performance measures for software asset management will be defined by Q4, 2012. IS will commence reporting on those metrics to SMT by Q4, 2013.</p>

**PRESTO - FINANCIAL CONTROLS AUDIT
NOVEMBER 2011**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Bank Reconciliation Process</u> A large number of electronic deposits and withdrawals are made by PRESTO to the City's bank account. The bank's transaction statement is often 10 to 15 pages long with up to 230 transactions per day. Many of the transactions are for small amounts (sometimes as little as a few cents) with limited information explaining the deposit or withdrawal. As a result, the reconciliation of bank transactions carried out by Finance and Administration is very time consuming. In addition, the large number of transactions has resulted in bank service charges of \$10,900 between June and October, 2011.</p>	<p>That HSR management work with PRESTO to reduce the number of individual transactions made to one withdrawal and one deposit per day. PRESTO should then provide reports detailing the transactions.</p>	<p>Agreed. HSR management will work with PRESTO to reduce the number of electronic deposits and withdrawals. Target completion: December 2012.</p>
2.	<p><u>The Sale of PRESTO Concession Fare Cards</u> PRESTO does not offer a card strictly for students or children who are charged a reduced fare (i.e. concession fare card). A customer wanting a concession fare must purchase a regular PRESTO card at the Ticket Office and register it as a concession fare card online. The customer must then wait 24 hours before using the card to allow the PRESTO card readers on the buses to recognize it as a concession card so that the proper lower fare is charged. Currently, in an effort to enhance customer service, HSR staff pre-register a minimal quantity of concession cards that can be used immediately. However, this action creates weaker cash controls in that card sales do not match cash receipts due to timing differences, providing opportunities for potential lapping of funds.</p>	<p>That HSR management work with PRESTO to create concession fare cards for students and children that can be used immediately upon their sale.</p>	<p>Agreed. PRESTO is currently working on programming to allow the concession to be set without registration. The release of the software update is expected for June 2012.</p>

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1.	<p><u>Plate Denial</u></p> <p>The development of a plate denial module for the recently implemented (February 2011) Parking Enforcement computer application has not yet been completed. As a result, eligible outstanding parking infractions are not being sent to the Ministry of Transportation Ontario (MTO) for plate denial.</p> <p>Plate denial is an effective method to collect outstanding parking infractions. The MTO will not allow vehicle licence plate renewal until all outstanding parking infractions on record are paid.</p> <p>It is estimated that, as of October 31, 2011, the collection of approximately \$1.6 million of revenue has been delayed due to over 27,000 outstanding infractions not being sent for plate denial to the MTO.</p>	<p>That staff complete the development of the plate denial module and implement it as soon as possible to clear the backlog of outstanding parking infractions through the MTO.</p>	<p>Agreed. Effective January 17, 2012, our vendor has been manually processing backlogged plate denial records which will be completed along with the release of the plate denial module. Expected time of completion: end of Q1, 2012 for both the backlog of records and the release of the plate denial module.</p>

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2.	<p><u>Reconciliation of Operational Data to Financial Data</u></p> <p>Fine payments recorded in the Point of Sale (POS) system are not reconciled with tickets noted as paid in the Parking Enforcement computer application. No daily summary report of paid fines that would facilitate such a reconciliation is generated by the Parking Enforcement application.</p> <p>The potential risk exists for infractions to be recorded as "paid" in the parking application without funds having actually been received or fines recorded as "paid" in the POS system.</p>	<p>That a Parking Enforcement application daily summary report of paid fines be developed. Reconciliations should occur regularly between the Parking Enforcement application and the POS system data to ensure the completeness of infractions listed as paid in both systems.</p>	<p>Agreed. Financial reports are currently being created by our system's vendor and will be ready with the next module's release. Once in place, cross-referencing of POS and OFFICER reports will be conducted on a daily basis.</p> <p>Currently, manual measures are in place until the release of the reporting module. Expected time of completion: end of Q1, 2012.</p>
3.	<p><u>Documentation and Storage Procedures</u></p> <p>There are no written procedures with respect to documentation and storage standards for the adjudication processes (i.e. what is considered to be sufficient supporting documentation for a ticket disposition decision and how this documentation is to be stored).</p> <p>When written procedures do not exist, employees currently carrying out the processes rely on personal understanding and experience which could result in incorrect, incomplete or inconsistent application. It would also be problematic and inefficient for a successor to commence his/her duties within a short period of time.</p>	<p>That procedures pertaining to documentation and storage standards for adjudication processes be written and distributed to staff.</p>	<p>Agreed. Policy # FA008 (Conducting a First Attendance Interview) has been updated and approved to include documentation and storage standards. Distribution to staff will be completed by end of February, 2012.</p> <p>Policy # FA003 (Front Counter Role – First Attendance Clerks and Customer Service Reps) has been updated and approved to include documentation and storage standards. Distribution to staff will be completed by end of February, 2012.</p>

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4.	<p><u>Cancelled and Voided Infractions</u></p> <p>Management is not reviewing the supporting documentation for cancelled and voided parking infractions in order to verify the validity of such actions.</p> <p>During the audit testing of cancelled tickets, appropriate supporting documentation was not provided for 35 of the 51 items reviewed. These included:</p> <ul style="list-style-type: none"> • 4 Parking Inquiry Forms (starting point for citizen to dispute a ticket) could not be located; • 5 infractions were adjudicated by telephone/fax/email and sufficient documentation was not available for review; • 17 infractions had administrative exceptions identified (i.e. forms not initialled, tag information missing, incorrect or inconsistent between records); and • 9 tickets could not be located in a timely manner due to the current method of filing. <p>A potential risk exists in that parking infractions could be inappropriately cancelled, resulting in lost revenue for the City.</p>	<p>That cancelled infractions be reviewed by management regularly to ensure that retained documentation supports the validity of the cancellations.</p> <p>That cancelled and voided infractions be stored in an organized manner (i.e. sorted by date or week of cancellation) and be stored in a specific location where the items can be readily retrieved, when required.</p>	<p>Agreed. This has been tasked to the Manager to review various records on a quarterly basis to ensure documentation is provided and supports cancellations. Ongoing and continued monthly reviews of cancelled ticket reports assist as a cross reference to the reviews.</p> <p>Agreed. Policy # FA036 (Filing of Voided/Cancelled Tickets) has been drafted and approved. Distribution to staff will be completed by end of February, 2012.</p>

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