ATTACHMENT 2

Outstanding Audit Recommendations Follow Up Audit Report

October 2008

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1.0 Management Summary

Audit Services has completed a follow up of outstanding audit recommendations. These recommendations are comprised of:

1. Audit recommendations that were noted as 'not yet completed' in our previous outstanding audit recommendations follow up audit report dated March 2008.
2. Any new audit report recommendations issued up to and including September 30, 2008.

There were 108 audit recommendations originally issued through the eight audit reports currently on our list for follow up. Prior to this review, 94 audit recommendations, or 87% had been implemented. From the remaining 14 recommendations, 4 have been implemented. At September 30, 2008, 10 recommendations, or 9% of the original 108 recommendations issued, have not yet been implemented.

For a detailed summary of audit reports followed up and recommendations issued, completed and outstanding, please refer to section 5.0. Additional detail is available upon request from the Director, Audit Services.

2.0 Introduction

As part of our 2008 Audit Plan, which accommodates various types of audit projects, consulting engagements, and follow up requests from the Audit Committee and Management, the Audit Services Branch performed a follow-up of outstanding audit recommendations. These recommendations included those noted as outstanding in our March 2008 audit recommendations follow up audit report, and all new recommendations issued in audit reports up to and including September 30, 2008.

The Audit Plan, approved by York Region's (the Region's) Audit Committee, is developed annually by the Audit Services Branch using a Risk Assessment Methodology that helps to define the different risks associated with the various processes here at the Region. It is one tool that Audit Services uses in assessing where best to allocate audit resources.

On a periodic basis, Audit Services updates the Regional Audit Committee and the Chief Administrative Officer (CAO) on the status of issued audit recommendations. To provide this update, Audit Services contacts Commissioners and Directors to confirm the status of the issued recommendation(s) relating to their area. In some cases, the status is further validated directly by Audit Services through discussions and / or detailed testing. This is an integral part of our audit process that allows us to confirm that the opportunities for improvement outlined in the audit report(s) have been implemented.

Department heads were e-mailed requests containing:

1. A summary of outstanding audit recommendation(s) for their area.
2. A request to provide a status update and a confirmation of the original due date for implementation of the recommendation, or a new anticipated implementation date if necessary.

Management Action Plans that detailed what was being done to implement the recommendation(s), was also requested.

Finally, an Executive Sign-off Form, to be signed by the Commissioner and Director responsible for the implementation of the recommendation(s), was also sent.

Audit reports issued after September 30, 2008 will be followed up in the future.

Additionally, Audit Committee, at the February 14, 2008 meeting, requested management provide a report to Audit Committee for any outstanding audit recommendations that remain outstanding greater than a year. This will be done annually, with the first reports presented to Audit Committee February 2009.

Audit Services is investigating automated solutions for audit recommendation tracking and follow-up, which we expect to complete by Q4 2009.

3.0 Objectives and Scope

The objective for this engagement was:

- To provide feedback to the York Region Audit Committee and CAO, as to the disposition of issued audit recommendations.

The audit scope to accomplish this objective was:

- All outstanding audit recommendations issued prior to September 30, 2008.

4.0 Detailed Observations and Recommendations

4.1 Detail Summary Statistics for Outstanding Audit Recommendations Followed Up

- Table A summarizes the outstanding audit recommendations followed up for this review.
- Table B is a mid-level summary of outstanding audit recommendations which were followed-up for this review.
- Table C summarizes the outstanding in-camera audit recommendations followed up for this review. *(Private)*
- Table D is a mid-level summary of outstanding audit recommendations which were originally presented in camera and followed-up for this review. *(Private)*

TABLE A - Summary of Outstanding Audit Recommendations Follow up

Audit Report	Number of opportunities originally highlighted	Previously completed	Completed for this review		Not yet complete	% Not yet complete	Date of Audit Report	Date Reported to Audit Committee
Network Security Assessment	34	33	1		0	0.0%	Dec-00	Jun-01
Procurement & Accounts Payable 1	8	6	0		2	25.0%	Nov-06	Nov-06
Procurement & Accounts Payable 2	7	6	1		0	0.0%	Oct-07	Nov-07
Revenue Streams	18	17	0		1	5.6%	Apr-06	Jun-06
Finance - Payroll	6	2	0		4	66.7%	Oct-07	Nov-07
Fleet Audit - Corporate Level	8	6	0		2	25.0%	Apr-05	Jun-05
Property Services Branch - Compliance	16	15	1	†	0	0.0%	Mar-04	Jun-04
Property Services Branch - Lease Tracking	11	9	1	†	1	9.1%	Sep-05	Mar-06
Results for Sept 30, 2008 review	**108**	**94**	**4**		**10**	**9%**		

Notes: † outstanding audit recommendation was retired

TABLE B – Details of Outstanding Audit Recommendations as at 31/3/08

Audit Report	Recommendation	Management response	Original due date	Current due date
Finance				
Procurement & Accounts Payable 1	Management refresh attempts to introduce a more effective and efficient method of tracking signing authority limits.	New signing authority policy has been reviewed by Commissioner of Finance, and will be sent to the Senior Management Team for approval.	None was given	Q4 2008
Procurement & Accounts Payable 1	Formalize and put into practise a process that governs the administration and control procedures surrounding the NofSA form.	Following approval of signing authority policy, new written procedures will be written to control the NofSA forms.	None was given	Q2 2009
Revenue Streams	Develop and implement Bond policy and procedures.	Policy has been approved by Senior Management Team. Final approval and implementation of operational procedures anticipated for end of the year.	Q2 2006	Q4 2008
Finance – Payroll	Finance Payroll and IT cross train more individuals to become experts at the end user level of system configuration. Mandatory training sessions and training on directives issued by Payroll for individuals involved in the payroll process based on their role.	Cross training of the payroll clerks continues to enhance their understanding of the module. All timekeepers and approvers were given a new procedure manual with their training on the new upgrade in November 2007. The Time and Labour Specialist position has been developed and is currently in HR for job evaluation.	Q2 2008	Q2 2009
Finance – Payroll	Payroll action form processing for terminations Payroll and Human Resources responsibilities clarification and communication to departments Periodic refresher to time approvers re the importance of their function	Meetings have been held with HR to determine the best course of action for Manager training and making Managers more accountable for their direct reports, in conjunction with the rollout of Manager Self Service being developed for 2009. Other initiatives include mandatory training and new training manuals.	Q2 2008	Q3 2009
Finance – Payroll	Updating and communication of employee file guidelines.	Guidelines are complete and communicated within HR. Communication to the community via the intranet is being created.	Q4 2007	Q4 2008

Audit Report	**Recommendation**	**Management response**	**Original due date**	**Current due date**
Finance – Payroll	TEAMS interface with Time & Labour, periodic password change requirements, continuing role out of Time & Labour to reap benefits of automation.	TEAMS and Schedulesoft are on track for implementation (with the interfaces currently being built in ITS). Delay is due to some concerns with processing, security and ensuring all audit recommendations are met.	Q1 2008	Q4 2008
Fleet – Corporate	Develop and implement Corporate and Department level fleet policy and procedure manuals. Ownership of Corporate level to belong to Insurance Risk management. Ownership of Department level manual to belong to the fleet areas within the department.	Legal is drafting wording for 'non compliance' section of policy. Latest draft to be released to union reps and department heads for input. Additional info to be prepared by Risk to accompany policy as it proceeds to Senior Management for approval.	Q1 2005	Q4 2008
Fleet – Corporate	Periodic driver abstract collection.	This procedure is an appendix to the Corporate Fleet Policy. Pilot MVR (motor vehicle record) review of selected employees conducted with no issues noted. Security of information is addressed in the policy.	Q4 2005	Q1 2009
Corporate Services				
Property Services Branch – Lease Tracking	Develop corporate policy and guidelines for leases. Customer surveys to gauge service delivery.	Customer Service Satisfaction Survey being incorporated into Phase II of the CAFM (computer assisted facilities management) project.	Q2 2006	Q1 2009